KGI Financial Holdings Co., Ltd.

Artificial Intelligence (AI) Governance Policy

114.04.11

Article 1

In order to properly govern the Company's use of Artificial Intelligence (AI), this Policy is formulated with reference to the Guidelines for Artificial Intelligence (AI) Applications in the Financial Industry.

Article 2

For the purposes of this Policy, Artificial Intelligence refers to:

1. AI Systems: Systems that simulate human learning, thinking, and response patterns by learning vast amounts of data and using machine learning or related modeling algorithms for perception, prediction, decision-making, planning, reasoning, and communication.
2. Generative AI: Generative AI refers to AI systems that can generate content with simulated human intelligence and creativity in the forms that include but are not limited to text, images, audio, video, and coding.

Article 3

This Policy applies to all AI applications within the Company.

Article 4

Units utilizing AI shall adhere to the following principles and relevant operational procedures:

1. Establish governance and accountability mechanisms.
2. Emphasize fairness and human-centric values.

3. Protecting Privacy and Customer Interests.
4. Ensuring System Robustness and Security.
5. Ensuring Transparency and Explainability.
6. Promoting Sustainable Development.

Article 5

The Company shall establish an AI Governance Committee responsible for the overall supervision and governance of AI applications, as well as Internal and external responsibilities. The Committee shall report annually to the President on the Company's AI implementation status.

- Internal responsibilities include AI oversight and management, and the establishment of internal governance frameworks.
- External responsibilities involve responsibilities to customers and the society, including protecting customer privacy and data security.

The Committee shall be convened by the Executive Vice President or an appointed Department Head. Members shall include department heads from Digital, Data and Technology Department, Compliance Department, Risk Management Department, Information Security Department, Operations & Sustainable Development Department, and other department heads appointed by the President. The detailed charter for the Committee shall be separately established.

The Company shall establish a comprehensive and effective AI risk management mechanism, integrate it into prevailing risk management and internal control operations or processes, and conduct periodic evaluation and testing.

The Company shall ensure that their employees have adequate knowledge and skills to work with AI and carry out risk-based decision making and supervision.

Article 6

The Company, in the use of AI, shall in the process of using AI systems, try their best to avoid unfairness resulting from algorithmic bias, adhere to human-centric and controllable by humans, and mitigate adverse impacts of AI outputs on individuals or groups, while ensuring respect for the rule of law and democratic values.

Risks associated with information produced by AI must be objectively and professionally controlled.

Article 7

The Company shall fully respect and protect the interests of customers, manage and use customer data properly, and comply with intellectual property and trade secret laws.

The Company applying AI systems to provide financial services should respect the customer's right to choose and should remind customers of available alternatives.

Article 8

The Company shall ensure the robustness and cybersecurity of systems used for AI, in order to avoid harm to customers or the financial system.

If the Company outsources the development or operation of AI systems for financial services, should conduct appropriate risk management and oversight of the third-party providers.

Article 9

The Company shall ensure the transparency and explainability of their operations.

The Company should make proper disclosure to customers when their AI system interacts directly with customers.

Article 10

The Company shall, when applying AI systems, ensure that their AI development strategies and implementation are commensurate with the principle of sustainable development, including reducing economic and social inequality, and protecting natural environment, thereby promoting inclusive growth, sustainable development and social wellness.

The Company shall, in the process of applying AI systems, provide employees with proper education and training that could help them adapt to changes brought about by AI, and make efforts to protect employees' work rights.

Article 11

The Company shall establish monitoring mechanisms to ensure compliance with the AI principles set forth in Article 4.

Article 12

Detailed operational rules under this Policy shall be separately prescribed. Any matters not covered herein shall be handled in accordance with relevant laws, administrative guidance, operational standards, self-regulatory rules, and the Company's internal policies.

Article 13

Subsidiaries shall establish their own AI governance mechanisms in accordance with relevant laws, administrative guidance, operational standards, and self-regulatory rules, while referencing this Policy to ensure proper management of AI applications.

Article 14

This Policy shall take effect upon approval by the Board of Directors. Amendments shall follow the same procedure.