

Ethical Corporate Management Best Practice Principles

Article 1 (Establish Objectives and Applicable Scope)

Dong Fang Offshore Co., Ltd. (hereinafter referred to as "the Company") hereby establishes the Ethical Corporate Management Best Practice Principles to foster a corporate culture of integrity and ensure robust development.

These Principles applies to the Company.

Article 2 (Prohibition of Unethical Conduct)

Directors, managers, employees, or individuals with substantial control over the Company (hereinafter referred to as "Substantial Controllers") are prohibited from directly or indirectly offering, promising, soliciting, or accepting any improper benefits or engaging in other acts contrary to integrity, unlawful acts, or acts violating entrusted duties (hereinafter referred to as "unethical conduct") during the course of commercial activities to gain or maintain benefits.

Article 3 (Forms of Benefits)

Benefits as referred to in these Principles encompass any item of value, including money, gifts, commissions, positions, services, privileges, kickbacks, etc., in any form or denomination. However, this does not apply to normal social etiquette or occasional incidents that do not affect specific rights and obligations.

Article 4 (Compliance with Laws)

The Company shall adhere to the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, relevant regulations for TWSE and TPEx listed companies, or other laws related to commercial activities as the fundamental premise for implementing ethical management.

Article 5 (Policies)

The Company shall establish policies based on integrity, transparency, and accountability and establish sound corporate governance and risk management mechanisms to create a sustainable and conducive business environment.

Article 6 (Behavioral Management Guidelines)

In line with the business philosophy and policies outlined in the preceding articles, the Company has devised the "Operational Procedures and Behavioral Management Guidelines of Dong Fang Offshore Co., Ltd." (hereinafter referred to as "Behavioral Management Guidelines").

These guidelines shall align with the applicable regulations of the Company and the local laws of the jurisdictions where the Group enterprises and organizations operate.

Article 7 (Scope of Behavioral Management Guidelines)

When formulating the Behavioral Management Guidelines, the Company shall analyze business activities within its operational scope that pose a higher risk of unethical conduct and implement reinforced preventive measures accordingly.

Preventive measures for the following behaviors should be included in the aforementioned Behavioral Management Guidelines:

1. Engaging in bribery and receipt of bribes.
2. Provision of illegal political contributions
3. Improper charitable donations or sponsorships
4. Provision or acceptance of unreasonable gifts, hospitality, or other improper benefits.

Article 8: (Commitment and Enforcement)

The Company and its affiliated enterprises and organizations shall explicitly demonstrate a policy of ethical conduct in internal regulations and external documents. The Board of Directors and management shall commit to actively implementing this policy and ensure its effective execution in internal management and external business activities.

Article 9 (Ethical Business Conduct)

The Company shall conduct its business activities in a fair and transparent manner.

Before engaging in commercial transactions, the Company shall consider the legality of agents, suppliers, customers, or other trading partners and avoid transactions with those who have records of unethical conduct.

Contracts entered into by the Company with others should include provisions for compliance with the Ethical Corporate Management Best Practice Principles. Additionally, clauses allowing for termination or rescission of the contract at any time if the counterparty engages in unethical behavior should be included.

Article 10 (Prohibition of Bribery and Receipt of Bribes)

The Company, its directors, managers, employees, and substantial controllers shall not directly or indirectly provide, promise, solicit, or accept any form of improper benefit, including kickbacks, commissions, facilitation fees, or any other means of providing or receiving improper benefits to or from customers, agents, contractors, suppliers, public officials, or other stakeholders. However, this does not apply where permitted by local laws.

Article 11 (Prohibition of Providing Illegal Political Contributions)

The Company, its directors, managers, employees, and substantial controllers shall comply with the Political Donations Act and internal company procedures when making direct or indirect contributions to political parties or entities involved in political activities. Such contributions shall not be used to seek commercial advantages or preferential treatment.

Article 12 (Prohibition of Improper Charitable Donations or Sponsorships)

The Company, its directors, managers, employees, and substantial controllers shall adhere to relevant laws and internal procedures when making charitable donations or sponsorships, ensuring that they do not serve as disguised bribes.

Article 13 (Prohibition of Unreasonable Gifts, Hospitality, or Other Improper Benefits)

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

Article 14 (Organization and Responsibilities)

The Board of Directors shall exercise due diligence in overseeing the Company to prevent unethical conduct, continuously review the effectiveness of its implementation, and ensure the enforcement of the ethical conduct policy. The Human Resources Department shall be responsible for formulating and supervising the implementation of the corporate ethical conduct policy and behavioral guidelines, and shall regularly report to the Board of Directors.

Article 15 (Compliance in Business Execution)

The Company's directors, managers, employees, and substantial controllers shall comply with legal requirements and behavioral guidelines in the performance of their respective duties.

Article 16 (Conflict of Interest Avoidance for Directors and Managers)

The Company shall establish policies to prevent conflicts of interest and provide appropriate channels for directors and managers to disclose potential conflicts of interest with the Company.

Directors of the Company must uphold a high degree of self-discipline. In cases where a director or their representative has a conflict of interest with agenda items listed for the Board of Directors, potentially harming the interests of the Company, they may state their opinions and respond to inquiries. However, they must refrain from participating in discussions and voting on such matters. During discussions and voting, they should abstain and not proxy vote on behalf of other directors. Directors should also exercise self-discipline among themselves and refrain from inappropriate mutual support. Directors and managers of the Company must not exploit their positions within the Company to gain improper benefits for themselves, their spouses, parents, children, or any other individuals.

Article 17 (Accounting and Internal Control)

The Company shall establish effective accounting and internal control systems for business activities with higher risks of unethical conduct. It shall not maintain off-the-books accounts or secret accounts and shall regularly review these systems to ensure their ongoing effectiveness.

Internal auditors shall periodically audit compliance with these systems and report their findings to the Board of Directors.

Article 18 (Operational Procedures and Behavioral Guidelines)

The behavioral guidelines formulated in accordance with Article 6 shall specify operational procedures and behavioral guidelines for directors, managers, employees, and substantial controllers in conducting business. These shall include:

1. Guidelines for providing or accepting benefits, which must comply with normal social etiquette and be occasional without affecting specific rights and obligations.
2. Procedures for handling lawful political donations.
3. Procedures and standards for providing legitimate charitable donations or sponsorships.
4. Regulations for avoiding conflicts of interest related to duties, including declaration and handling procedures.
5. Confidentiality provisions for business-sensitive information obtained in the course of business.
6. Regulations and procedures for dealing with suppliers, customers, and business partners involved in unethical behavior.
7. Procedures for handling instances where violations of the Ethical Corporate Management Best Practice Principles are discovered.
8. Disciplinary measures to be taken against violators.

Article 19 (Education, Training, and Evaluation)

The Company shall regularly conduct education and training sessions for directors, managers, employees, and substantial controllers to ensure they fully understand the Company's commitment to ethical business practices, policies, behavioral guidelines, and the consequences of engaging in unethical behavior.

The Company shall integrate its ethical business policy with employee performance evaluations and human resources policies, establishing clear and effective reward and disciplinary systems.

Article 20 (Whistleblowing and Disciplinary Action)

The Company shall provide proper channels for whistleblowing and ensure the confidentiality of whistleblowers' identities and reports.

The Company shall establish clear rules for disciplinary action and appeal procedures for violations of ethical business practices, promptly disclosing information such as the title, name, violation date, violation details, and outcomes of offenders on its internal website.

Article 21 (Information Disclosure)

The Company shall disclose the implementation status of its Ethical Corporate Management Best Practice Principles on its website, annual reports, and public disclosure documents.

Article 22 (Review and Amendment of Ethical Corporate Management Best Practice Principles)

The Company shall continuously monitor the development of domestic and international ethical business standards, encouraging directors, managers, and employees to propose improvements to the Ethical Corporate Management Best Practice Principles to enhance its effectiveness.

Article 23 (Implementation)

The Company's Ethical Corporate Management Best Practice Principles shall be implemented upon approval by the Board of Directors and shall be reported to the shareholders' meeting. Subsequent amendments shall follow the same procedure.

Polin Chen

Chief Executive Officer
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