

Fubon Financial Holding Co., Ltd.

Ethical Corporate Management Best Practice Principles

Adopted by the Board of Directors on March 11, 2011
1st amendment by the Board of Directors on January 19, 2017

Article 1 (Purpose and Scope)

The Company, to create a sustainable business environment, hereby enacts the Principles to establish its principles of righteousness, transparency and accountability and corporate culture and sound development in accordance with the principles of integrity and honesty, good commercial operational model and risk control mechanism.

The Principles are applicable to the Company's subsidiaries, foundations to which the Company's direct or indirect contribution of donation exceeds 50% of the total funds received, and any other institutions and organizations which are substantially controlled by the Company ("Business Group").

Article 2 (Unethical Conduct Prohibited)

When engaging in commercial activities, the Company's directors, managers, employees, mandataries or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (as defined below), nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("Unethical Conduct") for purposes of acquiring or maintaining Benefits.

The counterparties of the commercial activities stated in the preceding paragraph includes civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, Substantial Controllers or other interested parties.

Article 3 (Benefits)

"Benefits" in the Principles means anything of value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Legal Compliance)

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, relevant rules of Taiwan Stock Exchange and GreTai Securities Market ("TWSE/GTSM") or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 (Prevention Programs)

The Company has enacted the Procedures for Ethical Management and Guidelines for Conduct, clearly and thoroughly prescribing the specific ethical management practices and measures to forestall unethical conduct (“Prevention Programs”), including operational procedures, guidelines, and training.

The Procedures for Ethical Management and Guidelines for Conduct in the preceding paragraph shall comply with relevant laws and regulations of the jurisdictions where the Company and its Business Group are located.

Article 6 (The Scope of Prevention Programs)

When establishing the Prevention Programs, the Company shall analyze and identify the business activities within its business scope that are more likely to be subject to higher risk of being involved in an unethical conduct, and strengthen the preventive measures accordingly.

The Prevention Programs adopted by the Company include preventive measures against the following:

1. Offering and acceptance of bribery.
2. Unlawful political donations.
3. Improper charitable donations or sponsorships.
4. Offering or acceptance of unreasonable gifts, hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Directly or indirectly damaging the rights or interests of clients or other interested parties in the course of research and development, procurement, provision, or sale of products and services.

Article 7 (Undertakings and Executions)

The Company shall clearly specify in its management rules and external documents the ethical corporate management policies and the commitment by the board of directors and the managers to rigorous and thorough implementation of such policies, and carry out the policies in internal management and external commercial activities.

Article 8 (Management of Commercial Activities in Good Faith)

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and whether any of them are involved in Unethical Conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with other parties, the Company shall include in such

contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in Unethical Conduct, the Company may at any time terminate or cancel the contracts.

Article 9 (Offer and Acceptance of Bribery Prohibited)

When conducting business, the Company and its directors, managers, employees, mandataries and Substantial Controllers, shall not directly or indirectly offer, promise to offer, request or accept any forms of improper Benefits to or from clients, agents, contractors, suppliers, public servants, or other interested parties.

Article 10 (Unlawful Political Donations Prohibited)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries and Substantial Controllers, shall comply with the Political Donations Act and the Company's own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 11 (Unlawful Charitable Donations or Sponsorships Prohibited)

When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not covertly engage in bribery.

Article 12 (Unreasonable Presents, Hospitality or Interests Prohibited)

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

Article 13 (Infringement of Intellectual Property Rights Prohibited)

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property; and the Company may not use, disclose, dispose, or damage intellectual property or otherwise conduct activities that might infringe intellectual property rights without the prior consent of the owners of intellectual property rights.

Article 14 (Unfair Competitive Practices Prohibited)

The Company shall engage in business activities in accordance with applicable fair trade/competition laws and regulations, and may not conduct price fixing, bid rigging, establishment of output restrictions or quotas, or share or divide markets by allocating clients, suppliers, territories, or lines of commerce.

Article 15 (Avoidance of Damages Caused to the Interested Parties)

In the course of research and development, procurement, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. The Company shall also adopt and publish a policy on the protection of the rights and interests of clients or other interested parties, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of clients or other interested parties. Where there are sufficient facts to determine that the Company's products or services are likely to jeopardize the safety and health of clients or other interested parties, the Company shall, in principle, recall those products or suspend the services immediately.

Article 16 (Organization and Responsibilities)

The Company's board of directors, managers, employees, mandataries and Substantial Controllers shall exercise due diligence of a good manager, urge the Company to prevent Unethical Conduct, always review the results of the preventive measures and continually make improvements so as to ensure thorough implementation of the ethical corporate management policies.

To achieve sound ethical corporate management, the Corporate Governance and Sustainability Committee subordinated to the board of directors shall be responsible for supervising the implementation results; and the ESG Task Force under the committee shall be responsible for establishing the ethical corporate management policies and Prevention Programs. The ESG Task Force shall be in charge of the following matters, and shall report to the board of directors on a regular basis

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance in compliance with the requirements of laws and regulations to ensure the Company's ethical management
2. Adopting the Procedures for Ethical Management and Guidelines for Conduct as the program to prevent unethical conduct.
3. Setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating trainings with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating; and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 17 (Compliance in the Course of Business)

The Company's directors, managers, employees, mandataries and Substantial Controllers shall comply with laws and regulations, the Company's internal

regulations and Prevention Programs when conducting business.

Article 18 (Avoidance of Conflicts of Interest)

The Company shall enact policies for preventing conflicts of interests in order to identify, monitor, and manage risks possibly resulting from unethical conduct, and offer appropriate means for directors, managers and other interested parties attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When the Company's director, manager or any other interested parties attending or present a board of directors meeting, themselves or the legal entity they represents have an interest in the proposals for board discussion, such party shall state the important aspects of the interest at the meeting, and, where there is a likelihood that the interest of the Company would be prejudiced, such person shall not participate in the discussion or vote on that proposal, and shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, managers, employees, mandataries and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 19 (Accounting and Internal Controls)

The Company shall establish effective accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, not have under-the-table accounts or secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The Company's internal auditors shall include the Company's conditions of compliance of the foregoing into its audits and report areas requiring improvement to the board of directors on a regular basis.

Article 20 (Operational Procedures and Guidelines)

The Company has established the Procedures for Ethical Management and Guidelines for Conduct, concretely prescribing the instructions for directors, managers, employees, mandataries and Substantial Controllers to conduct business. The Procedures for Ethical Management and Guidelines for Conduct contains the following matters:

1. Standards for determining whether improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.

4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of such Principles.
8. Disciplinary measures on offenders.

Article 21 (Training and Assessment Programs)

The chairman, general manager, or senior management of the Company shall periodically convey the importance of corporate ethics to directors, employees, and mandataries.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries and Substantial Controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing Unethical Conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 22 (Reporting, Punishment and Complaint System)

The Company's directors, managers, employees, mandataries and Substantial Controllers shall report Unethical Conduct to the audit committee, managers, internal audit manager, or other appropriate internal officers. The Company shall keep the reporter's identity and content of the report confidential and actively verify the truth of the report.

The Company shall establish a well-defined disciplinary and complaint system to handle violations of the Principles, and immediately disclose on the Company's internal website the offender's job title, name, date the violation was committed, violating act and the situation of how the matter was handled.

Article 23 (Information Disclosures)

The Company shall continuously analyze and assess the effectiveness of the promotion of ethical management policy and shall disclose the status of the enforcement of the Principles on its websites, annual reports and prospectuses and the content of the Principles on the Market Observation Post System.

Article 24 (Review of and Amendments to the Policies and Measures)

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors, managers and employees to make suggestions so as to review and improve

the adopted ethical corporate management policies and measures for implementation and achieve better results from implementing the Principles.

Article 25 (Implementation)

The Company's Principles shall be implemented after consideration by the Corporate Governance and Sustainability Committee, approval by the board of directors, and shall be submitted to the audit committee and reported at the shareholders' meeting. The same procedure shall be followed for any amendments to the Principles hereto.

