

Zig Sheng Industrial Co., Ltd.

Procedures for Ethical Management and Guidelines for Conduct

Article 1 Purpose of adoption and accordance

These procedures for Ethical Management and Guidelines for Conduct (hereinafter, these procedures and guidelines) are adopted pursuant to the provisions of Article 7 and Article 21 in “Ethical Corporate Management Best Practice Principles” for this Corporation.

Article 2 Applicable subjects

These procedures and guidelines are applicable to the business groups and organizations which comprise this Corporation, and its subsidiaries and other institutions or juridical persons which are substantially controlled by such company.

Article 3 Definition

The definition of “personnel of this Corporation”, “unethical conduct”, “the counterparties of the unethical conduct” and “benefits”, are all in accordance with which defined by article 2 and article 3 of “Ethical Corporate Management Best Practice Principles” for this Corporation”.

Article 4 Organization and duties

The responsible unit for Ethical Corporate Management in this Corporation and its duties are all in accordance with which defined by article 17 of “Ethical Corporate Management Best Practice Principles” for this Corporation.

Article 5 Operations procedures and guidelines

In order to fully implement a policy of ethical management, the personnel of this Corporation shall be in accordance with the following:

Prevention programs for preventing unethical conduct,

1. Prohibition against offering and acceptance of bribes, providing or accepting improper benefits.

(1) Personnel of this Corporation in order to engage in commercial activities, when contacting with state-run or private-owned business or institutions (including customers, agent, contractor and supplier) should comply with this provision

(2) Personnel of this Corporation are prohibited from providing or accepting improper benefits, directly or indirectly which comprise : any money gratuity gift, commission, position, service, preferential treatment, rebate, facilitating payment and entertainment, but sometimes the conduct can be unrestricted if it is ordinary social

activities which are no risk of affecting business execution or conflict of interest, and comply with openness and transparency and infrequency, also meet any of the following conditions:

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. The conduct has its basis in ordinary social activities or folk festival when personnel of this Corporation provide or accept gifts, the values of the gifts should not exceed NT \$3,000

2. Procedures for handling political contributions

Providing political contributions to any political party, political group or candidate should comply with relevant laws and regulations on political contributions and in accordance with the following provisions

- (1) When this Corporation provide political contributions the annual cumulative amount of political contributions for all subject is limited NT \$ 1,000,000 and must be approved by the president.
- (2) A written record shall be kept.
- (3) Account entries shall be made for all political contributions in accordance with applicable laws and relevant procedures for accounting treatment

3. Procedures for handling charitable donations and sponsorships

Charitable donations and sponsorships by this Corporation shall be provided in accordance with the following provisions:

- (1) When this Corporation provide charitable donations and sponsorships, the annual cumulative amount of charitable donations, and sponsorships for single subject is

limited to NT \$1,000,000. The annual total cumulative amount of charitable donations and sponsorships for all subjects is limited to NT \$ 2,000,000 and must be approved by the president.

- (2) It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
- (3) A written record of the decision making process shall be kept.
- (4) A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- (5) The subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest
- (6) After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution

4. Prevention of conflict of interest(Recusal)

(1) Prevent conflict of interest

Personnel of this Corporation shall be handled in accordance with "Policies for preventing conflicts of interest", in Article 19, paragraph 2 of "Ethical Corporation Management Best practice principles" for this Corporation to prevent conflict of interest.

- (2) If in the course of conducting company business, any personnel of this Corporation 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.
- (3) No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

5. Prevention of infringement of intellectual property rights

- (1) Personnel of this Corporation shall be in accordance with "Intellectual Properties Management Procedures" to pay attention to management of this Corporation's trade secrets, trademarks, patents works and other intellectual properties, and may not disclose to any other party any trades secrets, trademarks, patents, works, and

other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

- (2) When personnel of this Corporation execute duties shall observe applicable laws and regulations, this Corporation's internal operational procedures, and contractual provisions concerning intellectual property and may not infringe intellectual property rights without the prior consent of the intellectual property rights holder.

6. Prevention of engaging in unfair competition

Personnel of this Corporation shall engage in business activities in accordance with applicable competition laws and regulations and may not fix price, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

7. Prevention of damage cause by products and services to customer and stakeholders

In the course of research and development, procurement, manufacture provision, or sale of products and services, personnel of this Corporation shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They 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 their 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 health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 6 Prohibition against insider trading

All personnel of this Corporation shall be in accordance with "Prevention of insider Trading Management Procedures" and must prohibit insider trading

Article 7 Requirement for ethical conduct of trading counterparties

1. All personnel of this Corporation shall engage in commercial activities fairly and transparently according to the "Ethical Management principle". Before engaging in commercial activities with agents, suppliers, customers or other trading counterparties, this Corporation shall consider the legality and whether there is unethical conduct and shall avoid trading with the ones who involved in unethical conduct as possible.
2. Before entering into a contract with a supplier, any personnel of this Corporation shall

make a statement to the trading counterparty about this Corporation's ethical management policy and the trading counterparty need to sign "The supplier Commitment" to promise prohibition against offering or acceptance of bribes and providing or accepting improper benefits where engaging in commercial activities with this Corporation. If the trading counterparty violates "The Supplier Commitment", this Corporation may terminate the contract with the trading counterparty and demand compensation for damage.

Article 8 Whistle-blowing System

All personnel of this Corporation shall comply with article 23, "Whistle-blowing system" in "Ethical Corporate Management Best Practice Principles" and execute exactly in order to prevent unethical conduct and deal with it which has happened.

Article 9 Disciplinary and appeal

Any personnel of this Corporation who violates ethical conduct shall be recorded demerit or dismissed as a penalty according to the seriousness of the circumstances. If the circumstances are really severe, It's necessary reporting to Competent authority or transfer to Judicial authority for further processing.

This Corporation shall accept the appeal of the personnel who suffer the penalty by violating ethical conduct, and the responsible unit shall investigate the truth with relevant unit to prevent erroneous disciplinary by misjudgment.

Article 10 Education Training and awareness

The president, general manager or senior management of this Corporation shall periodically communicate the importance of corporate ethics to its directors, employees, and mandataries.

This Corporation shall organize training and awareness programs irregularly for directors, managers, employees, mandataries and substantial controllers, and invite the company's commercial transaction counterparties if necessary so they can understand this Corporation's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

Article 11 Approval and amendment

These procedures and guidelines shall be implemented after the president grants the approval, and the same procedure shall be followed when these procedures and guidelines have been amended.