

E.SUN FHC Ethical corporate management

2019.12.31

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op-erations Best-Practice Principles for TSE/GTSM Listed Companies
	Yes	No	Summary	
<p>1. Adoption of an ethical management policy and action plan</p> <p>(1) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices as well as the commitment of the board of directors and the executive management to enforcement of the ethical corporate management policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of the risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least those described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of</p>	<p>√</p>		<p>(1) Based on a board of director's resolution, the Company has established a set of “Ethical Corporate Management Principles, Operational Procedures and Guidelines (hereafter “Ethical Corporate Management Principles,” applicable to the Company as well as its subsidiaries). It spells out E.SUN's ethical corporate management policy, which is specified through such channels as the corporate website, external documents and investor briefings. Meanwhile, it also specifies that the board of directors shall exercise the due care of a good administrator to urge the Company to prevent unethical conduct, always review the results of preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management</p>	<p>No difference</p>

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op-erations Best-Practice Principles for TSE/GTSM Listed Companies
	Yes	No	Summary	
conduct, disciplinary actions, and appeal procedures in the programs against dishonest conducts, and enforce the programs effectively and perform regular reviews?			<p>policy. All E.SUN directors and executive managers have signed the statement of compliance with ethical corporate management to declare a commitment to uphold ethical corporate management best practice principles while conducting business activities and to actively assist the board of directors in fulfilling its promise of ethical corporate management and overseeing ethical corporate management compliance in internal management practices and other business activities.</p> <p>(2)E.SUN has always been committed to business integrity, and does not engage in business activities with a higher risk of involving unethical conduct in the scope of business. E.SUN also takes step to reinforce related preventive measures, and always take a politically impartial position by not making any political</p>	

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op-erations Best-Practice Principles for TSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>donations. E.SUN has mechanisms in place to assess the risk of unethical conduct. The departments assess business activities with a higher risk of involving unethical conduct in the existing scope of business. Preventive measures and related management mechanisms are added to the compliance self-checklist. The preventive measures are reviewed semiannually to ensure appropriateness and effectiveness. Such reviews cover at least the preventive measures described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p> <p>(3)E.SUN takes an active approach to preventing unethical conduct. The company makes ethical corporate management part of the employee performance evaluation and human resources policies, and</p>	

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op-erations Best-Practice Principles for TSE/GTSM Listed Companies
	Yes	No	Summary	
			implements and follows clear and effective complaints and disciplinary systems. The preventive measures above are reviewed thoroughly every six months.	
<p>2.Implementation of Ethical Management</p> <p>(1)Does the Company evaluate the records of ethical conduct of its business counterparties and include integrity clauses in its contracts with business counterparties?</p> <p>(2) Does the company have a unit that supports ethical corporate management practices on a full-time basis under the board of directors, and reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors and oversees the operations?</p> <p>(3) Does the Company adopt a policy for avoiding conflicts of interest, provide appropriate means for reporting on any such conflict, and implement them without fail?</p> <p>(4)Does the company have effective accounting and internal control systems in place to enforce ethical management? Does the internal audit</p>	√		<p>(1)In the Ethical Corporate Management Principles, it is specified that the Company shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance.</p> <p>(2)E.SUN has a Corporate Governance and Nomination Committee to support ethical corporate management and be responsible for devising and overseeing the ethical corporate management policy and unethical conduct prevention programs. The committee is also responsible for revision, execution, and</p>	No difference

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op-erations Best-Practice Principles for TSE/GTSM Listed Companies
	Yes	No	Summary	
<p>unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the Company offer internal and external training with regard to ethical management on a regular basis?</p>			<p>interpretation of the code of conduct as well as related advisory, reporting and filing procedures. Results are submitted to the board of directors at least once a year.</p> <p>(3) The results are reported to the board of directors at least once a year. The Ethical Corporate Management Principles shall specify policies for preventing conflicts of interests and provide a viable communication and complaint system. Employees can file reports through a number of channels to management and the human resources department. (4) E.SUN has implemented effective internal control systems. The company has an internal audit unit that reports to the board of directors and follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct. The unit also reports results to the</p>	

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op- erations Best-Practice Principles for TSE/ GTSM Listed Companies
	Yes	No	Summary	
			Audit Committee and the board of directors at least once every quarter. (5) The Company undertakes training with regard to ethical service principles and behavioral guidelines on a regular basis. All employees are required to take the said training courses and pass tests afterwards	
<p>3. Status of the Company's implementation of its mechanism for whistle-blowing:</p> <p>(1) Whistleblowing system: Does the Company establish a mechanism that incentivizes informants to report any wrongdoing, put in place channels convenient for taking such action and assign appropriate personnel to handle such cases?</p> <p>(2) Does the company have in place standard operating procedures for investigating reports and taking follow-up actions and the necessary confidentiality measures?</p> <p>(3) Does the Company adopt measures to make sure that informants do not receive improper treatment because of their report?</p>	√		<p>(1) For the purpose of developing a corporate culture of integrity and transparency and facilitating sound business practices while protecting the rights of whistleblowers, the establishment of the E.SUN FHC Procedure For Handling Whistleblowing Reports was passed in the 10th meeting of the 6th board of directors of the Company on August 10, 2018. Whistleblowing hotlines, email addresses, and mailboxes were set up and announced on the corporate website and on the internet. These channels are available to any insider or outsider wishing to report crime,</p>	No difference

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op-erations Best-Practice Principles for TSE/GTSM Listed Companies
	Yes	No	Summary	
			<p>corruption, or illegal conduct. The Compliance Department is the receiving unit for whistleblowing reports. The President is responsible for appointing suitable individuals in non-conflicting roles to form an investigation team based on the nature of each case. External agencies or experts or academics may be hired to provide assistance as needed. In addition, the Company has implemented and follows the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Ethical Procedures and Code of Conduct. The Company actively prevents unethical behaviors and encourages internal and external whistleblowing on unethical or improper conduct. There are clear and effective systems that enforce rewards and discipline as well as other open channels of</p>	

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op- erations Best-Practice Principles for TSE/ GTSM Listed Companies
	Yes	No	Summary	
			<p>communication. The Stakeholders page on the Company's website provides an effective means of communication for employees, shareholders, stakeholders, and outsiders. Email addresses of the Audit Committee (independent directors) are disclosed to give insiders and outsiders direct access to all independent directors on the Audit Committee.</p> <p>(2) The E.SUN FHC Procedure For Handling Whistleblowing Reports state the standard procedures for handling reported malpractices and the duty of confidentiality. The accepting unit should confirm a report before sending it to the investigating unit for investigation and review. The accepting unit should also keep the whistleblower updated on acceptance, processing, and results of the report. Any report found to involve any extraordinary or illegal incident should be filed</p>	

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op- erations Best-Practice Principles for TSE/ GTSM Listed Companies
	Yes	No	Summary	
			<p>or reported to the appropriate competent authorities. The Company maintains confidentiality of the whistleblower identity and any details of reports during both the accepting and investigating procedures. It does not reveal, disclose, or publish any confidential information or otherwise make such known to any irrelevant third parties. The Company also takes effective measures to protect information as appropriate. Directors, managers, staff, agents and employees of the Company shall not assist, become involved, participate, review or take any other action in the acceptance, investigation, and disciplinary procedures which might affect the investigation or outcome of a case, if details of the case meet the criteria for recusal.</p> <p>(3)The Company keeps whistleblower identity strictly confidential and provide measures to protect</p>	

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op-erations Best-Practice Principles for TSE/GTSM Listed Companies
	Yes	No	Summary	
			whistleblowers from unfavorable treatment or retaliation.	
4.Improvement of information disclosure Does the Company disclose the content and implementation status of its Principles for Ethical Management on its own website and the TWSE's Market Observation Post System website?	√		The Company makes public its ethical corporate management principles and behavioral guidelines as well as other related measures both on its own website and on the TWSE's Market Observation Post System website.	No difference
5. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies, please describe the Company's implementation of the principles and any discrepancy therein and explain why: none.				
6. Other information to understand more about the Company's Ethical Corporate Management practice. E.SUN started implementing guidelines and code of conduct in 2011. Amendment of related guidelines will have to be passed by the board of directors and submitted to the annual general meeting. E.SUN's ethical corporate management practices are kept constantly up to date. The practices are reviewed and revised frequently in response to external regulations and the needs of ethical corporate management. E.SUN follows the philosophy of "Pure as Jade, Sturdy as Mountain" and strives to become "the benchmark in banking and service". E.SUN works hard to fulfill the commitment to its ethical corporate management policy and sound business practices. The company strives to fulfill corporate social responsibility while pursuing sustainability, and relevant results of implementation in 2019 are stated as below.				
(1) Education and training: Courses, such as the E.SUN General Knowledge on Law or the E.SUN EMP and EPCC, are offered at the training facilities to raise awareness. Self assessment practices are incorporated into entry-level training, mid-level courses, and professional training courses. The concept and practice of three lines of defense are reinforced through case studies. A total of 402 hours were completed. Furthermore, a summary of business activities and general knowledge of financial regulations are included in orientation sessions to provide early training and prevent unethical conduct.				
(2) Promotion of compliance: The Compliance Division promotes compliance training for all employees. In 2019, the theme of the campaigns was "ethical corporate management best practice principles and operating procedures and code of conduct". The Ethical Corporate Management Best Practice Principles and examples of material inside information were turned into videos and case studies that educated the employees on things to watch out for when they performed their duties.				
(3) Annual examinations: E.SUN FHC and its subsidiaries have all employees complete an online test every				

Item	Status of implementation			Any discrepancies and reasons for such with Trustworthy Op-erations Best-Practice Principles for TSE/GTSM Listed Companies
	Yes	No	Summary	
<p>year. The test encompasses the E.SUN EMP and EPCC. The test in 2019 focused on important rules on ethical business activities, prohibition of unethical behaviors and infringe on stakeholders' rights, protection of personal data, and new friendly financial services.</p> <p>(4) The boards of directors of E.SUN FHC, E.SUN Bank, and E.SUN Securities passed the Procedure For Handling Whistleblowing Reports in 2018. Whistleblowing hotlines, email addresses, and mailboxes are set up and announced on the corporate websites and on the intranets. These channels are available to any insider or outsider wishing to report criminal, corrupt, or illegal conduct. The procedure was amended in response to correction of Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies in 2019. The amendment allows reports to be made in anonymity or a false name. As of the end of 2019, E.SUN and its subsidiaries received a total of 30 cases through the reporting channels, 28 of which are customer dispute related complaints (which had been resolved by the Customer Service Department). The other cases were assigned by type to be handled by the appropriate units. Where appropriate, the units also informed the whistleblowers of the status of the cases and the results by suitable means.</p> <p>(5) All E.SUN directors and executive managers have signed the statement of compliance with ethical corporate management to declare a commitment to uphold ethical corporate management best practice principles while conducting business activities and to actively assist the board of directors in fulfilling its promise of ethical corporate management and overseeing ethical corporate management compliance in internal management practices and other business activities. The statements are archived by the company.</p> <p>(6) E.SUN has mechanisms in place to assess the risk of unethical conduct. The departments assess business activities with a higher risk of involving unethical conduct in the existing scope of business. Preventive measures and related management mechanisms are added to the compliance self-checklist. The preventive measures are reviewed regularly to ensure appropriateness and effectiveness.</p>				