

**FUBON FINANCIAL HOLDING CO., LTD.**

**Group Policy for Anti-Money Laundering and  
Countering the Financing of Terrorism**

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## **Article 1 Objective**

In order to enable Fubon Financial Holdings Co., Ltd. (hereinafter referred to as the "Company") and the subsidiaries defined in Article 4 of the Financial Holding Company Act in which they shall be responsible for preventing money laundering and combating money laundering in accordance with the regulations of the country or jurisdiction where they are registered in (hereinafter referred to as "subsidiaries"), to establish a mechanism for Anti-money Laundering and Countering Terrorism Financing and mitigate the risk that the products and services provided are being used to carry out money laundering and terrorism financing, "Fubon Financial Holding Company Group Policy for Anti-Money Laundering and Countering the Financing of Terrorism" (hereinafter referred to as the "Policy") is hereby stipulated in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries".

## **Article 2 Application scope**

This Policy applies to the Company and subsidiaries.

The Group Policy is applicable to Fubon Financial Holding Co., Ltd. (hereinafter referred to as the Company), subsidiaries under the Company's business license that meet the requirements of "financial institutions" in accordance with the Money Laundering Control Act, subsidiaries undertake the obligation of anti-money laundering and countering the financing of terrorism in accordance with the provisions of the country or jurisdiction in which they are registered, and Fu Sheng Life insurance agency and Fu Sheng General Insurance Agency (hereinafter referred to as the Subsidiaries). With respect to handle the money laundering prevention business, in the case that regulatory requirements of the jurisdictions where the Subsidiaries are located are different, the Subsidiaries shall comply with the stricter ones.

Each Subsidiary shall supervise and manage its own subsidiaries to comply with this Policy and relevant laws and regulations, and establish appropriate risk management systems and internal control mechanisms for the ML/TF risk.

## **Article 3 Anti-money laundering and countering the financing of terrorism (AML/CFT) internal control system**

The AML/CFT internal control system shall at least include policies and procedures to identify, assess and manage the company's money laundering and terrorism financing

(ML/TF) risks and the AML/CFT programs shall be implemented based on the results of ML/TF risk assessment and subject to periodic review.

The implementation of above mentioned procedures shall be included in the self-inspection and internal auditing items, and strengthened as necessary.

#### **Article 4 AML/CFT program**

The AML/CFT program shall include mechanisms for conducting customer due diligence (CDD), name screening on customers and transaction counterparty, ongoing due diligence of accounts and transactions, Correspondent banking business, record-keeping, filing currency transaction report (CTR), filing suspicious ML/TF transaction report (STR) and reporting in accordance with "Counter-Terrorism Financing Act", appointment of compliance officer at

the management level in charge of AML/CFT compliance matters, employee screening and hiring procedure, ongoing employee training program, independent audit function to test the effectiveness of AML/CFT system, and other requirements stipulated in relevant AML/CFT laws and regulations. However, each subsidiary may, subject to the provisions of laws, adjust the contents of the aforementioned AML/CFT program in accordance with its nature of business.

#### **Article 5 AML/CFT risk assessment**

The Company shall adopt a risk-based approach and take appropriate measures to identify, assess, and manage the ML/TF risks, and determine specific risk categories based on the risk identified. Such specific risk category should cover at least customers, geographic areas, products and services, transactions or payment channels, and others (e.g., employees and correspondent bank). The Company shall, based on the results of ML/TF risk assessment, develop prevention and mitigation measures corresponding to money laundering and terrorism financing risks in order to determine the allocation of AML/CFT resources, establish internal control system, and formulate and implement policies, procedures and control measures of AML/CFT programs.

The principle of consistent risk assessment methods is governed by 「Regulations Governing Money Laundering and Terrorist Financing Risk Assessment on Countries/Geographic Areas, Occupation and Industry, Products and Services, and Customers」。

The Financial Holding and its Subsidiaries shall complete risk assessment and the Institutional Risk Assessment (IRA), including the identification of the inherent risks, assessing the residual risks through the control environment and the effectiveness and implementation of risk mitigation/reduction measures, so that the senior management can timely and effectively

understand the overall ML/TF risks , and develop appropriate plan to reduce risk or enhance control. Risk assessment report should be reported to the respective board of directors at least annually with approval in advance from AML Department of the Company.

## **Article 6 Mechanism for sharing information of AML/CFT**

The internal control regulations of information sharing based on the purpose of Anti-money laundering and Countering financing terrorism between the Financial Holding and its Subsidiaries shall be established based on the following principles:

1. Data sharing shall have a clear and appropriate purpose as well as legitimate and ethical. For example: bias shall be avoided when using artificial intelligence in analyzing customer data, assessing risks or marking; there shall not be any discrimination for customer with the same condition after using the artificial intelligence to analyze customer data.
2. If the information being shared belongs to identity verification, negative information etc., and has a greater impact on the rights and interests of the customers, necessary verification shall be carried out, or other measures to strengthen the protection of customer data shall be provided.
3. Participants and their employees in the process of data sharing must be authorized and have sufficient knowledge of relevant laws, internal control regulations as well as the data sharing agreement.
4. Appropriate management policies shall be formulated for matters such as data sharing, routine maintenance, retention, authority setting, report management, and relevant processes after the sharing has been terminated.
5. The internal review and hierarchical responsibility mechanism shall be clearly defined on a risk-based approach according to the working partner and the data sharing methods.
6. The security of information systems and data transmission shall be ensured.
7. Customer complaints and disputes arising from data sharing operations shall be handled in accordance with the "General and Joint Marketing Customer Complaint Handling Procedures

of Fubon Financial Holdings Co., Ltd. and Subsidiaries" or the current customer complaint handling regulations of each subsidiary.

In the previous subparagraphs 2 related to the customer identity verification information, negative information, etc. that have a significant impact on the rights and interests of customers, or other measures to strengthen the protection of customer data, each subsidiary shall incorporate norms into its due diligence policies and procedures while the specific internal control specifications in subparagraphs 3 to 6 are separately stipulated in the "Measures for Information Sharing on Anti- Money Laundering and Combating Terrorism Funding " of the Company.

#### **Article 7 AML/CFT culture**

The board of directors and senior management of the Financial Holding and its Subsidiaries shall understand the ML/TF risks and the operation of its AML/CFT program, and adopt measures to create a culture of valuing the AML/CFT compliance. The board of directors of the Financial Holding and its Subsidiaries takes the ultimate responsibility for ensuring the establishment and maintenance of appropriate and effective AML/CFT internal controls.

#### **Article 8 Reporting and Supervision on significant matters of ML/TF**

To effectively respond and control the impact of significant and urgent situations of each Subsidiary, each subsidiaries shall report major suspected cases of money laundering or terrorism financing according to relevant laws and regulations; a report shall also be submitted to the Financial Holding in accordance with the regulations of R.O.C. or country where the Subsidiary is located, and the safety protection of such information pertinent to the reporting shall be ensured.

The Financial Holding shall supervise the anti-money laundering measures of each Subsidiary and assist each Subsidiary to strengthen the measures of anti-money laundering and the effectiveness of implementation if necessary.

#### **Article 9 Managing and controlling the risk appetite/limit**

The AML/CFT Risk Appetite is the level of risk that the Group is willing to accept, and the risk limit is the early warning to the risk, such risk appetite and risk limit could be presented either qualitatively or quantitatively in consideration of the uniqueness of the risk of ML/TF.

The Financial Holding and the Subsidiaries have no tolerance for breaches of laws, rules, sanctions, and regulations, and are committed to complying with the spirit and intent of AML/CFT in every jurisdiction in which the Financial Holding's business unit operate. The Financial Holding and the Subsidiaries shall not enter into a relationship or otherwise knowingly conduct business with prohibited customer.

The Financial Holding and the Subsidiaries shall stipulate the Risk Appetite limit and monitor it periodically. Once a limit has been identified as approaching to or has been breached its designated risk appetite/limit, the Financial Holding and the Subsidiaries shall develop an improvement plan covering measures such as strengthening mitigating controls for ML/TF risks. The improvement plan and the results of implementation shall be included in the institutional risk assessment report and submitted to the board of directors to effectively control and mitigate the risk of ML/TF.

The Financial Holding manages the risk appetite of ML/TF by controlling the residual risk within medium and low risk, whereas, in consideration of business characteristics and risk preference of each Subsidiaries, Subsidiaries may determine the risk appetite with approval granted from the dedicated department or person under no violation against the applicable law and regulations or any rules and regulations of the Company in connection therewith.

#### **Article 10 Supplementary Provisions**

Where matters not specified in this Policy shall be governed by applicable laws and regulations, and the relevant rules and regulations of the Company.

#### **Article 11 Implementation and amendment**

The Policy shall come into force with the approval of the board of the directors and be governed by 「The Policy for the formulation of the Internal Rules and Regulations」, the same shall apply to any amendment thereto. The policy shall be reviewed every year. Where amendments, regarding of the change of the name of the organization of the Company、error correction、adding or the change of relevant provisions cited, they can be implemented with the approval of the Division Head.

## Annex: Revision record

Version	Approval Date	Effective Date	Approval Level	Note
01	2018/08/27	2018/08/27	Board of the Directors	
02	2019/03/21	2019/03/22	Board of the Directors	
03	2019/10/25	2019/11/04	Legal and Compliance Chief Officer	
04	2020/08/21	2020/09/07	Legal and Compliance Chief Officer	
05	2022/05/05	2022/06/01	Board of the Directors	
06	2024/11/21	2024/12/02	Board of the Directors	