

LCY CHEMICAL CORP.

Ethical Corporate Management Best Practice Principles

Adopted by the board of directors 2018.3.19

Article 1 (Purposes and Application)

The Ethical Corporate Management Best Practice Principles of LCY CHEMICAL CORP. (hereinafter referred to as “Code”) is established in accordance with the Ethical Corporate Management Best Practice Principles for Taiwan Stock Exchange Corporation and GreTai Securities Market Listed Companies to foster a corporate culture of ethical management and sound development of LCY Chemical Corp. (hereinafter referred to as “Corporation”).

The Code is applicable to such group enterprises and organizations as the subsidiaries of the Corporation, non-profit juristic persons to which the Corporation's direct or indirect fund contributions exceed 50 percent of the total funds received, and other institutions or juristic persons which are substantially controlled by the Corporation.

Article 2 (No Unethical Conduct)

When engaging in commercial activities, no Corporation director, officer, appointee and employee (Corporation Personnel), or personnel having substantial control (Substantial Controller), may directly or indirectly offer, promise to offer, request or accept any improper benefits, or commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, public or private enterprises or institutions, and their directors, supervisors, officers, employees or Substantial Controllers or other stakeholders.

Article 3 (Forms of Benefits)

For purposes of the Code, "benefits" means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name, except occasional benefits being part of social etiquette that are not likely to affect specific rights and obligation.

Article 4 (Legal Compliance)

The Corporation 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 and regulations, or other laws and decrees governing commercial activities, as the underlying premise to facilitate ethical management.

Article 5 (Policies)

The Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, devise policies based on the principle of good faith, and establish a sound corporate governance and risk control and management mechanism, in order to create and

maintain an operational environment for sustainable development.

Article 6 (Prevention Programs)

The Corporation will revise the LCY Group Employee Code of Conduct in accordance with the operational principles and policies set out in the preceding article and, from time to time as necessary, establish supplemental requirements, programs, regulations and rules against unethical conduct.

Article 7 (Scope of Prevention Programs)

When amending or establishing the employee code of conduct, supplemental requirements, programs, regulations and rules in accordance with the preceding article, the Corporation shall analyze and review the risk of unethical conduct and strengthen the preventive measures. The relevant preventive measures cover the following:

1. offering and acceptance of bribes
2. illegal political donations
3. improper charitable donations or sponsorships
4. offering or acceptance of unreasonable presents or hospitality, or other improper benefits
5. infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights
6. engaging in unfair competition
7. directly or indirectly damaging of 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 (Undertaking and Enforcement)

The Corporation and group enterprises and organizations shall clearly specify the ethical management policy in their rules and regulations and external documents. The board of directors and the management shall implement such policy rigorously and enforce the policy in internal management and external commercial activities.

Article 9 (Ethical Commercial Activities)

The Corporation shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transaction, the Corporation shall take into consideration the legality of the agents, suppliers, clients, or other trading counterparts and whether any of them has a record of unethical conduct, and shall avoid any dealings with those with such record. Contracts entered into by the Corporation with others shall include terms requiring compliance with the ethical corporate management policy and entitling the Corporation to terminate or rescind the contract in the event a trading counterpart is involved in unethical conduct.

Article 10 (No Offering and Acceptance of Bribes)

In their execution of business, the Corporation and Corporation Personnel 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 payments, or offer or

accept improper benefits by other means to and from clients, agents, contractors, suppliers, public servants, or other stakeholders, unless the laws of the location of the operation are observed.

Article 11 (No Illegal Political Donations)

The Corporation and Corporation Personnel and Substantial Controllers may not offer donations to political parties or organizations or individuals participating in political activities in exchange for commercial gains or business advantages

Article 12 (No Improper Charitable Donations or Sponsorships)

When offering charitable donations or sponsorships, the Corporation and Corporation Personnel and Substantial Controllers shall comply with applicable laws and regulations and internal operating procedures, and also note the following:

1. The laws and decrees of the location of the operation shall be complied with.
2. The corporate image and operational philosophies shall be conformed to.
3. Complete documentation and records of payment requests and utilization of funds shall be retained.

Article 13 (No Offering or Acceptance of Unreasonable Presents or Hospitality, or Other Improper Benefits)

The Corporation and Corporation Personnel and Substantial Controllers may not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationships or influence commercial transactions.

Article 14 (No Infringement of Trade Secrets, Trademark Rights, Patent Rights, Copyrights, and Other Intellectual Property Rights)

The Corporation and Corporation Personnel and Substantial Controllers shall observe applicable laws and regulations, the internal operating procedures of the Corporation, and contractual provisions concerning intellectual property, and, without the prior consent of the intellectual property rights holder, may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights.

Article 15 (No Engagement in Unfair Competition)

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

Article 16 (No Damage 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, the Corporation and Corporation Personnel and Substantial Controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, the products and services. They shall also devise and publish policies on the protection of the rights and interests of consumers or other

stakeholders, and carry out the policies in the operations, with a view to preventing the products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Products or services that are sufficiently determined by facts to be likely to pose hazards to the safety and health of consumers or other stakeholders shall in principle be recalled or suspended immediately.

Article 17 (Organization and Duties)

The Corporation Personnel and Substantial Controllers shall exercise the due care of good administrators to urge the Corporation to prevent unethical conduct, review the results of preventive measures from time to time and make constant adjustments so as to ensure the implementation of the ethical management policy. To achieve sound ethical management, the Corporation shall charge the management committee with the creation of the ethical management policy and charge the human resources division with the inspection and monitoring of compliance in the implementation of the policy. Reports must be made to the board of directors on a regular basis.

The following are included:

1. Assisting in incorporating ethics and moral values into the business strategy of the Corporation, and establishing in compliance with the system of laws and decrees relevant preventive measures against corruption to ensure ethical management
2. Devising programs to prevent unethical conduct and setting out in each program the standard operating procedures and guidelines for conduct governing work and business
3. Planning internal organization, structure, and allocation of responsibilities, and setting up check-and-balance mechanisms for mutual supervision of business activities within the business scope which entail a higher risk of unethical conduct
4. Promoting and coordinating the promotion of awareness of, and training with respect to, the ethics policy
5. Devising a whistle-blowing system and ensuring the effectiveness of its implementation
6. Assisting the board of directors and management in auditing and assessing whether the preventive measures adopted for the purpose of implementing ethical management are effective, and preparing regular reports on the assessment of compliance of relevant operating procedures with ethical management

Article 18 (Legal Compliance of Business Execution)

The Corporation and Corporation Personnel shall comply with laws and regulations and the prevention programs in their execution of business.

Article 19 (Recusal of Directors and Officers)

The directors and officers of the Corporation and other stakeholders attending or sitting in on board of directors meetings shall maintain a high level of self-discipline. When a proposal at a given board of directors meeting concerns the personal interest of any of such directors, officers

or stakeholders, or of the juristic person he/she represents, he/she shall explain in the meeting the important aspects of his personal interest. Where the interests of the Corporation are likely to be prejudiced, he/she may state his/her views and respond to inquiries, without participating in discussions and voting. He/She shall recuse himself/herself from discussions and voting and may not exercise the voting rights of other directors on their behalf. The directors shall also practice self-discipline among themselves without supporting one another improperly.

When a proposal at a given board of directors meeting concerns the personal interest of any of the Corporation Personnel and Substantial Controllers or his/her spouse, parents or children, he/she shall explain in the meeting the important aspects of such interest.

No Corporation Personnel or Substantial Controllers may take advantage of his/her position or influence in the Corporation to obtain improper benefits for himself/herself, his/her spouse, parents, children or any other person.

Article 20 (Accounting and Internal Control)

The Corporation shall establish effective accounting systems and internal control systems for business activities entailing a higher risk of unethical conduct, and may not have under-the-table accounts or keep secret accounts. The Corporation shall conduct reviews regularly to ensure such systems can continue to be implemented effectively. The internal auditors shall examine the compliance with the foregoing systems regularly and prepare audit reports and submit the same to the board of directors.

Article 21 (Operating Procedures and Guidelines for Conduct)

The Corporation shall comply with the LCY Group Employee Code of Conduct, Work Rules and Code in its execution of business and relevant operating procedures to prevent unethical conduct.

Article 22 (Educational Training and Assessment)

With its ethical management policy operating in coordination with its human resources policy, the Corporation shall organize educational training and awareness programs for the Corporation Personnel regularly and invite trading counterparts in commercial transactions with the Corporation to such programs timely to ensure they fully understand the ethical corporate management policy, applicable rules, and consequences of any breach of such policy and rules.

Article 23 (Whistle-blowing and Disciplinary Actions)

The Corporation has a management committee mailbox and will maintain the confidentiality of the identity of whistle-blowers and the contents of reported management ethics violations. The Corporation will impose disciplinary actions against violators in accordance with the Work Rules, Employee Code of Conduct, and applicable laws and regulations.

Article 24 (Disclosure of Information)

The Corporation discloses the Code on the company website and the implementation of the Code of Business Ethics in annual reports.

Article 25 (Review and Revision of the Code of Business Ethics)

The Code is reviewed and revised in line with the developments in domestic and foreign business ethics requirements. The Corporation encourages the Corporation Personnel to present proposals based on which to review and improve the Code established by the Corporation, in order to enhance the effectiveness of ethical management of the Corporation.

Article 26 (Implementation)

The Code, as amended from time to time, is implemented upon adoption by the board of directors, presented to the audit committee, and reported at a shareholders' meeting.

Article 27

The Code was adopted by the board of directors and took effect and was implemented as of 14 May 2013. The second amendment was made as of 9 April 2015. The third amendment was made as of 11 August 2016. The fourth amendment was made as of 19 March 2018.