

## **Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation**

Last Updated: 2020/06/01

- Article 1 (Purpose of establishment, entities and scope of implementation)
- The purpose of the Best Practice Principles of Professional Corporate Management (hereinafter referred to as the “Principles”) is to cultivate an enterprise culture for Far Eastern New Century Corporation (hereinafter referred to as the “Company”) to sustain the development of the Company and ensure all businesses conducted with sincerity and integrity.
- The Principles shall be abided by directors, managers, employees, mandataries, and other entities with actual ability to control the Company (hereinafter referred to as the “Actual Controllers”). The aforementioned individuals and entities hereinafter are referred collectively to as the “Company Professionals”.
- The Principles shall be applied to subsidiaries, charity foundations which have accumulatively received, directly or indirectly from the Company, 50% of their total funds or more, and institutions, juridical entities, enterprises, and organizations that the Company may control effectively.
- Article 2 (Prohibition against business conduct without prudence and integrity)
- Company Professionals are prohibited from, directly or indirectly, offering, promising to offer, requesting, or receiving improper benefits of any sort when conducting business with counterparties. Obtaining or sustaining benefits by conducting business without sincerity and integrity, in any illegal way, or in breach of fiduciary duty (hereinafter referred to as “Misconducts”) is also prohibited.
- The counterparties mentioned in the preceding paragraph includes public servants, political campaign candidates, political parties and members and employees of political parties, and all other state-owned or private-owned enterprises or organizations and their directors, supervisors, managers, employees, Actual Controllers, and other interested persons/entities.
- Article 3 (Definitions and scopes of benefits)
- “Benefits” mentioned in the Principles are referred to as anything worth of a value, including but not limited to monetary payments, endowments, commissions, job positions, services, preferential treatments, kickbacks and so forth in any name or any mean. Those are perceived as normal social activity, occurs occasionally, and have no impact or have no concern to impact specific legal rights and obligations may be excluded.
- Article 4 (Compliance with laws and regulations)

The first premise of conducting business with sincerity and integrity is that the Company shall comply with the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donation Act, Anti-corruption Statute, Government Procurement Law, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations governing security listings and all other business activities.

Article 5 (Policy)

With the managerial philosophy of anti-corruption, transparency, and responsibility, the policy of the Company is to ensure all business being conducted with sincerity and integrity. The Company shall also build a reliable mechanism for corporate governance, risk control, and risk management, in hopes of creating a business environment for sustainable development.

Article 6 (Prevention procedures and rules)

In accordance with the Principles, the Company shall refer to prevailing domestic and foreign standards or guidelines in establishing procedures and rules including operational procedures, guidelines and training, to prevent Company Professionals from conducting business without prudence and integrity; meanwhile, specifically identify what Company Professionals must pay attention to while conducting business.

Article 7 (Commitment and execution)

The Company 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 policy of ethical corporate management with sincerity and integrity shall be disclosed explicitly in the website and annual reports of the Company. Board of Directors and the senior management shall have strong and rigorous commitment to the execution of such policy, and enforce the policy to the internal management and external commercial activities.

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

Article 8 (Prohibition against infringing intellectual property rights)

Company Professionals 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, such as management secrets, trademarks, patents, or publications, without the prior consent of the intellectual property rights holder.

Article 9 (Ethical commercial activities and prohibition against acts of unfair competition)

The Company shall act with integrity and fairness when engaging in a commercial activity with counterparty 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.

Prior to engaging in a commercial transaction, the Company shall take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their Misconduct record, if any. The Company shall avoid engaging in business with counterparty with any record of Misconducts.

When entering into material contracts with counterparties, the Company shall include provisions in such contracts demanding the compliance of ethical corporate management policy. And such contracts shall also include clauses to terminate or cancel the contracts at any time by the Company, if Misconducts are performed, or suspected of being performed, by the counterparties.

Article 10 (Prohibition against offering and receiving bribery)

When conducting business, Company Professionals shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, including bribery, kickbacks, commissions, grease payments, or offer or accept improper Benefits in any way and any name to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the companies operate permit so.

Article 11 (Prohibition against illegal political donations)

When directly or indirectly providing a donation to political parties or organizations or individuals participating in political activities, Company Professionals shall comply with the Political Donations Act and internal relevant procedures of the Company, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 (Prohibition against improper charity donations and sponsorship)

When making or offering charity donations and sponsorship, Company Professionals shall comply with relevant laws, regulations, and internal procedures of the Company, and shall not surreptitiously engage in bribery.

Article 13 (Prohibition against improper gifts, hospitality, or other improper Benefits)

Directors, managers, and all other employees of the Company, 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 (Confidentiality agreement)

Company Professionals shall comply with the Securities and Exchange Act, may not use undisclosed information to engage insider trading or disclose the information to others to engage insider trading.

Any institution or personnel take part in the Company's merger, segmentation, share purchasing or transferring, important memorandum, strategic alliance,

cooperation plan or important contract, shall sign a confidentiality agreement with the Company, promise not to disclose the Company's business secrets or other important information, and may not use the information without the prior consent of the Company.

Article 15 (Organization and responsibility)

Company Professionals shall exercise the due care of good administrators to urge the Company to prevent Misconducts, review the results of the preventive procedures at any time, and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.

To fulfill the best practices of the ethical corporate management, the Chief Corporate Governance Officer under the Board of Directors and Human Resources Department of the Company is dedicated to be in charge of establishing and enforcing the ethical corporate management policies and prevention procedures, and shall report to the Board of Directors on a regular basis (at least once a year).

Article 16 (Compliance with laws and regulations)

Company Professionals shall comply with laws, regulations, and the prevention procedures of the Company when conducting business.

Company Professionals shall abide by all articles, rules, bylaws, operation procedures of the Company, and follow the orders from authorized superior management.

Article 17 (Prevention of conflicts of interests)

The Company shall promulgate policies for preventing conflicts of interests and offer appropriate means for Company Professionals to proactively explain if their interests would potentially conflict with those of the Company.

Directors of the Company shall exercise a high degree of self-discipline. A director may present his/her 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 manner.

Company Professionals shall not take advantage of their positions in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 18 (Accounting and internal control)

For business activities which may be more likely than normal to be involved in Misconducts, the Company shall establish an effective accounting system and an internal control system, not have off-the-book accounts or keep secret

accounts, and shall review the systems regularly so as to ensure that the design and enforcement of the systems are showing results.

Internal auditors of the Company shall periodically examine the results of compliance with the foregoing, and prepare audit reports submitted to the Board of Directors.

Article 19 (Educational training and performance evaluating system)

The Company shall periodically organize training programs for Company Professionals, so that business departments shall be able to make the commitment, policy, prevention procedures of the Company to implement the Principles, and consequences of violating the Principles be informed and fully understood by their transaction counterparties.

The management of the Company shall at all times evaluate the educational proficiencies, behaviors, capabilities, compliance with the Principles, and working performance of subordinates, and the evaluation records shall be incorporated into the annual performance appraisal system.

Article 20 (Blow-the-whistle, discipline and appeal system)

For any violation of the Principles being found, Company Professionals shall proactively report to the Audit Committee, the department heads, head of internal audit, the Chief Corporate Governance Officer, Human Resources Department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.

The Company tolerates no violation. Any of the Company Professionals obtains, or intends to obtain, improper Benefits for oneself or others at the cost of the Company by using one's position and authority shall be dismissed, and unconditionally indemnify the Company for all losses, if occurred.

Any of the Company Professionals found to be in violation of the Principles shall be disciplined in accordance with the reward and disciplinary rules of the Company. Those who as a result of violation are dismissed by the Company will no longer be employed again by the Company or its affiliates. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.

*The Procedures for Ethical Management and Guidelines for Conduct* is established in the Company to guide Company Professionals how to conduct business.

Article 21 (Disclosure)

The Principles and the enforcement shall be disclosed on the website, annual reports, and prospectuses of the Company.

Article 22 (Review and amendments of the Principles)

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and Company Professionals to make recommendations so as to review and

improve the Principles and achieve better results from implementing the Principles.

Article 23 (Implementation)

After receiving the approval from the Board of Directors, the Principles will be implemented, and the contents will be reported to the Annual General Shareholders' Meeting. The amendments of the Guidelines follow the same procedure.

*\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.*