

KGI Financial Holding Co., Ltd.  
Anti-Money Laundering and Countering Terrorism Financing Policy

Jurisdiction : Compliance Department  
Promulgated on January 26, 2015  
Amended on August 20, 2024

Article 1 This policy is enacted in order to establish a group-level anti-money laundering and countering terrorism financing (hereinafter referred to as “AML/CFT”) program pursuant to Article 8 of “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries” and “Regulations Governing Anti-Money Laundering of Financial Institutions.”

Article 2 The Board of Directors of KGI Financial Holding Co., Ltd.(hereinafter referred to as “KGIFH”) shall bear the ultimate responsibility for establishing and maintaining appropriate and effective AML/CFT internal control.

The Board of Directors and senior management of KGIFH shall understand the money laundering and terrorism financing (hereinafter referred to as “ML/TF”) risks of KGIFH and the operation of the AML/CFT program, and create an organizational culture that emphasizes the importance of preventing money laundering and countering financing of terrorism.

Article 3 This policy is applicable to KGIFH, KGIFH subsidiaries (hereinafter referred to as “Subsidiaries”) as defined under Article 5.1 and 5.2 of the “Money Laundering Control Act.”

The terrorism financing in this policy include the financing of terrorist acts, terrorist organizations, individual terrorists, and financing the proliferation of weapons of mass destruction.

Article 4 KGIFH and Subsidiaries shall adopt a position of zero tolerance, as well as strictly prohibit their employees from deliberately, maliciously or knowingly overlook money laundering or terrorism financing activities.

The ML/TF residual risk of the Subsidiaries in the Company Group should not be categorized as high risk.

Article 5 Subsidiaries shall establish relevant internal control system for AML/CFT in accordance to applicable rules and regulations, as well as management of compliance with applicable laws and regulations in order to identify, assess and monitor the risk of involvement in ML/TF by the Subsidiaries, and conduct regular inspection and review.

The internal control system for AML/CFT mentioned in the preceding paragraph covers customers, geographic areas, products and services, transactions, or payment and delivery channels and shall take notice of the following matters:

1. Establishing relevant code of practice.
2. Establishing different risk levels and guidelines for rating.
3. Periodically reviewing existing customer records to ensure that documents, data or information of the customer and its beneficial owner(s) collected under the customer due diligence process are adequate and kept up-to-date.
4. Establishing corresponding control measures in order to reduce or prevent the risk of ML/TF.

Article 6 Subsidiaries shall use a risk-based approach to implement relevant AML/CFT measures. Enhanced measures shall be adopted for higher risk circumstances, simplified measures can be adopted for lower risk circumstances, and enact appropriate authority approval

Article 7 KGIFH's Compliance Department supervises the following matters :

1. The planning and execution of the policies and procedures for identification, assessment, and monitoring of ML/TF risks by KGIFH and Subsidiaries.
2. The operation and execution of AML/CFT program by KGIFH and Subsidiaries.
3. Compliance with applicable AML/CFT laws and regulations by KGIFH and Subsidiaries.
4. The policies and procedures regarding AML/CFT information sharing within the KGIFH and Subsidiaries group.

KGIFH's Compliance Department should hold physical, online or written meetings on AML/CFT business semi-annually, to communicate the AML/CFT implementation of the Subsidiaries, and shall report annually to the Audit Committee and the Board of Directors on the implementation of AML/CFT for KGIFH and Subsidiaries. In cases of major regulatory violations, the Compliance Department shall inform the Directors immediately and report to the Audit Committee and Board of Directors.

Article 8 Subsidiaries shall use a risk based approach for customer risk assessment, geographic risk assessment, product and service risk assessment, international and domestic politically exposed persons entrusted with prominent public function, and sanctions list and ensure that they comply with the risk assessment specifications stated in this policy. In addition, Subsidiaries shall follow the rules and regulations of various industry laws to regularly implement comprehensive operations on risk assessment to prevent money laundering and counter terrorism financing and produce risk assessment reports. The assessment report shall include customer risk assessment, geographic risk assessment, product and service risk assessment, and transactions or payment channels (or transactions and channels) risks with control measures to reduce the risks in order to effectively control the residual risk.

The results from the risk assessment operation mentioned in the previous paragraph shall be submitted to KGIFH's Compliance Department five working days after the completion of the report and approval by the Board of Directors.

Article 9 The customer risk assessment of the Subsidiaries shall include geographic risk assessment, customer background, and occupation.

Subsidiaries shall formulate an appropriate management mechanism for the periodic review of customers based on the risk base approach, periodically check whether the information obtained for customer identification and beneficiary ownership is sufficient and ensure the credibility of the information. The frequency of due diligence done by the Subsidiaries on high risk customers should not be lower than those done on middle, low risk customers.

Article 10 Subsidiaries shall categorize countries or regions that are designated as having serious deficiencies in their AML/CFT regime, as well as other countries or regions that do not or insufficiently comply with the recommendations of international AML/CFT organizations as forwarded by the FSC as high risk countries or regions for ML/TF and adopt enhanced measures that correspond to the risk levels.

For all countries or regions, assessment on its ML/TF risks based on relevant information obtained should be done, a country risk list should be formulated, and relevant risk assessment criteria and corresponding control measures should be implemented.

If the following circumstances occurs and are verified through the

internal procedures of the subsidiary, the original risk assessment results may be adjusted :

1. Request of adjustment by competent authority or financial examination.
2. Request of adjustment by independent third parties after checks.
3. Other circumstances that are deemed necessary.

Article 11 Subsidiaries shall determine the extent of implementation of customer due diligence (hereinafter referred to as “CDD”) measures on high risk customers, such as politically exposed persons entrusted with prominent public function, their family members, and close associates, and the extent of ongoing due diligence measures in accordance to the rules and regulations of various industry laws while using a risk based approach. The following measures should at least be included :

1. Obtaining the approval of senior management before establishing or entering a new business relationship.
2. Taking reasonable measures to understand the sources of wealth and the source of funds of the customer. The aforementioned source of funds refers to the substantial source from which the funds generate.
3. Conducting enhanced ongoing monitoring of the business relationship.

Article 12 Subsidiaries shall check whether its customers and counterparties are on the sanctions list according to its internal name and name verification procedures. If the customers or counterparties are verified to be on the sanctions list, establishing a business relationship or business transactions should be declined or frozen respectively, and initiate necessary investigations and notification procedures in accordance with laws and regulations and internal regulations.

The sanctions list mentioned in the previous paragraph is in accordance to the public announcement of names by the Ministry of Justice pursuant to Article four and Article 5 of “Counter-Terrorism Financing Act.”

Article 13 Subsidiaries of the Company Group shall determine and evaluate the weights of the product risk factors according to the industry and business category to which the subsidiary belongs to.

Subsidiaries shall conduct product and service risk assessment before the launch of a new product or service, and establish corresponding risk management measures to reduce the identified risks.

The risk assessment procedures for products and services formulated

by the Subsidiaries shall be reviewed by their AML/CFT department and approved by their company's Chief AML/CFT Officer.

Article 14 KGIFH and Subsidiaries are prohibited from disclosing or delivering documents, pictures, information or objects relating to reported suspicious transactions.

Subsidiaries shall complete the suspicious transaction reporting within the statutory period in accordance with the laws and regulations of various industry laws. The reported cases shall be reviewed by personnel in the AML/CFT department and approved by the Chief AML/CFT Officer. Subsidiaries shall regularly submit the statistical data of the reports to KGIFH, but identifiable information of relevant cases shall be removed to avoid disclosing the contents of the case.

Article 15 KGIFH and Subsidiaries shall conduct intra-group information sharing based on the risk based method within the scope permitted by the law for AML/CFT purposes. The types of information sharing include list of high- risk customers, letters from administrative or judicial authorities received by the company, red-flags, major negative news, and country risk information. KGIFH's Compliance Department is authorized to establish the intra-group information sharing operation procedure.

If KGIFH or Subsidiaries receive relevant information or consider the information is necessary to be shared with other subsidiaries within the group for further attention or investigation, to the extent permitted by law and after receiving the approval from the Chief Compliance Officer or Chief AML/CFT Officer of that company's head office, KGIFH and other subsidiaries may be notified.

If a suspicious transaction report is not filed with the financial intelligence unit when the system of a subsidiary detects signs of suspected ML/TF, KGIFH may conduct a spot check if necessary.

When conducting the intra-group information sharing as stated in this Article, KGIFH and Subsidiaries shall protect the confidentiality and customer data information.

For the purpose of ML/TF risk management, Subsidiaries may conduct intra-group information sharing with their foreign subsidiaries if it complies with the local data confidentiality regulations of the foreign subsidiaries and the use of the exchanged information is kept confidential and protected. Subsidiaries may request their foreign subsidiaries to provide information

about customers, accounts, and transactions, including information about suspicious transactions or activities and the analysis of those information. If necessary, the information may be shared with other subsidiaries through intra-group information sharing. Subsidiaries may establish other relevant regulations when conducting AML/CFT information sharing with their foreign subsidiaries.

Article 16 Subsidiaries shall keep records on all business relations and transactions with its customers in accordance with the following provisions :

1. Maintain all necessary records on domestic and international transactions for at least five years or a longer period as otherwise required by law.
2. All records obtained through CDD measures, account files or contract files and business correspondence shall be kept for at least five years or a longer period as otherwise required by law after the business relationship is ended, or after the date of the occasional transactions.
3. Transaction records maintained by the Subsidiaries must be sufficient to reconstruct individual transactions so as to provide evidence of criminal activity if necessary.
4. Transaction records and CDD information will be made available swiftly to the competent authorities when such requests are made with appropriate authority.

Article 17 Subsidiaries shall ensure that their foreign subsidiaries and foreign branches implement AML/CFT measures that are consistent with those of KGIFH and Subsidiaries while complying with local laws and regulations. If the minimum requirements of each country are different, the higher criteria shall be used as the basis for compliance.

If foreign subsidiaries or foreign branches are prohibited from adopting the same standards as KGIFH and Subsidiaries due to foreign laws and regulations, appropriate additional measures should be taken by the Subsidiaries to manage money laundering and terrorism financing risks, and report to the Financial Supervisory Commission.

Article 18 KGIFH and Subsidiaries shall establish screening procedures to ensure high standards when hiring employees, including examining whether the prospective employee has character integrity and the professional knowledge required to perform his/her duty.

KGIFH and Subsidiaries shall arrange for AML/CFT training with suitable contents in view of the nature of business and in accordance to their industry laws and the Subsidiaries' internal regulations for relevant personnel to familiarize them with their AML/CFT duties, gain the professional expertise required to perform his/her duty, and keep updated with newly amended laws and internal regulations. Training methods include :

1. Internal training : Offering relevant training courses for employees or inviting scholars and experts to give lectures on specific topics.
2. External training : Assigning employees to participate in courses offered by external training institutions.
3. Others : Providing training courses or tests through information technology or online technology.

The Chief Compliance Officer or Chief AML/CFT Officer at the head offices of KGIFH and Subsidiaries is advised to commend units who perform well in the implementation of AML/CFT matters. However, disciplinary measures are advised to be given to those who are negligent in implementation of AML/CFT matters or to violators.

Article 19 In order to effectively implement the standard of AML/CFT operating procedures, Subsidiaries shall incorporate into their self-assessment (or self-inspection) and their internal audit their compliance of the operating procedures according to the "Money Laundering Control Act," "Counter-Terrorism Financing Act," "Regulations Governing Anti-Money Laundering of Financial Institutions," "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," and comply with the various industry regulations governing internal audit and internal control system of AML/CFT that they belong to, comply with the model guidelines for policies and procedures of relevant associations as well as this policy and other relevant laws and regulations.

Article 20 Matters not covered in this policy are conducted in accordance with relevant laws and regulations and the regulations of the Company and Subsidiaries.

Article 21 This Policy shall be enforced from the date of publication after the approval of KGIFH board of directors. The same applies to any amendment thereto.