

Chlitina Holding Limited

Ethical Corporate Management Best Practice Principles

Article 1. Purpose and Scope of Application

This Code is established in accordance with Article 1 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” to foster a culture of corporate integrity and sustainable development, providing a reference framework for sound business operations.

This Code applies to the Company and its subsidiaries, foundations in which the Company directly or indirectly contributes over 50% of funds, and other entities or organizations with substantive control (hereinafter referred to as “group enterprises and organizations”).

Article 2. Prohibition of Dishonest Conduct

The Company’s directors (including independent directors), managers, employees, appointees, or any individuals with actual or beneficial control (hereinafter referred to as “ultimate beneficial owners”) 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 (hereinafter referred to as “unethical conduct”) for purposes of acquiring or maintaining benefits.

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, supervisors, managers, employees or ultimate beneficial owners or other stakeholders.

Article 3. Forms of Benefits

“Benefit” 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 from this definition.

Article 4. Regulatory Compliance

The Company 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/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5. Policies

The Company 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 a risk control and management mechanism to create an operational environment for sustainable development.

Article 6. Prevention Program

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and program to forestall unethical conduct (hereinafter referred to as “prevention program”), including operational procedures, guidelines, and training.

When establishing its prevention program, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating.

In the course of developing its prevention program, the Company should communicate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7. Scope of the Prevention Program

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.

The prevention program 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 8. Commitment and Implementation

The Company and its group enterprises 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 Board of Directors and

management shall demonstrate their commitment and implement the policies in internal management and business activities.

Article 9. Ethical Conduct in Business Activities

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

Prior to any commercial transactions, the Company shall take into consideration the legality of the parties involved and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

Contracts with agents, suppliers, clients, or other trading counterparties shall include terms requiring compliance with ethical corporate management policy and permitting contract termination in case of unethical conduct.

Article 10. Prohibition of Bribery and Improper Benefits

The Company and its directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners, 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 11. Prohibition of Illicit Political Contributions

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, appointees, and ultimate beneficial owners, shall comply with the Political Donations Act and internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12. Prohibition of Improper Charitable Donations or Sponsorships

When making or offering donations and sponsorship, the Company and its directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13. Prohibition of Unreasonable Gifts, Hospitality, or Other Improper Benefits

The Company and its directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners 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 14. Prohibition of Infringement on Intellectual Property Rights

The Company and its directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners shall comply with applicable laws and regulations, the Company'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 15. Prohibition of Unfair Competition

The Company 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 16. Prevention of Harm to Stakeholders from Products or Services

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners 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 Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17. Organization and Responsibilities

The directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners of the Company 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 achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the Board of Directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The

dedicated unit shall be in charge of the following matters, and shall report to the Board of Directors on a regular basis (at least once a year):

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
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, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistleblowing system and ensuring its operating effectiveness.
6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18. Legal Compliance in Business Operations

The Company and its directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners shall comply with laws and regulations and the prevention programs when conducting business.

Article 19. Conflicts of Interest

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors (including independent directors), supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

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 (including independent directors), supervisors, managers, and other stakeholders attending or present at board meetings, 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 (including independent directors) shall practice self-discipline and must not support one another in improper dealings.

The Company's directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners shall not take advantage of their positions or influence in the company to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20. Accounting and Internal Controls

The Company 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 internal audit unit shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention program. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21. Operational Procedures and Guidelines

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and ultimate beneficial owners 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 22. Education, Training and Assessment

The chairperson, general manager, or senior management shall communicate the importance of corporate ethics to its directors (including independent directors), employees, and appointees on a regular basis.

The Company shall periodically organize training and awareness programs for directors (including independent directors), managers, employees, appointees, and ultimate beneficial owners and invite the Company's commercial transaction counterparties so they understand the company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company 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 23. Whistleblowing System

The Company shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistleblowing 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 whistleblowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistleblowers and the content of reported cases, and an undertaking regarding anonymous reporting.
5. Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing.
6. Whistleblowing incentive measures.

The Company accepts reports from dedicated personnel or unit handling the whistleblowing system. If major violations are found during investigation, or when there is significant risk of damage, a report shall immediately be prepared and the independent directors or supervisors shall be notified in written form.

Article 24.

The Company 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 Company'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 25. Information Disclosure

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. The Company shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its website, annual reports, and prospectuses, and shall disclose its Ethical Corporate Management Best Practice Principles on the Market Observation Post System.

Article 26. Review and Amendment of Ethical Business Policies and Practices

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors (including independent directors), supervisors, managers, and employees 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 27. Implementation

This code shall be implemented upon approval by the Board of Directors, and shall be submitted to each independent director and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When the company 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.

The Company has established an Audit Committee, and the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the Audit Committee.

Article 28.

Version Record:

Version	Description of amendments	Board Approval Date	Shareholders Meeting Date
1	Initial version	2013.03.29	2013.04.08
2	Amendment per FSC Letter No. 1030022825	2017.05.09	2017.06.28