

## 【Members of the Audit Committee】

Base date: June 14, 2019

Qualification  Name	Having more than 5 years work experience and the following qualifications			Compliance of independence (Note)										Number of positions as an Independent Director in other public companies	
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Certified judge, prosecutor, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experiences relevant to business operations as required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10		
Independent Director: Liou Chih-Poung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director: Huang Hsin-Hui		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director: Tang Chak Lam		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: For the Directors and Supervisors who match the following descriptions within the two years before they assume the positions and during their term of office, please enter “✓” under the corresponding code.

- (1) Not employed by other companies or any of their affiliated companies.
- (2) Not a director or supervisor of any affiliated company (except an independent director of an investee of the Company, of the parent of the Company, or subsidiaries, as appointed in accordance with the Securities and Exchange Act or with the laws of the country of the parent or subsidiary).
- (3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.
- (4) Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in criteria 1-3.
- (5) Not a director, supervisor, or employee of any company that has 5% or higher ownership interest in the Company; nor a director, supervisor, or employee of any of the top-5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company.
- (7) Not a professional, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the Company or any of its affiliated companies; nor a spouse to anyone listed herein. However, this excludes members of the Remuneration Committee who have been appointed to exercise duties in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
- (8) Not a spouse or relative of second degree or closer to any other directors.
- (9) Does not meet any of the conditions stated in Article 30 of The Company Act.
- (10) Not elected as a government or corporate representative according to Article 27 of the Company Act.

Explanation 1: The board of directors of the Company has established the audit committee and the audit committee is composed by all the independent directors.

Explanation 2: Female independent director of the Company: Independent director Huang Hsin-Hui.

#### **I. The annual work major points of the Audit Committee:**

The Audit Committee is composed by all the independent directors and one of them is the convener and at least one person should possess the accounting and financial expertise. Unless otherwise provided in the laws and regulations or the Articles of Incorporation, the matters with respect to the responsibilities of the Company's independent directors shall be set out in the Rules.

At least one independent director shall attend the board meeting in person; the entirety of independent directors shall attend in person any board meeting concerning the following matters that shall be submitted to the board of directors for resolution. If the independent director is unable to attend the meeting in person, he or she may appoint another independent director to attend the meeting as his or her proxy. When an independent director objects to or expresses reservations about any of the matters, it shall be recorded in the board meeting minutes. If an independent director intending to express an objection or reservations is but unable to attend the board meeting in person, then unless there is a legitimate reason to do otherwise, the independent director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes:

1. The Company's business plan.
2. The annual and semi-annual financial reports.
3. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act (hereinafter referred to as the Securities Exchange Act), and the assessment of the effectiveness of the internal control system.
4. The adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, and utilization of funds other than deposits of financial institutions pursuant to Article 36-1 of the Securities Exchange Act.
5. The matters in which a director is an interested party.
6. The asset transactions or derivatives trading of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant and their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. The other matters required by the laws, regulations, or the Articles of Incorporation to be approved by resolution at a shareholders' meeting or a board meeting, or any matter of a material nature as prescribed by the competent authority.
11. The donation to a related party or a major donation to a non-related party. Provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.

#### **II. Communication between Independent Directors and internal audit supervisor and CPA:**

1. In accordance with "The Organizational Rules Governing the Audit Committee of Jih Sun Financial Holding Co., Ltd.", the Audit Committee shall be composed of the entirety of independent directors and open the meeting regularly. The Audit Committee may request the relevant department managers, internal auditors, certified public accountants, legal counsels, or other personnel to attend the meeting as nonvoting participants and provide pertinent and necessary information.
2. Communication between the Audit Committee and the internal auditing officer:
  1. At the end of each fiscal year, the Company prepares the audit plan for the upcoming year and submits them to the Board of Directors for resolution after being ratified by the Audit Committee.
  2. Audit progress is reported to the Audit Committee on a quarterly basis. The report covers the Company and its subsidiaries, and addresses a number of issues including: findings identified in an internal/external audit, the subsequent improvements made, any material occurrences or penalties received, and the overall management of audit practice by the subsidiaries. The report provides independent directors with good understanding and control over audit practices.
  3. The Company constantly keeps track of findings or deficiencies raised by the financial examination authority, the Audit Division and the self-assessment of the internal units, as well as improvements prompted in the statement of internal control and continues to follow up and submit the correction status of the follow-up to the Audit Committee in written format.
  4. The Audit Division of the Company will prepare the audit reports of the Company and its subsidiaries and submitted to each independent director of the Audit Committee within two months after the end of the audit work.
  5. The amendments of the Company's internal audit rules are first approved by the Audit Committee

- and then proposed to the Board of Directors for resolution.
6. The effectiveness of the Company's internal control system is reviewed (with Statement of Internal Control System issued) by the Audit Committee and then submitted to the board of directors for resolution.
  7. The Company's directors (independent directors) should hold at least one symposium with the internal audit in each year. During the symposium, the issues concerning the deficiencies of the internal control system are fully communicated and the meeting minutes should be prepared to report to the Board of Directors.
  8. The summary of the communication status of independent directors and the internal audit supervisor:

Date	Method of communication	Matters communicated	Communication and execution result
2018.01.11	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.01.26	Audit Committee	Report the Q4, 2017 audit report and the examination rating of Jih Sun Bank subsidiary and major examination deficiencies.	Noted
2018.02.23	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.02.23	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.03.16	Audit Committee	Review the assessment of the effectiveness of the internal control system and the statement for internal control system for 2017.	Passed
2018.04.03	Delivery through written report	Report the general audit report on Jih Sun Financial Holding Co., Ltd.	Noted
2018.04.26	Audit Committee	Report the Q1, 2018 audit report.	Noted
2018.04.27	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.05.04	Delivery through written report	Report the target audit report on Jih Sun Bank subsidiary.	Noted
2018.05.24	Delivery through written report	Report the target audit report on Jih Sun Securities subsidiary.	Noted
2018.06.06	Delivery through written report	Report the target audit report on Jih Sun Property Insurance agency subsidiary.	Noted
2018.06.28	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.07.25	Delivery through written report	Report the target audit report on Jih Sun Bank subsidiary.	Noted
2018.07.25	Audit Committee	Report the Q2, 2018 audit report.	Noted
2018.07.25	Delivery through written report	Report the target audit report on Jih Sun Bank subsidiary.	Noted

Date	Method of communication	Matters communicated	Communication and execution result
2018.08.10	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.09.28	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.10.02	Delivery through written report	Report the general audit report on Jih Sun Financial Holding Co., Ltd.	Noted
2018.10.16	Delivery through written report	Report the target audit report on Jih Sun Property Insurance agency subsidiary.	Noted
2018.10.24	Audit Committee	Report the Q3, 2018 audit report.	Noted
2018.10.24	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.11.13	Delivery through written report	Report the target audit report on Jih Sun Securities subsidiary.	Noted
2018.11.22	Symposium	The 2018 symposium targeted at review on deficiencies found in the internal control system between the directors (independent directors) and the internal auditors.	Noted
2018.11.23	Delivery through written report	Report the target audit report on Jih Sun Bank subsidiary.	Noted
2018.11.26	Delivery through written report	Report the correction status report for the examination opinions provided by the examination bureau of the Financial Supervisory Commission.	Noted
2018.12.20	Audit Committee	The review of the 2019 audit plan (draft).	Passed

3. Communication between the Audit Committee and the CPA:

1. The Company's annual and half-yearly financial reports are subject to approval by more than 50% of Audit Committee members before submitting to the Board of Directors for resolution. Prior to its review, the Audit Committee invites the CPA to provide the comprehensive report on their findings and opinions. The Company also invites the independent directors, the CPA, and the management team to discuss and communicate on issues concerning corporate governance and internal control. Managers from the relevant departments are requested to be present at such discussions to answer questions and provide information when necessary. In these meetings, conclusions were reached to submit the Company's "2017 financial statements" for review during the [31<sup>st</sup> meeting of the 3<sup>rd</sup> term Audit Committee] held on 2018/03/16, and "2018 first half financial statements" for review during the [3<sup>rd</sup> meeting of the 4<sup>th</sup> term Audit Committee] held on 2018/08/30.
2. The Company will regularly review the independence of the CPA once a year. Please see the [Independence Assessment Table of CPA] as below. The Company has acquired the statement of independence from the appointed CPAs and the audit team members for review by the Company's Audit Committee and Board of Directors. Moreover, the Company has not retained service of the same CPAs for seven consecutive years. "The appointment of CPAs for attestation of financial statements and business income tax return of 2018" has been resolved by the [31<sup>st</sup> meeting of the 3<sup>rd</sup> term Audit Committee] and the [32<sup>nd</sup> meeting of the 6<sup>th</sup> term Board of Directors] held on 2018/03/16. The Company has appointed Chen Chun-Kuang and Lee Feng-Hui of KPMG as the CPAs for the attestation of financial statements of 2018 (starting from the financial statements of



Q1, 2015 till now).

Date	Method of communication	Matters communicated	Communication and execution result
2018.03.07	The communication project meeting between the CPA and the Company's governance units	The disclosure of key audit items and audit result of the financial holding company and its subsidiaries' financial statements in 2017.	Noted
2018.08.15	The communication project meeting between the CPA and the Company's governance units	The disclosure of key audit items and audit result of the financial holding company and its subsidiaries' financial statements in H1, 2018.	Noted

**【Independence Assessment Table of CPA】**

Accounting firm: KPMG; CPAs: Chen Chun-Kuang, Li Feng-Hui		
CPA Independence Assessment Criteria		
Assessment Items	Assessment results	Are CPAs independent?
1. Do CPAs have direct or material indirect relationships involving financial benefits with the Company?	No	Yes
2. Do CPAs engage in financing or guarantee acts with the Company or the directors/supervisors of the Company?	No	Yes
3. Do CPAs take into account the possibility of losing customers?	No	Yes
4. Do CPAs have a close business relationship with the Company?	No	Yes
5. Do CPAs have a potential employment relationship with the Company?	No	Yes
6. Do CPAs charge contingent fees related to audited cases?	No	Yes
7. Do members of the audit services team currently act or have they over most recent two years acted as the directors/supervisors or managers of the Company, or take/taken positions that have a significant impact on audited cases?	No	Yes
8. Do CPAs provide the Company with non-audit services items that may directly impact the audit work?	No	Yes
9. Do CPAs promote or broker stocks or other securities issued by the Company?	No	Yes
10. Do CPAs act as the Company's defense attorney, or coordinate conflicts with other third parties on behalf of the Company?	No	Yes
11. Are CPAs relatives to the directors/supervisors, managers, or persons having a significant impact on audited cases of the Company?	No	Yes
12. Do joint practicing CPAs who have retired no longer than one year ago and acted as the directors/supervisors or managers of the Company, or take positions that have a significant impact on audited cases?	No	Yes
13. Do CPAs receive bestowment or gifts of significant value from the Company, or the directors/supervisors, or managers?	No	Yes
14. Does the management ask CPAs to accept improper selections of accounting policies or improper disclosure in financial statements?	No	Yes
15. Are pressures added to CPAs for lowering the professional fees, which result in an improper reduction in the audit work that should be carried out?	No	Yes