

King's Town Bank Procedures for Ethical Management and Guidelines for Conduct

Article 1 (Purpose of adoption and scope of application)

King's Town Bank Co., Ltd. (hereinafter, the "Company") engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, the Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Company's Code of Ethical Corporate Management and the applicable laws and regulations of the places where the Company and its business groups and organizations operate, with a view to providing all personnel of the Company with clear directions for the performance of their duties.

The scope of application of the Procedures and Guidelines includes the subsidiaries of this Company, any incorporated foundation in which this Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.

Article 2 (Eligibility)

The term "the Company's personnel" refers to any director, managerial officer, employee, agents, or person having substantial control, of the Company or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any of the Company's personnel through a third party will be presumed to be an act by the Company's personnel.

Article 3 (Unethical conduct)

The term "unethical conduct" refers to the conduct of any personnel of the Company, in the course of their duties, directly or indirectly provides, accepts, promises, or requests improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty 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 4 (Types of benefits)

The term “Benefits” referred to in the Procedures and Guidelines refer to any money, endowment, gifts, commissions, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or things of value in any form or in any name.

Article 5 (Responsible unit)

The Company designates the Corporate Governance and Nomination Committee as the responsible unit (hereinafter, "responsible unit") under the board of directors and provides adequate resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to the Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors (at least once a year):

1. Incorporating ethics and moral values into the business strategy of the Company, and adoption of appropriate prevention measures against corruption and malfeasance in accordance with the laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the operations and business.
3. Planning the organization, structure, and functions of internal units, and setting up mutual supervision and checks-and-balance system for operating activities within the business scope that are at high risk of unethical conduct.
4. Promoting and coordinating policy awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its effectiveness.
6. Assisting the Board of Directors and management in auditing and assessing whether the prevention programs taken for the purpose of implementing ethical management are effective, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Compiling documented information on the ethical management policy, and compliance statement, implementing commitment and execution status, and retaining said information properly.

For the aforementioned matters which are involved in the duties and responsibility of other departments, the departments shall assist in the handling of corresponding matters.

Article 6 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the Company's Code of Ethical Corporate Management and the Procedures and Guidelines, and the relevant procedures shall have been carried out:

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, the 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. Money, property, or other benefits offered to or accepted from a person other than relatives or friends, or gifts of property with a total market value of NT\$ 6,000 or less given by another party to the majority of the personnel of the Company. However, the total market value of the property offered to the same counterparty or coming from the same source within a single fiscal year shall be taken into consideration whether or not the total amount exceeds the aforementioned amount.
7. Property with a market value of NT\$ 6,000 or less is received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or injury, illness, or death to the recipient or the recipient's spouse or lineal relative.
8. Other conduct that complies with the rules of the Company.

Article 7 (Procedures for receiving improper benefits)

Except for any of the aforementioned circumstances, when any personnel of this Company are provided with or are promised, directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the immediate supervisor shall notify the Human Resources Department if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the Human Resources Department. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the Human Resources Department for handling.

The aforementioned "a relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel" refers to any one of the following:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The Human Resources Department of the Company shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to and approved by the Board of Directors.

Article 8 (Prohibition of and handling procedures for facilitating payments)

The Company shall not offer or promise to offer any facilitating payments.

The Company's personnel who provide or promise to provide facilitating payments because of threats or intimidation shall record the process and report to their immediate supervisor as well as notify the Company's Human Resources Department. The Company's Human Resources Department shall handle the matter immediately upon notification of such issue, and shall discuss the event to lower the risk of reoccurrence. In a case involving alleged illegality, such matter shall also be immediately reported to the relevant judicial agency.

Article 9 (Procedures for handling political donations)

Political contributions made by the Company shall be subject to the following provisions, and shall be approved pursuant to the hierarchical responsibilities:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Political contributions shall be recognized in the accounting book according to the laws and relevant accounting treatments.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10 (Procedures for handling charitable donations or sponsorship)

Charitable donations or sponsorships made by the Company shall be subject to the following provisions, and shall be approved pursuant to the hierarchical responsibilities:

1. It shall be ascertained that the charitable donations or sponsorships are in compliance with the laws and regulations of the country where the Company is doing business.
2. A written record of the decision-making process shall be kept.
3. A charitable donation shall be given to including, but not limited to charitable institutions. However, such donation may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.

5. 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.

Article 11 (Conflict of interest avoidance)

In the event of an agenda item representing a conflict of interest for a director, manager, or other stakeholder attending or present at board meetings, or for the entity he or she represents, he or she shall disclose the conflict at the current meeting and refrain from discussion or vote on the matter. He or she shall be recused during discussion or vote on the matter and shall not exercise the right to vote on behalf of any other directors. Directors shall also exercise self-discipline and shall not support one another in improper dealings.

Where the spouse or a blood relative within the second degree of kinship of a Director, or a Director's controlling or affiliated company has interests in the aforementioned motions, the Director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of the Company 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 his or her immediate supervisor, and the immediate supervisor shall provide the personnel with proper instructions and report to the Human Resources Department.

No personnel of the Company may use Company's resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 (Special unit in charge of confidentiality regime and its responsibilities)

Each department of the Company shall pay attention to the management, preservation, and confidentiality of intellectual property rights such as business secrets, trademarks, patents, and works of the Company in respect to their respective administrative affairs.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other parties any trade secrets, trademarks, patents, works,

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

Article 13 (Prohibition of engaging in unfair competitive practices)

The Company shall engage in business activities in accordance with the Fair Trade Act and applicable competition laws and regulations, and shall not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of business.

Article 14 (Prevention of damage caused by products and services to stakeholders)

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall also adopt and disclose on the company website a policy on the protection of the rights and interests of consumers or other stakeholders, with a view to preventing its products and services from directly or indirectly damaging the rights or interests, health, or safety of consumers or other stakeholders.

Where there are media reports, or 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 recall those products or suspend the services, verify the facts and present a review and improvement plan.

The unit responsible for the aforementioned matters shall report the issues mentioned in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the designated unit and the board of directors.

Article 15 (Prohibition of insider trading and non-disclosure agreement)

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. The personnel are also prohibited from divulging undisclosed information to any other parties, in order to prevent other parties from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition, and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 16 (Compliance and declaration of ethical management policy)

The Company shall request its Directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

In addition to disclosing the Company's ethical management policy through internal regulations, annual reports, the company website, and other promotional materials, the Company uses product launch conferences, institutional investor seminars, and other activities to help suppliers, customers, other agencies and personnel understand the Company's business philosophy and regulations.

Article 17 (Evaluation of ethical management prior to the development of business relationships)

For potential agents, suppliers, and customers, the Company shall evaluate their legality and ethical management policies and ascertain whether they have a record of involvement in unethical conduct in order to ensure that they conduct business in a fair and transparent manner and do not request, offer, or take bribes.

During the aforementioned assessment, the Company can use appropriate audit procedures to examine business partners according to the following items to understand their ethical management status:

1. The enterprise's nationality, location of business operations, organizational structure, management policy, and the place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether the enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.

6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 (Statement of ethical management policy to counterparties in commercial dealings)

While conducting businesses, the Company's personnel shall clarify the Company's ethical management policy and other related regulations to the counterparties. The Company personnel shall clearly decline directly or indirectly offer, promise to offer, request, or accept any forms of improper benefits.

Article 19 (Avoidance of commercial dealings with unethical operators)

The Company's personnel shall avoid businesses with agents, suppliers, customers, or other counterparties in commercial interactions that are involved in unethical conduct. When the counterparties or cooperation partners are found to have unethical conduct, all existing businesses shall be terminated, and the counterparties or cooperation partners shall be backlisted, in order to implement the Company's ethical management policy.

Article 20 (Stipulation of terms of ethical management in contracts)

When the Company is signing contracts with its counterparties, it shall first gain a full comprehension of the status of implementation of ethical management of the other party and the contract terms shall include clauses stipulating compliance to the Company's ethical management policies, covering but not limited to the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to the prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or another improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If a party suffers damage as a result, it may request damages from the other party.

2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21 (Handling of unethical conduct by personnel of this Corporation)

The Company encourages internal and external personnel to report unethical or improper conduct. The relevant details regarding the reporting mechanisms, such as the submission, investigation, and report of reported cases, shall be handled according to “Regulations on the Implementation of the Whistleblower System” of the Company.

Article 22 (Handling of unethical conduct by others towards the Company)

If any personnel of the Company discovers that a party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall notify the governmental anti-corruption agency.

Article 23 (Internal promotion, establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The Chairman, President, or the senior management of the Company shall communicate the importance of corporate ethics to Directors, employees, and agents on a regular basis (at least once a year).

The Company shall incorporate the ethical management policy with employee performance evaluations and human resources policy, and establish clear and effective systems for rewards penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall make disclosure on the internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 24 (Enforcement)

The Procedures and any amendments thereafter shall become effective upon resolution at the board meeting, and are submitted to the Audit Committee.

When proposing the Procedures to the board meeting for discussion, the board shall take into full consideration each independent director's opinions. Any objections or reserved opinions shall be recorded in the Board Meeting minutes. If an independent director is unable to attend a meeting to express his/her objections or reserved opinions in person, he/she shall issue a written opinion in advance and set out in the minutes of the board meeting.

The Procedures were enacted at the board meeting on December 25, 2017.

Amended at the board meeting on May 14, 2018.

Amended at the board meeting on March 23, 2020.