

Shinkong Synthetic Fibers Corporation

Code of Ethical Conduct and Integrity Management

Article 1 (Purpose and Scope of Application)

To assist the Company in establishing a corporate culture of ethical conduct and integrity management and achieving sound development, and to provide a reference framework for the establishment of sound business operations, this Code is hereby formulated.

The scope of application of this Code extends to subsidiaries, foundations to which the Company has directly or indirectly contributed more than fifty percent (50%) of the total funds, and other group enterprises and organizations over which the Company exercises substantive control (hereinafter collectively referred to as “Group Enterprises and Organizations”).

Article 2 (Prohibition of Unethical Conduct)

During the course of conducting business activities, the Company’s directors, managers, employees, appointees, or persons with substantive control (hereinafter referred to as “Persons with Substantive Control”) shall not directly or indirectly provide, promise, demand, or accept any improper benefit, or engage in any other conduct that violates integrity, is illegal, or breaches fiduciary duties, for the purpose of obtaining or maintaining benefits (hereinafter referred to as “Unethical Conduct”).

The counterparties of the conduct set forth in the preceding paragraph include public officials, candidates for public office, political parties or party officials, as well as any public or private enterprises or institutions and their directors, supervisors, managers, employees, persons with substantive control, or other interested parties.

Article 3 (Forms of Benefits)

The term “benefits” as used in this Code refers to anything of value, including but not limited to money, gifts, commissions, positions, services, preferential treatment, rebates, or other benefits in any form or under any name. However, this shall not apply to normal social courtesies that are occasional and do not affect specific rights or obligations.

Article 4 (Compliance with Laws and Regulations)

The Company shall comply with the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Officials Due to Conflicts of Interest, relevant regulations applicable to listed and OTC companies, and other laws and regulations related to business conduct, as the fundamental premise for implementing ethical conduct and integrity management.

Article 5 (Policies)

Based on the principles of integrity, transparency, and responsibility, the Company shall establish integrity-based policies, submit them for approval by the Board of Directors, and establish sound corporate governance and risk management mechanisms to create a sustainable operating environment.

Article 6 (Prevention Programs)

The integrity management policies established by the Company shall clearly and comprehensively specify concrete practices for ethical conduct and integrity management, as well as prevention programs for unethical conduct (hereinafter referred to as “Prevention Programs”), including operating procedures, codes of conduct, and education and training.

The Prevention Programs formulated by the Company shall comply with the relevant laws and regulations of the jurisdictions in which the Company and its Group Enterprises and Organizations operate.

In the process of formulating Prevention Programs, the Company should communicate with employees, labor unions, key business counterparties, or other stakeholders.

Article 7 (Scope of Prevention Programs)

The Company shall establish mechanisms for assessing the risks of unethical conduct, periodically analyze and assess business activities with higher risks of unethical conduct within its scope of operations, formulate Prevention Programs accordingly, and regularly review the appropriateness and effectiveness of such programs.

The Company should refer to commonly used domestic and international standards or guidelines when formulating Prevention Programs, which shall at least cover preventive measures for the following conduct:

1. Bribery and acceptance of bribes.
2. Provision of illegal political donations.

3. Improper charitable donations or sponsorships.
4. Provision or acceptance of unreasonable gifts, hospitality, or other improper benefits.
5. Infringement of trade secrets, trademark rights, patent rights, copyrights, or other intellectual property rights.
6. Engagement in unfair competition.
7. Direct or indirect harm to the rights, health, or safety of consumers or other stakeholders during the research and development, procurement, manufacturing, provision, or sale of products and services.

Article 8 (Commitment and Implementation)

The Company shall require directors and senior management to issue statements of compliance with the integrity management policies, and shall require employees to comply with such policies as a condition of employment.

The Company and its Group Enterprises and Organizations shall clearly state the integrity management policies, as well as the Board of Directors' and senior management's commitment to actively implementing such policies, in their internal regulations, external documents, and company websites, and shall faithfully implement them in internal management and business activities.

With respect to the integrity management policies, statements, commitments, and implementation set forth in the preceding two paragraphs, the Company shall prepare documentary records and properly retain them.

Article 9 (Ethical Business Activities)

The Company shall conduct business activities in a fair and transparent manner based on the principles of ethical conduct and integrity management.

Prior to engaging in business transactions, the Company shall consider the legality of its agents, suppliers, customers, or other business counterparties, and whether they are involved in unethical conduct, and shall avoid transactions with parties involved in unethical conduct.

Contracts entered into by the Company with its agents, suppliers, customers, or other business counterparties shall include provisions requiring compliance with integrity management policies, and providing that the contract may be terminated or rescinded at any time if the counterparty is involved in unethical conduct.

Article 10 (Prohibition of Bribery and Acceptance of Bribes)

The Company and its directors, managers, employees, appointees, and Persons with Substantive Control shall not directly or indirectly provide, promise, demand, or accept any form of improper benefit from customers, agents, contractors, suppliers, public officials, or other interested parties in the course of performing their duties.

Article 11 (Prohibition of Illegal Political Donations)

Any direct or indirect political donations made by the Company and its directors, managers, employees, appointees, or Persons with Substantive Control to political parties or individuals or organizations participating in political activities shall comply with the Political Donations Act and the Company's internal operating procedures, and shall not be used to seek commercial benefits or transaction advantages.

Article 12 (Prohibition of Improper Charitable Donations or Sponsorships)

Any charitable donations or sponsorships made by the Company and its directors, managers, employees, appointees, or Persons with Substantive Control shall comply with relevant laws and internal operating procedures, and shall not be used as a disguised form of bribery.

Article 13 (Prohibition of Unreasonable Gifts, Hospitality, or Other Improper Benefits)

The Company and its directors, managers, employees, appointees, or Persons with Substantive Control shall not directly or indirectly provide or accept any unreasonable gifts, hospitality, or other improper benefits to establish business relationships or influence business transactions.

Article 14 (Prohibition of Infringement of Intellectual Property Rights)

The Company and its directors, managers, employees, appointees, or Persons with Substantive Control shall comply with laws and regulations relating to intellectual property rights, the Company's internal operating procedures, and contractual provisions, and shall not use, disclose, dispose of, damage, or otherwise infringe intellectual property rights without the consent of the intellectual property rights holder.

Article 15 (Prohibition of Unfair Competition)

The Company shall conduct business activities in accordance with relevant competition laws and regulations, and shall not engage in price fixing, bid rigging, restriction of output or quotas, or market sharing or segmentation by allocating customers, suppliers, operating regions, or business categories.

Article 16 (Prevention of Harm to Stakeholders by Products or Services)

During the research and development, procurement, manufacturing, provision, or sale of products and services, the Company and its directors, managers, employees, appointees, or Persons with Substantive Control shall comply with relevant laws, regulations, and international standards to ensure transparency and safety of product and service information, establish and disclose policies for protecting the rights of consumers and other stakeholders, and implement such policies in operational activities to prevent products or services from directly or indirectly harming the rights, health, or safety of consumers or other stakeholders. Where there is factual evidence that products or services may endanger the safety or health of consumers or other stakeholders, the Company shall, in principle, immediately recall the products or suspend the provision of services.

Article 17 (Organization and Responsibilities)

The Company's directors, managers, employees, appointees, and Persons with Substantive Control shall exercise the duty of care of a good administrator, urge the Company to prevent unethical conduct, regularly review the effectiveness of implementation, and continuously improve measures to ensure the effective implementation of integrity management policies.

To enhance the management of integrity management, the Company shall establish a dedicated unit under the Board of Directors, allocate sufficient resources and competent personnel, and be responsible for the formulation and supervision of the implementation of integrity management policies and Prevention Programs. The unit shall be primarily responsible for the following matters and shall report to the Board of Directors on a regular basis (at least once a year):

1. Assisting in integrating integrity and ethical values into the Company's business strategies, and formulating relevant anti-fraud measures in compliance with laws and regulations.
2. Periodically analyzing and assessing the risks of unethical conduct within the scope of operations, formulating Prevention Programs accordingly, and establishing standard operating procedures and codes of conduct related to business activities within such programs.

3. Planning internal organization, staffing, and responsibilities, and establishing mutual supervision and checks-and-balances mechanisms for business activities with higher risks of unethical conduct.
4. Promoting and coordinating education and training on integrity management policies.
5. Planning whistleblowing systems and ensuring their effective operation.
6. Assisting the Board of Directors and management in reviewing and assessing whether the preventive measures established for integrity management are operating effectively, and periodically evaluating compliance with relevant business processes and preparing reports.

Article 18 (Legal Compliance in Business Execution)

The Company's directors, managers, employees, appointees, and Persons with Substantive Control shall comply with applicable laws and regulations and Prevention Programs when performing their duties.

Article 19 (Conflict of Interest Avoidance)

The Company shall establish policies to prevent conflicts of interest, identify, supervise, and manage the risks of unethical conduct arising from conflicts of interest, and provide appropriate channels for directors, managers, and other interested parties attending or participating in Board meetings to proactively disclose whether they have any potential conflicts of interest with the Company.

Where a director, manager, or other interested party attending or participating in a Board meeting has a conflict of interest in relation to any agenda item that concerns the individual or a legal entity represented by such individual, the material aspects of such conflict of interest shall be disclosed at the Board meeting. If there is a risk of harm to the Company's interests, such person shall not participate in the discussion or voting, shall recuse himself or herself from such discussion and voting, and shall not exercise voting rights on behalf of other directors. Directors shall also exercise self-discipline and shall not improperly support one another.

The Company's directors, managers, employees, appointees, and Persons with Substantive Control shall not use their positions or influence within the Company to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

Article 20 (Accounting and Internal Controls)

For business activities with higher risks of unethical conduct, the Company shall establish effective accounting systems and internal control systems, shall not maintain off-the-books accounts or secret accounts, and shall continuously review such systems to ensure that their design and implementation remain effective.

Based on the results of the assessment of risks of unethical conduct, the internal audit unit of the Company shall formulate relevant audit plans, including audit targets, scope, items, and frequency, and shall audit compliance with Prevention Programs accordingly. The Company may engage certified public accountants to conduct audits, and may engage professionals for assistance when necessary.

The audit results shall be reported to senior management and the dedicated integrity management unit, and audit reports shall be prepared and submitted to the Board of Directors.

Article 21 (Operating Procedures and Codes of Conduct)

In accordance with Article 6, the Company shall establish operating procedures and codes of conduct to specifically regulate matters to be observed by directors, managers, employees, and Persons with Substantive Control in the performance of their duties. The content shall at least include the following:

1. Standards for determining the provision or acceptance of improper benefits.
2. Procedures for handling lawful political donations.
3. Procedures and monetary standards for making legitimate charitable donations or sponsorships.
4. Regulations for avoiding conflicts of interest related to duties, and procedures for reporting and handling such conflicts.
5. Confidentiality requirements for confidential and commercially sensitive information obtained in the course of business.
6. Regulations and handling procedures for suppliers, customers, and business counterparties involved in unethical conduct.
7. Procedures for handling violations of the Code of Ethical Conduct and Integrity Management.
8. Disciplinary measures for violations.

Article 22 (Education, Training, and Assessment)

The Chairman of the Board, the President, or senior management shall periodically communicate the importance of integrity to directors, employees, and appointees.

The Company shall periodically conduct education, training, and promotional activities for directors, managers, employees, appointees, and Persons with Substantive Control, and shall invite business counterparties to participate, so that they fully understand the Company's commitment, policies, Prevention Programs, and the consequences of violations of integrity management.

Listed and OTC companies shall integrate integrity management policies with employee performance evaluations and human resource policies, and establish clear and effective reward and punishment systems.

Article 23 (Whistleblowing System)

The Company shall establish and implement a concrete whistleblowing system, the content of which shall at least include the following:

1. Establishment and public announcement of independent internal whistleblowing mailboxes or hotlines, or engagement of independent external institutions to provide whistleblowing mailboxes or hotlines for use by internal and external personnel.
2. Designation of dedicated personnel or units to receive whistleblowing reports. Where the report involves directors or senior management, the matter shall be reported to independent directors, and categories of whistleblowing matters and corresponding standard investigation procedures shall be established.
3. Establishment of follow-up measures to be taken after the completion of investigations of whistleblowing cases, depending on the severity of the circumstances, and reporting to competent authorities or referral to judicial authorities for investigation where necessary.
4. Recording and retention of documents relating to the acceptance, investigation process, investigation results, and document preparation of whistleblowing cases.
5. Confidentiality of the identity of whistleblowers and the content of reports, and allowance of anonymous whistleblowing.
6. Measures to protect whistleblowers from improper treatment due to whistleblowing.
7. Incentive measures for whistleblowers.

Where the dedicated personnel or units receiving whistleblowing reports discover material violations or a risk of material damage to the Company after investigation, they shall immediately prepare a report and notify independent directors in writing.

Article 24 (Disciplinary Actions and Appeal System)

The Company shall clearly stipulate and publicly announce disciplinary actions and appeal systems for violations of integrity management regulations, and shall promptly disclose on its internal website information including the violator's job title, name, date of violation, details of the violation, and handling status.

Article 25 (Information Disclosure)

The Company shall establish quantitative indicators for promoting integrity management, continuously analyze and evaluate the effectiveness of integrity policy implementation, and disclose on the Company's website, annual reports, and prospectuses the measures adopted for integrity management, implementation status, the aforementioned quantitative indicators, and promotion results, and shall disclose the content of the Code of Ethical Conduct and Integrity Management on the Market Observation Post System.

Article 26 (Review and Amendment of Integrity Management Policies and Measures)

The Company shall keep abreast of developments in domestic and international integrity management-related regulations, encourage directors, managers, and employees to provide suggestions, and review and improve the integrity management policies and measures formulated and promoted by the Company to enhance the effectiveness of integrity management implementation.

Article 27 (Implementation)

This Code of Ethical Conduct and Integrity Management shall be implemented upon approval by the Board of Directors and shall be submitted to the Audit Committee and reported to the Shareholders' Meeting. The same shall apply to any amendments.

When submitting the Code of Ethical Conduct and Integrity Management to the Board of Directors for discussion in accordance with the preceding paragraph, the Company shall fully consider the opinions of independent directors, and record any dissenting or qualified opinions in the minutes of the Board meeting. If an independent director is unable to attend the Board meeting in person to express dissenting or qualified opinions, except for justified reasons, a written opinion shall be submitted in advance and recorded in the minutes of the Board meeting.

Where the Company has established an Audit Committee, the provisions of this Code concerning supervisors shall apply mutatis mutandis to the Audit Committee.

Article 28

This Code was formulated on June 2, 2011, and amended on May 29, 2014, May 28, 2015, and July 23, 2019.