

# **Apex International Co., Ltd.**

## **Ethical Corporate Management Best Practice Principles**

### **Article 1**

This Principle is adopted to its business groups and organizations of the Company, which comprise its subsidiaries, any foundation to 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 Company ("business group").

### **Article 2**

When engaging in commercial activities, directors, managers, employees of the Company or persons having substantial control over such companies ("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, supervisors, managers, employees or substantial controllers or other stakeholders.

### **Article 3**

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment, rebates, business secrets, patents and intelligent property 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, The Company listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

### **Article 5**

The Company 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 mechanism so as to create an operational environment for sustainable development.

## **Article 6**

The Company shall formulate their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the solutions to prevent unethical conduct ("prevention solutions"), including operational procedures, guidelines, and training.

When formulating the prevention solutions, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the process of formulating the prevention solutions, The Company may communicate with staff, labor unions members, important trading counterparties, or other stakeholders.

## **Article 7**

When establishing the prevention solutions, the Company shall periodically analyze and evaluate business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures in order to review its appropriateness and effectiveness.

The prevention solutions adopted by the Company 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. Violation 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 the directors and high managerial officers to issue a declaration which follow the business policy, and request the employee to follow the business policy by working condition.

The Company and respective business group shall clearly specify the ethical corporate management policies in rules, external documents and the website. Board of directors and managerial officers shall commit to implement such policies rigorously and thoroughly and shall carry out the policies in internal management and in commercial activities.

The Company should make the documental information and keep it safe for the Article 1 and Article 2 of the Ethical Corporate Management Best Practice Principles, declaration, commitment, and execution.

## **Article 9**

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

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts 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 directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and directors, managers, employees and substantial controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, and follow the regulations, laws and the prevention solutions. Shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages. When conducting business, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from stakeholders. When making or offering donations and sponsorship, shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery. And shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions. Also, 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 11**

The Company listed companies 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 12**

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and their directors, , 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 shall also 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 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.

### **Article 13**

The Company's board of directors, managers, employees, and substantial controllers 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 Company shall establish a related administration unit that is under the board of directors, allocating enough resource and suitable person and responsible for establishing the implementation of the ethical corporate management policies and prevention solutions. And internal audit office shall supervising and report to the board of directors on a regular basis. The dedicated unit shall be in charge of the following matters:

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 in compliance with the requirements of laws and regulations.
2. Periodically analysis and evaluation the risk of unethical conduct within the operating scope and setting out in each solution 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 whistle-blowing 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 14**

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, 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, 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, managers, employees, 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 15**

The Company 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 are showing results.

The internal auditor of the Company shall follow the evaluation conclusion of unethical conduct, drafting auditing plans, which includes audit object, range, item, frequency, etc., to examine the regulation compliance of prevention solutions, and may engage a certified public accountant to conduct the audit, and may engage professionals to assist if necessary. The audit conclusions of the preceding paragraph shall notify the top management team and a dedicated unit for ethical management, and prepare audit reports and submit the same to the board of directors.

#### **Article 16**

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, 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 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 17**

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

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

The Company 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 18**

Internal Audit Manager and Independent Directors of Company were appointed to handle whistle-blowing system. When accept the whistle-blow application, anonymousness is not allowed, and Whistle-blowers should provide the content or evidence of who/what/when/place related information. The Company shall ensure the confidentiality of the identity of whistle-blowers and the content of reported cases. When the conclusion of the investigation is confirmed to violate these Principles, the in-charge department shall conduct according to related regulations, shall report to competent authority or transfer to the judicial authority for investigation, and 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 19**

The Company shall disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data and the results on their company websites, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

#### **Article 20**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, 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 21**

These Principles shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the principles have been amended.

For The Company that has appointed any independent director, when the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter,

it 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 objection 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.

These Principles firstly be formulated on 9-Apr-2015 and approved by Board of Directors of the Company.

These Principles was amended on 9-Aug-2019 and approved by Board of Directors of the Company.