

KGI Financial Holding Co., Ltd.

Ethical Corporate Management Best Practice Principles

Jurisdiction : Compliance Department

Promulgated on November 23, 2015

Amended on August 20, 2024

Article 1 In order to foster a corporate culture of ethical management and sound development, KGIFH formulated the “Ethical Corporate Management Best Practice Principles” (hereinafter referred to as these “Principles”) based on Taiwan Stock Exchange Corporation’s “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”.

The subsidiaries of KGIFH can refer to these Principles and formulate their own codes of conducting ethical management.

Article 2 The KGIFH “personnel” referred to in these Principles are directors, managers and employees of KGIFH.

“Benefits” referred to in these Principles are money, endowments, commissions, positions, services, preferential treatment, rebates, bribes or other valuable things of any type or in any name. Benefits received or given in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 3 When engaging in commercial activities, KGIFH personnel shall not directly or indirectly offer, accept, promise to offer or request any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as “unethical conduct”).

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, substantial controllers or other stakeholders.

Article 4 KGIFH shall comply with the Financial Holding Company Act, 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 KGIFH shall abide by the operational philosophies of honesty, transparency and responsibility and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 KGIFH 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.

KGIFH's board of directors and management shall commit to a rigorous and thorough implementation of ethical corporate management policies and shall carry out the policies in internal management and in commercial activities.

KGIFH shall properly preserve the ethical management statement, commitment and implementation, etc. mentioned in the first paragraph.

KGIFH 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.

Prevention programs shall 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. Disclosing or inquiry of company secrets and using them to engage in insider trading.
7. Engaging in unfair competition.
8. Damaging the rights or interests of stakeholders.

Article 7 KGIFH shall engage in commercial activities in a fair and transparent manner based on the principles of ethical management

Prior to any commercial transactions, KGIFH shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them have a record of unethical conduct, and shall avoid any dealings with persons with a record.

When entering into contracts, KGIFH 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, KGIFH may at any time terminate or rescind the contracts.

Article 8 KGIFH personnel may not directly or indirectly providing, promising, demanding, or accepting any form of improper benefits to/from customers, agents, contractors, suppliers, civil servant, or other stakeholders in the course of conducting business.

Article 9 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, KGIFH shall comply with the Political Donations Act and relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 10 When making or offering donations and sponsorship, KGIFH personnel shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 11 KGIFH personnel may not directly or indirectly offering nor acceptance of unreasonable presents or hospitality, or other improper benefits to establish business relationships or influence commercial transactional behavior.

Article 12 KGIFH personnel shall observe applicable laws and regulations, KGIFH'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 13 KGIFH personnel may not disclose to any other party any trade secrets of KGIFH and may not be allowed to inquire or collect KGIFH's trade secrets that are not related to the official duties of the personnel.

Article 14 KGIFH personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Article 15 KGIFH shall engage in business activities in accordance with applicable competition laws and regulations and international standards, and shall 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, and so forth.

KGIFH shall set up a designated page for interested parties on KGIFH website in order to prevent damage to the rights or interests of interested parties.

Article 16 KGIFH personnel shall exercise the due care of good administrators to urge KGIFH 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, KGIFH established an Ethical Corporate Management Committee responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and report to the board of directors on a regular basis.

Article 17 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, managers, and other persons attending or present at board meetings of KGIFH, 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 KGIFH, 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.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

KGIFH personnel shall not take advantage of their positions or influence in KGIFH to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 18 KGIFH's accounting systems and internal control systems shall comply with the establishment and implementation of the principles of ethical management, and shall conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit department of KGIFH 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 programs. The internal audit department 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 Corporate Management Committee and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 19 KGIFH shall regularly organize training or awareness programs to promote the importance of ethic to personnel. Each responsible business unit shall promote awareness to KGIFH's commercial transaction counterparties so that they understand KGIFH's resolve to implement ethical corporate management and the consequences of committing unethical conduct.

Article 20 KGIFH shall establish a whistleblowing system pursuant to Article 34-2 of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and the Compliance department will act as the handling unit for the whistleblowing cases on illegal and unethical or dishonest conduct.

If KGIFH personnel discover violations of the provisions of ethical corporate

management, he or she shall report to the appropriate supervisor or according to the whistleblowing system mentioned in the preceding paragraph. The identity of the whistleblower and the content of the reported cases shall be protected and actively investigated.

When material misconduct or likelihood of material impairment to the KGIFH comes to awareness upon investigation, the whistleblowing case shall be immediately made into a report and the independent directors notified in written form.

Violators of the provisions of ethical corporate management will be disciplined pursuant to relevant KGIFH regulations. Serious violations shall lead to dismissal of the personnel from his or her position or termination of his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of KGIFH. KGIFH will disclose on its intranet information the actions taken in response and other relevant information.

Article 21 KGIFH shall disclose the measures taken for implementing ethical corporate management and the status of implementation on KGIFH's website, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 22 KGIFH shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage KGIFH 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 23 When KGIFH submits these Principles to the board of directors for discussion, the board of directors shall take into full consideration of 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.

Article 24 KGIFH should integrate ethical management with employee performance evaluations and human resources policies, and establish clear and effective reward and punishment mechanisms.

Article 25 These Principles shall be enforced from the date of publication after the approval of the Ethical Corporate Management Committee and Board of Directors, followed by reporting to the Audit Committee and the Shareholders Meeting. The same applies to any amendment thereto.