



Advanced Echem Materials Company Ltd.

Ethical Corporate Management Principles

Article 1

These Principles are adopted to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

The scope of these Principles applies to the Company's subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("business group").

Article 2

When engaging in commercial activities, directors, supervisors, managers, employees, mandataries, or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") 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 (governors), supervisors, managers, employees, substantial controllers, or other stakeholders.

Article 3

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment, or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic



premise to facilitate ethical corporate management.

Article 5

The Company shall abide by the operational philosophies of honesty, transparency, and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanisms so as to create an operational environment for sustainable development.

Article 6

The Company shall in its ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating.

In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7

When establishing the prevention programs, the Company shall analyze and assess on a regular or irregular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and review their adequacy and effectiveness on a regular basis.

The prevention programs shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers



or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8

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.

The Company and its business group shall clearly specify in their rules, external documents, and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities. The Company shall compile documented information on the ethical management policy, statement, commitment, and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9

The Company shall engage in commercial activities in a fair and transparent manner.

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them have a record of unethical conduct, and is advised to avoid any dealings with persons so involved.

When entering into contracts with others, the Company is advised to include terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10

When conducting business, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form, including rebates, commissions, facilitation fees, or through other channels, to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. However, this does not apply to situations that comply with the laws of the territory where the operations are located.



Article 11

The Company does not provide any political donations.

Article 12

When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality, or other improper benefits to establish business relationships or influence commercial transactions.

Article 13-1

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 13-2

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

Article 13-3

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They are advised to 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 products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 14

The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Ethical Management Office shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs and shall report to the board of directors on a regular basis (at least once a year).

Article 15

The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall comply with laws and regulations and the prevention programs when conducting business.

Article 16

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may



not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

Article 17

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly.

Internal audit personnel shall periodically examine the compliance with the preceding systems and prepare audit reports to be submitted to the board of directors. They may engage a certified public accountant to carry out the audit and may engage professionals to assist if necessary.

Article 18

The Company shall establish operational procedures and guidelines in accordance with Article 6 to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering legitimate charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients, and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 19

The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to directors, employees, and mandataries on a regular basis.

The Company shall organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and may invite commercial transaction counterparties, so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company is advised to apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 20

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the Company to submit reports.
2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their



whistleblowing.

7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit shall immediately prepare a report and notify the independent directors or supervisors in written form.

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the title, name of the violator, the date and details of the violation, and the actions taken in response.

Article 21

The Company is advised to collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. The Company shall disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on the Company websites, annual reports, and prospectuses, and shall disclose its Ethical Corporate Management Best Practice Principles on the Market Observation Post System.

Article 22

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 23

The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the board of directors grants approval and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

consideration of its Ethical Corporate Management Best Practice Principles to the board of directors for discussion pursuant to the preceding paragraph, the board shall take into full



consideration each independent director's opinions. Any objections or reservations shall be recorded in the minutes. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

If the Company has established an Audit Committee, the amendment of these Principles shall be approved by more than one-half of all Audit Committee members and submitted to the board for resolution before being reported at a shareholders' meeting.

For the Company that has established an Audit Committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.

Disclaimer: The English version is for reference only. In the event of any conflict or inconsistency between the Chinese and English versions of these Principles, the Chinese version shall prevail.