

Tax Strategy

Fubon Financial Holdings implements strong governance over its tax affairs and truly comply with the relevant provisions of tax laws and regulations. Being a responsible corporate citizen and supporting sustainable development, to ensure the tax activities are subject to strict regulations and rigorous control, Fubon Financial Holdings has established a Tax Governance Policy to manage the tax affairs in a responsible manner while fulfilling its commitment to corporate social responsibility and satisfying the professional and ethical obligations.

Fubon Financial Holdings' tax strategy is based on the Tax Governance Policy, as approved by the Board of Directors. This Policy is to comply with all applicable tax laws and obligations in the jurisdictions in which the company and its subsidiaries operate.

Fubon Financial Holdings' Tax Governance Policy consists of the following principles:

- Complying with all relevant laws, rules, regulations, and reporting and disclosure requirements, to report and pay all applicable taxes in a timely manner, in the jurisdiction in which the company and its subsidiaries operate;
- Complying with all relevant tax reporting disclosure requirements to ensure transparency and the tax information is publicized appropriately.;
- Tax planning should be legal. Fubon Financial Holdings should not engage in aggressive planning that has no business purpose or economic substance.
- Working transparently and co-operatively with the tax authority in the jurisdiction in which Fubon Financial Holdings operates;
- Compliance with transfer pricing requirements and arm's length principles in tax law for related party transactions between different countries and jurisdictions.
- Managing tax risk to avoid disputes, consulting with leading accounting firms to obtain professional advice and opinion on uncertainty or complexity in relation to a tax risk;
- Providing continuous training to enhance tax risk understanding to all relevant parties within the company and its subsidiaries. Documentation of the non-recurring or exceptional cases to share the experience and strengthen the inheritance of professional knowledge.

Approaches and attitude towards tax activities are depicted as follows:

- **Compliance with laws, rules, and regulations**

Day-to-day operations should be conducted in compliance with all legal requirements and pay all applicable taxes in a timely manner. Fubon Financial Holdings ensures that the entire organization is committed to compliance with the spirit as well as the letter of the tax laws and regulations in the jurisdictions where the company and its subsidiaries operate.

- **Tax Governance and Risk Management**

The annual tax governance plans and implementations are updated to the Corporate Governance and Sustainability Committee on a regular basis, which will report to the Board of Directors at a minimum of once a year.

The Group adopts a low risk approach for tax risk. The approach requires the Group to seek clarity within the law and evaluate potential tax outcomes of operations and activities. Where tax risks are identified, mitigation to achieve a low tax risk outcome will be implemented and monitored.

- **Tax planning and Level of Risk**

Any tax planning should be legal and the Group should not enter any transactions purely for the purpose of avoiding tax, or not shifting profit to the countries or jurisdictions listed as non-cooperative tax havens with low tax rate by Organization for Economic Co-operation and Development and EU commission.

Given the scale of the Group's business, the broad range of its tax obligations and the complexity of the tax laws which required to comply with, the Group may encounter a number of risks and uncertainties in taking a tax position. The Group adopts a low threshold to such uncertainties. Where there is important business decision, significant uncertainty, or complexity in relation to a tax risk, external advice should be sought to manage tax risk and to avoid unnecessary disputes.

- **Approach to dealing with tax authorities**

Maintain open, co-operative, and transparent communication with tax authorities in the jurisdictions in which the Group operates. Discussions on new and complex tax positions or proposed changes in tax legislation with tax authorities in real time.

Note 1: The tax strategy is published in accordance with paragraph 19(2) of Schedule 19 of the Finance Act 2016 of the UK, which applies for the year ended 31 December 2023.

Note 2: For the complete Tax Governance Policy of Fubon Financial Holdings, please refer to the file: Tax governance policy.