

**Yuanta Financial Holding Company**  
**Anti-Money Laundering and Counter-Terrorism Financing Policy**

*Approved on October 28, 2015 (38th meeting of the 6th board)*  
*Amendments approved on September 26, 2018 (32nd meeting of the 7th board)*  
*Amendments approved on October 28, 2020 (21st meeting of the 8th board)*  
*Amendments approved on April 27, 2022 (41st meeting of the 8th board)*  
*Amendments approved on June 29, 2022 (3rd meeting of the 9th board)*  
*Amendments approved on November 21, 2022 (8th meeting of the 9th board)*

**Chapter One: General Provisions**

**Article 1 Purpose and Source of Law**

This Policy has been established to ensure that the applicable targets of this Policy follow the relevant laws and regulations in establishing anti-money laundering and countering-terrorism financing (AML/CFT) mechanisms and in conducting operations.

This Policy is formulated in accordance with the *Money Laundering Control Act*, the *Counter-Terrorism Financing Act*, the *Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries*, the *Regulations Governing Anti-Money Laundering of Financial Institutions*, and the *Regulations on the Management of the Company's Investment Businesses*.

**Article 2 Applicable Targets**

This Policy is applicable to the Company, “directly affiliated companies,” and its domestic “businesses that are reinvested and with controlling shareholding” of financial institutions as defined in Article 2 of the *Regulations Governing the Management of the Company's Investment Businesses* and in compliance with the *Regulations Governing Anti-Money Laundering of Financial Institutions*, and other domestic businesses that are obliged to perform AML/CFT operations as defined by law (hereinafter referred to as “the applicable entities”).

**Article 3 Group AML/CFT Program**

The Company shall formulate Group-level AML/CFT program, including policies and procedures for sharing information within the Group for the purpose of achieving AML/CFT objectives, and establish consistent Group AML/CFT risk assessment principles and reporting procedures as a management mechanism for identifying, measuring, and monitoring money-laundering and terrorist financing risks.

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## **Chapter Two: AML/CFT Implementation**

### **Article 4 AML/CFT Hierarchical Management**

The Company shall review the comprehensiveness of the AML/CFT related frameworks of its directly affiliated companies, and ensure that they are in compliance with the laws and regulations of their respective business areas. In accordance with the provisions of the preceding paragraph, the directly affiliated companies shall review the comprehensiveness of the AML/CFT related frameworks of their businesses that are reinvested and with controlling shareholding to ensure that such businesses are in compliance with the laws and regulations of their respective business areas.

### **Article 5 Management of Overseas Branches and Reinvestment Business**

Each directly affiliated company shall ensure that its overseas branches (or businesses that are reinvested and with controlling shareholding) implement AML/CFT measures consistent with those of the directly affiliated company, subject to local laws and regulations. When the minimum requirements for the location of an overseas branch (or a business that is reinvested and with controlling shareholding) differ from those for the location of the directly affiliated company, the overseas branch (or a business that is reinvested and with controlling shareholding) shall select the higher standard as the basis for compliance. If, due to overseas regulations, it is not possible to adopt the same standard as those of the directly affiliated company, additional measures shall be taken as appropriate to manage money laundering and terrorist-financing risks and reported to the Financial Supervisory Commission R.O.C. (Taiwan).

### **Article 6 AML/CFT Internal Control System**

In accordance with the laws and regulations of their respective business areas, each directly affiliated company and its businesses that are reinvested and with controlling shareholding and other businesses that are required by law to conduct AML/CFT operations shall establish AML/CFT systems which include the following:

1. Policies and procedures to identify, assess, and manage its money laundering and terrorist financing risks.
2. An AML/CFT program established based on money laundering and terrorist financing risks and business size to manage and mitigate identified risks, which also includes enhanced control measures for higher risk situations.
3. Standard operating procedures for monitoring compliance with AML/CFT

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regulations and for the implementation of an AML/CFT program, which shall be included in the self-inspection and internal audit system, and enhanced if necessary.

4. Other items mandated by the competent authorities.

The AML/CFT program referred to in the preceding paragraph shall include customer due diligence (CDD) measures, name screening on customers and connected parties of transactions, ongoing monitoring of accounts or transactions, record keeping, reporting of currency transactions above a certain amount in accordance with the *Regulations Governing Anti-Money Laundering of Financial Institutions*, reporting of suspicious money laundering or terrorist financing transactions and reporting under the *Counter-Terrorism Financing Act*, designation of matters the dedicated AML/CFT supervisor is responsible for complying, employee selection and appointment procedures, ongoing employee training programs, independent auditing functions to test the effectiveness of the AML/CFT system, and other matters required by the AML/CFT related laws and regulations.

#### **Article 7 AML/CFT Education and Training**

Each applicable entity shall, in accordance with the relevant laws and regulations and the business nature of its personnel, conduct education and training courses related to AML/CFT in order to enhance the functions of relevant personnel in the professional field of AML/CFT, so as to ensure the effective implementation of relevant operations and internal control systems.

#### **Article 8 Establishment and Maintenance of AML/CFT Database**

Each applicable entity shall establish an AML/CFT database and continuously maintain the integrity of its own AML/CFT database in order to provide the necessary inquiry and inspection functions for the implementation of AML/CFT operations, and the related implementation effects.

The establishment of the database referred to in the preceding paragraph may be performed by system or other means.

### **Chapter Three: AML/CFT Information Sharing Management Standards**

#### **Article 9 Information Sharing - Customer Rights and Interests Protection**

The intra-group information sharing by each applicable entity for the purpose of AML/CFT shall be legal and ethical, and avoid potential bias or differential treatment of customers with the same conditions.

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#### **Article 10 Customer Data Protection**

If the information shared is identity verification data, negative information, etc., which has a greater impact on the rights and interests of customers, the Company shall conduct the necessary verification or provide other measures to strengthen the protection of customer data.

#### **Article 11 Information Sharing - Authorization and Training**

In order to maintain the security of customer data, each applicable entity shall, for the purpose of AML/CFT, authorize specific personnel to conduct intra-group information sharing operations, and shall set and control the authority of access to customer data by the aforementioned personnel.

When each applicable entity conducts information sharing operations for the purpose of AML/CFT, it shall conduct relevant education and training to ensure that the personnel involved in information sharing have sufficient knowledge of relevant laws and regulations, internal control regulations, and information sharing operations.

#### **Article 12 Information Sharing - Management Regulations Establishment**

Each applicable entity shall establish appropriate management regulations on matters such as information sharing, daily maintenance, retention, permission setting, and management of related data, etc., and implement them after approval by the authorized supervisor.

The internal controls and specific management and operation regulations established by each applicable entity for information sharing shall be separately established, except for those already stipulated in the relevant regulations.

#### **Article 13 Information Sharing - Review Mechanism**

Each applicable entity shall handle information sharing in accordance with the information sharing method, risk-based and clearly defined internal audit and hierarchical responsibility mechanism.

#### **Article 14 Information Security**

Each applicable entity handling information sharing shall ensure that the security of information system and data transmission complies with the current information security related regulations.

### **Article 15 Complaint and Dispute Handling Procedures**

Each applicable entity shall specify the internal standard procedures for receiving customer complaints and handling disputes with respect to information sharing operations.

## **Chapter Four: Supplementary Provisions**

### **Article 16 Interpretation and Application**

Matters not specifically provided under this Policy shall be handled in accordance with the relevant laws, regulations and the internal regulations of the Company.

### **Article 17 Implementation and Amendment**

This Policy shall take effect, along with any subsequent amendments, upon the approval of the meeting of the board.

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