

● Performance of business integrity and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons

Items of Evaluation	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons Thereof
	Yes	NO	Summaries	
<p>I. Establish Ethical Operation Policies and Programs</p> <p>(I) Whether the Company adopts the ethical management policy approved by the Board of Directors, and expressly states the ethical corporate management policy and rules, and its fulfillment by the Board of Directors and senior management in its Articles of Incorporation and public documents?</p>	✓		<p>(I) The Company has adopted the “Ethical Corporate Management Best Practice Principles,” “Codes of Insider Ethical Conduct,” and “Business Integrity Procedures and Behavioral Guidelines”. All above policies have been established and amended by the Corporate Governance and Sustainability Committee with the approval of the Board of Directors, and submitted for acknowledgment in a shareholders’ meeting before being publishing on Market Observation Post System and disclosed at the Company’s website. These policies outline the integrity principles that directors, senior managers, managers, employees, agents and all parties possessing material control are bound to comply, and prohibit them from involving in dishonest conducts. These integrity policies are fulfilled not only by the Board of Directors and the management, but are adopted in all aspects of internal management and external commercial activities as well.</p>	No major difference.
<p>(II) Whether the Company establishes the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopts the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?</p>	✓		<p>(II) Various units of the Company have identified risks (covering unethical conduct risk) subject to business and risk characteristics, data of loss and operating procedures, and established the risk assessment mechanism, such as self-assessment on appropriateness of operational risk control and key risk indicators, executed the self-assessment on appropriateness of control and key risk indicator monitoring periodically, investigated existing or potential unethical conduct in an quantitative manner, and took corrective actions timely.</p> <p>According to the self-assessment on appropriateness of operational risk control and key risk indicator monitoring by various units of the Company in 2019, no unethical conduct</p>	No major difference.

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			<p>has been detected.</p> <p>The Company follows the principles, and adopts stringent internal control measures, as described below, for business activities that involve higher risk of dishonesty:</p> <ol style="list-style-type: none"> <li>1. The Company has stated in its “Business Integrity Procedures and Behavioral Guidelines” a number of preventive solutions and measures against conducts, such as offering (acceptance) of bribes, inappropriate gains, illegal political donations, inappropriate donation or sponsorship, infringement of business secret and intellectual property, unfair competition, and offering of products/services against customers' or stakeholders' interests. The “Work Rules” have outlined employees' duty of integrity, which prohibit them from competing for business using inappropriate means such as bribery and kickbacks. Employees are also prohibited from exploiting their vested authorities and asking vendors for treatments, gifts or accepting commissions, rewards and any inappropriate gains.</li> <li>2. The Company has implemented the “Fubon Financial Holding Co., Ltd. Co., Ltd. and Subsidiaries Donation Management Policy” that requires all donations to related parties or substantial donations to non-related parties to be approved by the Board of Directors and disclosed in the form of a major announcement. Before the end of the first quarter each year, the Company would also report the amount of donations made in the previous year to the Board of Directors and disclose such information in the annual report. Additionally, in order to enable each sum of fund donated by the Company and its subsidiaries to be supervised and managed precisely, the “Fubon Financial Holding Co., Ltd. Co., Ltd. and Subsidiaries Donation Management Policy” was adopted and enforced as of January 2019. The donation procedure and purpose of donated funds will be checked and followed up through</li> </ol>	

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			<p>the clear management mechanism</p> <p>3. The Company has specifically requested all its contractors to refrain from carrying out service activities in the Company's name subject to the nature of individual contract. Instead, contractors are required to present themselves as independent contractors commissioned by the Company for specified purposes. Contractors are prohibited from using any displays in the Company's name at their places of business so to avoid causing any third party to mistake them as one of the Company's branches. Meanwhile, contractors' employees are prohibited from referring themselves as employees of the Company. For individual contracts that involve business secrets, trademarks, patents, copyrights or any other intellectual property rights, the Company would require guarantee from the trading counterpart that there will be no infringement against the patents, copyrights, business secrets or any other rights when fulfilling contractual obligations.</p> <p>4. Subsidiaries have adopted the following preventive measures in regards to products, services and consumers' rights:</p> <p>(1) Fubon Insurance has assembled a Product Review Panel and a Product Management Panel in accordance with its articles of association. Apart from assessing the appropriateness and legitimacy of products offered, the two panels are also responsible for identifying any product descriptions that would be construed as misstatement, fraudulent, or misleading to consumers. Existing insurance products are continually reviewed for their compliance with laws, protection of consumer rights, and pricing rationality. Personal information protection measures have been implemented to ensure the security of consumers' personal information; communication channels &amp;</p>	

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			<p>timely feedback mechanism, and customer complaint handling procedures are established; various dedicated units are assigned to resolve problems in a legal, reasonable, timely and pro-active manner. Furthermore, in order to assure persons with disabilities the basic right to fair and convenient insurance service, the Company has also adopted the finance friendly service measures, and provided the measures per individual needs of the mentally and physically disabled. Extensive efforts have been made to ensure that the Company's environment, communication, products, services and information are free of discrimination, and thereby create a friendly banking environment.</p> <p>(2) For the protection of consumers' interests, Fubon Life provides a broad variety of communication channels that customers may use to request for changes in personal information and express opinions at any time. As for complaints, customers may use the 24-hour service hotline, the portal, online services, email, the grievance hotline and other convenience ways the Company has made available to have their product/service/consumption-related disputes resolved. The Company also has “Fair Customer Treatment Principles” in place, which requires employees to comply with relevant laws and treat customers fairly and reasonably when offering products and services.</p> <p>(3) To protect the interests, health and safety of its consumers and stakeholders, Fubon Securities has established “Financial Consumer Protection Guidelines” and created a customer service department in accordance with the Financial Consumer Protection Act and other laws relevant to the financial service industry. Should any complaint</p>	

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(III) Whether the Company expressly states the SOP, guidelines and reward and disciplinary & complaining systems in the unethical conduct prevention program, implements the same precisely, and reviews amendments to said program periodically?	✓		<p>arise in relation to consumers or stakeholders, the customer service department will intervene and seek to resolve the dispute in a reasonable, fair and quick manner.</p> <p>(4) Taipei Fubon Bank has clear customer complaint handling procedures and complaint channels in place to protect consumers' interests, and make sure that every complaint case is handled in the utmost discretion. The Bank values customers' voices as a means to improve satisfaction. Through continuous opinion surveys, the Bank constantly improves its policies and procedures to provide customers with better quality financial services that meet their needs.</p> <p>(III) The Company has adopted the “Business Integrity Procedures and Behavioral Guidelines” and employees’ “Work Rules”. Meanwhile, the Company will amend the same per the request from the competent authority and internal policy/work needs periodically, which expressly provides the requirements about reward &amp; discipline and grievance system. Those who violate business integrity will be subjected to disciplinary actions depending on severity; details of employees' conducts and disciplinary actions are posted onto the intranet.</p>	No major difference.
II. Enforcing ethical management (I) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any integrity clauses in the agreements it mandatory for with business partners?	✓		<p>(I) The Company requires all its suppliers to submit proof of establishment, proof of credit and tax assessment records for review, unless they are not the sanctioned subjects which the Company is prohibited from trading with under the “Counter-Terrorism Financing Act” or the laws applicable in their registration places or within the jurisdictions applicable to them, and only when suppliers are free of default concern will the Company accept them as qualified suppliers. All suppliers are required to sign the “Letter of Commitment on Supplier Corporate Social Responsibility Code of Conduct” and the Company may terminate its contract or collaboration</p>	No major difference.

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(II) Whether the Company establishes a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors who shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, reporting the status thereof to the Board of Directors periodically (at least for once per year)?	✓		<p>with suppliers at anytime if suppliers are found to have exhibited dishonest conduct.</p> <p>All contracts signed between the Company and suppliers have explicitly instructed suppliers to comply strictly with regulations that financial institutions are bound to comply, and refrain from offering commissions, kickbacks or any inappropriate benefits, whether directly, indirectly, voluntarily or involuntarily. Violators will be fined for breach of contract, and may result in the termination of contract at the Company's discretion. For construction agreements, the Company conducts intensive investigations on contractors' cheque history and requires them to produce letters of commitment on work safety, health, and environmental management. Meanwhile, the Company instructs contractors to purchase construction insurance to protect against risks.</p> <p>(II) The Company has a “Corporate Governance and Sustainability Committee” established directly under the Board of Directors to supervise business integrity. Integrity-related tasks are executed by the corporate governance and ethical management team of the Committee's ESG Task Force. Execution progress is reported to the Board of Directors every six months.</p>	No major difference.
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	✓		<p>(III) Avoidance of conflicting interests has been explicitly regulated in the Company's “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Behavioral Guidelines”. These policies outline the procedures that directors, managers and any stakeholders present at board of directors meetings are bound to follow with respect to any agenda discussed in board meetings that present conflicting interests against themselves or against the entities they represent. In addition, there are also procedures to guide employees in situations where they duties may cause inappropriate gains to themselves, their spouse, parent, child</p>	No major difference.

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(IV) Whether the Company fulfills the ethical management by establishing an effective accounting system and internal control system, and has an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoints a CPA to conduct the audits?	✓		<p>or any related party in conflict with the Company's interests. The “Codes of Insider Ethical Conduct” specifically prohibits directors and managers from exploiting their vested authorities for personal gains (or gains of relatives). In addition, it is mandatory for directors and managers to explain conflict of interest if the Company or its subsidiaries are involved in transactions such as lending, guarantee, asset transfer, purchasing or sale with any enterprises that directors or managers are affiliated with.</p> <p>(IV) The Company has implemented an accounting system in compliance with laws to more appropriately present its business performance and financial position, and thereby facilitate analyses and comparisons for decision/policy making. All accounting-related affairs are bound to comply with the system. The system is constantly reviewed to ensure that its design remains effective</p> <p>An effective internal control system has been established and timely revised to meet with changes to regulations and internal management needs.</p> <p>The above practices have been included as part of the Audit Division's audits under the audit plan, and any defects found during the audits and improvements made are regularly reported to the Board of Directors.</p>	No major difference.
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	✓		<p>(V) The Company holds regular seminars and training courses to convey discipline and compliance with new recruits, while all employees are required to undergo training on compliance, new corporate governance roadmap/corporate governance culture/ethical management. The Company also arranges annual internal management courses for managerial staff to raise their awareness towards internal control and compliance each year, and also continues to promote Fubon Group's three major creeds, i.e. “Integrity, Diligence and Humble” and Fubon Financial Holding's core values for “Integrity, Sincerity, Professionalism, and Innovation”.</p> <p>To promote the whole employees' awareness towards</p>	No major difference.

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			business integrity, the Company will boost the execution of the “Ethical Conduct Guidelines” and training thereof per three years to urge the employees to practice the ethical conduct in their routine work.	
<p>III. Reporting of misconducts</p> <p>(I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?</p> <p>(II) Whether the Company defines the standard operating procedure, followup measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of complaints as accepted?</p>	<p>✓</p> <p>✓</p>		<p>(I) According to the Company's “Whistleblowing Policy,” anyone who discovers crime, fraud or regulatory violation involving any person-in-charge or employee of the Company, the Company's subsidiary or local/foreign branch may report suspicions to the designated handling unit through various reporting channels provided on the Company's website. The Compliance Department of the Company's Compliance and Legal Affairs Division has been designated as the handling unit for reported misconducts. Once the reported cases are proven to be true and material, the Company may reward the whistleblower subject to the circumstances. All of the Company's existing whistleblowing channels are functioning properly.</p> <p>(II) According to the Company's “Whistleblowing Policy,” misconduct reports shall be assigned by the Company's President to appropriate departments or to an investigation panel comprising at least 3 independently authorized personnel for investigation, unless the misconduct report is rejected or transferred for any reason. During investigation, the reported person or the related personnel shall be given the opportunity to state their opinions. Investigators are required to submit investigation reports within the designated due date; once approved by the authorized unit/personnel, the investigator shall notify the whistleblower of the outcome in an appropriate manner, provided that the contact method is specified. Meanwhile, if, upon investigation, the Company finds that the reported case is a material contingency or violation of laws, it shall inform</p>	<p>No major difference.</p> <p>No major difference.</p>



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(III) Has the Company provided proper whistleblower protection?	✓		<p>ore report to the competent authority or judicial authority. From the moment a misconduct report is received, any personnel involved or in possession of case details or identity of the person being reported or the whistleblower will be required to maintain confidentiality over the information possessed, and shall refrain from revealing any data that can be used to identify the whistleblower, unless otherwise regulated by law or in situations where secrecy of identity is no longer required. Violators will be disciplined according to the Company's internal policies.</p> <p>(III) According to the Company's “Whistleblowing Policy,” the Company, subsidiaries and local/foreign offices shall protect whistleblowers from dismissal, relief of duty, demotion, salary cut, any loss of benefit that they are entitled to under laws, contracts or customary practices, or other adverse treatments because of the reports they raise.</p>	No major difference.
IV. Strengthening Information Disclosure Has the Company disclosed its integrity principles and progress onto its website and MOPS?	✓		Progress of the Company's business integrity efforts have been disclosed in annual reports and on website. Details of the “Codes of Insider Ethical Conduct,” “Ethical Corporate Management Best Practice Principles “ and “Business Integrity Procedures and Behavioral Guidelines“ have also been made available on Market Observation Post System and in the “Major Corporate Regulations” section of the Company's website.	No major difference.
V. 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 current practices and any deviation from the principles:  No major difference.				
VI. Additional important information that may assist in the understanding of ethical corporate management operations: (e.g., the Company has reviewed and amended its own “Ethical Corporate Management Best-Practice Principles”  (I) Led by the founder of Fubon Group, Mr. Wan-Tsai Tsai, Fubon has been sprouting Taiwan for a half of century, as an insurance company of 10 employees growing to the second largest financial group in Taiwan, and also the financial group dedicated to offering the most complete product lines. Fubon’s growth relies on the three creeds mentioned by the founder all the times, namely “Integrity, Diligence, Humility”. The first priority, “Integrity”, has laid the most important foundation for Fubon				

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<p>for more than five decades.</p> <p>(II) The core values upheld by Fubon Financial Holding Co., Ltd. and its subsidiaries are “Integrity, Sincerity, Professionalism, and Innovation” (please see the official website of Fubon Financial Holding Co., Ltd. at <a href="https://www.fubon.com/financialholdings/about/business_philosophy.html">https://www.fubon.com/financialholdings/about/business_philosophy.html</a>).</p> <p>The four major business philosophies are specifically defined as the following:</p> <p>“Integrity- Fubon upholds the law with preservation of integrity and promotes business with fulfillment of corporate social responsibility.”</p> <p>“Sincerity- Fubon serves customers with sincerity and passion, and uses the best efforts to satisfy their needs.”</p> <p>“Professionalism- Fubon seeks excellence with professionalism, and provides diversified fine-quality services with corporate synergy.”</p> <p>“Innovation- Fubon always thinks out of the box, embraces challenges, researches &amp; develops for improvements, and creates its great value to customers.”</p> <p>(III) The Company considers “integrity” to be the primary value of the business and has therefore included “integrity” as part of the evaluation on the Board of Directors and members thereof, including the corporate core values, and all employees' performance evaluation. The personal goals included in all employees' performance evaluation include the “internal audit/internal control indicators” to evaluate the employees' performance in “deficiencies for violations of internal audit/internal control, compliance and operational risk”, “annual compliance performance evaluation” and “audit on the annual audit project”. The Company makes every endeavor to root the ethical management in the enterprise soundly, in order to facilitate the corporate sustainable development.</p> <p>(IV) In order to keep enhancing the enterprise's internal code of ethics to create an ethical management environment, and fulfill the governance responsibility to be borne by an enterprise to ensure the free market's operation, the Company has adopted the “Code of Ethical Conduct” in 2006 to regulate the ethical standards to be followed by directors and managers. In 2011, the Company adopted the “Ethical Corporate Management Best Practice Principles” to govern the Company's employees and subsidiaries and groups, enterprises or organizations with substantial controlling power primarily, which also expressly state that before trading with others, the Company should consider the suppliers' or other trading counterparts' ethical management record, and the Company should avoid trading with any persons involved in an unethical conduct; when executing contracts with others, the Company should also comply with the ethical corporate management policy; where the trading counterpart is involved in any unethical conduct, the Company may terminate or rescind the contract at any time. Said Principles shall also be reported to a shareholders' meeting to signify the Company's commitment and policy to practice the ethical management actively.</p> <p>(V) In response to the development of domestic/foreign ethical management regulations, the Company amended the “Ethical Corporate Management Best Practice Principles” at the beginning of 2017, and also added the “Business Integrity Procedures and Behavioral Guidelines” including the programs covering anti-corruption, anti-bribery, anti-monopoly, anti-trust, no illegal political donation, improper charity donation or sponsorship, no insider trading. Meanwhile, the Company also adopted the relevant disciplines and principles to deal with the issues including avoidance of conflict of interest, IPR and fair competition as the guidelines to be practiced and followed by all employees.</p>				