

Title : Procedures for Ethical Management and Guidelines for Conduct of Yang Ming Marine Transport Corporation  
Date : 2022.02.25 (Amended)

### **Article 1 Purpose and basis for adoption**

Yang Ming Marine Transport Corporation (hereinafter, "Company") engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement its policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the territory where the Company and its business groups and organizations are operating, with a view to providing all personnel of the Company, with clear directions for the performance of their duties.

### **Article 2**

#### **(Scope of application)**

The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the 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. (hereinafter, "business group")

### **Article 3 Applicable subjects**

For the purposes of these Procedures and Guidelines, the term "personnel of the Company" refers to any director, supervisor, managers, employee, contractor, mandatary 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 personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

### **Article 4 Unethical conduct**

For the purposes of these Procedures and Guidelines, "unethical conduct" refers to any personnel of the Company, in the course of their duties, directly or indirectly provide, promise, request, or accept improper benefits or commits a breach of

ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managers, employees, mandataries, persons having substantial control, or other interested parties.

#### **Article 5 Types of benefits**

For the purposes of these Procedures and Guidelines, the term "benefits" refers to any money, endowments, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or 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 6 Responsible unit and duties**

The Corporate Governance & Integrity Division is the sole responsible unit (hereinafter, "responsible unit") and in charge of the amendment, implementation, interpretation, and advisory services with respect to these 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 (at least once a year) to the board of directors:

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 relevant laws and regulations.
2. Analyzing and assessing on a regular basis the risks of involvement in unethical conduct within the business scope on, and accordingly establishing prevention programs, 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 business activities that are potentially 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 regular assessment of compliance with ethical management in operating procedures.

7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement.

#### **Article 7 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 5, the personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, the Ethical Corporate Management Best Practice Principle of the Company and these 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, 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 with a market value of NT\$20,000 or less offered to or accepted from a person other than relatives or friends; or gifts of property with a total market value of NT\$100,000 or less given by another party to the majority of the personnel of the Company, provided that 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 limited to NT\$100,000.
7. Property with a market value of NT\$20,000 or less received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
8. Other conduct that complies with the rules of the Company.

In case where the market value of the accepted properties or other benefits referred to in the preceding paragraph exceed NT\$4,200 (US\$ 150) or accepting invitations for attending social activities or other entertainments, the personnel of the Company shall complete the “Hospitality/Gift Report Form” within 3 days from such acceptance or attendance.

The personnel of the Company shall not circumvent limitation and procedure referred in the preceding paragraphs by artificially dividing any benefits as specified in Article 5.

### **Article 8 Procedures for handling the acceptance of improper benefits**

Except under any of the circumstances set forth in the preceding article, when the personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 5 by a third party, whether a relationship of interest between the party providing or offering the benefit and the official duties of the personnel does exist or not, the personnel shall return or refuse the benefit, report to their immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

The responsible unit 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 and approved by the president of the Company.

### **Article 9 Prohibition of and handling procedure for facilitating payments**

The Company shall neither providing nor promising any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment or other benefits as specified in Article 5 under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial authority.

### **Article 10 Procedures for handling political donations**

The Company maintains political neutrality and refrains from providing political donations to any political party or individual.

### **Article 11 Procedures for handling charitable donations or sponsorships**

Charitable donations or sponsorships by the Company shall be provided in accordance with the rules of the Company and following provisions:

1. It shall be ascertained that the donation or sponsorship is in compliance with relevant laws and regulations of the country where the Company is conducting business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and 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 12 Recusal**

When a director, supervisor, managers or other stakeholder of the Company attending or presenting at a board meeting, or the juristic person being represented, has a stake in a matter under discussion in the meeting, that director, supervisor, managers or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such 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 a potential conflict of interest 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 to both their immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company 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 13 Confidentiality regime**

All personnel of the Company shall implement procedures for managing, preserving and maintain the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties to ensure the sustained effectiveness of the confidentiality procedures.

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 party 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 14 Prohibition against unfair competition**

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, 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 15 Prevention of damage caused by products and services to stakeholders**

The Company shall collect and comprehend the applicable laws and regulations and international standards governing relevant products and services. The Company shall also observe, gather and publish relevant guidelines, requiring all of the personnel to abide by transparency of information about, and safety of, the products and services in the course of research and development, procurement, manufacture, provision, or sale of products and services.

The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its 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 Company's 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, verify the facts and present a review and improvement plan.

The responsible unit of the Company shall report to the board of directors the events stipulated in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken.

#### **Article 16 Prohibition against insider trading and non-disclosure agreement**

All personnel of the Company 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. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

#### **Article 17 Non-disclosure agreement**

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 guarantee 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 18 Compliance and announcement of policy of ethical management**

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 shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

### **Article 19 Ethical management evaluation prior to development of commercial relationships**

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether 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 20 Statement of ethical management policy to counterparties in commercial dealings**

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

### **Article 21 Avoidance of commercial dealings with unethical operators**

All personnel of the Company, shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease



dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

### **Article 22 Stipulation of terms of ethical management in contracts**

Before entering into a contract with another party, the Company shall have a thorough knowledge of the status of the other party's ethical management, shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, and the Company is advised to stipulate at the least the following matters:

1. When a party to the contract becomes aware that any personnel having violated the terms and conditions pertaining to 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 other 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 there has been resultant damage to either party, the party may claim from the other party as full damages, and may also deduct the full amount of the damages from the contract price payable.
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 23 Handling of unethical conduct by personnel of the Company**

As an incentive to insiders and outsiders for reporting on unethical or unseemly conduct, the Company will grant a reward depending the severity of the circumstance concerned if the whistleblowing case is confirmed true after investigation. Insiders may also be given other incentive in accordance with rules of the Company, and those who made a false report or malicious accusation shall be subject to disciplinary action.

The Company has published on its website an independent director mailbox — (independentdirector@yangming.com) and an independent whistle-blowing mailbox (conduct@yangming.com), for insiders and outsiders of the Company to submit reports.

A whistleblower shall at least furnish the following information:

1. the whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.
2. the informed party's name or other information sufficient to distinguish its identity.
3. specific facts available for investigation.

Personnel of the Company handling whistleblowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.

Whistleblowing cases submitted through the independent director mailbox ([independentdirector@yangming.com](mailto:independentdirector@yangming.com)) shall be handled in accordance with the "Audit Committee's Measure for Accepting Suggestions and Complaints from Stakeholders".

Whistleblowing cases submitted through the independent whistle-blowing mailbox([conduct@yangming.com](mailto:conduct@yangming.com))shall be handled in accordance with the "The Procedures of whistleblowing cases for Yang Ming Group Members" and the following procedures:

1. The whistleblowing case shall be reported to the department head if it involves the rank and file and to the independent directors or audit committee if it involves a director or a senior management.
2. The responsible unit, Chief Auditor of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policies and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a lawsuit on whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, the Company shall charge relevant departments with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

6. The responsible unit of the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

#### **Article 24 Actions upon event of unethical conduct by others towards the Company**

If any personnel of the Company discovers that another party has been 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. If a public service agency or public official is involved, the Company shall also notify the governmental anti-corruption agency.

#### **Article 25 Trainings**

The responsible unit of the Company shall periodically organize ethical awareness training sessions and arrange for the chairperson, president, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

#### **Article 26 Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures**

The Company shall incorporate ethical management to 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 or terminate their employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

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

#### **Article 27 Enforcement**

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

When these Procedures and Guidelines are submitted to the board of directors for review, each independent director's opinions shall be taken into full consideration, and their objections and reservations shall be recorded in the minutes of the board of directors meeting. An independent director unable to attend a board meeting in person to express objections or reservations shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion thereof shall be recorded in the minutes of the board of directors meeting.