

Integrity policies and practices

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE and TPEX Listed Companies (Note 2)
	Yes	No	Summary	
<p>I. Establishment of integrity policies and solutions</p> <p>(I) Has the Company stated in its Memorandum or external correspondence about the polices and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?</p> <p>(II) Does the company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems?</p> <p>(III) Has the Company taken steps to prevent occurrences listed in Paragraph 2, Article 7 of "Corporate Governance Best-Practice Principles for TWSE and TPEX Listed Companies" or business conducts that are prone to integrity risks?</p>	V		<p>(I) The Company believes integrity and honesty to be the foundation of all business activities, and has therefore specified "credibility, honesty, and accountability" as the three principles that employees are bound to uphold. We believe that ethics and loyalty are the foundations of all businesses. The Company has established a set of integrity principles that outline the essence of integrity policies to be implemented throughout the Company and its subsidiaries, and ethical code of conduct that all directors and managers are bound to obey. The integrity principles serve as a foundation for corporate governance practices within the Company and its subsidiaries, and exist to ensure that directors', independent directors' and managers' behaviors are consistent with ethical standards. All related policies have been announced to the public through Market Observation Post System.</p> <p>(II) The Company has specifically prohibited dishonest conducts in its business integrity principles, ethical code of conduct, and employee work rules. The work rules also list out disciplinary actions and communication channels; those who violate business integrity will be subjected to disciplinary actions depending on severity.</p> <p>(III) As part of the Company's internal control, certain job roles are rotated on an unscheduled basis or are subjected</p>	None

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			<p>to mandatory leave of absence. This is to avoid concealment of fraudulent activities. The Company has work rules and directors' and managers' ethical code of conduct in place that outline the discipline and codes that employees, directors and managers are bound to obey, and dishonest behaviors that they must refrain from.</p> <p>Furthermore, the Company has implemented JihSun Financial Holding Donation Policy based on Corporate Governance Principles for Financial Holding Companies and the Income Tax Act that governs all external donations made by the Company and all subsidiaries and 2nd-tier subsidiaries controlled by the Company.</p>	

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<p>II. Enforcing ethical management</p> <p>(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(II) Does the Company have a unit that specializes (or is involved) in business integrity? Does this unit report its progress to the board of directors on a regular basis?</p> <p>(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p> <p>(IV) Has the Company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Are these systems reviewed by internal or external auditors on a regular basis?</p> <p>(V) Does the Company organize internal or external training on a regular basis to maintain</p>	V		<p>(I) The Company chooses its business partners carefully. We uphold our principles of ethical dealing and specify the condition of ethical management in business contracts.</p> <p>(II) To enforce business integrity management, the Group Risk Management Division has been assigned the duty to develop integrity policies and coordinate with relevant departments to report progress to the board of directors on an annual basis.</p> <p>(III) The Company has outlined in its business integrity principles the rules concerning avoidance of conflicting interests. All directors, managers and any stakeholders present at board of directors meetings are bound to comply with The Company Act and the Company's Board of Directors Conference Rules with respect to any agenda that presents conflicting interests against themselves or against the entities they represent. Employees of the Company must not exploit their vested authorities for improper gains, whether for themselves or for spouse, parents, children, or any other parties. The directors' and managers' ethical code of conduct specifically requires directors and managers to take initiative in explaining potential conflict of interest that involve them, their spouse or 2nd-degree relative or closer whenever the Company lends money, offers guarantee, or engages in</p>	None

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business integrity?			<p>significant transaction with a related company. This requirement is to prevent people from exploiting their authorities for illicit gains.</p> <p>According to Board of Directors Conference Rules: if a director, or the corporate entity that the director represents, is considered a stakeholder to the discussed agenda, the director must state the stakes involved during the current meeting session and shall disassociate from all discussions and voting if such stakes are in conflict against the Company's interests. In which case, the director may not exercise voting rights on behalf of other directors.</p> <p>JihSun Financial Holding has a Stakeholders section on its portal to disclose grievance system and channels currently in place. Any violation against business integrity involving the Company's employees may be reported using the grievance mailbox. The Company ensures the confidentiality of informant's identity and the details reported. If the reported misconducts are verified to be true, the Company will address them according to relevant laws and internal rules.</p> <p>(IV) The Company has developed effective internal control and accounting systems based on "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." Performance is reviewed regularly by</p>	

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			<p>the internal audit team, while financial statements are audited by certified public accountants to obtain reasonable assurance for the continual effectiveness of system design and execution.</p> <p>(V) The Company has outlined in its work rules and management policies the behaviors that employees are bound to obey, and disciplinary systems to enforce such behaviors. Training is organized on a yearly basis to promote employees' awareness towards the Money Laundering Control Act, the Consumer Protection Act, and the Personal Information Protection Act. The Company also makes weekly compliance announcements that include case studies of penalties imposed against peers, which serves as a warning against potential dishonest behaviors. Progress of compliance training is reported to the board of directors on a half-yearly basis.</p>	
<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) Has the Company implemented any standard procedures or</p>	V		<p>(I) The Company has established multiple channels of communication and we have internal mechanisms of reporting. Upon discovering any violation against the code of conducts, employees may report the incident to the management or to human resources via email, opinion boxes, or in writing. A customer opinion mailbox has also been created to accept complaints and reports from outside the organization.</p>	None

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confidentiality measures for handling reported misconducts? (III) Has the Company provided proper whistle blower protection?			(II) The Company has the standard operating procedures and related confidentiality mechanisms stipulated for handling any incidents reported. (III) The Company has measures in place to assure that whistleblowers will not be mistreated in any way.	
IV. Enhanced information disclosure Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System (MOPS)?	V		Details of "JihSun Financial Holding and Subsidiaries Business Integrity Principles" have already been disclosed on the JihSun Holding website and MOPS.	None
V. For the companies which have established corporate social responsibility code of conducts in accordance with the "Corporate Governance Best-Practice Principles for TWSE and TPEX Listed Companies", please describe the current practices and any deviations from the code of conduct: None.				
VI. Other information relevant to understanding the Company's business integrity (e.g. reviews over business integrity principles): For sound governance and management, the Company's Board of Directors has been founded and operated in accordance with the Memorandum of Association, the Board of Directors Foundation Principles, and Board of Directors Conference Rules. 3 independent directors have been appointed in compliance with law and the Memorandum of Association to form an Audit Committee that specializes in supervising operations and enhancing management practices within the Company. An Investor Relations Department has been created with contact information published on the website of JihSun Financial Holding; the Investor Relations Department serves as a means of communication with the public. Regular corporate governance courses are being arranged for directors, supervisors and managers of the financial holding company and subsidiaries to enforce governance and business integrity.				

Note 1: Always provide explanations in the summary description column, regardless of whether actual governance is ticked "Yes" or "No."

Note 2: Non-TWSE and non-TPEX listed financial holding companies need not explain "Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE and TPEX Listed Companies."