

## Operation of the Audit Committee

### (1) Composition and Procedures of the Audit Committee

- a. The Company has assembled an Audit Committee entirely of Independent Directors, which complies with Article 14-4 of the Securities and Exchange Act.
- b. The Committee meetings shall be convened at least once each quarter, and may be called at its discretion whenever necessary.

### (2) Duties of the Audit Committee

Pursuant to Article 6 of the Company's "Audit Committee Organizational Rules," the Audit Committee has the following Duties:

- a. To adopt or amend the Company's internal control policy pursuant to Article 14-1 of the Securities and Exchange Act.
- b. To conduct assessment on the effectiveness of the Company's internal control policy.
- c. To adopt or amend, pursuant to Article 36-1 of the Securities and Exchange Act, the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- d. To audit matters in which a director is an interested party.
- e. To audit matters of asset transactions or derivatives trading of a material nature.
- f. To audit matters of loans of funds, endorsements, or provision of guarantees of a material nature.
- g. To audit the offering or private placement of equity-type securities.
- h. To audit matters of hiring or dismissal of an auditor and their remuneration.
- i. To audit matters of appointment or discharge of a financial, accounting, or internal audit officer.
- j. To audit the annual and Q2 financial reports signed by Chairman, managers and accounting managers upon being audited and certified by the CPA.
- k. To audit the fairness and reasonableness of the Company's M&A projects and transactions.
- l. To audit matters of distribution of the interest of the special share.
- m. To audit the business report and motion for allocation of earnings or covering of losses.
- n. To audit the annual budget and business plan, and follow up the status thereof; to review the risk management policy and follow up thereof, and improvement on information security policy, strategy and significant information security incidents.
- o. To audit important accounting policies or changes in accounting estimates.
- p. To audit other material matters as may be required by this Company or competent authorities.

(3) Attendance at Audit Committee meetings

a. The 5th Audit Committee (term of service: 2020.06.12~2023.06.08; of which 2023.01.01~2023.06.08 was relevant to this report)

A total of 4 (A) meetings were held in the last year (2023); Independent Directors' attendance records are summarized below:

Title	Name	Attendance in Person (B)	Attendance by proxy	Rate of attendance in person (%) [B/A]	Remarks
Independent Director (Convener)	Shu-Hsing Li	4	0	100%	
Independent Director	Ming-Je Tang	4	0	100%	
Independent Director	Shin-Min Chen	4	0	100%	
Independent Director	Alan Wang	4	0	100%	
Independent Director	Hsiang-Wai Lai	4	0	100%	
Independent Director	-	-	-	-	Shortage

b. The 6th Audit Committee (term of service: 2023.06.09~2026.06.08; of which 2023.06.09~2023.12.31 was relevant to this report)

A total of 4 (A) meetings were held in the last year (2023); Independent Directors' attendance records are summarized below:

Title	Name	Attendance in Person (B)	Attendance by proxy	Rate of attendance in person (%) [B/A]	Remarks
Independent Director (Convener)	Shu-Hsing Li	4	0	100%	
Independent Director	Shin-Min Chen	4	0	100%	
Independent Director	Alan Wang	4	0	100%	
Independent Director	Paulus Siu-Hung Mok	4	0	100%	Newly elected
Independent Director	Barry Chen	4	0	100%	Newly elected
Independent Director	Kuang Shih Yeh	4	0	100%	Newly elected

\* The 9th board of independent directors was elected during the annual general meeting held on June

9, 2023. Mr. Paulus Siu-Hung Mok, Mr. Barry Chen, and Mr. Kuang Shih Yeh were newly elected as independent directors.

Other matters that shall be recorded:

a. For Audit Committee meetings that meet any of the following descriptions, details such as the date and session of Audit Committee meeting held, the motions discussed, independent directors' objections, reservations, or key recommendations, the Audit Committee's resolution, and how the Company has responded to Audit Committee's opinions are disclosed in the chart below:

(a) Conditions described in Article 14-5 of the Securities and Exchange Act;

(b) Other than the conditions described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors.

Board meeting date and session (the nth board – yth meeting)	Agenda and subsequent actions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors
2023.01.12 8-17 regular	2022 financial statement auditor suitability evaluation for the Company and subsidiaries.	✓	-
	Amendments to the “Artwork Management Policy“ of the Company and subsidiaries.	✓	-
	Amendments to the Company’s “organizational chart,” “Articles of Incorporation,” and “Level of Authority.”	✓	-
	Date of Audit Committee meeting and resolution (2023.01.12): Motion passed as proposed by all attending members; referred to Board of Directors for final resolution.		
	Company's response to Audit Committee's opinions: Agenda passed as proposed by all attending directors of the board.		
	Proposal to issue Class D preferred shares of the Company for cash.	✓	-
	Proposal to recall Class A preferred shares with proceeds from the issuance of Class D preferred shares.	✓	-
	Date of Audit Committee meeting and resolution (2023.01.12): Motion passed as proposed by all attending members; referred to Board of Directors for final resolution.		
	Company’s response to Audit Committee’s opinions: Given the low probability of actually issuing the securities, all members of the committee have agreed to amend the resolution and withdraw the proposal in order to prevent causing confusion within the market.		
2023.02.13 8-9 extraordinary	Proposal to subscribe to the cash issue of FWD Group Holdings Limited through subsidiary - Fubon Life Insurance Co, Ltd. at no more than US\$6.27 per share, for no more than US\$500 million in total, and for no more than 15% holding interest in the investee after the increase of capital.	✓	-

Board meeting date and session (the nth board – yth meeting)	Agenda and subsequent actions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors
	Date of Audit Committee meeting and resolution (2023.02.13): Motion passed as proposed by all attending members; referred to Board of Directors for final resolution.		
	Company's response to Audit Committee's opinions: Motion was passed as proposed by all attending directors of the board.		
2023.03.15 8-18 regular	2022 business report of the Company.	✓	-
	Presentation of the Company's 2022 financial statements.	✓	-
	Assessment of independence for financial statement auditor of the Company, and appointment and remuneration of financial statement auditor in 2023.	✓	-
	Presentation of the Company's 2022 "Statement of Declaration for Internal Control System".	✓	-
	Consent for the merger between the Company's 100%-owned banking subsidiary - Taipei Fubon Commercial Bank Co., Ltd. and JihSun International Property Insurance Agency Co., Ltd.	✓	-
	Amendments to the "Stakeholders Transaction Policy" of the Company and subsidiaries.	✓	-
	Amendments to the Company's "Policy for Reporting Subsidiary's Significant Asset Transaction to Group Board of Directors."	✓	-
		Date of Audit Committee meeting and resolution (2023.03.09): Motion passed as proposed by all attending members; referred to Board of Directors for final resolution.	
	Company's response to Audit Committee's opinions: Agenda passed as proposed by all attending directors of the board.		
2023.04.27 8-19 regular	Presentation of the Company's 2022 earnings distribution.	✓	-
	Issuance of new shares against capitalization of capital reserves.	✓	-
	The Company's plan to raise long-term capital.	✓	-
	Report on the liquidation and dismissal of subsidiary - Fubon Direct Marketing Consulting Co., Ltd.	✓	-
	Amendments to the "Internal Control System" of the Company and subsidiaries.	✓	-
	Amendments to the "Credit Risk Management Policy" of the Company and subsidiaries.	✓	-

Board meeting date and session (the nth board – yth meeting)	Agenda and subsequent actions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors
	Amendments to the “Reputation Risk Management Policy” of the Company and subsidiaries.	✓	-
	Proposal to have subsidiary – Fubon Life Insurance Co, Ltd. subscribe to the cash issue of Fubon Hyundai Life Insurance Co., Ltd.	✓	-
	Proposal to subscribe to the cash issue of subsidiary – Fubon Insurance Co., Ltd.	✓	-
	Proposal to remove non-compete restrictions for the Company’s 9th Board of Directors.	✓	-
	Date of Audit Committee meeting and resolution (2023.04.27): Motion passed as proposed without objection from all attending members and referred to the Board of Directors for final resolution.		
	Company's response to Audit Committee's opinions: Agenda passed as proposed by all attending directors of the board.		
2023.06.09 9-1 extraordinary	Appointment of person of acting duty and order of acting duty for the Chairman in the event that the Chairman is required to recuse himself due to conflict of interest.	✓	-
	Date of Audit Committee meeting and resolution (2023.06.09): Motion passed as proposed by all attending members; referred to Board of Directors for final resolution.		
	Company's response to Audit Committee's opinions: Agenda passed as proposed by all attending directors of the board.		
2023.08.17 9-1 regular	Presentation of the Company’s 2023 first-half financial statements.	✓	-
	Adjustment to the scope of authorization with regards to "Financial holding company representing 100% directly and indirectly owned subsidiaries in joint procurement contract."	✓	-
	Internal organizational adjustments and amendments to the “organizational chart,” “Articles of Incorporation,” “Level of Authority,” “Appendix - Level of Authority” and “Manager Appointment and Dismissal Policy.”	✓	-
	Date of Audit Committee meeting and resolution (2023.08.10): Motion passed as proposed without objection from all attending members and referred to the Board of Directors for final resolution.		
	Company's response to Audit Committee's opinions: Agenda passed as proposed by all attending directors of the board.		
2023.11.16 9-2 regular	Establishment of the Company’s 2024 audit work plan.	✓	-
	Amendments to the "Artwork Management Policy" of the	✓	-

Board meeting date and session (the nth board – yth meeting)	Agenda and subsequent actions	Conditions described in Article 14-5 of the Securities and Exchange Act	Resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors
	Company and subsidiaries.		
	Amendments to the “Operational Risk Management Policy” of the Company and subsidiaries.	✓	-
	Amendments to the “Investment Management Personnel Behavior Policy” of the Company and subsidiaries.	✓	-
	Amendment to the “Work Rules” of the Company.	✓	-
	Date of Audit Committee meeting and resolution (2023.11.16): Motion passed as proposed without objection from all attending members and referred to the Board of Directors for final resolution.		
	Company's response to Audit Committee's opinions: Motion was passed as proposed by all attending directors of the board.		
2023.12.28 9-3 regular	The Company’s 2024 budgets and operating plans.	✓	-
	Date of Audit Committee meeting and resolution (2023.12.25): Motion passed as proposed without objection from all attending members and referred to the Board of Directors for final resolution.		
	Company's response to Audit Committee's opinions: Agenda passed as proposed by all attending directors of the board.		

b. Regarding conflict-of-interest recusal by independent directors, the name of the independent director, subject matter of the motion, reason for recusal and the voting result:

No.	Date of committee meeting	Member requiring recusal	Subject Matter	Reason for Conflict of Interest Recusal	Participation in Deliberation
1	2023.04.27 5th meeting of the 21st regular audit committee	Alan Wang	Proposal to have subsidiary - Fubon Life Insurance Co, Ltd. subscribe to the cash issue of Fubon Hyundai Life Insurance Co., Ltd.	The removal of non-compete restriction concerned the director’s self-interest.	The interested directors left the room during discussion and voting.
2	2023.08.10 The 6th board of the 1st regular audit committee	Alan Wang Paulus Siu-Hung Mok	Adjustment to the scope of authorization with regards to "Financial holding company representing 100%	Given that the deal involved the financial holding company, subsidiaries, and 2nd-tier subsidiaries at the same time, a legal opinion	Recusal was not required during discussion and voting.

			directly and indirectly owned subsidiaries in joint procurement contract."	stating that the directors held no substantive or direct stake that would compromise the Company's interests had already been obtained, hence no recusal was required.	
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c. Communication between Independent Directors and internal/external auditors (e.g. discussions concerning the Company’s financial and business affairs, the method of communication used, and the outcome):

(a) In addition to submitting various internal audit reports to the Board of Directors and the Audit Committee on a quarterly basis, the audit department of the Company periodically arranges seminars with Independent Directors (at least once a year), and the minutes of such are submitted to the Board of Directors.

(b) If necessary, audit officers and external auditors may communicate with Independent Directors via email, telephone, or in person.

(c) Periodic communication is summarized as follows:

Date	Communication Method	Parties Involved	Matters Discussed	Outcome
2023.01.12	Audit Committee	The Company’s Chief Internal Auditor	Report on the progress of the Company’s 2022 4th quarter audit.	Acknowledged.
2023.03.09	Audit Committee	1. The Company’s Chief Internal Auditor 2. Heads of accounting and financial statement auditors of the Company and subsidiaries	1. Issuance of 2022 “Statement of Declaration for Internal Control System.” 2. The Company’s and subsidiaries’ 2022 financial statements.	Referred to Board of Directors for final resolution after review.
2023.03.15	Audit symposium	Chief Internal Auditor of the Company, Chief Internal Auditor of Fubon Insurance, and internal auditors of the Company	Planning of a risk-oriented audit system for the non-life insurance subsidiary.	Proceeded as recommended.
2023.04.27	Audit Committee	1. The Company’s Chief Internal Auditor 2. Head of accounting and financial statement auditors of the Company	1. Report on the progress of the Company’s 2023Q1 audit. 2. Presentation of the Company’s 2023Q1 financial statements.	1. Acknowledged. 2. Acknowledged.
2023.07.05	Meeting on key audit issues	The Company’s financial statement auditors	1. Review on the 2023Q2 audit plan that the CPA had proposed for the Company and subsidiaries.	1. Agreed to conduct audit on 2023Q2 financial statements according to the audit plan proposed by



Date	Communication Method	Parties Involved	Matters Discussed	Outcome
			2. 2023Q2 key audit issues of the Company.	CPAs. 2. Agreed to key audit issues of the Company that the CPA had raised for 2023Q2.
2023.08.10	Audit Committee	<ol style="list-style-type: none"> <li>The Company's Chief Internal Auditor</li> <li>The Company's Chief Internal Auditor</li> <li>The Company's Chief Internal Auditor</li> <li>Heads of accounting and financial statement auditors of the Company and subsidiaries</li> </ol>	<ol style="list-style-type: none"> <li>Report on the progress of the Company's 2023Q2 audit.</li> <li>Report of FSC's internal management special inspection on subsidiary – Fubon Asset Management with particular regards to fund transaction and execution (including conflict of interest), including the progress of improvements made in response to FSC's opinions on major regulatory violations listed in the inspection report (Chart A).</li> <li>Audit report of subsidiary - Fubon Life on controlled foreign insurance enterprises.</li> <li>2023 first-half consolidated financial statements of the Company and subsidiaries.</li> </ol>	<ol style="list-style-type: none"> <li>Acknowledged.</li> <li>Acknowledged.</li> <li>Acknowledged.</li> <li>Referred to Board of Directors for final resolution after review.</li> </ol>
2023.08.17	Audit symposium	Chief Internal Auditor, Chief Information Security Officer, and internal auditors of the Company	Progress on the execution of Financial Information Security Action Plan 2.0.	Proceeded as recommended.
2023.11.16	Audit Committee	<ol style="list-style-type: none"> <li>The Company's Chief Internal Auditor</li> <li>The Company's Chief Internal Auditor</li> </ol>	<ol style="list-style-type: none"> <li>Report on the progress of the Company's 2023Q3 audit.</li> <li>Adoption of the Company's 2024 audit plan.</li> </ol>	<ol style="list-style-type: none"> <li>Acknowledged.</li> <li>Referred to Board of Directors for final resolution after review.</li> </ol>

Date	Communication Method	Parties Involved	Matters Discussed	Outcome
		3. Head of accounting and financial statement auditors of the Company	3. Presentation of the Company's 2023Q3 financial statements.	3. Acknowledged.
2023.12.25	Audit Committee	1. The Company's Chief Internal Auditor 2. The Company's Chief Internal Auditor	1. Report on "2023 Audit Performance Review" that the Company had conducted for all subsidiaries with internal audit units in place. 2. Audit report of subsidiary - Fubon Life on controlled foreign insurance enterprises.	1. Acknowledged. 2. Acknowledged.
	Meeting on key audit issues	Financial statement auditors of the Company and subsidiaries	1. Review on the 2023 audit plan that the CPA had proposed for the Company and subsidiaries. 2. 2023 Key Audit Matters of the Company.	1. Agreed to the audit planning proposed by the CPA to conduct the audit on 2023 financial statements. 2. The Company's 2023 Key Audit Matters proposed by the CPA.

(4) Performance of the Audit Committee

The Audit Committee held a total of 8 meetings in 2023. For details regarding the discussion of cases described in Article 14-5 of the Securities and Exchange Act, please refer to Section 3.4.2(3) – Attendance at Audit Committee Meetings – Other Remarks of this annual report. Below is a list of other significant motions discussed by the Committee:

- a. January 12, 2023:
  - (a) Report on the progress of the Company’s 2022 Q4 audits.
  - (b) 2022 money laundering and terrorism financing risk evaluation report of the Company.
  - (c) Presentation of response plans for subsidiary – Fubon Insurance Co., Ltd. after failing to meet the statutory capital adequacy ratio requirements in November 2022.
- b. March 9, 2023:
  - (a) 2022 operational report of the Company.
  - (b) 2022 risk management report of the Company.
  - (c) Report on the Company’s 2022 cybersecurity protection and actions.
  - (d) Presentation of 2022 second-half AML and CTF progress report for the Company.
  - (e) Report on the Company’s compliance progress in the second half of 2022.
  - (f) Report on loan loss provision for borrower – “Chunghwa Picture Tubes Ltd.” by subsidiary – Taipei Fubon Commercial Bank Co., Ltd.
- c. April 27, 2023:
  - (a) 2023 Q1 operational report of the Company.
  - (b) 2023 Q1 financial statements of the Company.
  - (c) 2023 Q1 risk management report of the Company.
  - (d) Report on the progress of the Company’s 2023Q1 audit.
  - (e) Report on loan loss provision for borrower – “Yunneng Wind Power Co., Ltd.” by subsidiary – Taipei Fubon Commercial Bank Co., Ltd.
  - (f) Recognition of impairment losses on "Russian government bonds and Russian corporate bonds" by subsidiary - Fubon Life Insurance Co, Ltd.
  - (g) Proposal to present in shareholders’ meeting a report on merger-related matters following the Company’s merger with Jih Sun Financial Holding Co., Ltd.
- d. June 9, 2023:

Election of convener for the 6th Audit Committee of the Company.
- e. August 10, 2023:
  - (a) 2023 first-half operational report of the Company.
  - (b) 2023 first-half risk management report of the Company.
  - (c) Report on the progress of the Company's 2023Q2 audit.
  - (d) Audit report of subsidiary - Fubon Life Insurance Co, Ltd. on controlled foreign insurance enterprises.
  - (e) Report of FSC’s internal management special inspection on subsidiary – Fubon Asset Management Co., Ltd. with particular regards to fund transaction and execution (including conflict of interest), including the progress of improvements made in response to FSC’s opinions on major regulatory violations listed in the inspection report (Chart A).
  - (f) Report on the Company’s compliance progress in the first half of 2023.
  - (g) Presentation of 2023 first-half AML and CTF progress report for the Company.
  - (h) Report on the Company’s cybersecurity tasks for the first half of 2023.
- f. November 16, 2023:
  - (a) Presentation of the Company’s 2023 Q1-Q3 operational reports.
  - (b) Presentation of the Company's 2023 Q3 financial statements.
  - (c) Presentation of the Company’s 2023 Q3 risk management report.
  - (d) Report on the progress of the Company’s 2023 Q3 audits.
  - (e) Report on major violations against the Securities Investment Trust and Consulting Act involving subsidiary – Fubon Asset Management Co., Ltd., and the improvements made.

- (f) 2023 money laundering and terrorism financing risk evaluation report of the Company.
- (g) Follow-up report on the omissions and defects concerning AML database update by subsidiary - Fubon Bank (Hong Kong) Limited.
- g. December 25, 2023:
  - (a) Audit report of subsidiary - Fubon Life Insurance Co, Ltd. on controlled foreign insurance enterprises.
  - (b) Report on the "2023 Audit Performance Review" that the Company had conducted for all subsidiaries with internal audit units in place.
  - (c) Recognition of impairment losses on debts receivable from Sino-Ocean Land (Hong Kong) Limited by subsidiary – Fubon Bank (Hong Kong) Limited.