

Policy Memorandum about the Prevention in the matter of Integrity

The Belgian Banking Law of 25 April 2014 requests the Belgian Banks to operate with integrity.

1. All regulations which have an impact on the integrity of United Taiwan Bank have to be included. For the present activities of United Taiwan Bank, these regulations are the following :

- Money Laundering (Law of 18.09.2017 & Regulation of NBB of 21.11.2017)
- Policy of approval of suitable customers and of prevention of money laundering and terrorism (CBFA 2010_09 of 06.04.2010; CBFA 2011_09 of 01.03.2011)
- Money laundering questionnaire (NBB 2018_01 of 15.01.2018.)
- Notification of suspect transactions (FSMA 2013_17 of 22.10.2013.)
- Prevention of money laundering (FSMA/NBB 2013_16 of 18.12.2013.)
- Fiscal Prevention Policy (Circular D1 97/9 of 18 December 1997 and of Circular D1 97/10 of 30 December 1997)
- Transactions and financial instructions (law of 6 April 1995)
- Insider trading (laws of 4 December 1990 and 31 July 2017)
- Quotation manipulation (law of 6 April 1995)
- Respect of the law concerning the protection of private life (law of 8 December 1992 reviewed by the law of 11 December 1998)
- Code of conduct in the matter of transactions for own account for staff members of the bank (laws of 6 April 1995 and article 27 of the law of 2 August 2002)
- Compliance function (NBB_2012_14 of 04.12.2012)
- Respect of the GDPR (General Data Protection Regulation) (Regulation of EU 14.04.2016, Belgian GDPR Law of 05 September 2018)
- Incompatibility of mandates (external functions)(laws of 22 March 1993 and of NBB regulation of 6 December 2011)
- Receiving of gifts from customers
- Receiving by personnel of favorable conditions for banking services offered by UTB
- Bribery and corruption
- Customer complaint handling
- Whistle blowing

2. Money Laundering (AML Law of 18 September 2017 and the NBB Regulation of 21st November 2017):

- (1). It is the policy of the bank to accept only customers , of which we have received the adequate customer information required by the above mentioned AML Law and NBB AML Regulation and whose transactions and services required were fully

understood by the Bank in order to enable the Bank to prevent any money laundering transactions and financing of terrorism. The bank will furthermore verify that the customers, their proxies and their ultimate beneficiary owners are not mentioned on the embargo and sanction lists published from time to time by the authorities.

(2). Increased attention is given to the following more risky category of customers and to avoid money laundering transactions and financing of terrorism:

- a. Customers who are " politically exposed persons "
- b. Customers asking for a numbered account;
- c. Customers asking for private banking services;
- d. Customers residing in a country or territory qualified as non-cooperative by the GAFI (Financial Action Task Force)
- e. Customers who have been identified at distance with a copy of an official document;
- f. Customers considered as high risk in our AML Risk Assessment Table.

The Politically exposed person (PEPs) means a natural person who is or used to be entrusted with prominent public functions referred in the Article 5, 2 of "Guidelines Governing Anti-Money Laundering and Countering the Financing of Terrorism of United Taiwan Bank", the UTB Guidelines.

(3). Correspondent banking relationship

- a. In order to further avoid money laundering transactions and financing of terrorism, the bank shall refuse to enter into relationship with financial institutions which have no offices in the country where their statutory office is established and that are not affiliated to a financial group submitted to regulations following the recommendations of GAFI or which are not subject to an effective consolidated supervision, with unlicensed banks and/or NBFIs, banks that provide banking services to unlicensed banks, to shell banks, and to unlicensed /unregulated remittance agents or money transfer agents. (For more detail explanations, please refer to from point 1 to 8 of Article 6 of the UTB Guidelines.)
- b. When entering into business relationship with a correspondent bank, the Bank should enact specified policies and procedures stipulated in accordance with the "Cross-border correspondent banking" of the "Guidelines for Deposit and Remittance activities of United Taiwan Bank".
- c. Furthermore, the bank now only enters into a correspondent banking relationship with the UTB parent bank, its branches and the other UTB shareholders and only for transactions in Euro.

(4). Furthermore, the bank has to refuse to establish business relationship with private individuals/ corporate entities when meeting the following conditions:

- a. The customer is suspicious to open an Anonymous account or under a pseudonym or false name.
- b. The customer refuses to provide related documents for verifying identity, or

provides incorrect or incomplete identification information attempting to conceal his/ her own identity or the customer's beneficial owner identity.

- c. In the case that any person acts on behalf of a customer, it is difficult to verify that the person purporting to act on behalf of the customer is so authorized and it is difficult to verify the identity of that person.
- d. The customer uses forged or fraudulent identification documents or only provides photocopies of the identification documents.
- e. The customer provides suspicious or unclear documents, refuses to provide other documents, or the documents provided cannot be authenticated.
- f. The customer procrastinates in providing identification documents in an unusual manner.
- g. The bank cannot verify the beneficiary owner of the account
- h. A legal entity or an organization that does not have a business location
- i. Other unusual circumstances exist and the customer fails to provide a reasonable explanation.
- j. The customer is an individual, legal entity or organization sanctioned under the Terrorism Financing Prevention Act of Belgium or Taiwan, or a terrorist or terrorist group identified or investigated by a foreign government or an international anti-money laundering organization.

The private individual(s)/ corporate entities falling under condition j above has/have to be reported to the Cellule de Traitement des Informations Financières (CTIF-CFI). As to the other conditions, the bank has to make a written report and report to CTIF-CFI if necessary.

(5). The supervision at the first and the second line is organized as follows:

- a. The personnel in charge of the business or his/her replacer is responsible for the first-line monitoring, while the department manager or managing director conducts the second-line monitoring.
- b. First-line monitoring personnel must determine the atypical transactions which require their special attention according to those criteria applied in the context of the customer acceptance policy (Chapter two of Guidelines). If that is the case, first-line monitoring personnel has to transmit his written reports on atypical transactions to the anti-money laundering officer of the bank.
- c. The bank conducts its second-line monitoring as follows:
 - a) It must cover all accounts and transactions of the customers.
 - b) It is based on precise and relevant criteria, determined by the bank, among other things, the characteristics of the services and products it offers and those of the customers to whom it applies, and sufficiently discriminating in order to be able to effectively detect atypical transactions.
 - c) When detecting atypical transaction, a written report has to be done and transmitted to the anti-money laundering officer, describing the atypical transactions detected and the criteria referred to, on the basis of which they are regarded as atypical transactions.

- d) Due to its simple business model and low volume of transactions to be monitored, the bank conducts second-line monitoring manually.
 - e) The bank updates its monitoring criteria at least once a year.
- (6). In order to be able to be fully in line with the AML Law of 18 September 2017 and the NBB Regulation of 21 November 2017, the “Guidelines governing AML and countering the financing of terrorism” and the “Guidelines for deposit and remittance activities of UTB” have been updated to fully reflect the requirements of the above mentioned law and regulation. Furthermore, AML procedures have been worked out. All the personnel members have been informed on these documents and training has been given.
- (7). As also required by the AML Law of 18 September 2017, an AML whistle blowing procedure has been set up in UTB to allow each personnel member who has knowledge of breaches of the AML Law to inform directly, without following his hierarchical channels, the AMLCO and the AML Supervisor of these breaches and this on a confidential basis. Each personnel member can also report the breaches to the NBB. The personnel members have been fully informed on their rights of whistle blowing.

3. Fiscal Prevention Policy

The policy of the bank is to act in an irreproachable way in fiscal matters. The bank will not collaborate directly or indirectly with customers asking the bank to help them to avoid fiscal obligations

The bank will avoid the establishment of special mechanisms, such as aim or effect of promoting tax fraud, as defined by the banking law.

The bank will avoid the establishment of special mechanisms as defined in the BFIC Circular D197/9 of 18 December 1997 and Circular D1 97/10 of 30 December 1997.

It is furthermore the bank's policy to prevent any complicity with a customer to effect fiscal fraud as defined in article 327&5 of the code of income taxes dated 1992.

The bank will avoid being involved directly or indirectly in operations which could affect its image as Belgian credit institution or the image of the Belgian financial sector.

The information on assets and operations of clients that the bank has to communicate to the fiscal authorities has to be correct and complete.

Each member of staff will draw a particular attention to the respect of the conduct rules as far as the integrity and the professional conduct is concerned.

It is emphasized that participation to special mechanisms can result in severe sanctions for the staff members.

4. Respect of GDPR (General Data Protection Regulation)

Reference is made to the EU GDPR Regulation of 14 April 2016 and the Belgian GDPR Law of 05 September 2018.

Personal Data Protection Guidelines (GDPR) are in place within UTB which include the principles relating to Personal Data Protection, the rights of the data subjects, the data breach policy, the personal data destruction procedure and the international transfer of

personal data.

Training sessions have been given to the personnel so that they are in position to respect the GDPR Laws.

5. Incompatibility of mandates (external functions)

Clear internal rules (approved by the Board of Directors and communicated to the NBB) have been set up in UTB for the Directors and the Managers with regard to the carrying out of external functions.

External functions should not result for the directors and the managers in having not sufficient time available for UTB and should not create conflicts of interest.

6. Receiving of gifts from customers

The personnel members are not allowed to receive gifts from customers and this in order to avoid conflicts of interests with customers.

7. Receiving by personnel of favorable conditions for banking products offered by UTB

The personnel members do not receive favorable conditions for banking products offered by UTB in order to avoid conflicts of interest with customers

8. Bribery and Corruption

Reference is made to the Belgian Law of 10 February 1999 on the repression of corruption.

Passive bribery under this Law means: if a government official or private individual requests or accepts a benefit for him or herself or for somebody else in exchange for behaving in a certain way.

Active bribery under this Law means: the proposal of a promise or benefit in exchange for undertaking a specific action.

The Law of 10 February 1999 has introduced the concept of "private corruption" or corruption among private individuals.

Corruption carries heavy fines: private individuals face fines and prison terms between six months and 2 years. The Law of 10 February 1999 not only holds the individuals accountable but also the company for which they work.

In view of all the above, all staff should refrain at all times from bribery acts as described here-above.

9. Customer Complaint Handling

The customer has to be sure any complaint is handled in a professional and objective manner. A customer Complaint procedure has been set up to this end in UTB.

The personnel members have been given training with regard to the customer complaint handling.

10. Whistle Blowing

A Whistle Blowing policy has been set up in UTB to allow each personnel member to inform, in case of infringements, directly, without following his hierarchical channels, the Compliance Officer of these breaches. The personnel members have been fully informed on their rights of whistle blowing.

11. Compliance Function

A proper compliance function is installed in UTB to ensure the effective implementation of the prevention policy in the matters of integrity mentioned above. The Compliance officer has been approved by the NBB and the FSMA.

12. Internal control and Internal Audit

The internal control by the Management Committee has to insure that the instructions and procedures are strictly followed.

The internal audit supervises that the above policy is being applied and it will draw a particular attention to the respect of the conduct rules as far as the integrity and professional conduct is concerned.

13. The prevention policy memorandum in the matter of integrity and its respect should be, as the other fiscal aspects and the professional conduct, regularly be discussed by the Management Committee during the examination on the internal audit as well as in the annual report of the Management Committee to the Board of Directors on this subject.

14. Instruction to personnel/ personnel awareness

All personnel members are given a copy of this policy memorandum about the prevention in the matter of integrity and have been giving training about it.