

# **E.SUN Financial Holding Company Procedure For Handling Whistleblowing Reports**

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## Article 1 (Procedure Rationale)

This Procedure is hereby promulgated for the establishment of corporate culture of integrity, transparency, and sound governance, as well as to ensure fair treatment for whistleblowers, in accordance with Article 34-2 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," Article 23 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," the "E.SUN FHC Code of Business Integrity," and the "E.SUN FHC Procedures for Operation and Good Conducts of Business Integrity".

## Article 2 (Applicability)

E.SUN FHC shall, in accordance with these Procedures, adopt its own procedure of handling whistleblowing reports applicable to its business groups and organizations, which comprise its subsidiaries, any foundation to which E.SUN FHC's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by it ("business group"). However, if other laws or regulations provide otherwise, those provisions shall govern.

For the avoidance of doubt, "whistleblower" herein is defined as any person, irrespective of being an insider or outsider of E.SUN Financial Holding Company (hereinafter referred to as this "Company"), who files a whistleblowing report to claim that a staff member of the Company, Subsidiaries, Business Group and Organizations have been involved with crime, fraud or a violation of the law (hereinafter referred to as "Report").

## Article 3 (Suspected Misconduct to be Reported under this Procedure)

"Crime, fraud or a violation of the law" herein includes any of the following occurrences:

- I. Crimes listed in the Embezzlement Crime Chapter, Fraudulence and Breach of Trust Crime Chapter, or Computer Security Crime Chapter of the Criminal Code (R.O.C.).
- II. Violation of the Company Act, the Banking Act, the Financial Holding Company Act, the Trust Enterprise Act, the Securities and Exchange Act or other regulations concerning publicly-listed companies; or concerning regulations related to banking, economic or financial activities.

III. Violation of the Labor Standards Act or other laws related to labor protection. 2

IV. Violation of the Company's policies and procedures regarding internal control; or any regulatory directives, decrees, or instructions issued under an explicit legislative authorization.

If a policy or procedure concurrently and specifically applies to reported misconduct, such policy or procedure shall prevail and govern the handling of the misconduct.

If any Report shows no violation of the laws above-mentioned, exhibits either ill intent, false accusation or no concrete evidence or facts, or is filed against a reported misconduct which is currently under investigation or coincides with other reported misconduct which has been already concluded, such Reports shall not be accepted. As such, documents and records of the rejected reports shall be retained for future reference. However, if a Report presenting new facts or evidence which suffice to prove that there is a necessity to initiate another investigation, such Report shall be handled according to the terms of this Procedure or other relevant rules.

If a Report includes a suggestion to this Company's management, the Accepting Unit (defined below) shall record and forward such suggestion to the unit responsible to handle the alleged content regarding the management in order to review it for further improvement.

If a Report involves a subsidiary of this Company, the report may be referred to such subsidiary, depending on the nature of the Report. If so referred to a subsidiary, the subsidiary shall conduct investigations and report the result to the Company.

#### Article 4 (Responsible Units)

Except for the misconduct prescribed in Subparagraph 3, Paragraph 1, Article 3, the Compliance Department shall be the Accepting Unit, responsible for accepting Reports, preparing backup files, and recording and archiving relevant documents.

Except for the misconduct prescribed in Subparagraph 3, Paragraph 1, Article 3, if the whistleblower is a rank-and-file employee, the Executive President shall appoint, by different misconduct types prescribed in Article 3 of this Procedure, suitable persons without conflict of interest serve as the Investigating Unit; If the whistleblower is a director or an equivalent person with the position of Executive Vice President or above, the Department of Auditing shall serve as the Investigating Unit.

The Investigating Unit mentioned in the above Paragraph shall independently exercise their functions, conduct inspections and makes inspection reports. Other units may, depending on the status of investigation, be engaged to carry out or handle investigations or other tasks mentioned in this Procedure; additionally, external institutions, experts or scholars may engaged for assistance if necessary.

For any reports involving violation of labor laws mentioned in Subparagraph 3, paragraph 1 of Article 3, the General Affairs Department shall serve as the Accepting Unit and subsequently assign investigators; thus, any other units receiving a Report 3

which shows a likelihood of any violation of labor laws must be referred to the General Affairs Department without any delays.

#### Article 5 (Reporting Channels and Procedures)

The Company will set up reporting channels such as a hotline, an e-mail address or physical mailboxes, for both insiders and outsiders, and shall announce the channels on both its website and intranet.

A whistleblower when filing a Report according to the preceding Paragraph, the Company may ask them to provide the following information:

I. The whistleblower's name and ID number; or, if the whistleblower has no Taiwan nationality, his/her name, and passport number or residential permit number.

II. Contact phone number, e-mail address or current contact address.

III. Name or other identifiable information of the whistleblowee.

The Whistleblower shall provide the facts or evidence available for investigation relating to the reported illegal or illegitimate misconduct. If the whistleblower does not provide it, and still fails to do so despite having been informed of such within thirty days, the Acceptance Unit may not accept it depending on the circumstances.

#### Article 6 (Schedule of Whistleblowing Report)

After receiving the Report, the Accepting Unit shall file and confirm whether it should accept or not after reviewing the documents, the records and the relevant information. Once the Accepting Unit confirms a Report regarding an instance of the suspected misconduct prescribed in Article 3 of this Procedure, the Report shall be referred to the Investigating Unit for further inspection and review in accordance with subparagraphs of Article 7.

The Investigating Unit shall, within three months, complete the investigation after receiving the referral of the Report. If necessary, the extension is allowed provided that the reasons to extension are recorded, but the extension shall be limited to once and the period of shall not exceed three months.

Unless the Accepting Unit can't make contact with the Whistleblower, it shall, depending on the situation, keep the whistleblower updated on the progress and results of the handling, in writing or via an e-mail or other methods.

#### Article 7 (Investigation Procedures and Principles)

Once receiving the referral of the Report, the Investigating Unit shall deal with them as follows:

I The Investigating Unit may retrieve relevant documents, materials, items, and objects; request necessary assistance from relevant units; or if necessary enquire with relevant personnel, who shall not decline without judicious reasons. 4

II Investigations shall be conducted objectively and fairly, giving the whistleblower and other relevant personnel adequate opportunity to defend and express their opinions.

III If the investigation finds the Report to be true, the Investigating Unit shall request that the whistleblower cease any alleged behaviors and refer the Report to the Human Resource Development Committee for disciplinary review, and also to a judicial officer where deemed necessary. The Investigating Unit may also assign relevant units to review the internal control system and operating procedures for any improvements.

#### Article 8 (Approval and Review of the Results)

The Investigating Unit shall deliver the results of the Report and the relevant information to the Accepting Unit for record keeping.

If the whistleblower is a rank-and-file employee, the investigation report must be submitted to the Executive President for approval, and the head of the whistleblower's department must be notified.

If the whistleblower is a director or an equivalent person with the position of Executive Vice President or above, the investigation report must be submitted to the Audit Committee for further review and be reported to the board of directors.

If, after investigating, the content of the Report involves with any major contingency events or a severe violation of laws, such Report shall be transmitted to the relevant competent authorities and handled following the "E.SUN FHC and Subsidiaries Emergency Response and Crisis Management Procedures".

#### Article 9 (Duty of Confidentiality)

All personnel of the Company (including but not limited to directors, managers, staff and commissioners) shall maintain confidentiality of the whistleblower's identity and any details of the Report (hereinafter, "Confidential Information") during both the accepting and investigating procedures; and must not reveal, disclose, or publish any Confidential Information or otherwise make such known to any irrelevant third parties, and must adopt effective and appropriate information security protection, unless the whistleblower has openly disclosed or issued written consent for the disclosure of such details.

"Irrelevant third parties" mentioned in the above Paragraph refers to any personnel of the Company who are not authorized to handle the given Report, as well as any others who were not engaged, requested or notified by the Company regarding matters concerning the Report.

#### Article 10 (Protection of Whistleblower)

The Company may not impose any of the following inappropriate treatments against whistleblowers:

- I. Redundancy, dismissal, termination of employment, or the like, by which a whistleblower loses his/her position accordingly.
- II. Salary reduction, demotion, bonus cancellation, or the like.
- III. Discriminatory or unfair job performance appraisal, or the like.
- IV. Violence, coercion, insult or harassment towards the whistleblower.
- V. Any other treatment that constitutes infringement against the whistleblower's legal or contractual rights or interests.

The preceding Paragraph does not apply to circumstances where the Company imposes organization-wide treatments as needed for its business operations or for its organizational restructuring, merger, downsizing etc., which is not targeted at the whistleblower, or where the Company imposes penalties against the whistleblower because of any known, established illegal misconduct.

#### Article 11 (Exemptions Clause for Investigation)

The Company may forgo, suspend, or terminate the investigation process if the Report exhibits any of the following conditions, but shall nevertheless maintain records and documents related to the acceptance, investigation and results of such a Report:

- I. Absence of relevant information described in Paragraph 3, Article 3 or Paragraph 3, Article 5, where there was still a failure to furnish the required information, despite notice of the requirement to do so.
- II. The Report coincides with another case either currently under investigation or having been concluded, and the whistleblower is unable to present new facts and evidence.
- III. The Investigating Unit lacks sufficient evidence to proceed with the investigation, and the whistleblower is unable to furnish additional evidence.
- IV. The reported misconduct is no longer considered to be in violation due to a change of law or regulatory changes, under which the implementation of new laws ultimately exonerates the whistleblowee of all legal responsibilities.

#### Article 12 (Avoidance of Conflicts of Interest)

Directors, managers, staff, agents and employees of the Company, Subsidiaries, Business Group and Organizations (collectively referred to as “Concerned Party”) shall avoid assistance, involvement, participation, review or any other actions which might affect the investigation or the outcome of the reported misconduct, if the given Report exhibits any of the following conditions:

- I. The Concerned Party is a spouse; a direct or indirect relative within two degrees of kinship; or with a shared residence and dependency relationship with either the whistleblower, the whistleblowee or other personnel involved in the Report. 6
- II. The Concerned Party has participated in the review or decision-making of the Report, or was involved in the execution thereof.

III. There are other facts or evidence that the Accepting Unit considers sufficient to justify a necessity that the Concerned Party avoid a conflict of interest.

If any of the above arises, the Concerned Party shall immediately cease all related conduct and avoid involvement. If the Concerned Party does not do so even upon request, such Party, knowingly or recklessly, will be sanctioned or disciplined depending on severity.

The Accepting Unit and the Investigating Unit shall prevent the whistleblower, the whistleblowee and other relevant personnel or Concerned Parties from being abnormally contacted or involved during the acceptance and investigation procedure; and shall duly comply with the duty of confidentiality mentioned in Article 9.

#### Article 13 (Retention of Information and Data)

All printed and electronic documents and files relating to the acceptance, investigation, result and review of the Report shall be retained as follows after the investigation is concluded:

I. Report of ordinary misconduct: 5 years.

II. Report of major contingency events or severe regulatory violation: 15 years. III.

Report of misconduct involving criminal liability: 30 years.

The Company shall continue to retain documents and data of the Report if any detail, information or personnel thereof is involved in a judicial proceeding or dispute resolution proceeding, even when the said retention period expires. In such circumstances, the documents or data shall be retained until 10 years after the said judicial proceeding or dispute resolution is concluded.

#### Article 14 (Rewards, Punishments, and Discipline)

Reporting of misconduct that is proven to be of material contribution to the Company, Subsidiaries, Business Group and Organizations (including but not limited to: improvement of the internal control system or operating procedures, uncovering of personnel who commit violation against internal policies or regulations etc.) may be recommended by the Investigating Unit to the Human Resource Development Committee for appropriate reward.

A whistleblowee's line manager who is found to have known of the misconduct mentioned in Paragraph 1, Article 3 of this Procedure prior to the report but who fails to take progressive action may be disciplined by the Company according to relevant policies.

#### Article 15 (Employee Training)

The Company, Subsidiaries, Business Group and Organizations shall promote awareness and train employees on the misconduct reporting system regularly, at least once a year.

#### Article 16 (Implementation)

This Procedure shall be effectuated and implemented upon approval of the Board of Directors.