

Status on the Implementation of Ethical Corporate Conduct

Items of Evaluation	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summaries	
<p>1. Establishment of Corporate Conduct and Ethics Policy</p> <p>(1) Are the Company's policies, methods and commitments of directors and officers on the implementation of corporate conduct and ethics explicitly provided for in its internal rules and the Company's documents to the public?</p>	V		(1) The Company has enacted "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct"; the enactment and amendments of which require approvals by the Corporate Governance and Sustainability Committee and the Board of Directors and report to the shareholders at annual general meeting. Such would also be disclosed on the Market Observation Post System and the Company's website. The said rules clearly indicate that directors, managers, and employees shall strictly abide by principle of good faith, and shall not engage in any unethical activity. In addition to announcing the Board of Directors and management's commitment to implement ethical management, such principle shall also be abided by in internal management and external commercial activities.	None
<p>(2) Has the Company established programs for preventing unethical conducts, and within each program, specifies relevant operating procedures, guidelines, disciplinary and appeal system for handling violations? Has the Company implemented such policies?</p>	V		(2) As specified in "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct", and the employees' work rules, unethical activities such as giving and receiving bribes, fraudulent activities, and insider trading are strictly prohibited, and the said rules clearly specify disciplinary actions and appeal mechanisms for violations. Any violation of relevant ethical management rules would be reprimanded pursuant to the degree of violation. The relevant details and disciplinary results will be disclosed to the internal website.	None
<p>(3) Has the Company adopted preventive measures for the matters set forth in Paragraph 2 of Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and for business activities with higher unethical conduct risk in other scope of business activities?</p>	V		(3) With regard to business activities with high risks of unethical behaviors, the Company has set up strict internal control measures as follows: 1. The Ethical Corporate Management Best Practice Principles clearly indicate that directors, managers, employees, and de facto management may not give or receive bribe in the course of business. The employee work rules also clearly indicate that the employees have ethical obligation. Among others, employees cannot solicit business by means of bribery, kickbacks, or other	None

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			<p>improper methods, cannot request favors from vendors by utilizing influence for their positions, or receive commission, compensation or other improper interests.</p> <p>2. The Company has established “Donation Management Guidelines for Fubon Financial Holding Co., Ltd. and Subsidiaries”, which stipulate that any donation made to a related party or any major donation made to a non-related party is subject to Board of Directors' approval, and a material information announcement shall be made after the board meeting. In addition, all donations made in the previous year shall be compiled and reported to the Board of Directors before the end of the first quarter of every year, and be disclosed in the annual report.</p> <p>3. The Company has engaged professional intellectual property firms to assist in providing information of the Company for the management and responsible departments' review.</p> <p>4. A counterparty in a contract with the Company are required to refrain from declaring its performance of the contract in the name of the Company, and shall declare to third parties that the counterparty is an independent contractor handling specific matters in accordance with the contract. The contract counterparty's business premises may not erect signs with the Company's name in order to prevent third parties from mistaking it as an affiliate of the Company. The personnel of the contract counterparty shall not claim to be personnel of the Company.</p> <p>5. Prevention measure with regard to relevant products, services, and consumer rights of the subsidiaries:</p> <p>(i) According to its internal rules, Fubon Insurance has established an insurance product review and management task force to review suitability and legality of the products. Products are reviewed for any content that may be false, fraudulent, or misleading. Consumer rights and reasonableness of pricing are also reviewed. Personal information protection measures are implemented to ensure privacy of consumers' personal data. The Company further implements communication channel with customers, prompt response mechanisms, and complaint response system and procedures, allowing designated</p>	

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			<p>departments to proactively resolve issues in reasonable, fair, and prompt manners.</p> <p>(ii) Fubon Life has provided multiple customer communication channels and established customer relations department to provide product or service inquiry services to consumers. For any compliant, consumer may contact designated departments via channels such as 24-hour hotline, official website, internet services, and electronic mailbox to proactively resolve issues in reasonable, fair, and prompt manners.</p> <p>(iii) For protection of the rights, health and safety of the consumers and other interested parties, Fubon Securities has established the "Financial Consumer Protection and Management Guidelines" in accordance with the relevant financial consumer protection and financial services regulations, and set up a customer service department to provide consultation on products or services and respond to requests; if a complaint is made by a consumer or an interested party, dedicated departments will assist in a reasonable, fair, and prompt manner to resolve disputes.</p> <p>(iv) To protect the interest and rights of the consumers and to improve consumer satisfaction, Taipei Fubon Bank has established a dedicated window for customer complaints, and has set up an operational risk management system for making notification, in order to develop and implement a program for response; in addition, customer surveys are conducted as needed, in order to continue to provide consumers with quality financial services.</p>	
<p>2. Implementation of Ethical Business Conduct</p> <p>(1) Has the Company evaluated counterparties' ethical records, and set forth a provision on ethical conduct in contracts with its trading counterparties?</p>	V		<p>(1) The contracts entered into between the Company and its counterparties would require that the counterparties shall not violate laws, prohibitive provisions, public orders and good morals, and shall comply with the regulations governing financial institutions. Further, the counterparties shall not, for any reason, directly or indirectly, offering or agreeing to pay or contract to pay commission, kickback, or other interest. In the event of violation, punitive damages may apply, and the Company may terminate or rescind the agreement.</p>	None

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(2) Has the Company set up a department (dedicated or not) under the Board of Directors, which is in charge of promoting corporate ethical conducts? Has the department reported the policy implementation status to the Board of Directors regularly?	V		<p>The Company will evaluate its agents, suppliers, customers or other business counterparties for record of any unethical conduct. Evaluation methods include requiring repair works contractors to provide credit check information, work safety, health and environmental management undertakings, and comprehensive insurance coverage. When the Company enters into a contract with counterparties, the contract terms would specify that if the counterparties are involved in unethical conduct, the Company may, at any time, terminate or rescind the contract.</p> <p>(2) The Company has, pursuant to approval of the Board of Directors on November 24, 2015, renamed a functional committee under the Board of Directors, Corporate Governance Committee, as Corporate Governance and Sustainability Committee. ESG Task Force is established under the committee with six task force units; among them, the corporate governance task force is responsible for ethical management and it reports periodically to the Board of Directors on the annual plan and its execution.</p>	None
(3) Has the Company established policies to prevent conflict of interest, provided appropriate channels to receive statements, and implemented the policies accordingly?	V		<p>(3) The Company requires that its directors and managers not to use their positions to obtain improper benefits for themselves or their relatives. The Company's director and manager shall report to the Company and explain whether any potential conflict of interest exists when other companies affiliated with the director or the manager conduct loan transactions, provide guarantees, conduct major asset transactions, or makes sales with the Company or its subsidiaries. If the interest of a director, manager or a judicial person represented by him is in conflict with the Company in a proposal to be voted on in a Board of Directors' meeting or a functional committee meeting, the director or the manager may not vote.</p>	None
(4) Has the Company established effective accounting and internal control systems for the implementation of ethical business conduct, and	V		<p>(4) In order to appropriately express its operational results and financial conditions for analysis and comparison, as a reference for management and decision making, the Company has established an</p>	None

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<p>has the Company engaged an internal audit department to audit the systems regularly or engaged accountants to carry out the audits?</p> <p>(5) Has the Company, on a regular basis, provided internal and external educational training on ethical business conducts?</p>	V		<p>accounting system in compliance with law as reference criteria for the Company's accounting matters. All accounting matters shall be handled accordingly, and the system shall be reviewed regularly to ensure the system's design and implementation remained effective. In addition, the Company has established an effective internal control system, which shall be timely amended in accordance with law changes or internal management needs. Compliance with the above shall be audited by the Company's Audit Division and the improvement on any shortcomings shall be regularly reported to the Board of Directors.</p> <p>(5) The Company, on a regular basis, instructs new staff members on the code of conduct. Legal compliance courses are held every year to strengthen the internal audit awareness of the management. In addition to establishing internal control systems, through education and training, the Company promotes a management philosophy of strict discipline and employee integrity among the employees.</p>	None
<p>3. The implementation status of the Company's reporting systems:</p> <p>(1) Has the Company set up specific reporting system and rewards policy, established convenient reporting channels, and on each reported party, assigned appropriated personnel to handle the matters?</p>	V		<p>(1) The Company has established "Employee Complaint Hotline", "Complaint Fax Hotline", "Complaint Mailbox", "Employee Complaint Section", and "Employee Complaints Mailbox". The above channels are maintained by dedicated personnel and complaints are held strictly in confidence. Employees who report violations, which are substantiated, would receive awards pursuant to Rules Governing Employee Award and Discipline. The Company's website also contains the following complaint channels: "Complaint Mailbox", which is maintained by dedicated personnel of human resource department, and "Independent Director Mailbox", which is directly managed by convener of the Audit Committee to ensure independence and fairness. Currently, the reporting channels referred to above are operating normally.</p>	None

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(2) Has the Company established standard operating procedures for investigating the matters reported and a related confidentiality protection mechanism?	V		(2) The Company has established "Standard Operating Procedures for Receiving and Handling Employee Comments and Complaints" and "Standard Operating Procedures for Sexual Harassment Complaints Investigation and Disciplinary Action". Employee complaints are handled in accordance with the above standard operating procedures. When the matter reported is being reviewed, it shall be handled in accordance with the audit procedure under the Company's audit work manual and be kept confidential.	None
(3) Has the Company adopted measures to protect the reporting parties from receiving improper treatments as result of the reporting?	V		(3) In order to encourage the employees to report irregularities and illegalities, the Company's reporting related regulations all have explicitly set forth the Company's obligation to keep the reported matter and the identity of the reporting party absolutely confidential.	None
4. Strengthening information disclosure Has the Company disclosed the contents of "Ethical Corporate Management Best Practice Principles" and its implementation on the Company's website and the Market Observation Post System?	V		The Company describes, in the "Status on the Implementation of Ethical Corporate Conduct" section of its annual report, the results, implementations status and other information on Company's implementation of ethical business conduct. The relevant rules, annual report, and corporate social responsibility report, among others, are disclosed on the Market Observation Post System and on the Company's website.	None
5. If the Company has established "Ethical Corporate Management Best Practice Principles" in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please described the differences between the two: None				
6. Other material information that will help to understand the implementation status of the Company's ethical business conduct: (1) The Company places great emphasis on ethical business conduct, and when entering into contracts with others, the contract would contain terms that ensure compliance with ethical business conduct. (2) When dealing in business with agents, suppliers, customers or other trading parties, in addition to considering the legality of the transaction, the Company also pays attention to whether its counterparty has a history of unethical behavior, to urge the Company's business partners to place importance on ethical business conduct. (3) The Company places great emphasis on ethical management, and ethical conduct is a review item in the employee's annual performance target (under workplace behaviors). The review includes that the employee shall abide by the Company's ethical rules and business guidelines, that the employees shall not violate the law, show partiality at work, deceive or mislead customers, and shall work diligently, protect customer privacy, and disclose client's rights truthfully. Employees are reviewed periodically for compliance of ethical conduct. (4) The Company constantly monitors domestic and foreign developments in ethical business conduct related regulations and encourages the directors, supervisors, managers and employees of the Company and its subsidiaries to make suggestions, in order to review and improve the Company's "Ethical Corporate Management Best Practice Principles" and to elevate the effectiveness of the Company's implementation of ethical business conduct.				