

# **Ethical Corporate Management Principles**

Article 1 Purpose and applicability of the Principles

## Article Prevention schemes

1. The ethical operating policy instituted by the Company shall clearly and thoroughly cover the specific ethical operating method and the schemes to prevent unethical conduct, such as operation procedures, conduct guide, educational training, etc.
2. The prevention schemes set up by the Company shall comply with the laws and regulations of the place where the Company and the group enterprises and organizations are operating their business.
3. In the course of setting up the prevention schemes, the Company shall negotiate and communicate with employee representatives through the labor union, whereas it shall also communicate with major transaction counterparties and other stakeholders.

## Article<sup>1</sup> Scope of the prevention schemes

The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following

1. Giving or receiving bribes.
  2. Offering illegal political donations.
  3. Giving unjustifiable charitable donations and sponsorship.
  4. Offering or accepting unreasonable gifts, entertainment or other unjustifiable benefits.
  5. Infringing trade secret, trademark rights, patent rights, copyrights and other intellectual property rights.
- . Engaging in unfair competition.
- <sup>1</sup> . Directly or indirectly damaging the interests, health and safety of consumers or other stakeholders in research and development, procurement, manufacturing, offer or sale of products and services.

## Article Commitment and execution

The Company shall request the directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and its group companies shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementations mentioned in the first and second paragraphs and retain said information properly.

#### Article Ethically operate business activities

1. The Company shall conduct its business activities in a fair and transparent manner with the ethical operating principles, and the legality of its agencies, suppliers, clients or other transaction counterparties shall be assessed prior to any business transactions to find out if they have any unethical conduct and records, so as to ensure not to do business with those who have unethical conduct or records.

2. When the Company signs a contract with its agency, supplier, client or any other transaction counterparty, the contract content shall cover compliance with the ethical operating policy and the termination or the dissolution of the contract whenever the transaction counterparty is involved in any unethical conduct.

#### Article 10 Prohibition of giving and receiving bribes

When executing business, the Company and its directors, managerial officers, employees, fiduciaries, and substantive controller shall not directly or indirectly offer or commit any unjustifiable benefits in any forms to its clients, agencies, contractors, suppliers, public servants or other stakeholders, or request or receive the unjustifiable benefits from them.

#### Article 11 Prohibition of offering illegal political donations

When directly or indirectly offering donations to a political party or the organization or individual participating in a political activity, the Company and its directors, managerial officers, employees, fiduciaries and substantive controllers shall comply with the Political Donation Act and the Company's internal relevant operation procedures. They shall not angle for any business benefits or preferential transaction terms through donations.

#### Article 12 Prohibition of giving unjustifiable charitable donations and sponsorship

When offering charitable donations or sponsorship, the Company, its directors, managerial officers, employees, fiduciaries and substantive controllers shall comply with relevant laws and regulations and the internal operation procedure and are not allowed to conduct any form of bribery.

#### Article 13 Prohibition of unreasonable gifts, entertainment or other unjustifiable benefits

The Company and its directors, managerial officers, employees, fiduciaries and substantive controllers shall not directly or indirectly offer or receive any unreasonable gifts, entertainment or other unjustifiable benefits in an attempt to establish a business relationship or influence any transactions.

#### Article 14 Prohibition of infringing intellectual property rights

The Company and its directors, managerial officers, employees, fiduciaries and substantive controllers shall abide by intellectual property related laws and regulations, and the Company's internal operation procedure and contract stipulations. Unless otherwise agreed by the owner of intellectual property rights, they are not allowed to use, disclose, dispose or destroy the intellectual property or have any conduct to infringe intellectual property rights.

#### Article 15 Prohibition of engaging in unfair competition

The Company shall follow applicable competition laws and regulations to engage in business activities. It shall not fix prices, manipulate biddings, limit output or quotas, or share or segment the market by allocating clients, suppliers, operating regions or business categories.

#### Article 16 Prevent products or services from damaging stakeholders

The Company and its directors, managerial officers, employees, fiduciaries and substantive controllers shall follow relevant laws and regulations and international standards in the process of developing, purchasing and manufacturing and offering or selling products and services, so as to ensure information transparency and safety of products and services, set up and publicize their policies to promote the rights and interests of consumers or other stakeholders, fulfill the policies in business activities, and prevent products or services from directly or indirectly damaging the interests, health and safety of consumers or other stakeholders. When there is any fact to prove that the Company's products or services are likely to harm the safety and health of consumers or other stakeholders, in principle, such batch of products shall be recalled or the services shall be suspended.

#### Article 17 Organization and responsibilities

1. The Company's directors, managerial officers, employees, fiduciaries and substantive controllers shall exercise its due care of a good administrator to push the Company to prevent unethical conduct, always review the implementation effect and persistently make improvement, so as to ensure fulfillment of the ethical operating policy.

2. To have well-rounded ethical operating management, the headquarters of sustainability development shall avail itself of adequate resources with competent personnel to be responsible for instituting the ethical operating policy and prevention schemes and supervising the execution. It is mainly in charge of the following matters, and it shall periodically (at least once a year) report to the board of directors on the progress

(1) Helping blend the faithful and ethical value into the Company's operating strategy, and incorporate with laws and systems to take related anti-corruption measures for ensuring the Company's ethical operating.

(2) Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.

(3) Planning the internal organization, grouping, and functions, and placing the mutual supervision and check-and-balance mechanism for the business activities with a higher risk in unethical conduct within the business scope.

(4) Promoting and coordinating ethical policy introduction and training.

(5) Planning the offense-reporting system and ensuring effectiveness of the execution.

( ) Assisting the board of directors and management in auditing and assessing if the prevention measures taken for carrying out ethical operating are effectively operated, for which the compliance with related business processes shall be evaluated and reported on a regular basis.

#### Article 1 Law compliance in business execution

When executing businesses, the Company's directors, managerial officers, employees, fiduciaries and substantive controllers shall abide by laws and regulations and follow the prevention schemes.

#### Article 1 Recusal of interest

1. The Company shall set up a conflict of interest prevention policy to identify, supervise and manage the risk in the unethical conduct arising from conflict of interest, and provide an appropriate channel for directors, managerial officers and other stakeholders attending the board meeting or attending it as a guest to elaborate on whether they have potential conflict of interest with the Company.

2. For the company's directors, managerial officers and other stakeholders who attend the board meeting or attend it as a guest, when the agenda item listed for the board meeting in question has the conflict of interest with themselves or the juristic person represented by them, they shall explain the major content related to the conflict of interest at the board meeting in question. In case that it is likely to harm the Company's interests, they shall express their opinions and respond to questions, whereas they shall not participate in discussion and cast vote, shall enter recusal in discussion or voting, and shall not represent another director to exercise the voting right. Self-discipline shall be applied between directors, in which mutual improper

3. The Company's directors, managerial officers, employees, fiduciaries and substantive controller shall not take advantage of their positions or influence in the Company to obtain unjustifiable benefits for themselves, their spouses, parents or children or any other persons.

#### Article 20 Accounting and internal control

1. The Company shall establish an effective accounting system and internal control system for its business activities with a higher risk in unethical conduct, with which the Company shall not have

any false accounts or secret accounts and the system shall be regularly reviewed, so as to ensure that the design and execution of such system can be continuously effective.

2. The internal auditors of the Company shall, based on the results of assessment of the risk of

## Article 23 Reporting and discipline

1. The Company shall set up a specific reporting system and literally execute it. The system shall at least cover the following content

- (1) Establishing and announcing an internal independent complaint box and hotline or entrusting other external independent institutes to provide complaint boxes and hotlines for internal and external personnel to use.
- (2) Designating dedicated personnel or unit to receive reporting cases. If the reporting content involves directors or senior management, it shall be submitted to the audit committee. The reporting items shall be classified and their investigation standard operation procedure shall be set up.
- (3) Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
- (4) Acceptance of reporting cases, investigation process, investigation results and relevant documents shall be documented and retained.
- (5) Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
- ( ) Protection of whistle-blowers from inappropriate discipline as a result of their whistle-blowing.
- (<sup>l</sup>) Incentives for whistle-blowers.

2. In case that the Company's reporting acceptance dedicated personnel or unit discover material violation or a sign of material damage to the Company, the personnel or unit shall promptly report it to the audit committee in writing.

## Article 24 Discipline and complaint system

The Company shall specifically set up a discipline and complaint system for any violation of ethical operating regulations, disclose the information including the title and name of the violation personnel, violation date, violation content and handling situation on the Company's internal website in real time.

## Article 25 Information disclosure

The Company shall establish and promote the quantitative data of ethical operating and continue to analyze and assess the effect of ethical policy promotion. It shall disclose its measures taken for ethical operating, the fulfillment status, the foresaid quantitative data and promotion effect on its website, annual reports, and prospectuses, whereas the content of its Ethical Corporate Management Best Practice Principles shall be disclosed on the Market Observation Post System.

## Article 2 Review and revision of the ethical operating policy and measures.

The Company shall keep an eye on the development of local and foreign ethical operating related rules, and encourage its directors, managerial officers and employees to put forth recommendations,

so as to review and improve the Company's ethical operating policy and promotion measures and enhance the effect of its ethical operating.

#### Article 2<sup>l</sup> Implementation

1. The Principles shall be implemented after adoption by the board of directors, and the same shall apply to the revisions.

2. When submitting the Ethical Corporate Management Best Practice Principles to the board of directors for discussion according to the preceding paragraph, the opinions of respective independent directors shall have already been fully considered by the Company, and the objections or qualified opinions from independent directors shall be stated in the board meeting minutes book. If an independent director cannot attend a board meeting in person to express their objection or qualified opinion, except that they have due reason, they shall submit their opinion in writing in advance and the opinion shall be stated in the board meeting minutes book.

Article 2 The Principles were set up on November 14, 2014. The first amendment was made on October 2 , 201 .