

# Ethical Corporate Management Best Practice Principles for Taiwan Business Bank

Approved at the 14th Board meeting of the 13th Board of Directors on March 31, 2014

Issued by the Letter of 103 Ren-Xing-Zi No.1036006819 on April 10, 2014

Approved at the 2nd Board meeting of the 14th Board of Directors on August 19, 2015

Amendment made by the Letter of 104 Dong-Mi-Zi No.1046016567 on September 7, 2015

Approved at the 2nd Board meeting of the 15th Board of Directors on August 22, 2018

Amendment made by the Letter of 107 Dong-Mi-Zi No.1076019175 on September 14, 2018

Approved at the 10th Board meeting of the 15th Board of Directors on October 29, 2019

Amendment made by the Letter of 108 Dong-Mi-Zi No.1086023042 on November 4, 2019

Approved at the 12th Board meeting of the 16th Board of Directors on December 14, 2022

Amendment made by the Letter of Dong-Mi-Zi No.1116009103 on December 19, 2022

## Article 1

Taiwan Business Bank (hereinafter referred to as “the Bank”) 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 Principles are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable regulations, with a view to providing all personnel of the Bank with clear directions of the procedures and guidelines for the performance of their duties.

The scope of application of these Principles includes the subsidiaries of the Bank, and other institutions or juristic persons substantially controlled by the Bank.

## Article 2

For the purposes of these Principles, 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. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

## Article 3

For the purposes of these Principles, the term "personnel of the Bank" refers to any director, managerial officer, employee, mandatary or person having substantial control, of the Bank.

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

## Article 4

All personnel of the Bank are prohibited from unethical conduct. "Unethical conduct" means that any personnel of the Bank, 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 4-1

The Bank shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

#### Article 4-2

The Bank 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, including operational procedures, code of conduct and training, and review their adequacy and effectiveness on a regular basis.

In establishing the prevention programs under the preceding paragraph, the Bank shall comply with relevant laws and regulations of the territory where the Bank is operating. It is advisable for the Bank to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders, and to refer to prevailing domestic and foreign standards or guidelines, which shall at least 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. Engaging in unfair competitive practices.
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.

#### Article 5

The Bank shall comply with the 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 6

The Bank designated the Sustainable Development Committee as a dedicated unit, which is responsible for establishing and supervising the implementation of the ethical corporate

management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

1. Assisting in incorporating ethics and moral values into the company'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. Adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Bank'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.

The work execution teams under the dedicated unit shall be in charge of the main matters in the preceding paragraph in accordance with their job responsibilities. The Secretarial Department shall be in charge of the amendment, interpretation, and advisory services with respect to these Principles, and the recording and filing of reports.

#### Article 7

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 2, the conduct of the given personnel of the Bank shall comply with the provisions of these Principles, 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 is in accordance with social etiquette and customs, or that complies with the rules of the Bank.

## Article 8

Except under any of the circumstances set forth in the preceding article, when any personnel of the Bank are provided with or are promised, either directly or indirectly, any benefits as specified in Article 2 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 the Bank's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the Secretarial Department 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 the Bank's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the Secretarial Department. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the Secretarial Department for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Bank'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 the Bank's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The Secretarial Department 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 after being reported to and approved by the Chairman.

## Article 9

The Bank shall neither provide nor promise any facilitating payment.

If any personnel of the Bank 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 Secretarial Department.

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

## Article 10

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the personnel of the Bank shall comply with the Political

Donations Act and relevant internal operational procedures of the Bank, and shall not make such donations in exchange for commercial gains or business advantages.

When making or offering donations and sponsorship, the Bank shall comply with relevant laws and regulations and the "Directions for Processing of Donations of Taiwan Business Bank", and shall not surreptitiously engage in bribery.

#### Article 11

The board of directors of the Bank shall exercise the due care of good administrators to urge the Bank to prevent unethical conduct, and ensure thorough implementation of its ethical corporate management policies.

When a director, officer or other stakeholder of the Bank attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Bank would be prejudiced, may state opinions and answer inquiries, 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 business, any personnel of the Bank 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 Secretarial Department, and the immediate supervisor shall provide the personnel with proper instructions.

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

#### Article 12

The personnel of the Bank shall observe applicable laws and regulations, the Bank'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.

The personnel of the Bank shall strictly abide by relevant operating regulations concerning the Bank's trade secrets, shall not disclose any trade secrets of the Bank to any other party, and shall not inquire or collect non-job-related trade secrets of the Bank.

#### Article 13

The Bank 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

The Bank shall disclose its policy on the protection of the rights and interests of consumers or other stakeholders on the Bank's websites or annual reports to prevent direct or indirect damage to the rights and interests of consumers or other stakeholder, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

#### Article 15

All personnel of the Bank 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 the Bank 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 the Bank 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 the Bank acquired as a result, and that they may not use such information without the prior consent of the Bank.

#### Article 16

The Bank shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy, and shall disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion in its annual reports, on the Bank's websites, and in other promotional materials. The Bank shall disclose the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities. The Bank shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

#### Article 17

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Bank shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct according to relevant operation rules of the Bank, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

#### Article 18

Any personnel of the Bank, when engaging in commercial activities, shall make a statement to the trading counterparty about the Bank's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefits in whatever form or name, which includes rebate, commission, facilitating payment, or providing or accepting improper benefits through other means.

#### Article 19

All personnel of the Bank shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions 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 the Bank's ethical management policy.

#### Article 20

Before entering into a contract with another party, the Bank shall gain a thorough knowledge of the status of the other party's ethical management, and shall include in such contracts terms requiring compliance with the Bank's ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Bank may at any time terminate or rescind the contracts.

#### Article 21

The Bank shall establish effective accounting systems, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The Bank shall establish effective internal control systems and establish an internal audit unit that is under the board of directors. The internal audit unit 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 unit 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 Sustainable Development Committee and put down in writing in the form of an audit report to be submitted to the board of directors.

#### Article 22

The Bank encourages insiders and outsiders for informing of unethical or unseemly conduct, and handles reporting matters in accordance with the "Directions for Handling Reported Cases" of the Bank.

#### Article 23

If any personnel of the Bank discovers that another party has engaged in unethical conduct towards the Bank, and such unethical conduct involves alleged illegality, the Bank shall report the relevant facts to the judicial and prosecutorial authorities

#### Article 24

The Chairman, President or senior management of the Bank shall communicate the importance of ethics to its directors, employees, and mandataries on a regular basis.

The Bank shall request their directors and senior management to issue a statement of compliance with the ethical management policy and link ethical management to the terms of employment, employee performance evaluations and human resources policy. The Bank shall internalize ethical management into the quality of employees, establish clear and effective systems for rewards and penalties, and implement basic courses such as ethics and legal compliance for the personnel of the Bank.

The Bank shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Bank's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

If any personnel of the Bank seriously violates ethical conduct, the Bank 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 the Bank.

#### Article 25

These Principles are submitted to the board of directors after deliberation by the Sustainable Development Committee. During the discussion of the board of directors, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

#### Article 26

These Principles, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors.