



O-Bank Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct

Amended upon approval by the 7th Board of Directors in its 23rd meeting on March 25, 2020

Article 1 (Purpose of adoption and scope of application)

The Bank engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. In order to fully implement its ethical management policy and actively prevent unethical conduct, the Bank adopts these Procedures for Ethical Management and Guidelines for Conduct (hereinafter “Procedures and Guidelines”) in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, the Bank’s Ethical Corporate Management Best Practice Principles, and the applicable laws and regulations of the places where the Bank and its affiliated businesses and organizations operate, with a view to providing all personnel of the Bank with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the Bank, its subsidiaries, any incorporated foundation in which the Bank's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the said foundation, and other affiliated businesses and organizations, such as institutions or juristic persons, substantially controlled by the Bank.

Article 2 (Applicable parties)

For the purposes of these Procedures and Guidelines, the term “personnel of the Bank” refers to any director, supervisor, managerial officer, employee, mandatary, or person having substantial control, of the Bank or its affiliated businesses and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Bank through a third party will be presumed to be an act by personnel of the Bank.

Article 3 (Unethical conduct)

For the purposes of these Procedures and Guidelines, “unethical conduct” means that any personnel of the Bank, in the performance of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties to the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-run or

private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4 (Types of benefits)

For the purposes of these Procedures and Guidelines, the term “benefits” refers to any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 (Responsible unit and its duty)

The Bank shall designate the Corporate Social Responsibility Committee as the solely responsible unit (hereinafter “responsible unit”) under the Board of Directors that is to be equipped with sufficient resources and qualified personnel and, in its turn, charge the Bank’s corporate governance panel with 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. This responsible unit shall be in charge of the following matters and shall submit reports to the Board of Directors on a regular basis (at least once a year):

1. Assist in incorporating ethics and moral values into the Bank’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. Perform an annual analysis and evaluation of the Bank’s vulnerability to unethical conduct within its scope of business and, in turn, adopt programs to prevent unethical conduct and set out in each program the standard operating procedures and conduct guidelines with respect to the Bank’s operations and business.
3. Plan the internal organization, structure, and allocation of responsibilities and set up check-and-balance mechanisms for mutual supervision of the business activities within the Bank’s scope of business that are at a higher risk of unethical conduct.
4. Promote and coordinate awareness-enhancing and educational activities with respect to the Bank’s ethical management policy.
5. Develop a whistleblowing system and ensure its operating effectiveness.
6. Assist the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are operating effectively, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Produce and properly preserve such documents as the Bank’s statements on ethical management policy and compliance thereof and status of keeping and fulfilling pertinent promises.

Article 6 (Prohibition of provision or acceptance of improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or

requesting, directly or indirectly, any benefits as specified in Article 4, personnel of the Bank shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, the Bank's Ethical Corporate Management Best Practice Principles, and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The action is undertaken to meet business needs and is in accordance with local courtesy, conventions, or customs during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The action has its basis in normal social activities that are attended or others are invited to hold for the sake of generally accepted social customs, commercial purposes, or relationship facilitation.
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 duration of the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the general public to attend.
5. Rewards, emergency assistance, condolence payments, or honorariums from superiors.
6. Any other action that is generally accepted under social mores and customs or complies with the rules of the Bank.

Article 7 (Procedures for handling acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of the Bank are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or promising the benefit and the official duties of personnel of the Bank, the latter shall report to their department head within three days of acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or promising the benefit and the official duties of personnel of the Bank, the latter shall return or refuse the benefit, and shall report to their department head and notify the responsible unit. When the benefit cannot be returned, the personnel shall refer the matter to the responsible unit within three days of acceptance of the benefit.

“A relationship of interest between the party providing or promising the benefit and the official duties of personnel of the Bank,” as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties are involved in such relationships as commercial dealings,

commanding and supervision, or subsidies (or rewards) for expenses.

2. When a contracting, transaction, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Bank's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Bank 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 to and approved by the president of the Bank.

Article 8 (Prohibition of facilitating payments and handling procedures thereof)

The Bank shall neither provide nor promise any facilitating payment.

If any personnel of the Bank provide or promise a facilitating payment under threat or intimidation, they shall submit a report to their department head 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 refer it to the judicial authority.

Article 9 (Procedures for handling political contributions)

Political contributions by the Bank shall be made in accordance with the Bank's Regulations for Reviewing External Donations and the following provisions:

1. It shall be ascertained that any political contribution is in compliance with the laws and regulations governing political contributions in the country in which the intended recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and accounting procedures.
4. Precaution shall be taken to prevent making political contributions from coinciding with getting involved with the related government agencies in terms of commercial dealings, applications for permits, or other matters involving the interests of the Bank.

Article 10 (Procedures for handling charitable donations or sponsorships)

Charitable donations or sponsorships by the Bank shall be provided in accordance with the Bank's Regulations for Reviewing External Donations and the following provisions:

1. It shall be ascertained that any donation or sponsorship is in compliance with the laws and regulations of the country where the Bank conducts business.
2. A written record of the decision-making process shall be kept.
3. Any 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 recipient of the sponsorship may not be a counterparty to the Bank's commercial dealings or a party with which any personnel of the Bank have 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 said contribution.

Article 11 (Recusal)

When a director, supervisor, managerial officer, or other stakeholder attending or present at the Bank's board meeting, or a juristic person represented thereby, has a personal interest in a proposal at the meeting, that director, supervisor, managerial officer, or stakeholder shall state the important aspects of this personal interest at the meeting and, where there is a likelihood that the interests of the Bank 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 self-discipline and may not support one another in an inappropriate manner.

Where the spouse or a blood relative within the second degree of kinship of a director or any company that has a controlling or subordinate relationship with a director has interests in the matter under discussion in the meeting of the preceding paragraph, that director shall be deemed to have a personal interest in the matter.

If in the course of conducting business, any personnel of the Bank discover that a potential conflict of interest exists 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 the case to both their department head and the responsible unit, and the department head shall provide the personnel with proper instructions.

No personnel of the Bank may use company resources on commercial activities other than those of the Bank, nor may any personnel's job performance be affected by their involvement in commercial activities other than those of the Bank.

Article 12 (Confidentiality regime and responsibilities)

All personnel of the Bank shall rigorously pay attention to procedures for managing, preserving, and keeping confidential its trade secrets, trademarks, patents, works, and other

intellectual properties, may not disclose to any other party any business secrets of the Bank of which they have learned, and may not inquire about or collect any business secrets of the Bank unrelated to their duties.

In the course of conducting business, all personnel of the Bank shall comply with intellectual property laws and regulations, internal operating procedures, and contractual provisions.

Article 13 (Prohibition of unfair competitive practices)

The Bank shall comply with the Fair Trade Act and other applicable competition laws and regulations when engaging in business activities.

Article 14 (Prevention of undermining of stakeholder interests)

The Bank shall collect and understand all applicable laws and regulations and international standards with which its products and services are supposed to comply, based on which all matters worthy of attention shall be compiled and made public to ensure awareness among all personnel of the Bank.

The Bank shall set aside a stakeholder section on its website to help prevent its products or services from undermining stakeholder interests.

Where there are media reports, or sufficient facts to determine, that the Bank's products or services are likely to undermine stakeholder interests, the Bank shall immediately verify the facts and present a review and improvement plan.

The responsible unit of the Bank shall report the event as in the preceding paragraph, actions adopted, and subsequent reviews and corrective measures undertaken to the Board of Directors.

Article 15 (Prohibition of insider trading and nondisclosure agreement)

All personnel of the Bank 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 lest the latter may use such information to engage in insider trading.

Any organization or person outside of the Bank that is involved in any merger, split, acquisition, share transfer, major memorandum of understanding, strategic alliance, business partnership, or major contract involving the Bank shall be required to sign a nondisclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Bank acquired as a result, and that they may not use such information without prior consent of the Bank.

Article 16 (Compliance with ethical management policy and announcement of such to outside parties)

The Bank shall ask directors and senior executives to present statements on compliance with its ethical management policy and shall specify the requirement in its employment terms and conditions for senior executives to comply with the ethical management policy.

The Bank shall disclose its ethical management policy in its internal rules, annual reports, and other promotional materials as well as on its website, and shall make timely policy announcements 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 17 (Evaluation of ethical management prior to development of business relationships)

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Bank shall evaluate its legality and ethical management policy and ascertain whether it 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 Bank 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 understanding of its ethical management status:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy as well as the place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether the enterprise's business operations are located in a country with a higher risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a higher risk of bribery.
5. The enterprise's long-term business condition and degree of goodwill.
6. Consultation with the enterprise's business partners, business association, and related credit-checking institutions for their opinions on the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18 (Statement on ethical management policy to counterparties to commercial dealings)

All personnel of the Bank, when engaging in commercial activities, shall make a statement to the trading counterparty on the Bank'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 19 (Avoidance of commercial dealings with unethical operators)

All personnel of the Bank shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is determined to have been involved in unethical conduct. When any counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately stop dealing with this counterparty and blacklist it for any further business interaction in order to effectively implement the Bank's ethical management policy.

Article 20 (Stipulation of ethical management terms in contracts)

Before entering into a contract with another party, the Bank shall gain a thorough understanding of the status of the other party's ethical management, and shall make observance of ethical management part of the terms and conditions of the contract, stipulating at least the following matters:

1. When a party to the contract becomes aware that any personnel have violated the terms and conditions pertaining to prohibition of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the offender'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 latter's investigation. If there has been resultant damage to either party, that party may request compensation from the other party and may deduct the full amount of the compensation from the contract price payable.
2. Where either party is discovered to have 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 applicable taxation laws and regulations, shall be set forth.

Article 21 (Handling of unethical conduct by personnel of the Bank)

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Bank will grant a reward commensurate with the severity of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office when warranted.

The Bank shall establish and publicly announce on its website and intranet an independent mailbox or hotline for insiders and outsiders to present whistleblowing reports. A

whistleblower shall at least provide the following information:

1. The whistleblower's name and I.D. number (not applicable for one who prefers anonymity), and an address, telephone number, and email address where he or she can be reached.
2. The informed party's name or other information sufficient to help identify the said party.
3. Specific facts available for investigation.

Personnel of the Bank charged with handling whistleblowing matters shall state in writing that they will keep confidential the whistleblowers' identity and contents of their information. The Bank also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing. The unit of the Bank responsible for managing the said independent mailbox meant for whistleblowing reports shall follow the following procedures:

1. Any whistleblowing information shall be reported to the relevant department head if it involves the rank and file and to an independent director or supervisor if a director or a senior executive is involved.
2. The unit of the Bank responsible for managing the said independent mailbox meant for whistleblowing reports and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, draw on the assistance of the legal compliance or other related departments.
3. If it is verified that there is indeed a violation of applicable laws and regulations or of the Bank's ethical management policy and rules, the Bank shall immediately require the offender to cease the conduct and take whatever other course of action warranted. When necessary, the Bank will present the case to the competent authority, refer the case to the judicial authority for further investigation, or institute legal proceedings and seek damages to safeguard its reputation as well as 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 suit in respect of the 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 verified whistleblowing accusation, the Bank shall charge relevant units with the task of reviewing the internal control system and relevant operating procedures and proposing corrective measures to prevent recurrence.
6. The unit of the Bank responsible for managing the said independent mailbox meant for whistleblowing reports shall submit to the Board of Directors a report on the whistleblowing case, actions adopted, and subsequent reviews and corrective measures undertaken.

Article 22 (Handling of unethical conduct by others towards the Bank)

If any personnel of the Bank discover that another party has engaged in unethical conduct towards the Bank, and such unethical conduct involves alleged illegality, the Bank shall

report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Bank shall additionally notify the governmental anti-corruption agency.

Article 23 (Internal promotion and establishment of a system for rewards, penalties, and complaints as well as disciplinary measures)

The responsible unit of the Bank shall organize an annual awareness session and arrange for the chairperson, president, or senior management to communicate the importance of ethics to directors, employees, and mandataries.

The Bank shall incorporate ethical management into its employee performance evaluation and human resources policy, and establish a clear and effective system for rewards, penalties, and complaints.

If any personnel of the Bank commit a serious ethical conduct violation, the Bank shall dismiss the personnel in question from their positions or terminate their employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Bank.

The Bank shall disclose on its intranet such information as the name and title of the offender, the date and details of the violation, and the actions taken in response.

Article 24 (Implementation)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after securing approval of the Board of Directors, and shall be presented before the shareholders' meeting.

When these Procedures and Guidelines are submitted to the Board of Directors for discussion, each independent director's opinions shall be taken into full consideration, and any objection or reservation shall be recorded in the minutes of the Board of Directors meeting. Any independent director who is unable to attend the board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the meeting minutes.

Amendment Record:

Implementation upon approval by the 6th Board of Directors in its 23rd meeting on December 28, 2016.

Amendment upon approval by the 7th Board of Directors in its 23rd meeting on March 25, 2020.