

# **YungShin Global Holding Corporation**

## **Ethical Corporate Management Best Practice Principles**

### Article 1. (Purpose)

To establish the sustainable development of the Corporation and to foster a corporate culture of integrity, these Principles are established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".

### Article 2. (Scope of application)

These Principles apply to the Corporation, its subsidiaries, and affiliated enterprises.

### Article 3. (Applicable personnel)

These Principles apply to the Corporation's directors, managers, and all employees (hereinafter referred to as "Personnel").

### Article 4. (Unethical conduct)

When engaging in commercial activities, Personnel shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

### Article 5. (Benefits definition)

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

### Article 6. (Comply with laws or regulations)

Corporation shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 7. (Policies)

Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 8. (Prevention programs)

The Corporation shall, in accordance with the management philosophy and policies set forth in the preceding article, actively prevent unethical conduct. When necessary, the Corporation shall establish prevention programs that include operational procedures, guidelines, and training.

When establishing the prevention programs, the Corporation shall comply with relevant laws and regulations of the territory where the Corporation and their business group are operating.

Article 9. (Documentation of a shareholders meeting by audio or video)

When establishing prevention programs, the Corporation shall analyze business activities within its scope of operations that present a higher risk of unethical conduct and shall strengthen relevant preventive measures accordingly.

It is advisable for TWSE/TPEX listed companies 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. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.

7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 10. (Commitment and implementation)

The Corporation shall request their 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 Corporation and their respective business group 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 Corporation shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 11. (Commercial activities based on the principle of ethical management)

The Corporation shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Corporation shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Corporation shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Corporation may at any time terminate or rescind the contracts.

Article 12. (Prohibition of bribery and acceptance of bribes)

When conducting business, the Corporation and its Personnel may not directly or indirectly

offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 13. (Prohibition of illegal political contributions)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Corporation and its Personnel, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 14. (Prohibition of improper charitable donations or sponsorships)

When making or offering donations and sponsorship, the Corporation and its Personnel, shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 15. (Prohibition of unreasonable presents, hospitality or other improper benefits)

The Corporation and its Personnel shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 16. (Prohibition of infringing intellectual property rights)

The Corporation and its Personnel shall observe applicable laws and regulations, the Corporation's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 17. (Prohibition of unfair competition)

The Corporation shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 18. (Preventing the products and services from damaging)

In the course of research and development, procurement, manufacture, provision, or sale of

products and services, the Corporation and its Personnel shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Corporation shall, in principle, recall those products or suspend the services immediately.

Article 19. (Organization and responsibility)

Personnel shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To strengthen the management of ethical corporate operations, the Corporation's audit unit is responsible for formulating and supervising the implementation of the ethical management policy and prevention programs, and shall report to the board of directors regularly (at least once a year).

Article 20. (Comply with laws and regulations when conducting business)

The Corporation and its Personnel shall comply with laws and regulations and the prevention programs when conducting business.

Article 21. (Conflicts of interest)

The Corporation shall adopt policies for preventing conflicts of interest and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Corporation.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers,

and other stakeholders attending or present at board meetings of Corporation, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Corporation and its Personnel shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 22. (Accounting systems and internal control systems)

The Corporation shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The Corporation's internal audit unit shall periodically audit the compliance with the aforementioned systems. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 23. (Operational procedures and guidelines)

The Corporation shall establish operational procedures and guidelines in accordance with Article 8 hereof to guide the Personnel on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported

and handled.

5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 24. (Training programs and performance appraisal system)

The Corporation shall , as appropriate, communicate the importance of corporate ethics to its Personnel on a regular basis.

The Corporation shall periodically organize training and awareness programs for its Personnel and invite the Corporation's commercial transaction counterparties so they understand the Corporation's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The Corporation shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 25. (Whistle-blowing system)

The Corporation shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.
2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
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. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Corporation comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

#### Article 26. (Disciplinary and appeal system)

The Corporation shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Corporation's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

#### Article 27. (Information disclosure)

The Corporation shall disclose the status of implementation for implementing ethical corporate management on their company websites, annual reports, and prospectuses.

#### Article 28. (Review and Amendment of the Principles)

The Corporation shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their Personnel to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

#### Article 29. (Implementation)

The ethical corporate management best practice principles of the Corporation shall be implemented after the board of directors grants the approval and shall be sent to the audit



committee. The same procedure shall be followed when the principles have been amended.

When the Corporation submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.