

E.SUN FHC Procedures for Ethical Management and Guidelines for Conduct

Date : 2011.11.11 by 7th meeting of 4th term Board of Directors
2015.03.20 amended by 7th meeting of 5th term Board of Directors
2019.01.17 amended by 3th meeting of 6th term of the Corporate Governance and
Nomination Committee
2020.11.11 amended by 3th meeting of 7th term of the Corporate Governance and
Nomination Committee

Article 1

(Purpose of adoption and scope of application)

E.SUN FHC engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, the Ethical Corporate Management Best Practice Principles for E.SUN FHC, and the applicable laws and regulations of the places where E.SUN FHC and its business groups and organizations operate, with a view to providing all personnel of E.SUN FHC with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of E.SUN FHC, any incorporated foundation in which E.SUN FHC's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by E.SUN FHC.

Article 2

(Applicable subjects)

For the purposes of these Procedures and Guidelines, the term "personnel of E.SUN FHC" refers to any director, managerial officer, employee, mandatary or person having substantial control, of E.SUN FHC or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of E.SUN FHC through a third party will be presumed to be an act by the personnel of E.SUN FHC.

Article 3

(Unethical conduct)

Personnel of E.SUN FHC are strictly prohibited from committing unethical conduct. "Unethical conduct" means that any personnel of E.SUN FHC, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-

owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4

(Types of benefits)

For the purposes of these Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5

(Responsible unit)

For the purpose of implementation of ethical management, E.SUN FHC shall follow Company Act, Securities and Exchange Act, Business Entity Accounting Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, regulations for TWSE/GTSM-Listed Companies, and local laws where business is conducted or where E.SUN FHC's Group and organization is located.

Withholding principal of honesty, E.SUN FHC shall be managed with integrity and conservative manner. E.SUN FHC shall not engage in business activities with high dishonesty risk within its scope of business, and shall strength precaution for these risk.

Precautions for dishonesty conducts shall be comprehended in internal control mechanism and internal approval process of E.SUN FHC, in order to prevent and uncover corruptions.

E.SUN FHC shall designate the Corporate Governance and Nomination Committee as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and allocate sufficient resources and qualified personnel, in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also report to the board of directors at least once a year:

1. Assisting in incorporating ethics and moral values into E.SUN FHC'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. Regularly analyze and evaluate the risk of dishonest conduct in the business area, and make decisions accordingly to adopt programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to E.SUN FHC'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 whistle-blowing 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
7. Prepare and properly preserve the relevant documented information such as the integrity management policy and its compliance statement, implementation of the commitment and implementation status.

Article 6

(Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of E.SUN FHC shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, the Ethical Corporate Management Best Practice Principles for E.Sun FHC, and these Guidelines, and the 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 (or 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 method 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.Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of E.SUN FHC.

Article 7

(Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of E.SUN FHC are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 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 benefit and the official duties of E.SUN FHC's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- 2.If a relationship of interest does exist between the party providing or offering the benefit and the official duties of E.SUN FHC's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

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

- 1.When the two parties have commercial dealings, a relationship of 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 E.SUN FHC's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of E.SUN FHC shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated

to charity, or handled in another appropriate manner. The proposal shall be implemented and shall be reported to the board of directors.

Article 8

(Prohibition of and handling procedure for facilitating payments)

E.SUN FHC shall neither provide nor promise any facilitating payment.

If any personnel of E.SUN FHC 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 responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit 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 responsible unit shall also immediately report to the relevant judicial agency.

Article 9

(Procedures for handling political contributions)

E.SUN FHC shall withhold political impartiality and shall not make political contributions. Personnel of E.SUN FHC shall not discuss political issues, engage in political activities, nor display materials of political propaganda during work hours in the work place.

Article 10

(Procedures for handling charitable donations or sponsorships)

For the purpose of financial stability and corporate social responsibility practices of E.SUN FHC, charitable donations or sponsorships by E.SUN FHC shall be provided in accordance with Guidelines for Handling Donations of E.SUN FHC.

Article 11

(Recusal)

Board of directors of E.SUN FHC shall fulfill duty of care of prudent administrator, supervise prevention of dishonest behavior, examine and improve result on a continual basis, and ensure practice of ethical management policy.

When a Company director, supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of E.SUN FHC would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of E.SUN FHC discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

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

Article 12

(Special unit in charge of confidentiality regime and its responsibilities)

E.SUN FHC shall set up a special unit charged with formulating and implementing procedures for managing and maintaining the confidentiality of E.SUN FHC's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of E.SUN FHC shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of E.SUN FHC of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of E.SUN FHC unrelated to their individual duties.

Article 13

(Prohibition against disclosure of confidential information)

E.SUN FHC shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, 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 14

(Promotion of stakeholder rights)

E.SUN FHC shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of E.SUN FHC to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

E.SUN FHC shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Article 15

(Prohibition against insider trading)

All Company 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.

Any organization or person outside of E.SUN FHC 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 E.SUN FHC 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 E.SUN FHC acquired as a result, and that they may not use such information without the prior consent of E.SUN FHC.

Article 16

(Announcement of policy of ethical management to outside parties)

E.SUN FHC should require directors and senior management to issue a statement of compliance with the integrity management policy, and require employees to comply with the integrity management policy in terms of employment conditions.

E.SUN FHC shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as investor conferences, in order to make its cooperating parties, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17

(Ethical management evaluation prior to development of commercial relationships)

Before developing a commercial relationship with another party, E.SUN FHC shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When E.SUN FHC carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- 1.The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- 2.Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- 3.Whether enterprise's business operations are located in a country with a high risk of corruption.
- 4.Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- 5.The long-term business condition and degree of goodwill of the enterprise.
- 6.Consultation with the enterprise's business partners on their opinion of the enterprise.
- 7.Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18

(Statement of ethical management policy to counterparties in commercial dealings)

Any personnel of E.SUN FHC, when engaging in commercial activities, shall make a statement to the trading counterparty about E.SUN FHC's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or entitlement.

Article 19

(Avoidance of commercial dealings with unethical operators)

All personnel of E.SUN FHC shall avoid business transactions with an agent, supplier, customer, or other counterparty that is involved in unethical conduct. When the counterparty or partner in

cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement E.SUN FHC's ethical management policy.

Article 20

(Stipulation of terms of ethical management in contracts)

Before entering into a contract with another party, E.SUN FHC shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of E.SUN FHC part of the terms and conditions of the contract, stipulating at the least the following matters:

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. If there has been resultant damage to either party, the party may claim from the other party and may also deduct the full amount of the damages from the contract price payable.
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. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21

(Handling of unethical conduct by personnel of E.SUN FHC)

In accordance with Article 34-2 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, the Company enacts the Regulations for Handling Whistleblower Reports to govern its whistleblower system, based on which an independent unit at headquarters is charged with handling and investigating whistleblower reports.

Article 22

(Actions upon event of unethical conduct by others towards E.SUN FHC)

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

Article 23

(Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The responsible unit of E.SUN FHC shall organize periodic awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

E.SUN FHC shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of E.SUN FHC seriously violates ethical conduct, E.SUN FHC shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of E.SUN FHC.

E.SUN FHC offers unimpeded channel for communication and mechanism to appeal. Identity and content shall be kept confidential strictly. Personnel can feedback through multiple channel, managerial level, and human resource unit.

Article 24

(Enforcement)

These Guidelines shall be implemented after approval from Corporate Governance and Nomination Committee.