

Chang Hwa Bank Internal Complaint Handling Regulations

Established in 16th Meeting of 25th Term of Board of
Directors Meeting dated September 28, 2018

Article 1 (Purpose of establishment and basis)

The Bank explicitly discloses in the Ethical Corporate Management Best Practice Principles, Codes of Ethical Conduct and Employee Code of Conduct that all directors, managerial officers and employees shall comply with the highest personal and ethical standards in the scope of business activities, and shall comply with the laws and the conduct policies of the Bank.

To establish ethical and transparent corporate culture, to promote sound management, the Bank establishes these Regulations according to Article 34-2 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", in order to provide complaint channels for the Bank, thereby actively preventing any illegal actions.

Article 2 (Complainant)

Personnel at all levels of the Bank, including appointed managerial officers, official employees (including employees under probation period) and regular contract employees, may file complaint according to these Regulations upon discovery of any personnel of the Bank being subject to crime, fraud or violation of laws.

Article 3 (Scope of complaint)

The type of complaint matters accepted under these Regulations are as follows:

I. Conducts related to violation of laws:

- (I) Conducts in violation of financial related laws (such as the Banking Act, Securities and Exchange Act etc.) and regulations.
- (II) Conducts of misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- (III) Conducts involving crime or violation of other laws, such

that the rights and interest of the Bank are affected.

- II. Conducts related to corruption and unfair competition:
 - (I) Conducts related to offering or accepting bribes, including offer or acceptance of unreasonable presents or hospitality, or other improper benefits.
 - (II) Conducts of improper donation or sponsorship.
 - (III) Conducts engaging in unfair competition practices.
- III. Conducts related to violation of ethical management:
 - (I) Conducts of execution of duties involving forgery, alternation, destruction, concealing important business information or other deceptive statements.
 - (II) Conducts failing to comply with the policies and regulations of the Bank for conflict of interest, internal authority, non-disclosure obligation.
 - (III) Providing or selling of products and services, directly or indirectly damages the rights and interest of consumers or other stakeholders.
 - (IV) Conducts of other frauds or violation of ethical management such that the rights and interest of the Bank are affected.

For complaint cases not belonging to the type of complaints described in the preceding paragraph or filed by external persons, such complaint cases shall be transferred by the acceptance unit to the responsible unit according to the nature of the complaint case.

Article 4 (Acceptance and investigation unit)

The Audit Division of the Bank acts as the complaint acceptance unit (referred to as the “acceptance unit”) and is responsible for the complaint case acceptance affairs.

The Bank shall establish the “Complaint Review Committee” formed by the members listed under Paragraph 1 of Article 5, and the convener of the “Complaint Review Committee” shall convene meetings to form investigation team, or the Audit Division of the Bank shall be the complaint investigation unit (referred to as the “investigation unit”) in order to be responsible for performing investigation on complaint cases accepted

under the preceding paragraph.

Article 5 (Complaint Review Committee)

Members of “Complaint Review Committee”:

- I. The Chief Auditor Officer acts as the convener, and the Legal Compliance Officer of Head Office acts as the deputy convener.
- II. Committee members: The unit managers of the Audit Division, Human Resource Division, Legal Compliance Division and the business management unit involved in the complaint content shall act as the committee members. The convener may also designate other additional appropriate personnel to act as the committee members or to invite other personnel to attend the meeting depending upon the complaint case.

Resolution method and procedure for proxy of “Complaint Review Committee”:

- I. The convener shall act as the chair for the "Complaint Review Committee", and the proposals shall be agreed by a majority of attending committee members and the number of attending committee members shall be more than half of the total number of committee members in order to achieve a resolution.
- II. In the event that the convener cannot exercise his/her authorities due to reasons, the deputy convener shall act as a proxy thereof. If the deputy convener cannot exercise his/her authorities due to reasons, the committee members shall elect one member to act as the proxy thereof.

Responsibilities of “Complaint Review Committee”:

- I. The acceptance unit reports to the convener to convene meeting according to Item (2) of Subparagraph 1 of Paragraph 1 of Article 7, and an investigation team is formed to act as the investigation unit or to make resolution for subsequent handling, as well as to supervise the investigation handling status.
- II. After the investigation unit completes the investigation, review the investigation and make resolution therefor.
- III. In case where a complaint involves matters described in the

posterior section of Subparagraph 1 of Paragraph 3 of Article 7, after the review of the investigation report, submit to the Audit Committee for second review.

- IV. Review the amendment draft of these Regulations.
- V. Other matters related to the complaint case.

The acceptance unit is the secretariat unit of the “Complaint Review Committee”, and it is responsible for the meeting notice, mailing of meeting agenda, meeting minutes etc. related affairs as well as matters related to the amendment of these Regulations.

Article 6 (Complaint channel)

Complainant shall complete the Complaint Report (as shown in Attachment 1, same below) on the complaint system of the Bank along with his/her name indicated on the report.

In case where the complainant encounters emergency or special matters, he/she may file complaint in writing, via telephone or email first, provided that the complainant shall complete the Complaint Report on the complaint system of the Bank within five days. The complaint channel includes the complaint address, complaint direct line and complaint mailbox.

Other units or personnel of the Bank shall transfer the case to acceptance unit for handling in a confidential manner once the units or personnel become aware of the complaint matter.

Complaint Report shall indicate the following information:

- I. Name, employee number, contact telephone and contact address (or email) of the complainant.
- II. Name and unit (if known) of the party being complained.
- III. Actual facts and evidence of violation of the party being complained for investigation provided by the complainant.
- IV. Where the complainant files a complaint on the fact of violation or laws or regulations that may occur in the future, then the facts indicating that the party being complained will involve in violation of laws or regulations shall be described, and evidence for investigation shall be provided.

Where the acceptance unit considers the complaint documents satisfy any one of the following conditions, it may render the decision of

rejection of acceptance, and may indicate the complaint case to be rejected on the complaint system of the Bank, followed by archiving the complaint case according to Article 11:

- I. Where a complaint case is filed without the name of the complainant, filed with an alias, name of others or is found to be filed on behalf of others, and the contact method of the complainant is not provided;
- II. The required information specified in Paragraph 4 for the complaint report is missing, or other noncompliance with the procedures specified in these Regulations, and correction is not made within the time-limit after the notice for correction is issued.
- III. Where the complainant submits the Withdrawal of Complaint Report (format as shown in Attachment 2, same below) before the investigation unit completes the investigation report. However, when the case is already under the investigation of the investigation unit and is found to be true, the withdrawal of complaint filed by the complainant shall have no binding effect on the investigation unit to continue the investigation.
- IV. Any matters satisfying the conditions described in all paragraphs of Article 9.

Article 7 (Complaint handling procedure)

Acceptance review and receipt report:

- I. When the acceptance unit receives a Complaint Report and complaint documents forwarded from other units or personnel of the Bank, except for the decision of case rejection rendered according to Paragraph 5 of the preceding Article, it shall be handled according to the following respectively:
 - (I) The acceptance unit shall report to the convener of the “Complaint Review Committee”, and the Audit Division shall start the investigation process immediately.
 - (II) If the party being complained is a person above the rank of Vice President of the Bank, the convener of the “Complaint Review Committee” shall convene a meeting and an investigation team shall be formed to perform investigation;

or shall make resolution for subsequent handling.

- II. The complainant may inquire the handling progress of his/her complaint case on the complaint system of the Bank.

Investigation process and relevant matters requiring attention:

- I. The investigation unit shall complete the investigation within two months after receiving a complaint case, and such time-limit may be extended if necessary. During the investigation performed by the investigation unit, relevant units may be requested to provide assistance if necessary, and the unit being requested shall not refuse to provide assistance.
- II. The party being complained shall have the obligation to accept the investigation by the investigation unit, including interview, checking of magnetic records on the computer distributed by the Bank, obtaining or saving and telephone recording, listening or storage etc. performed according to relevant regulations of the Bank.
- III. During the investigation process of the investigation unit, relevant personnel may be requested to provide comments, and during interview, it shall be handled in a non-public method in principle, and the opportunity for the party being complained to provide statements shall be provided. When it is considered necessary, external professionals (including attorneys, accountants etc.) may be hired to provide assistance or consultation opinions, and attentions shall be paid to relevant laws and interest of personnel (such as the Personal Information Protection Act and labor interest etc.).
- IV. During the investigation process, the investigation unit shall pay attention to the following conditions:
 - (I) Where it is found to be a major violation or where the Bank has the likelihood of subject to major damages, report shall be made immediately, and after the review by the "Complaint Review Committee", a written report shall be submitted to the Audit Committee and the Board of Directors.
 - (II) Where it is found to be a major contingent event or violation of law, it shall be reported to or prosecuted by relevant

agency actively.

(III) Where there is sufficient evidence indicating that the complaint is true, to prevent occurrence or expansion of damages, appropriate measures may be adopted.

Subsequent handling:

- I. After the investigation unit completes the investigation, an investigation report shall be prepared, and shall be submitted to the “Complaint Review Committee” for review. If the party being complained is a director (including independent director) or management level at a rank above Vice President, the investigation report shall also be submitted to the Audit Committee for second review.
- II. Where a complaint case is reviewed or second reviewed to confirm to be true, the subsequent handling required to be performed by the acceptance unit is as follows:
 - (I) Relevant unit shall be requested to review its internal control system and operational procedures, and shall submit improvement measures in order to prevent identical actions from re-occurrence again.
 - (II) The party being complained and relevant personnel involving in the case shall be requested to stop their relevant conducts, and shall be subject to appropriate handling according to relevant personnel management regulations. When it is considered necessary, damage indemnification may be claimed according to the legal procedures or may be transferred to prosecution agency for handling.
 - (III) Relevant information including the investigation report, review result and improvement measures proposed by relevant units etc. shall be periodically summarized for reporting to the Audit Committee and Board of Directors.
 - (IV) Other matters specified in the resolutions of “Complaint Review Committee” or instructions of the second review of Audit Committee.
- III. Acceptance unit shall appropriately inform the complainant about the complaint case handling status in writing or other

methods.

Article 8 (Recusal for Conflicts of Interest)

During the process of acceptance, investigation, review and second review of a complaint case, the person in conflict of interest with the individual complaint case or other persons possibly affecting the fairness of the investigation shall recuse from the case.

In case where the convener is subject to the condition requiring recusal described in the preceding paragraph, another convener shall be specified according to Subparagraph 2 of Paragraph 2 of Article 5.

Article 9 (Res judicata)

Where one identical complainant re-files a complaint based on one identical fact, the handling principles for the acceptance and investigation units are as follows:

- I. A decision of case rejection shall be made according to Subparagraph 1 to Subparagraph 2 of Paragraph 5 of Article 6, and except where the complainant files according to the complaint procedure according to these Regulations, the complaint shall not be filed again based on the same fact.
- II. A decision on case rejection shall be made according to the anterior section of Subparagraph 3 of Paragraph 5 of Article 6, and except where the complainant describes reasonable grounds for re-submission after withdrawal, and it is reviewed by the acceptance unit to have the need for accepting the case, a complaint shall not be filed again based on the same fact.
- III. Where a complaint case is investigated and closed, investigated to be inconsistent with the fact, or found to be fictitious and false, if the complainant fails to further submit new evidence reviewed by the investigation unit, a complaint shall not be filed again based on the same fact.

Article 10 (Protection for complainant and confidentiality of complaint content)

Except regulatory compliance or cooperation with government agency's investigation or information known by the public, the Bank shall maintain the confidentiality of the identity of the complainant and the complaint content.

The Bank guarantees to protect the complainant such that the complainant shall not be terminated, dismissed, downgraded/relocated, given a reduction in pay, impairment to any entitlement under the law, contract or customs, or other unfavorable disposition due to the reported case. However, where the complainant is subject to improper or illegal matters, including being clearly aware of the deceptiveness of the complaint, such restriction shall not be applied.

Any units or employees of the Bank shall not hinder the investigation work with actions or omission of actions, and shall not use any method to harass, revenge or attack the complainant.

Article 11 (File archive and preservation)

After the investigation of a complaint case is complete, relevant documents shall be archived and preserved by the acceptance unit in a confidential method for five years, and the preservation may be made in an electronic method. If before the end of the preservation period, any litigation arises in connection with the complaint content, relevant documents shall continue to be preserved until the litigation is concluded.

Article 12 (Educational training)

The Bank shall include the education course of these Regulations in the orientation training for new employees, and shall periodically organize educational trainings and promotions related to the complaint system.

Article 13 (Violation handling)

In the event that other units or personnel of non-acceptance unit receiving complaint report or relevant evidence but fail to forward to acceptance unit for handling, such that the incident expands to cause damages of the Bank, the acceptant unit may report the person attributable to such incident to the Personnel Evaluation Committee of the Bank for resolution and handling.

Article 14 (Unspecified matters)

Any matters not specified in these Regulations shall be handled according to relevant laws, internal regulations of the Bank and other rules.

Article 15 (Approval hierarchy)

These Regulations shall be reviewed and agreed by the Audit

Committee first, and shall be submitted to the Board of Directors' meeting for resolution and approval, followed by implementation of these Regulations. The same requirements shall be applied to amendments of these Regulations.

Complaint Report

Report Filling Date: _____

Acceptance Unit To Audit Division for review

Name of Party being complained		Unit of Job Position (not required)	
Facts on violation			
Evidence			
Complainant Name		Employee No.	
		Contact Telephone	(Day time) (Night time)
		Contact Address / Email	

Attention:

1. In case where the complainant is clearly aware that the facts and evidence reported are deceptive or subject to improper or illegal matters, the Bank may perform appropriate handling according to personnel management related regulations, and may also transfer to prosecution agency for handling.
2. In case where the complainant encounters emergency or special matters, he/she may file complaint in writing, via telephone or email first, provided that the complainant shall complete this report on the complaint system of the Bank within five days.

Signature of Complainant: _____

Withdrawal of Complaint Report

Report Filling Date:

Acceptance Unit To Audit Division for review

Name of Party being complained		Unit of Job Position (not required)	
Original Complaint Case No.			
Reason of Withdrawal			
Complainant Name		Employee No.	
		Contact Telephone	(Day time) (Night time)
		Contact Address / Email	

Attention:

After the acceptance unit makes the decision of rejection according to this report, except where the complainant describes reasonable grounds for re-submission after withdrawal, and it is reviewed by the acceptance unit to have the need for accepting the case, the complaint shall not be filed again based on the same fact.

Signature of Complainant: _____