

KGI Financial Holding Co., Ltd.

Procedures for Ethical Management and Guidelines for Conduct

Jurisdiction : Compliance Department

Promulgated on July 01,2023

Amended on August 20, 2024

Article 1 According to Taiwan Stock Exchange Corporation's "xxx CO., Ltd, Procedures for Ethical Management and Guidelines for Conduct", KGIFH formulated the "Procedures for Ethical Management and Guidelines for Conduct" (hereinafter referred to as "Guidelines") with a view to providing all KGIFH personnel clear directions for the performance of their duties.

Article 2 The "personnel" and "benefits" referred to in the Guidelines are defined in accordance with Article 2 of the Ethical Corporation Management Best Practice Principles (hereinafter referred to as "Principles").

"Unethical conduct" and "the counterparties of the unethical conduct" referred to in the Guidelines are defined in accordance with Article 3 of the Principles.

Article 3 KGIFH designates the Ethical Corporate Management Committee under the board of directors as the solely responsible unit. The Compliance department serves as the supporting unit ("S.U") and is responsible for handling the items of ethical management and reporting to the boards regularly (at least once a year).

Article 4 Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits, the conduct of the given KGIFH personnel shall comply with the provisions of the Guidelines and the Principles and relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the methods of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Other conduct that complies with the rules of KGIFH.

Article 5 Except under any one of the circumstances set forth in preceding articles, when any personnel of KGIFH are provided with or are promised, either directly or indirectly, any benefits by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefits and the official duties of KGIFH's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the S.U shall be notified if necessary.
2. If there is a relationship of interest existing between the party providing or offering the benefit and the business duties of KGIFH's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the S.U. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the S.U for handling.

"A relationship of interest between the party providing or offering the benefit and official duties of KGIFH's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When two parties have relationship of commercial dealing, direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding KGIFH's business, or the execution or non-execution of business, will result in beneficial or adverse impact.

The offered beneficiaries excluding president, directors are KGIFH personnel, the S.U shall make a proposal, based on the nature and value of the benefit, which it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by the president. The proposal shall be implemented after being reported and approved by the Ethical Corporate Management Committee when the offered beneficiaries are president or directors.

Article 6 KGIFH shall neither provide nor promise any facilitating payment.

If any personnel of KGIFH provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the S.U.

After receiving the aforementioned notification, the S.U shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the S.U shall also immediately notify the Legal department to report to the relevant judicial agency.

Article 7 Political contributions by KGIFH shall be made in accordance with the relevant external regulations and KGIFH's "Regulations for Donation Management", and it shall be made only with the approval by the responsible supervisor.

Article 8 Charitable donations or sponsorships by KGIFH shall be made in accordance with the external regulations and KGIFH's "Regulations for Donation Management", and it shall be made only with the approval by the responsible supervisor.

Article 9 When a proposal at board of directors meetings concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other person attending or present at board meetings of KGIFH, it shall be made in accordance with Article 17 of the Principles.

No KGIFH personnel may use company resources on commercial activities other than those of KGIFH, nor may any personnel's jobs performance be affected by his or her involvement in the commercial activities other than those of KGIFH.

Article 10 All KGIFH personnel shall faithfully follow the intellectual properties rules and may not disclose to any other party any trade secrets, trademark, patents, and other intellectual properties of KGIFH of which they have learned, nor may they inquire about or collect any trade secrets, trademark, patents, and other intellectual properties of KGIFH unrelated to their individual duties.

Article 11 Any organization or person outside of KGIFH that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by KGIFH shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of KGIFH acquired, and that they may not use such information without the prior consent of KGIFH.

Article 12 KGIFH shall disclose its ethical management related rules in its internal regulations, annual reports, on the official websites, and in other marketing materials, and shall make timely announcements of the policy in events held for outside parties such as investment conferences, in order to make the suppliers, customers, and other business-related institutions and personnel fully aware of KGIFH's ethical management principles and rules.

Article 13 When KGIFH develops a commercial relationship with another party, the KGIFH's "Procedures for Supplier's Corporate Social Responsibility" shall be followed.

Article 14 KGIFH personnel shall avoid business transactions with supplier that is involved in unethical conduct. If such conduct is detected, KGIFH shall evaluate case by case and take immediate actions to stop any business transactions or cease transactions with the supplier immediately after the contract ends. The supplier shall also be listed as a blacklist for a certain period of time to implement KGIFH's ethical management policy.

Article 15 Before entering into a contract with another party, KGIFH shall gain a thorough knowledge of the status of the other party's ethical management, and shall include the party's compliance of KGIFH's ethical management policy into the terms and conditions of the contract. It is best to specify the following matters in the contract:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Formulate specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 16 When insiders or outsiders of KGIFH whistleblowing the unethical or misconduct, the relevant procedures shall follow in accordance with KGIFH's "Regulations Governing the Handling of Whistleblowing Cases on Illegal and Unethical or Dishonest Conduct".

Article 17 If any personnel of KGIFH finds that another party has engaged in unethical conduct towards KGIFH, and such unethical conduct involves alleged illegality, KGIFH shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, KGIFH shall additionally notify the governmental anti-corruption agency.

Article 19 KGIFH directors and senior management shall issue a Statement of Compliance with The Ethical Management Policy, declaring their compliance with regulations to prevent conflicts of interest, prohibit unfair gains, bribery, or corruption, protect intellectual property rights, and abide by fair trading regulations. The signing and safekeeping of the statement shall handled by Secretariat Board of Director and Human Recourse Department respectively.

Article 20 The Guidelines shall be enforced from the date of publication after the approval of the Ethical Corporate Management Committee and Board of Directors. The same applies to any amendment thereto.