

Ethical Corporate Management Principles of Eternal Materials Co., Ltd.

Number: (2013) Zheng No. 057

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1. Purpose

These Principles are established to foster a corporate culture and ethical management that is legal, honest, and ethical, as well as a commercial framework with sound development.

2. Scope

These Principles are applicable to business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.

3. Applicable Parties

The Company's personnel in these Principles refer to directors, supervisors, managers, employees, designated persons, or persons with substantial control in the Company or its subsidiaries (hereinafter referred to as "Substantial Controllers").

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

4. Type of Benefits

"Benefits" in these Principles mean 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 set forth in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and these Principles and that do not adversely affect specific rights and obligations shall be excluded.

Accepted social customs referred to in the preceding paragraph mean an employee's offering to or acceptance from a person with a market value of NT\$3,000 or less, provided that the total market value offered to or accepted from the same source within a single fiscal year shall be limited to NT\$10,000.

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5. Prohibition of Unethical Conducts

The Company's employees are prohibited from directly or indirectly offering, promising, requesting, or accepting any improper benefits or commit other unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining interests for the purpose of obtaining or maintaining interests.

The parties involved in 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, management, employees, designated persons, persons with substantial control, or other stakeholders.

6. Regulation Compliance

The Company adheres to the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, and relevant regulations in relation to the TWSE/GTSM listed companies and other related business law and regulations, as the foundation for ethical corporate management.

7. Policy

The Company has adopted corporate culture and business philosophy that is legal, honest, and ethical as basic policies for integrity. We have also established good corporate governance and risk control and management mechanisms to create a business environment for sustainable development.

8. Prevention Measures

The Company shall establish prevention measures (hereinafter referred to as Prevention Measures) to prevent unethical conduct in accordance with the operational philosophies and policies prescribed in these Principles. When establishing the prevention measures, the Company shall comply with relevant laws and regulations of the place where the Company and its subsidiaries are operating. During the process of establishing the Prevention Measures, it is recommended to communicate with the stakeholders.

9. Scope of Prevention Measures

When the Company formulates the prevention plan, it shall include the analysis of business activities within their business scope which are at a higher risk of being involved in unethical conduct and shall strengthen relevant prevention measures. It includes prevention measures for the following conducts:

9.1. Offering and acceptance of bribes.

9.2. Provision of illegal political donations.

9.3. 9.3 Improper charitable donations or sponsorship.

- 9.4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
- 9.5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- 9.6. Engaging in unfair competitive practices.
- 9.7. 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.

10. Commitments and Implementation

The Company shall clearly specify in the Association of Incorporation and external documents the ethical corporate management policies. The Board of Directors and the management shall commit to carrying out the policies in internal management and commercial activities.

11. Commercial Activities based on Ethical Management

Engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, the Company shall consider the legality of its agents, suppliers, clients, or other trading counterparts and whether any of them are involved in unethical conduct and shall avoid any dealings with persons so involved.

12. Prohibition of Offering and Acceptance of Bribes

When conducting business, the Company's directors, management, employees, appointed persons, and substantial controllers shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits of any form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. The preceding provision does not apply if the laws and regulations of the country where the Company is doing business have been complied with.

13. Prohibition of Unreasonable Presents, Hospitality or Other Improper Benefits

The Company's directors, management, employees, appointed persons, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality, or other improper benefits to establish business relationships or influence commercial transactions.

14. Organization and Responsibilities

The Company's directors, management, employees, appointed persons, and substantial controllers shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, so as to ensure smooth implementation of its ethical corporate management policies.

15. Legal Compliance of Business Operation

The Company's directors, management, employees, appointed persons, and substantial controllers shall comply with laws and regulations and the Prevention Measures when conducting business.

16. Avoidance of Interest of Directors and Management

The Company's Directors should avoid matters which directly related to themselves or any juristic person which they represent. If the matter is harmful to the Company's interests, it shall be properly explained and answered at the Board meeting. The Director is abstained from discussion or vote nor exercise voting right on behalf of another Director in this regard. Directors shall also exercise self-discipline and must not support one another in improper dealings. The directors, managers, employees, appointed persons, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

17. Accounting and Internal Control

Establish an effective accounting system and internal control system without external accounts or retention of secret accounts. Conduct regular reviews to ensure continuous and effective design and implementation of the system.

18. Educational Training and Appraisals

Incorporate the ethical corporate management policy into education and training, employee training performance appraisal, and human resources policies and establish a reward and discipline system.

19. Whistle-blowing System

19.1. Establish and announce the independent internal reporting mailbox for use by the Company's internal personnel and external parties. However, anonymous reports are not accepted.

19.2. If a report involves a Director or senior management, a material violation is found, or the Company may suffer from material loss, the Company personnel or unit responsible for accepting reports shall immediately notify the Independent Directors in a written report.

19.3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents shall be kept.

19.4. The identity of whistle-blowers and the content of reported cases shall be kept confidential.

19.5. The Company also undertakes to protect the whistle-blowers from improper treatment due to their whistle-blowing.

20. Review and Amendment of the Ethical Corporate Management Principles

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, management, and employees to make suggestions to review and improve the adopted ethical corporate management policies and increase the effectiveness of ethical management.

21. Implementation

The implementation of the Company's ethical corporate management principles is subject to the approval of the Board of Directors and shall be reported at a shareholders' meeting. The same shall apply for any amendments thereto.