

Title : Ethical Corporate Management Best Practice Principles of Yang Ming Marine Transport Corporation

Date : 2022.02.25 (Amended)

Article 1 Purpose and scope

In order to foster a corporate culture of ethical management and sound development, Yang Ming Marine Transport Corporation (hereinafter, "Yang Ming") has formulated these Principles with reference to the "Ethical Corporate Management Best Practice Principles of TWSE/GRSM Listed Companies".

These Principles are applicable to Yang Ming's business group and organizations, which comprise its subsidiaries, any foundation to which Yang Ming's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by such company (hereinafter, "business group") .

Article 2 Prohibited unethical conducts

When engaging in commercial activities, directors, supervisors, managers, employees, mandataries of Yang Ming, or persons having substantial control over Yang Ming (hereinafter, "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 (hereinafter, "unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred in the preceding paragraph include civil servant, political candidates, political parties or members of political parties, state-run or private-

owned businesses or institution, and their directors, supervisors, managers, employees, mandataries, substantial controllers or other stakeholders.

Article 3 Types of benefits

"Benefit" mentioned in these Principles refers to any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any form 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 Compliance

Yang Ming 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 Policies

Yang Ming shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish a sound corporate governance and risk control and management mechanism to create an operational environment for sustainable development.

Article 6 Prevention programs

Yang Ming shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and programs to forestall unethical conduct (hereinafter, "prevention programs"), covering operating procedures, guidelines, and training.

When establishing the prevention programs referred in the preceding paragraph, Yang Ming shall comply with the relevant laws and regulations of the territory where Yang Ming and its business groups are operating.

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

Article 7 Scope of prevention programs

Yang Ming shall establish a risk assessment mechanism against unethical conducts, regularly analyze and assess business activities within its business scope which are at a higher risk of being involved in unethical conducts, establish prevention programs accordingly and regularly review their adequacy and effectiveness.

When establishing the preventive programs, Yang Ming is advised to with reference to domestic or foreign standards or guidelines, including at least the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorships.
4. Offering or acceptance of unreasonable gifts, hospitality, or other improper benefits.

5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyright, 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 during research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 Commitment and implementation

Yang Ming shall request its directors and senior management to issue a statement of compliance with the ethical management policy, and require employees to comply with the ethical management policy in the employment conditions.

Yang Ming and its respective business groups shall clearly specify in their rules and external documents and on company websites 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 commercial activities.

Yang Ming shall compile documented information on the ethical management policies, statements, commitments and implementations referred in the first and second paragraphs and retain said information properly.

Article 9 Ethically managed commercial activities

Yang Ming shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, Yang Ming shall consider the legitimacy of its agents, suppliers, customers, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with those involved in unethical conduct.

When entering in to contracts with agents, suppliers, customers, or other trading counterparties, Yang Ming is advised to include such contracts terms requiring compliance with the ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, Yang Ming may terminate or rescind the contracts at any time.

Article 10 Prohibition of bribery

When conducting business, Yang Ming 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 to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 Prohibition of illegal political donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, Yang Ming and its directors, supervisors, managers, employees, mandataries and substantial controllers, shall comply with the Political Donations Act and their own relevant internal procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 Prohibition of improper charitable donation and sponsorship

When making or offering donations and sponsorship, Yang Ming 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 Prohibition of unreasonable Gifts, hospitality, or other improper benefits

Yang Ming and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable gifts, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 Prohibition of infringement of intellectual property rights

Yang Ming and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall abide by relevant laws and regulations, the company's internal operating procedures, and contractual provisions conserving 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 holders.

Article 15 Prohibition of unfair competition

Yang Ming shall engage in business activities in accordance with 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 commerce.

Article 16 Prevention of products or services from damaging stakeholders

In the course of research and development, procurement, manufacture, provision, or sales of products and services, Yang Ming 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 security of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and apply such policy in their operations to prevent—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, Yang Ming shall, in principle, recall those products or suspend the services immediately.

Article 17 Organization and responsibilities

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

To achieve sound ethical corporate management, the **Corporate Governance and Integrity Division** is responsible for establishing, promoting and supervising the implementation of the ethical corporate management policies and prevention

programs. The Corporate Governance and Integrity Division is in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management is in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, and establishing prevention programs accordingly, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistleblowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 Compliance requirement to conduct business

The directors, supervisors, managers, employees, mandataries, and substantial controllers of Yang Ming shall abide by laws and regulations and prevention programs when conducting business.

Article 19 Conflict of interest avoidance

Yang Ming's directors, supervisors, managers, employees, mandataries, and substantial controllers shall abide by Yang Ming's procedures for ethical management and guidelines for conduct and voluntarily explain whether their interests would potentially conflict with those of the company to allow Yang Ming to identify, monitor, and manage the risk of unethical conducts caused by the conflicts of interest.

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 Yang Ming, 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 from 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.

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

Article 20 Accounting and internal control

Yang Ming shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an

unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems continue to be effective.

Yang Ming's internal audit unit shall regularly establish relevant audit plans based on the assessment results of the risk of involvement in unethical conduct, including auditees, audit scope, items, frequency, etc., and check the compliance of the prevention programs accordingly. The internal audit unit may engage a certified public accountant to perform the audit, and may engage professionals to assist if necessary.

The results of the audit referred to in the preceding paragraph shall be reported to the senior management and the unit responsible for ethical management, and an audit report shall be prepared and submitted to the board of directors.

Article 21 Operational procedures and guidelines

Yang Ming shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, mandataries, 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 charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests 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 22 Training and performance appraisal system

The chairperson, president, or senior management of Yang Ming shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

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

Yang Ming shall 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 23 Whistleblowing system

Yang Ming provides reporting channels: independent director mailbox (independentdirector@yangming.com) and independent whistleblowing mailbox (conduct@yangming.com) to allow company insiders and outsiders to submit

reports, and the identity of the whistleblower and the contents of the reported cases shall be kept confidential to protect the whistleblower from improper treatment or unfair retaliation or treatment due to their whistleblowing, and anonymous reporting is permitted.

The acceptance, investigation process, investigation results, and recording and preservation of relevant documents of the whistleblowing case shall be handled in accordance with the following procedures:

1. Whistleblowing cases submitted through the independent director mailbox (independentdirector@yangming.com) shall be handled in accordance with the "Audit Committee's Measures for Accepting Suggestions and Complaints from Stakeholders".
2. Whistleblowing cases submitted through the independent whistle-blowing mailbox (conduct@yangming.com) shall be handled in accordance with the "The Procedures of whistleblowing cases for Yang Ming Group Members "; if the whistleblowing case involves directors or senior management, it shall be reported to the independent directors or the audit committee.

If material violations or likelihood of significant damage to Yang Ming are found through investigation, a report shall be prepared immediately, and the independent directors or the audit committee shall be notified in writing, and if necessary, it shall be reported to the competent authority or referred to the judicial authority.

Article 24 Disciplinary and appeal system

Yang Ming shall adopt and publish a disciplinary and appeal system for handling violations of the ethical corporate management policies, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 Information disclosure

Yang Ming shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy, and shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on company websites, annual reports, and prospectuses. The details of these Principles shall be disclosed on the Market Observation Post System.

Article 26 Review and revision of the principles

Yang Ming shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, supervisors, managers, employees, and mandatories 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 27 Implementation

These Principles of Yang Ming shall be implemented after the audit committee and board of directors grant the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When Yang Ming submits its ethical corporate management best practice principles to the board of directors for review pursuant to the preceding paragraph,

the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. 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.