

Shinkong Synthetic Fibers Corporation

Procedures and Guidelines for Ethical Conduct and Integrity Management

Approved by the Board of Directors on March 24, 2020

Article 1 (Purpose and Scope of Application)

Based on the principles of fairness, honesty, trustworthiness, and transparency in conducting business activities, and for the purpose of implementing the policy of ethical conduct and integrity management and actively preventing unethical conduct, these Procedures and Guidelines are formulated in accordance with the “Code of Ethical Conduct and Integrity Management for TWSE/TPEX Listed Companies” and the relevant laws and regulations applicable to the locations where the Company and its group enterprises and organizations operate, in order to specifically regulate matters to be observed by the Company’s personnel in the performance of their duties.

The scope of application of these Procedures and Guidelines extends to the Company’s subsidiaries, foundations to which the Company has directly or indirectly contributed more than fifty percent (50%) of the total funds, and other institutions or legal entities over which the Company exercises substantive control, which are collectively referred to as the Company’s group enterprises and organizations.

Article 2 (Persons Subject to Application)

The term “Company Personnel” as used in these Procedures and Guidelines refers to the directors, managers, employees, appointees, and persons with substantive control of the Company and its group enterprises and organizations.

Any act of providing, promising, demanding, or accepting any improper benefit through a third party by Company Personnel shall be presumed to be an act of such Company Personnel.

Article 3 (Unethical Conduct)

The term “Unethical Conduct” as used in these Procedures and Guidelines refers to any act whereby Company Personnel, in the course of performing their duties, for the purpose of obtaining or maintaining benefits, directly or indirectly provide, accept, promise, or demand any improper benefit, or engage in any other conduct that violates integrity, is illegal, or breaches fiduciary duties.

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 (or trustees), supervisors (or supervisors), managers, employees, persons with substantive control, or other interested parties.

Article 4 (Forms of Benefits)

The term “benefits” as used in these Procedures and Guidelines refers to anything of value in any form or under any name, including but not limited to money, gifts, presents, commissions, positions, services, preferential treatment, rebates, facilitation payments, hospitality, entertainment, and other things of value.

Article 5 (Dedicated Unit and Its Functions)

The Company designates the Integrity Management Promotion Task Force as the dedicated unit (hereinafter referred to as the “Dedicated Unit”), which shall be under the Board of Directors, and shall be allocated sufficient resources and competent personnel to handle matters related to the amendment, implementation, interpretation, consultation services, and reporting registration and filing of these Procedures and Guidelines, as well as supervision of their implementation. The Dedicated Unit shall be primarily responsible for the following matters and shall regularly (at least once a year) report to the Board of Directors:

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 business operations, formulating prevention plans for unethical conduct accordingly, and establishing standard operating procedures and guidelines related to business activities within such plans.
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 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.

7. Preparing and properly retaining documented information related to the integrity management policies and statements of compliance, implementation commitments, and implementation status.

Article 6 (Prohibition on Providing or Accepting Improper Benefits)

Except under any of the following circumstances, Company Personnel shall, when directly or indirectly providing, accepting, promising, or demanding any benefit as specified in Article 4, comply with the “Code of Ethical Conduct and Integrity Management for TWSE/TPEX Listed Companies” and these Procedures and Guidelines, and shall follow the relevant procedures before engaging in such conduct:

1. Acts performed in accordance with local etiquette, practices, or customs for business needs during domestic or overseas visits, reception of guests, business promotion, or communication and coordination.
2. Participation in or invitation of others to normal social activities based on customary social etiquette, business purposes, or relationship-building.
3. Invitations to customers or acceptance of invitations to participate in specific business activities, factory visits, or similar events for business needs, where the arrangements regarding cost allocation, number of participants, accommodation standards, and duration have been clearly specified in advance.
4. Participation in publicly organized folk or cultural festival activities open to the general public.
5. Rewards, assistance, condolences, or 慰勞 provided by supervisors.
6. Provision or acceptance of money, property, or other benefits to or from persons other than relatives or close friends, where the market value does not exceed the limits set forth in the Company’s recommended standards; or gifts of money or property given to multiple Company Personnel by the same giver, where the total market value does not exceed the Company’s recommended standards. The Company’s recommended standards are as follows: (1) General recipients: not exceeding New Taiwan Dollars (NTD) 3,000; (2) Major customers, listed companies, or senior executives in the industry for business social interactions: not exceeding NTD 10,000. However, the total market value of benefits provided to or received from the same recipient or source within the same year shall not exceed NTD 30,000.

7. Benefits received in connection with engagement, marriage, childbirth, housewarming, appointment, promotion, retirement, resignation, departure, or the illness or death of the Company Personnel, their spouses, or lineal relatives by blood, provided that the market value does not exceed reasonable values in accordance with normal social customs and the Company's relevant operating procedures.

8. Other circumstances in compliance with Company regulations.

Article 7 (Handling Procedures for Acceptance of Improper Benefits)

Where Company Personnel encounter any direct or indirect provision or promise of benefits as specified in Article 4 by others, except under the circumstances set forth in the preceding article, the following procedures shall be followed:

1. Where the provider or promisor has no interests related to the duties of the recipient, the matter shall be reported to the immediate supervisor within three (3) days from the date of acceptance, and the Dedicated Unit shall be notified where necessary.
2. Where the provider or promisor has interests related to the duties of the recipient, the benefit shall be returned or refused, and the matter shall be reported to the immediate supervisor and the Dedicated Unit; where return is not possible, the benefit shall be delivered to the Dedicated Unit for handling within three (3) days from the date of acceptance.

The term "having interests related to duties" as used in the preceding paragraph refers to any of the following circumstances:

1. Having commercial transactions, command and supervision, or subsidy (reward) relationships.
2. Seeking, engaging in, or having entered into contracting, purchasing, sales, or other contractual relationships.
3. Other circumstances where a party may be favorably or unfavorably affected by decisions, execution, or non-execution of the Company's business.

The Dedicated Unit shall, based on the nature and value of the benefits specified in Paragraph 1, propose appropriate handling measures such as return, paid acceptance, surrender to the Company, donation to charitable organizations, or other appropriate measures, and shall implement such measures upon approval.

Article 8 (Prohibition of Facilitation Payments and Handling Procedures)

The Company shall not provide or promise any facilitation payments.

Where Company Personnel provide or promise facilitation payments due to threats or coercion, they shall record the process, report the matter to their immediate supervisor, and notify the Dedicated Unit.

Upon receipt of such notification, the Dedicated Unit shall handle the matter immediately and review the relevant circumstances to reduce the risk of recurrence. Where any illegal conduct is discovered, the matter shall be reported to the judicial authorities without delay.

Article 9 (Handling Procedures for Political Donations)

Where the Company makes political donations, the following procedures shall be followed. The matter shall be reported to the head of the Company for approval and the Dedicated Unit shall be notified. Where the amount reaches New Taiwan Dollars (NTD) 1,000,000 or more, the matter shall be submitted to the Board of Directors for approval before implementation:

1. Confirmation shall be made that the donation complies with the political donation laws and regulations of the country where the recipient is located, including limits and forms of donations.
2. The decision-making process shall be documented in writing.
3. Political donations shall be recorded in the accounts in accordance with applicable laws and accounting procedures.
4. Political donations shall not be made in connection with commercial transactions with government-related entities, applications for permits, or other matters involving the Company's interests.

Article 10 (Handling Procedures for Charitable Donations or Sponsorships)

Where the Company makes charitable donations or sponsorships, the following procedures shall be followed. The matter shall be reported to the head of the Company for approval and the Dedicated Unit shall be notified. Where the amount reaches New Taiwan Dollars (NTD) 1,000,000 or more, the matter shall be submitted to the Board of Directors for approval before implementation:

1. Compliance with the laws and regulations of the jurisdiction where the Company operates shall be ensured.
2. The decision-making process shall be documented in writing.
3. Charitable donations shall be made to charitable organizations and shall not constitute disguised bribery.

4. Any benefits obtained from sponsorships shall be clearly defined and reasonable, and the recipient shall not be a business counterparty of the Company or a person with interests related to Company Personnel.

5. After making charitable donations or sponsorships, confirmation shall be made that the flow of funds is consistent with the purpose of the donation or sponsorship.

Article 11 (Conflict of Interest Avoidance)

Where any agenda item of a Board meeting involves interests related to a director, manager, or other interested party attending or participating in the Board meeting, such person shall explain the material aspects of such interest at the meeting. Where 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.

Where the spouse of a director, relatives by blood within the second degree of kinship, or a company having a controlling or subordinate relationship with the director has interests related to the agenda item, the director shall be deemed to have personal interests in such matter.

Where Company Personnel, in the course of performing their duties, discover any conflict of interest involving themselves or legal entities they represent, or any circumstance that may enable themselves, their spouses, parents, children, or interested parties to obtain improper benefits, they shall report the matter to their immediate supervisor and the Dedicated Unit at the same time, and the immediate supervisor shall provide appropriate guidance.

Company Personnel shall not use Company resources for commercial activities outside the Company, nor shall participation in external commercial activities affect their job performance.

Article 12 (Organization and Responsibilities of Confidentiality Mechanisms)

The Company shall establish a dedicated unit responsible for formulating and implementing procedures for the management, preservation, and confidentiality of the Company's trade secrets, trademarks, patents, copyrights, and other intellectual property rights, and shall periodically review the implementation results to ensure the continued effectiveness of such procedures.

Company Personnel shall strictly comply with the relevant procedures for intellectual property rights set forth in the preceding paragraph, and shall not disclose to others any trade secrets, trademarks, patents, copyrights, or other intellectual property rights of the

Company, nor shall they inquire into or collect any trade secrets, trademarks, patents, copyrights, or other intellectual property rights unrelated to their duties.

Article 13 (Prohibition of Unfair Competition)

In conducting business activities, the Company shall comply with the Fair Trade Act and relevant competition laws and regulations, and shall not engage in price fixing, bid rigging, restriction of output or quotas, or market sharing or segmentation through allocation of customers, suppliers, operating regions, or business categories.

Article 14 (Prevention of Harm to Stakeholders by Products or Services)

The Company shall collect and understand relevant laws, regulations, and international standards applicable to the products and services it provides, and shall compile and announce matters requiring attention to ensure that Company Personnel ensure transparency and safety of product and service information during the research and development, procurement, manufacturing, provision, or sale of products and services.

The Company shall formulate and publicly disclose on its website policies for protecting the rights of consumers or other stakeholders, to prevent products or services from directly or indirectly harming the rights, health, or safety of consumers or other stakeholders.

Where there are media reports or factual evidence sufficient to indicate that the Company's products or services may endanger the safety or health of consumers or other stakeholders, the Company shall, within seven (7) days, complete an assessment as to whether to recall the relevant batch of products or suspend the provision of services, investigate whether the facts are true, and propose corrective and improvement measures.

The Dedicated Unit shall report the foregoing matters, handling methods, and subsequent corrective and improvement measures to the Board of Directors.

Article 15 (Prohibition of Insider Trading and Confidentiality Agreements)

Company Personnel shall comply with the Securities and Exchange Act and shall not engage in insider trading by using undisclosed information known to them, nor shall they disclose such information to others, in order to prevent others from engaging in insider trading using such undisclosed information.

Other institutions or personnel participating in the Company's mergers, demergers, acquisitions, share transfers, important memoranda, strategic alliances, other business cooperation plans, or material contracts shall enter into confidentiality agreements with the Company, undertaking not to disclose any of the Company's trade secrets or other material

information known to them to others, and not to use such information without the Company's consent.

Article 16 (Compliance with and Declaration of Integrity Management Policies)

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

The Company shall disclose its integrity management policies in its internal regulations, annual reports, company website, or other publications, and shall appropriately declare such policies at external events such as product launches and investor conferences, so that suppliers, customers, and other business-related institutions and personnel may clearly understand the Company's integrity management principles and standards.

Article 17 (Integrity Management Assessment Prior to Establishing Business Relationships)

Prior to establishing business relationships with others, the Company shall assess the legality, integrity management policies, and any records of unethical conduct of agents, suppliers, customers, or other business counterparties, to ensure that their business practices are fair, transparent, and do not involve requests for, provision of, or acceptance of bribes.

In conducting the assessment referred to in the preceding paragraph, the Company may adopt appropriate due diligence procedures to review the following matters in order to understand the integrity management status of the business counterparty:

1. The country, place of operation, organizational structure, business policies, and payment locations of the enterprise.
2. Whether the enterprise has established integrity management policies and their implementation status.
3. Whether the place of operation of the enterprise is a country with a high risk of corruption.
4. Whether the business operated by the enterprise is an industry with a high risk of bribery.
5. The long-term operating condition and reputation of the enterprise.
6. Opinions of the enterprise's business partners regarding the enterprise.

7. Whether the enterprise has records of unethical conduct such as bribery or illegal political donations.

Article 18 (Explanation of Integrity Management Policies to Business Counterparties)

In the course of engaging in business activities, Company Personnel shall explain the Company's integrity management policies and relevant regulations to business counterparties, and shall clearly refuse to directly or indirectly provide, promise, demand, or accept any improper benefit in any form or under any name.

Article 19 (Avoidance of Transactions with Parties Engaging in Unethical Conduct)

Company Personnel shall avoid engaging in business transactions with agents, suppliers, customers, or other business counterparties involved in unethical conduct. Where any business counterparty is found to have engaged in unethical conduct, Company Personnel shall immediately cease business dealings with such counterparty and list it as a prohibited counterparty, in order to implement the Company's integrity management policies.

Article 20 (Incorporation of Integrity Management into Contracts)

When entering into contracts with others, the Company shall fully understand the counterparty's integrity management status and incorporate compliance with the Company's integrity management policies into contractual provisions. The contract shall at least clearly stipulate the following:

1. Where either party becomes aware of any personnel violating contractual provisions prohibiting acceptance of commissions, kickbacks, or other improper benefits, such party shall truthfully inform the other party of the identity of such personnel, the manner, amount, or other details of the provision, promise, demand, or acceptance of improper benefits, provide relevant evidence, and cooperate with the other party's investigation. Where a party suffers damages as a result, it may claim damages in accordance with contractual breach provisions and may deduct such damages in full from amounts payable under the contract.
2. Where either party engages in unethical conduct in business activities, the other party may terminate or rescind the contract at any time without conditions.
3. Clear and reasonable payment terms shall be stipulated, including payment locations, methods, and compliance with relevant tax laws and regulations.

Article 21 (Handling of Unethical Conduct by Company Personnel)

The Company encourages internal and external personnel to report unethical or improper conduct. Where internal personnel make false reports or malicious accusations, disciplinary actions shall be imposed, and in serious cases, dismissal shall be imposed.

The Company shall establish and announce on its company website and internal website independent internal whistleblowing mailboxes or hotlines, or engage other independent external institutions to provide whistleblowing mailboxes or hotlines, for use by internal and external personnel.

Whistleblowers shall at least provide the following information:

1. The whistleblower's name and identification number (anonymous reporting is permitted), and contact address, telephone number, or email address.
2. The name of the reported person or other information sufficient to identify the reported person.
3. Specific evidence available for investigation.

Personnel handling whistleblowing matters shall provide written statements to keep the whistleblower's identity and the content of the report confidential, and the Company undertakes to protect whistleblowers from improper treatment due to whistleblowing.

The Dedicated Unit shall handle whistleblowing matters in accordance with the following procedures:

1. Where the whistleblowing matter involves general employees, it shall be reported to the department supervisor; where it involves directors or senior management, it shall be reported to independent directors.
2. The Dedicated Unit and the supervisors or personnel receiving the report as referred to in the preceding subparagraph shall immediately ascertain the relevant facts, and where necessary, request assistance from the compliance or other relevant departments.
3. Where the reported person is confirmed to have violated relevant laws, regulations, or the Company's integrity management policies and rules, the reported person shall be immediately required to cease the relevant conduct and appropriate actions shall be taken. Where necessary, the matter shall be reported to the competent authorities, referred to the judicial authorities for investigation, or damages shall be sought through legal proceedings, in order to protect the Company's reputation and interests.
4. Written records of the acceptance, investigation process, and investigation results of whistleblowing matters shall be retained for five (5) years, and may be preserved in electronic form. Where litigation related to the whistleblowing content occurs before the

expiration of the retention period, the relevant records shall be retained until the conclusion of the litigation.

5. Where whistleblowing matters are verified to be true, the Company shall require the relevant units to review related internal control systems and operating procedures and propose improvement measures to prevent recurrence of similar conduct.

6. The Dedicated Unit shall report whistleblowing matters, handling methods, and subsequent corrective and improvement measures to the Board of Directors.

Article 22 (Handling of Unethical Conduct by External Parties)

Where Company Personnel encounter unethical conduct committed against the Company by external parties and such conduct involves illegal acts, the Company shall notify the judicial or prosecutorial authorities of the relevant facts. Where government agencies or public officials are involved, the Company shall also notify the government ethics authorities.

Article 23 (Internal Communication, Incentive and Disciplinary Systems, and Disciplinary Actions)

The Dedicated Unit shall conduct internal communication activities at least once a year, arranging for the Chairman, President, or senior management to convey the importance of integrity to directors, employees, and appointees.

The Company shall incorporate integrity management into employee performance evaluations and human resource policies, and establish clear and effective incentive, disciplinary, and grievance systems.

Where Company Personnel seriously violate integrity policies, they shall be removed or dismissed in accordance with relevant laws and regulations or the Company's personnel policies.

The Company shall disclose on its internal website information regarding personnel who violate integrity policies, including job titles, names, dates of violation, details of the violations, and handling status.

Article 24 (Implementation)

These Procedures and Guidelines shall be implemented upon approval by resolution of 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 these Procedures and Guidelines 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. Where 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.