

SinoPac Financial Holdings Company Limited Anti-Money Laundering and Counter Terrorism Financing Policy

Enacted Unit: Legal & Compliance Division

Approved Level: Board of Directors

Charter 1 General Principles

Article 1 Basis of Adoption

The SinoPac Financial Holdings Company Limited Policy for Anti-money Laundering and Countering Terrorism Financing (hereinafter referred to as "the Policy") has been established by SinoPac Financial Holdings Company Limited (hereinafter referred to as "the Company") in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", so as to facilitate group-wide implementation of the anti-money laundering and counter financing of terrorism (hereinafter referred to as "AML/CFT") framework, and shall serve as common compliance standards for the Company and its subsidiaries.

The Company and its subsidiaries shall comply with the Policy and all relevant local and foreign rules, and likewise ensure that AML/CFT practices do not give rise to compliance risk, operational risk, legal risk or reputation risk.

Article 2 Applicable external regulations

The terms of the Policy shall be updated to reflect any additional regulations or amendments in the future. New or amended regulations shall prevail until the Policy is revised.

Article 2-1 Applicable Targets

The Policy applies to the Company and subsidiaries which meet the definition of Article 5 of "Money Laundering Control Act" regarding financial institutions, non-financial institutions, or subsidiaries (including foreign branch) with obligations of AML/CFT in accordance with laws and regulations of the registered country or jurisdiction.

Charter 2 Rules applicable to the Company

Article 3 Supervision

Legal & Compliance Division of the Company supervises the AML/CFT operations by subsidiaries, which shall at least include establishing the control mechanism of policies and procedures to identify, assess and monitor the Company's money laundering and terrorism financing (hereinafter referred to as "ML/FT") risks; operation and execution of the AML/CFT policy and programs; and establishing internal control process and trainings.

The Company shall establish a group-level AML/CFT program and intra-group information sharing policies, based on the risk assessment results of each subsidiary and the overall business scale of the Company.

The Company shall evaluate overall AML/CFT risks on a group level, timely adjust the Policy, and report the specific implementation of the subsidiaries to the Board of Directors and the Audit Committee semi-annually, or whenever a major regulatory violation is discovered.

Charter 3 Rules applicable to the subsidiaries

Article 4 Establishment of internal rules

Each subsidiary shall establish its own internal AML/CFT rules and operating procedures in accordance with the law, industrial rules and regulations pertaining to their businesses, self-regulating guidelines and conventions of the industry associations that they are a part of, and terms of the Policy, while taking into consideration the nature of their businesses, transaction types, transaction complexity, and risks involved. The relevant internal rules shall address at least the following principles: customer identity verification, customer acceptance, customer and transaction monitoring, risk management, and record retention.

Each subsidiary shall ensure that all of its foreign branches (or overseas subsidiaries) have implemented AML/CFT measures that are consistent with those adopted by the Company, to the extent that these are compliant with local laws and regulations. If laws and regulations differ between the Company's home country and the countries in which the foreign branches (or overseas subsidiaries) operate, the more stringent of the two shall prevail.

If a foreign branch (or subsidiary) is not allowed to implement the measures of head office (or parent company) due to prohibitions from foreign laws and regulations, appropriate additional measures should be taken by Subsidiaries to manage the ML/TF risks, and reported to the Financial Supervisory Commission (hereinafter referred to as "FSC").

Article 5 Customer due diligence principles

Each subsidiary shall devise separate customer due diligence (hereinafter referred to as "CDD") procedures that are appropriate to its business activities, transaction patterns and product types, while at the same time compliant with laws of their respective industries, and self-regulating guidelines and conventions of the industry associations.

Article 6 Customer acceptance principles

Each subsidiary shall establish appropriate approval mechanisms for all business dealings and transactions in accordance with customer acceptance principles based on customers' attributes or socioeconomic status to avoid dealing with high-risk customers that increase additional risks or undermine the reputation of the organization.

Article 7 Risk management

In terms of risk management system, each subsidiary shall devise a set of plans, policies and control measures to identify, assess and manage ML/TF risks, based on the risk prevention guidelines or templates created by the competent authorities or industry associations that are relevant to their operations. These plans, policies and control measures shall also be reviewed on a regular basis.

Each subsidiary shall assign a dedicated unit or engage an external consultant to conduct full-scale assessment of ML/TF risks each year, and to cover branches and subsidiaries, so that the management is informed in a timely manner about the overall ML/TF risks encountered by the organization, and thereby enable development of appropriate systems and mitigation measures. Subsidiaries shall also revise preventive plans whenever deemed appropriate.

The assessment results shall be reviewed by the Company's Legal and Compliance division and submitted to their respective Board of Directors. Risk assessment reports also need to be presented to the competent authority for record if required by law or when instructed to do so.

Each subsidiary should assess ML/TF risks before launching new products, services or new business practices and establish relevant risk management measures to mitigate identified risks.

Article 8 Information sharing

The Company shall develop communication channels with subsidiaries to share suspicious ML/TF patterns on a regular or ad-hoc basis, subject to compliance with the protection of personal data and the confidentiality of information, and thereby assist subsidiaries in their AML/CFT efforts.

Article 9 Compliance

AML/CFT policies, procedures and risk controls shall include at least the following:

1. Internal procedures and control measures.
2. Responsible officer and staff: Each subsidiary shall be staffed with an adequate number of AML/CFT personnel in view of the size and risks of its business. The Board of directors shall appoint a senior officer to serve as AML/CFT responsible officer, who should be sufficiently authorized to coordinate and supervise AML/CFT affairs. The recruitment of AML/CFT responsible officer and staff shall be in compliance with requirements of laws and regulations for qualifications.
3. Independent internal audit system: to determine whether standard operating procedures have been carried out to ensure compliance with AML regulations.
4. Robust and appropriate employee selection procedures.
5. Continuous employee training programs.

Article 10 Record retention

The Company and its subsidiaries shall keep records on all business relations and transactions with customers, and in accordance with the following provisions.

1. The Company and its subsidiaries shall maintain all necessary records on domestic and overseas transactions for at least five years or a longer period as otherwise required by law after the transaction is completed.
2. The Company and its subsidiaries should keep all records obtained through CDD measures, account files and transaction records for at least five years or a longer period as otherwise required by law after the end of business relationship or temporary dealings.

Article 11 Education and training

The Company's internal departments and subsidiaries shall organize or assign employees to AML/CFT training courses as needed by business activities or required by laws and regulations, so that employees are informed about the latest changes in laws and regulations, the Policy and internal rules.

Article 12 Internal Audit and self-assessment

The internal audit unit shall conduct the audits in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, Money Laundering Control Act and AML-related guidelines, and provide audit

opinions in order to guarantee effective implementation.

Each subsidiary shall incorporate Standard operational procedures for monitoring compliance with AML/CFT regulations and for the implementation of the AML/CFT program into their self-assessment, to examine the implementation.

Article 13 Rewards and punishment

A reward shall be given for any discovery or prevention of money laundering transactions or terrorism financing or prevention of damage to the reputation of the Company and its subsidiaries consequent upon the implementation of statutory or regulatory requirements, this Policy or relevant internal regulations of the respective applicable entities. Failure to comply with the implementation of relevant regulations thereby causing damage to the reputation of the Company and its subsidiaries, depending on the severity of the circumstances, may impose a punishment.

Charter 4 Supplementary Provisions

Article 14 Unaddressed Matters

Any matters that are not addressed in the Policy shall be governed by the regulations and policies that are relevant to the industries of the Company and its subsidiaries and the relevant provisions of the Company and its subsidiaries.

Article 15 Authorization

Legal basis of the Policy, as mentioned in Article 1, is detailed in the Appendix. The Appendix shall constitute an integral part of the Policy, and the Originator is authorized to update the Appendix as deemed appropriate to reflect changes in laws or the authorities' instructions and submit it to the Board of Directors for record.

Article 16 Implementation and amendments

The Policy is implemented with the resolution of the Board of Directors; the same applies to subsequent amendments.

Passed during the 10th meeting (2018) of the 6th session of Board of Directors dated October 26, 2018