

FUBON FINANCIAL HOLDING CO., LTD.

Group Policy for Anti-Money Laundering and Countering the Financing of Terrorism

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Article 1 Objective

To strengthen the mechanism of anti-money laundering and countering the financing of terrorism (AML/CFT) and mitigate the risk that the products or services provided by the Group are misused for money laundering and terrorism financing (ML/TF), "Fubon Financial Holding Company: Group Policy for Anti-Money Laundering and Countering the Financing of Terrorism" (hereinafter referred to as the "Group Policy") is hereby stipulated in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries".

Article 2 Application scope

The Group Policy is applicable to Fubon Financial Holding Co., Ltd. (hereinafter referred to as the Company), subsidiaries under the Company's business license that meet the requirements of "financial institutions" in accordance with the Money Laundering Control Act, subsidiaries undertake the obligation of anti-money laundering and countering the financing of terrorism in accordance with the provisions of the country or jurisdiction in which they are registered, and Fu Sheng Life insurance agency and Fu Sheng General Insurance Agency (hereinafter referred to as the Subsidiaries). With respect to handle the money laundering prevention business, in the case that regulatory requirements of the jurisdictions where the Subsidiaries are located are different, the Subsidiaries shall comply with the stricter ones.

Article 3 Anti-money laundering and countering the financing of terrorism (AML/CFT) internal control system

The AML/CFT internal control system shall at least include policies and procedures to identify, assess and manage the Company's money laundering and terrorism financing (ML/TF) risks and the AML/CFT programs shall be implemented based on the results of ML/TF risk assessment and subject to periodic review.

The implementation of above mentioned procedures shall be included in the self-inspection and internal auditing items, and strengthened as necessary.

Article 4 AML/CFT program

The AML/CFT program shall include mechanisms for conducting customer due diligence (CDD), name screening on customers and transaction counterparty, ongoing due diligence of accounts and transactions, Correspondent banking business, record-keeping, filing currency transaction report (CTR), filing suspicious ML/TF transaction report (STR) and reporting in accordance with "Counter-Terrorism Financing Act", appointment of compliance officer at

the management level in charge of AML/CFT compliance matters, employee screening and hiring procedure, ongoing employee training program, independent audit function to test the effectiveness of AML/CFT system, and other requirements stipulated in relevant AML/CFT laws and regulations. However, each subsidiary may, subject to the provisions of laws, adjust the contents of the aforementioned AML/CFT program in accordance with its nature of business.

Article 5 AML/CFT risk assessment

The Company shall adopt a risk-based approach and take appropriate measures to identify, assess, and manage the ML/TF risks, and determine specific risk categories based on the risk identified. Such specific risk category should cover at least customers, geographic areas, products and services, transactions or payment channels, and others (e.g., employees and correspondent bank). The Company shall, based on the results of ML/TF risk assessment, develop prevention and mitigation measures corresponding to money laundering and terrorism financing risks in order to determine the allocation of AML/CFT resources, establish internal control system, and formulate and implement policies, procedures and control measures of AML/CFT programs.

The principle of consistent risk assessment methods is governed by 「Regulations Governing Money Laundering and Terrorist Financing Risk Assessment on Countries/Geographic Areas, Occupation and Industry, Products and Services, and Customers」。

The Financial Holding and its Subsidiaries shall complete risk assessment and the Institutional Risk Assessment (IRA), including the identification of the inherent risks, assessing the residual risks through the control environment and the effectiveness and implementation of risk mitigation/reduction measures, so that the senior management can timely and effectively understand the overall ML/TF risks, and develop appropriate plan to reduce risk or enhance control. Risk assessment report should be reported to the respective board of directors at least annually.

Article 6 Mechanism for sharing information of AML/CFT

Fubon Financial Holding Company's information sharing mechanism of customers list and negative news for the purpose of AML/CFT, according to the level of customer risk and the severity of negative news, including but not limited to the scope of the Group's watch list and blocked list.

This mechanism is governed by 「Regulations Governing the Information Sharing on Customers List and Negative News for Anti-Money Laundering and Countering the Financing of Terrorism」.

Article 7 AML/CFT culture

The board of directors and senior management of the Financial Holding and its Subsidiaries shall understand the ML/TF risks and the operation of its AML/CFT program, and adopt measures to create a culture of valuing the AML/CFT compliance. The board of directors of the Financial Holding and its Subsidiaries takes the ultimate responsibility for ensuring the establishment and maintenance of appropriate and effective AML/CFT internal controls.

Article 8 Reporting and Supervision on significant matters of ML/TF

To effectively respond and control the impact of significant and urgent situations of each Subsidiary, each subsidiaries shall report major suspected cases of money laundering or terrorism financing according to relevant laws and regulations; a report shall also be submitted to the Financial Holding in accordance with the regulations of R.O.C. or country where the Subsidiary is located, and the safety protection of such information pertinent to the reporting shall be ensured.

The Financial Holding shall supervise the anti-money laundering measures of each Subsidiary and assist each Subsidiary to strengthen the measures of anti-money laundering and the effectiveness of implementation if necessary.

Article 9 Managing and controlling the risk appetite/limit

The AML/CFT Risk Appetite is the risk tolerance level that the Group is willing to accept, and such risk appetite could be presented either qualitatively or quantitatively in consideration of the uniqueness of the risk of ML/TF.

The Financial Holding and the Subsidiaries have no tolerance for breaches of laws, rules, sanctions, and regulations, and are committed to complying with the spirit and intent of AML/CFT in every jurisdiction in which the Financial Holding's business unit operate. The Financial Holding and the Subsidiaries shall not enter into a relationship or otherwise knowingly conduct business with prohibited customer.

The Financial Holding and the Subsidiaries shall stipulate the Risk Appetite limit and monitor it periodically. Once a limit has been identified as approaching to or has been breached its designated risk appetite/limit, the Financial Holding and the Subsidiaries shall develop an improvement plan covering measures such as strengthening mitigating controls for ML/TF risks. The improvement plan and the results of implementation shall be included in the institutional risk assessment report and submitted to the board of directors to effectively control and mitigate the risk of ML/TF.

The Financial Holding Group manages the risk appetite of ML/TF by controlling the residual risk within medium and low risk.

Article 10 Subsidiary company's management and supervision over its subsidiaries

Subsidiaries shall supervise and manage their subsidiaries to comply with the Policy and relevant laws and regulations, and establish appropriate risk management systems and control mechanisms for the ML/TF risk.

Article 11 Supplementary Provisions

Where matters not specified in this Policy shall be governed by applicable laws and regulations, and the relevant rules and regulations of the Company.

Article 12 Implementation and amendment

The Policy shall come into force with the approval of the board of the directors and be governed by 「The Policy for the formulation of the Internal Rules and Regulations」, the same shall apply to any amendment thereto. The policy shall be reviewed every year. Where amendments, regarding of the change of the name of the organization of the Company、error correction、adding or the change of relevant provisions cited, they can be implemented with the approval of the Division Head.

Annex: Revision record

Version	Approval Date	Approval Level	Note
01	2018/08/27	Board of the Directors	
02	2019/03/21	Board of the Directors	