

# The Ethical Corporate Management Operational Procedures and Guidelines

- Article 1 Based on the principles of fair, honesty, abidance, and transparency when engaging in commercial activities, the Company promulgates “The Ethical Corporate Management Operational Procedures and Guidelines” (Operational Procedures and Guidelines) in order to implement the ethical corporate policy and to prevent Unethical Conducts according to the regulations from Article 18 of the “Concord Securities Co. Ltd , The Ethical Corporate Management Best Practice Principles.”
- The Operational Procedure and Guidelines is applicable to the Company and its subsidiary business groups and organizations, any foundation to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("Business Group")
- Article 2 The Company personnel mentioned in the Operational Procedures and Guidelines refers to directors, supervisors, managers, and employees of the Company and the Business Group or persons having substantial control over the Company.
- The Company personnel’s conducts of offer, promise, request, or accept any valuable things, including money, endowments, commissions, positions, services, preferential treatment, rebates, lobbying fee, hospitality, or social engagement of any type or in any name from the third party are presumed as the personal conduct.
- Article 3 The Unethical Conduct mentioned in Operational Procedures and Guidelines refers to the conduct of a direct or indirect offering, promise to offer, request or accept any improper benefits, or commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (“Unethical Conduct”) for purposes of acquiring or maintaining benefits during the profession practice of the Company’s personnel.
- “Parties” referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors (or the members of the council), supervisors, managers, employees or substantial controllers or other interested parties.
- Article 4 “Benefits” in the Operational Procedures and Guidelines means any valuable things, including money, endowments, commissions, positions, services, preferential treatment, rebates, lobbying fee, hospitality, or social engagement of any type or in any name.
- Article 5 The Company authorized the General Manager to assign relevant units to form a dedicated unit (“Dedicated Unit”) that is in charged of handling the amendment,

implementation, explanation, and consulting service of the Operational Procedures and Guidelines, as well as the relevant operation and implementation supervision on the registration and file-establishment of the notice contents. The Dedicated Unit shall periodically report to the Board.

Article 6 When engaging in directly or indirectly offering, promising to offer, requesting or accepting money, endowments, commissions, positions, services, preferential treatment, rebates, lobbying fee, hospitality, or social engagement, the Company's personnel shall comply with the regulations of the "Concord Securities Co. Ltd , The Ethical Corporate Management Best Practice Principles" and the Operational Procedures and Guidelines following the relevant procedures. The personnel are allowed to do such under the situations listed below:

1. The conduct meets the laws or regulation of the operation sites.
2. When doing domestic and overseas visits, receiving foreign guests, expanding business, communicating, and coordinating, the conduct is based on the business demand following the local manners, practices, and customs.
3. Attending normal social activities or inviting others to such activities based on the normal social customs, business purposes, or to boost ties.
4. The personnel invites clients or to be invited to participate specific business activities based on the business demand, which clarifies the means of bearing expenses, number of people attended, accommodation level and period of the activities mentioned above.
5. Participating in festivals that are publicly held and open to the public.
6. Reward, assistance, amenities, or appreciation from a superior.
7. Other activities meets the regulations of the Company.

Article 7 Apart from the situations prescribed in all paragraphs of preceding article, the Company personnel shall follow the procedures listed below when engaging in directly or indirectly offering, promising to offer, requesting or accepting money, endowments, commissions, positions, services, preferential treatment, rebates, lobbying fee, hospitality, social engagement or other benefits:

1. The Company personnel shall report to the department superior and inform the Dedicated Unit if necessary, within three days after receiving the benefits if the person of offering or promising to offer has any interests with the personnel.
2. The Company personnel shall return or refuse the benefits if the person of offering or promising to offer has any interest with the personnel, and the personnel shall report to the department superior and inform the Dedicated Unit. When it is unable to return the benefits, the Company personnel shall hand in the benefits to the Dedicated Unit within three days after receiving the benefits.

The conflict of interest to the position prescribed in preceding paragraphs refers to following situations:

1. Having relations of business contacts, directing and supervising, expense subsidies and allowances.

2. Seeking and progressing to establish a contractual relation, or contracted purchase and sale agreement or other contracts.
3. Other interests suffering from beneficial or unfavorable influences based on the decision and implementation of the business.

The Company's Dedicated Unit shall put forward proposals of Benefit returning, paying to receive, donating to charity organizations, or other proper proposals. The proposals shall be reported to and approved by the general manager before implementation.

Article 8 The Company shall not offer or promise to offer any lobbying fee.

The Company personnel who offer or promise to offer lobbying fee due to intimidation or threats shall record the process of intimidation or threats and report to the department superior and inform the Dedicated Unit.

The Company's Dedicated Unit shall cope with the report immediately and review relevant situation after receiving the notice prescribed in order to lower the risk of the same circumstances from happening again. If any illegal matter was found, the Dedicated Unit shall inform juridical authorities immediately.

Article 9 Political contributions by this Corporation shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$5,000,000 or more, it shall be made only after being reported to and approved by the board of directors:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

Article 10 Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$3,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may

not be a disguised form of bribery.

4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 The Company's directors shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper dealings.

When Company personnel implement company business and discover themselves or the juristic person that they represent have conflict of interests, or possibly obtain improper benefits for themselves, their spouses, parents, children or any other person is an interested party, they shall report the relevant situation to the department superior and the Company's Dedicated Unit, and the department superior shall offer proper guidance.

The Company personnel shall neither put the Company's resources in business activities that are irrelevant to the Company, nor affect their working performance from participating in business activities that are irrelevant to the Company.

Article 12 All units of the Company shall pay attention to the operations of the management, storage, and security of the Company's commercial confidential in each unit.

Article 13 The Company personnel shall neither leak out learned commercial confidential of the Company, nor enquire or gather Company commercial confidential that is irrelevant to the position.

Article 14 The Company's personnel shall comply with the regulations of the "Securities and Exchange Act" that neither uses the learned undisclosed information to engage in insider trading, nor leaks out to other in order to prevent them from using the undisclosed information to engage in insider trading.

Article 15 Institutions or persons participated in the Company's mergers, spin offs, acquisitions, share assignments, crucial memorandums, strategic alliances, other business cooperation plans, or crucial contracts shall sign the non-disclosure agreement with the Company, promising not to leak the learned commercial confidential of the Company or other crucial information to others, nor use the information without the Company's approval.

Article 16 The Company shall promulgate the ethical corporate management policy in the

internal regulations, annual reports, company website or the prospectus, and declare the policy in external activities such as investor conference so that suppliers, clients or other relevant institutions or personnel can clearly understand the concepts and norms of the Company's ethical corporate management.

Article 17 Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Corporation carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of unethical conduct such as bribery or illegal political contributions.

Article 18 The Company personnel shall explain the ethical corporate management policy and relevant regulations of the Company to the trade parties when engaging in the process of business activities, and they shall explicitly refuse to directly or indirectly offer, promise to offer, request or accept benefits in any form or any name, including rebates, commissions, grease payments, lobbying fee, or offer or receive illegal benefits through other ways.

Article 19 The Company personnel shall avoid engaging in business transactions with unethical corporate agents, suppliers, clients or other business parties. If the Company personnel discover unethical conduct from the business or cooperation parties, the personnel may suspend the business contacts with them and list them in the blacklist account in order to carry out the Company's ethical corporate management policy.

Article 20 When signing contracts with others, the Company shall fully understand the situation of the ethical corporate management of the counter party, and the ethical corporate management clause and the matters listed below shall also be included

in the contract:

1. If any party learns if any personnel has violated the regulations of commission, rebate or other benefits in the clauses of the contract, it shall immediately inform the counter party with the violator's identity, means of offering, promising to offer, requesting or receiving benefits, amount of benefits or other benefits, and it shall also provide relevant evidence and cope with the counter party's investigation. If any party suffers loss from such an act, it shall claim the compensation to the counter party and deduct the same amount of money from the contract payment claimed.
2. If any party is involved in the unethical corporate management conduct in the business activities, the counter party may terminate or dissolve without precondition.
3. Explicitly and reasonably stipulating the contents of the payment, including payment location, means and relevant tax law and regulation.

Article 21 When discovering or receiving the reports of unethical conducts of personnel, the Company shall ascertain relevant facts. If the personnel is proven to have violated relevant laws and regulations or the Company's ethical corporate management policy and regulation, the Company shall require the performer to cease relevant acts, carry out proper punishment, and claim the compensation through legal procedures in order to maintain the reputation and rights and interests of the Company.

The Company shall oblige relevant units to review the relevant internal control system and operation procedure on the occurred unethical conducts and bring up modification measures to eliminate the same conducts from happening again. The Dedicated Unit of the Company shall report the processing mode and follow-up review and modification measures of the unethical conducts to the Board.

Article 22 If the Company personnel encounter unethical conducts, which involve in illegal situation, from others, the Company shall inform judicial and procurement authorities with relevant facts; if government institutions or civil servants are involved in the unethical conducts, the Company shall inform the agency against corruption.

Article 23 The Company shall combine the ethical corporate management with employee performance appraisal and human resource policies and establish explicit and effective reward and punishment and complaint system.

If Company personnel violate serious matters of unethical conducts, the Company shall discharge or dismiss the personnel according to the relevant laws and regulations or the Company's personnel regulations.

The Company shall reveal the information of the title, name, violation date, contents of violation, and the situation of process of the unethical conduct.

Article 24 The Operational Procedure and Guidelines shall be implemented after the Board grants the approval, and shall be reported at a shareholders' meeting. The same

procedure shall be followed when the principles have been revised.