

# Capital Securities Corporation

## Integrity Code of Conduct

Date of establishment: March 29, 2012

Amendment for the 1st instance: January 28, 2015

Amendment for the 2nd instance: August 29, 2019

### Article 1 Purpose and Applicability

The Company establishes this Code in order to create a corporate culture based on honest operations and accomplish normal developments.

This Code is applicable to the subsidiaries of the Company, corporations with direct or indirect donations accumulatively exceeding 50%, and other groups, enterprises, and organizations such as institutions or corporations with substantial control over the Company.

### Article 2 No Dishonest Act

The directors, managers, employees, appointees, or whoever with substantial control of the Company (hereinafter referred to as the substantial controllers), while doing business, may not, directly or indirectly, provide, promise, demand, or accept any unjustified interest or engage in other dishonest acts against integrity, the law, or in violation of the entrusted obligations in order to gain or maintain interest (hereinafter referred to as dishonest behavior).

The counterparts of the acts mentioned in the foregoing include civil servants, political candidates, political parties or partisans, and any public or private enterprises or institutions and their directors, supervisors, managers, employees, substantial controllers, or other stakeholders.

### Article 3 Type of Interest

Interest herein refers to anything of value, including money, gift, commission, position, service, preferred treatment, kickbacks, among others, in any form or name. It, however, does not include those as part of normal social etiquettes and which are occasional and have no effect on specific rights and obligations.

### Article 4 Compliance

The Company shall abide by the Company Act, the Securities Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and applicable regulations governing TWSE/TPEX listing, and other applicable laws and regulations governing business behavior; they are the cornerstone of ethical corporate management.

Article 5 Policy  
The Company shall honor its management beliefs, integrity, transparency, and responsibility by establishing honesty-based policies that are to be approved by the Board of Directors and building a sound corporate governance and risk control mechanism to contribute to an operational environment for sustainable developments.

Article 6 Preventive Solution  
The integrity policy defined by the Company shall cover substantial approaches to ethical corporate management and the solution to prevent against dishonest acts (referred to the Preventive Solution), including operating procedures, behavioral guides, and educational training, among others.  
When defining preventive solutions, the Company shall comply with applicable laws in the locality of corporate and organizational operation sites of the Company and the Group.  
While defining preventive solutions, the Company shall communicate with its employees, the labor union, and important business counterparts or other stakeholders.

Article 7 Scope of Preventive Solution  
The Company shall build an evaluation mechanism for the risk of dishonest acts and periodically analyze and evaluate operational activities at relatively high risk of dishonest acts within the scope of operation in order to accordingly establish the preventive solution and periodically review the adequacy and effectiveness of the preventive solution.  
The Company shall refer to domestic and international general standards or guidelines while preparing the preventive solution that shall at least cover measures to prevent against the following acts:

- I. Bribery and accepting bribery
- II. Providing illegal political contributions
- III. Improper charity donations or sponsorships
- IV. Providing or accepting unreasonable gifts, receptions, or other illegitimate interests
- V. Infringing upon business secrets, trademark rights, patent rights, copyrights, and other intellectual property rights
- VI. Engaged in unfair competition
- VII. Directly or indirectly hurting the rights of financial consumers or those of other stakeholders with products and services during research, upon supply, or upon distribution

- Article 8 Undertaking and Implementation**  
The Company shall require that its directors and high-ranking management issue a statement on complying with the integrity policy and include in its hiring criteria that the employees are required to follow the integrity policy.  
The Company and the Group's enterprises and organizations shall state in their Memorandum, external correspondences and the company website the integrity policy and the commitment that its Board of Directors and high-ranking management will proactively fulfill the integrity policy and precisely enforce it in internal management and business activities.  
The Company shall prepare documented information and properly keep it of the integrity policy, statement, undertaking, and implementation stated in Paragraphs I and II.
- Article 9 Honest Operation and Business Activities**  
The Company shall, in honor of the ethical corporate management principle, engage itself in business activities fairly and transparently.  
Prior to business interactions, the Company shall take into consideration the legitimacy of the dealer, the supplier, the customer, or any other business counterpart and presence of any dishonest act was involved or not and shall avoid transactions with anyone suspected of any dishonest act.  
The contract entered into by and between the Company and the dealer, the supplier, the customer, or any other business counterpart shall include compliance with the integrity policy and the clause that the contract may be terminated or dismissed at any time if a counterpart is found with any dishonest act.
- Article 10 No Bribery and Accepting Bribery**  
The Company and its directors, managers, employees, appointees, and substantial controllers, while performing business tasks, may not, directly or indirectly, provide illegitimate interests of any form to customers, dealers, contractors, suppliers, civil servants, or other stakeholders, promise, demand, or accept so.
- Article 11 No Providing Illegal Political Contributions**  
The Company and its directors, managers, employees, appointees, and substantial controllers, while performing business tasks, may not, directly or indirectly, provide contributions to political parties and organizations or individuals involved in political campaigns. The Political Donations Act and applicable internal operating procedures of the Company shall be followed. No seeking of business interest or trading preference is allowed

accordingly.

Article 12 No Improper Charity Donations or Sponsorships

The Company and its directors, managers, employees, appointees, and substantial controllers shall follow applicable laws and regulations and internal operating procedures for charity donations or sponsorships; no disguised bribery is allowed.

Article 13 No Providing or Accepting Unreasonable Gifts, Receptions, or Other Illegitimate Interests

The Company and its directors, managers, employees, appointees, and substantial controllers may not, directly or indirectly, provide or accept any unreasonable gift, reception, or other illegitimate interests to accordingly build business relationships or affect business transactions.

Article 14 No Infringement upon Intellectual Property Rights

The Company and its directors, managers, employees, appointees, and substantial controllers shall follow applicable intellectual property laws and regulations and internal operating procedures and contract requirements of the Company; without permissions from the owner of a specific intellectual property right, the intellectual property right may not be used, disclosed, disposed of, damaged, or infringed upon, etc.

Article 15 No Engagement in Unfair Competition

The Company shall be engaged in business activities in compliance with applicable competition laws and regulations.

Article 16 Prevention against Products or Services Hurting Stakeholders

The Company and its directors, managers, employees, appointees, and substantial controllers shall abide by applicable laws and regulations while researching, providing, or distributing products and services to ensure the transparency of product and service information, establish and make public its policies on the protection of the rights of consumers or other stakeholders, and consolidate them in operational activities in order to prevent against the products or services hurting the rights of consumers or other stakeholders directly or indirectly.

Article 17 Organization and Responsibility

The directors, managers, employees, appointees, and substantial controllers of the Company shall exercise due diligence as good-will manager by urging the Company to prevent against dishonest acts and discussing implementation efficacy at any time and continuing to make

progress to help ensure fulfillment of the integrity policy.

For the sake of normalizing integrity management, the Company shall have an exclusive unit set up under the Board of Directors configured with sufficient resources and competent staff to take charge of the preparation, supervision, and implementation of the integrity policy and preventive solution and primarily handle the matters below and periodically (at least once a year) report to the Board of Directors:

- I. To help combine honesty and moral values as part of the Company's operational strategy and to prepare related preventive measures to ensure honest operations as required by law.
- II. To periodically analyze and evaluate risks of dishonest acts within the scope of operation and to accordingly establish solutions to prevent against dishonest acts and establish task-related standard operating procedures and behavioral guides within respective solutions.
- III. To plan internal organization, configuration, and job responsibilities and to have mutual check and balance mechanisms in place for operational activities at relatively high risks of dishonest acts within the scope of operation.
- IV. To promote and coordinate communication and training on the integrity policy.
- V. To plan a whistleblowing system that helps ensure effective implementation.
- VI. To help the Board of Directors and the management inspect and evaluate whether preventive measures established to ensure honest operations have been working effectively and to evaluate related operating procedures periodically for compliance, with a report produced.

#### Article 18 Compliance

The directors, managers, employees, appointees, and substantial controllers of the Company shall abide by regulatory requirements and preventive solutions while carrying out tasks.

#### Article 19 Avoidance of Conflicting Interests

The Company shall establish policies to prevent against conflicting interests and to accordingly identify, supervise, and manage risks of possible dishonest acts caused by conflicting interests and to provide appropriate channels for the directors, managers, and other stakeholders present or seated in the Board of Directors to spontaneously explain whether potential conflicting interests with the Company's exist or not.

The Company's directors, managers, and other stakeholders present or seated in the Board of Directors, when considered as an interested party

themselves or the corporations they represent in the proposals raised by the Board of Directors, shall explain during the said Board of Directors' meeting important details about conflicting interests. They may not take part in the discussion and voting session if hurting the Company's interests is a concern and they shall recuse themselves during discussion and voting and may not exercise voting rights on behalf of other directors, either. The directors shall demonstrate self-discipline among themselves, too, without improper mutual support.

The directors, managers, employees, appointees, and substantial controllers of the Company may not take advantage of the position or the influence they have in the Company by enabling themselves, their spouse, parents, children, or anyone else to receive unjustified interests.

Article 20      Accounting and Internal control

The Company shall establish an effective accounting system and an internal control system for operating activities at relatively high risks of dishonest acts and may not have external or reserved private accounts and shall reflect from time to time such systems in order for the design and implementation of the said systems to remain effective.

The internal audit unit of the Company shall prepare related audit plans according to results of the dishonest act risk evaluation covering the auditee, the scope, the items, and the frequency, among others, and accordingly inspect compliance with the preventive solutions and may authorize a CPA to perform the inspection; if necessary, a professional may be authorized to provide assistance.

Results of the inspection in the preceding paragraph shall be reported to the high-ranking management and the unit responsible for honest operations and the audit report shall be prepared and submitted to the Board of Directors.

Article 21      Operating Procedure and Behavioral Guide

The Company shall follow the requirements in Article 6 by establishing the operating procedure and behavioral guide that substantially govern precautions that directors, managers, employees, and substantial controllers shall pay attention to while performing tasks and shall at least cover the following:

- I. The criteria by which the provision or acceptance of unjustified interests is defined.
- II. The handling procedure for providing legal political contributions.
- III. The handling procedure and value criteria for providing justified charity donations or sponsorships.
- IV. The requirements for avoiding conflicting interests relevant to their job

responsibilities and the declaration and handling procedures.

V. Confidentiality requirements for secrets and sensitive business data obtained during operations.

VI. Regulations and handling procedures for suppliers, customers, and business counterparts suspected of dishonest acts.

VII. Handling procedure for violations of the Integrity Code of Conduct.

VIII. Disciplinary action taken towards violators

#### Article 22 Educational Training and Evaluation

The Chairman, General Manager, or high-ranking management of the Company shall convey to the directors, employees, and appointees periodically the importance of integrity.

The Company shall provide directors, managers, employees, appointees, and substantial controllers with educational training and communication periodically and invite counterparts that do business with the Company to take part so that they have a sufficient understanding of the Company's commitment to honest operations and the Company's policies, preventive solutions, and the consequences of violations and dishonest acts.

The Company shall combine the integrity policy and its employee performance evaluation and human resources policy in one and sets specific and valid penalty systems.

#### Article 23 Whistleblowing system

The Company shall establish a substantial whistleblowing system and shall precisely enforce it. The system shall at least cover the following:

I. Establish and announce the internal independent whistleblowing mailbox, hotline, or have an external independent institution to provide the whistleblowing mailbox or hotline for use by the internal and external staff of the Company.

II. Assign a responsible person or unit to handle reported matters: when the reported matter involves the Chairman or high-ranking management, it shall be reported to the independent director(s) and define the classification of matters that may be reported and the affiliated investigation standard operating procedure.

III. Define the subsequent measures to be taken reflective of the severity of the circumstances involved once the reported case has been completely investigated; if necessary it shall be reported to the competent authority or be turned in to a judicial authority for investigations.

IV. Records of the reported case, such as its acceptance and investigation, results of the investigation, and production of related documents and their retention.

V. Confidentiality of the status of the whistleblower and details of the reported matter and allowance of anonymous reporting.

VI. Protective measures for whistleblowers against improper treatment due to whistleblowing.

VII. Incentives for whistleblowers.

The responsible person or unit handling reported matters of the Company, upon discovering major violations or a concern over the Company suffering major damages through investigation, shall produce a report immediately and notify the independent director in writing.

Article 24      Punishment and Appeal

The Company shall specify and announce the punishment and appeal system for violations of ethical corporate management requirements and disclose in real time on the internal website of the Company the information of the violator, such as the title, name, date of violation, details of violation, and handling status.

Article 25      Information Disclosure

The Company shall create quantified data of ethical corporate management and continue to analyze and evaluate the efficacy in the promotion of the integrity policy and disclose measures adopted as part of ethical corporate management, the implementation status, and the foregoing quantified data and implementation efficacy on the Company's website, in the Annual Report, and the prospectus and disclose contents of the Integrity Code of Conduct on the MOPS.

Article 26      Discussion and Modification of Integrity Policy and Measures

The Company shall pay attention to developments of applicable regulations governing honest operations domestically and internationally at all times and encourage directors, managers, and employees to provide advice and discuss accordingly and improve the integrity policies already defined and the measures being promoted by the Company in order to enhance the efficacy of honest operations of the Company.

Article 27      Implementation

This Code shall enter into force after it has been approved by the Board of Directors and shall be submitted to respective independent directors and to the shareholders' meeting. The same shall apply upon revisions.

When the Integrity Code of Conduct is submitted to the Board of Directors for discussion as required in the preceding paragraph, opinions from respective independent directors shall be sufficiently considered. In the event that an independent director objects or has reserved opinions, it

shall be specified so in the Board of Directors meeting minutes. If an independent director is unable to attend the Board of Directors meeting in person to express objections or reserved opinions, unless with justified reasons, written opinions shall be provided in advance and it shall be specified so in the Board of Directors meeting minutes.