

## **Ethical Corporate Management Best Practice Principles**

### **Article 1 (Purpose and Scope)**

These Principles are adopted to assist Everlight Chemical Industrial Corporation (hereafter referred to "the Company") to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

These principles apply to the Company, 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 such company ("business group").

### **Article 2 (Prohibition of Unethical Conduct)**

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

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 or substantial controllers or other stakeholders.

### **Article 3 (Form of Benefits)**

"Benefits" in these Principles means 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 and that do not adversely affect specific rights and obligations shall be excluded.

### **Article 4 (Legal Compliance)**

The Company 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 5 (Policies)**

The Company shall establish policies of integrity on the basis of integrity under the corporate philosophy of integrity, transparency, and responsibility thereby develop the mechanisms of corporate governance and risk control subject to the resolution of the Board for the cultivation of an operation environment in sustainability.

#### **Article 6 (Prevention Programs)**

The Company shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct, including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, the Company shall negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

#### **Article 7 (Scope of preventive plans)**

The Company shall establish the mechanisms for the assessment of integrity risk with routine analysis and assessment of the areas of business activities exposed to high integrity risk within the scope of operation, and map out related preventive measures on the basis of the analysis and assessment with routine review for assurance of the appropriateness and effectiveness of the preventive measures.

The Company should consult the standards or guides commonly used elsewhere in Taiwan and other countries to establish the preventive plans, which should cover at least the following preventive measures:

- (1) Offering and acceptance of bribes.
- (2) Making unlawful political contributions.
- (3) Unjustifiable donation or sponsorship of charity.
- (4) Offering or acceptance of unjustifiable gifts, treatment, or other forms of unjustified benefits.
- (5) Infringement of business secrets, trademarks, patents, copyright or other forms of intellectual property rights.
- (6) Engagement in unfair competition.
- (7) Direct or indirect damages to the rights, health, and safety of the consumers or other stakeholders at the research and development, procurement, manufacturing, supply, or sale stages of products and services.

#### **Article 8 (Commitment and Performance)**

The Company shall demand Directors and senior management staff to declare compliance with ethical corporate management and demand all employees to duly observe the policy of ethical corporate management as conditions for employment.

The Company and the group enterprises and organizations shall explicitly state the policies of ethical corporate management in their internal rules and regulations, external documents, and the official websites of the companies. In addition, the Board and the senior management shall spare no effort in keeping the promise of pursuing ethical corporate management policy with internal management and business activities in particular.



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The Company shall prepare documented information on the policy, declaration, commitment and performance of the ethical corporate management policy as specified in I and II, and keep these documents safely.

**Article 9 (Integrate business activities)**

The company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, TWSE/GTSM listed companies shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, TWSE/GTSM listed companies 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, the TWSE/GTSM listed companies may at any time terminate or rescind the contracts.

**Article 10 (Prohibition of Bribery)**

When conducting business, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

**Article 11 (Prohibition of Illegal Political Donations)**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

**Article 12 (Prohibition of offering Inappropriate Donations and Sponsorship)**

When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

**Article 13 (Prohibition of Unreasonable Presents, Hospitality or other Interests)**

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

**Article 14 (Prohibition of Intellectual Property Right Infringement)**

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company'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 15 (Prohibition of Unfair Competition)**

The Company shall engage in business activities in accordance with applicable competition laws and regulations, 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 16 (Preventing its products and services from damaging stakeholders)**

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. The Company shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their 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. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

#### **Article 17 (Organization and Responsibilities)**

The Directors, Supervisors, managers, employees, appointees, and the parties of de facto control of the Company owe a duty of care as reasonable persons to supervise the preventive of unethical practices in due diligence, and shall review the enforcement and continued improvement from time to time for assurance of the proper pursuit of ethical corporate management.

The Company shall, for the vitalization of ethical corporate management, establish a designated body, allocated with sufficient resources and staffed with competent personnel, and charged with the duties of the establishment of the ethical corporate management policies and preventive plans as well as the supervision of the pursuit of the policies and the plans. This body shall administer the following and report to the Board at regular intervals (at least once a year):

- (1) Assist to merge the value of ethics and morality into the corporate strategy of the Company, and map out related measures for the prevention of defects in line with applicable laws and systems for assurance of ethical corporate management.
- (2) Conduct analysis and assessment of integrity risk within the scope of operation at regular intervals basing on which plans for the prevention of unethical practices should be established. In addition, related standard operation procedures and code of conduct should also be included in the plans.

- (3) Design internal organizations, staffing, and job functions, and develop the mechanisms of check and balance in business activities exposed to high integrity risk within the scope of operation.
- (4) The advocacy, coordination, education and training of the policy of integrity.
- (5) Design the whistle blowing system for assurance of effective performance of the system.
- (6) Assist the Board and the Management in the audit and assessment of the preventive measures established for assurance of effective ethical corporate management in action, and related business processes for assurance of compliance. The findings of the audits and assessment will be compiled into reports.

**Article 18 (Legal Compliance during Business Operations)**

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

**Article 19 (Avoidance of Conflicts of Interest)**

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

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, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, 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 the company, 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.

The Company' directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of its positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

**Article 20 (Accounting and Internal Control System)**

The Company shall establish an effective accounting system and internal control system aiming at business activities exposing to high integrity risk, and shall not keep ledgers for external use or keep secret accounts with review from time to time for assurance of the effective design and implementation of these systems in perpetuity.

The internal audit function of the Company shall base on the findings of the assessment of integrity risk to map out related audit plans covering the auditees, scope of audit, items of audit, and frequency of audits, which will be served as the guide for audit on compliance with the

preventive plans. Certified public accountants may be retained to conduct the audit. Where necessary, related experts may be retained to provide assistance.

The aforementioned audit findings shall be reported to the senior management and the designated body for pursuit of ethical corporate management. The details should be compiled into audit reports for presentation to the Board.

#### **Article 21 (Operational Procedures and Guidelines)**

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

- (1) Standards for determining whether improper benefits have been offered or accepted.
- (2) Procedures for offering legitimate political donations.
- (3) Procedures and the standard rates for offering charitable donations or sponsorship.
- (4) Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
- (5) Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- (6) Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
- (7) Handling procedures for violations of these Principles.
- (8) Disciplinary measures on offenders.

#### **Article 22 (Education and Appraisal)**

The chairperson, general manager, or senior management of a TWSE/GTSM listed company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

#### **Article 23 (Whistle Blowing System)**

The Company shall establish a whistle blowing system and implement the system properly. The content of the system shall cover at least the following:

- (1) Establish and announce an internal independent mail box, telephone hotline for whistle blowing, or retain an external independent institution to provide whistle blowing mail box,



telephone hotline for the insiders and outsiders of the Company.

- (2) Appoint designated personnel or body for handling to report from whistle blowing. If the report involves Directors or senior management report to the Independent Directors or Supervisors. Classify the types of reports and relevant standards and procedures for investigation.
- (3) Establish the measures to be taken after the completion of investigation on related cases depending on the severity of the wrongdoing. Where necessary, report to the competent authority or refer to the judiciary for legal proceedings.
- (4) The acceptance, investigation process, investigation result and the record on the production of related documents, and the keeping of the documents.
- (5) The identify and the content of the report presented by whistle blowers shall be kept in strict confidence. Reports from anonymous whistle blowers are acceptable.
- (6) Protection of whistle blowers from undue treatment due to their reporting of wrongdoing.
- (7) Reward for Whistle Blowers

Designated personnel or body of the Company appointed to handle reports from whistle blowers shall report to the Independent Directors or Supervisors in writing at once if the investigation findings indicated material breach of applicable rules and regulations or there is a concern of damage to the Company.

#### **Article 24 (Disciplinary and Appeal System)**

The Company 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 company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

#### **Article 25 (Information Disclosure)**

The Companies shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

#### **Article 26 (Review of Ethical Corporate Management Policies and Measures)**

The Companies shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and 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 27 (Implementation)**



The Ethical Corporate Management Best Practice Principles shall reviewed by Auditing Committee and come into effect at the resolution of the Board for passing. The same procedure is applicable to any amendment thereto.

Pursuant to the requirements set forth in the preceding paragraph, the Company shall fully consider the opinions of the Independent Directors when presenting the Ethical Corporate Management Best Practice Principles to the Board for discussion, and specify the adverse opinion or qualified opinions as minutes of meeting on record. If specific Independent Director cannot attend a session of the Board in person for expression of adverse opinions or qualified opinions, such Independent Director shall present the opinions in writing in advance and noted in the minutes of meeting on record unless justifiable reasons could be provided.

The Company may have established an Auditing Committee that the rules under these principles governing the Supervisors shall be applicable to the Auditing Committee.

- Article 28** The Ethical Corporate Management Best Practice Principles were instituted on Dec. 23, 2010.  
The first amendment was made on Dec. 22, 2014.  
The second amendment was made on Aug. 8, 2019.  
The third amendment was made on March 24, 2022.