

Chung Hwa Pulp Corporation

Employee Code of Conduct

Article 1 Purpose

The Code of Conduct is established to implement the core values of the Company, maintain high levels of professional ethics, provide guidance to employees in daily work and other operations for compliance with the Company's requirements for employees' conduct, maintain the Company's reputation, and gain the respect and trust of customers, companies, and individuals of all sectors.

Article 2 Definitions

1. Employees: All full-time employees and contractual employees appointed by the Company for work including regular employees, supervisors, and managerial officers.
2. Companies Entities or individuals that conduct business transactions with the Company (including without limitation suppliers, contractors, service providers, and customers; the aforementioned entities are defined as companies regardless of whether transactions have been performed and whether deals have been struck)
3. Kin: Relatives within the third degree of kinship such as: Parents, children, grandparents, siblings, grandchildren, uncles, aunts, nephews, nieces, great-grandparents, and great-grandchildren. (refer to the attachment)

Article 3 Applicable Targets

All employees of the Company and its subsidiary companies.

Article 4 Employee Code of Conduct:

1. Employees and their relatives may not directly or indirectly (including transactions through third parties) accept any rebate or other illegitimate interests from customers, companies, or other interested parties related to the position of the employees.
2. With regard to operations supervised or executed by employees, they may not use the powers of their offices, opportunities, position, or methods related to the office to directly or indirectly carry out actions for the benefit of themselves or third parties and gain unlawful benefits or any other form of fraud.
3. Where employees encounter intercessions from employees or their relatives who attempt to interfere in the Company's business operations or due process, the employees shall be required to notify the supervisor and the Human Resources Department within two days.
4. Employees (particularly those charged with the acceptance, certification, or finance or accounting affairs of various businesses) shall be responsible for reporting any violations of the Code of Ethics in their performance of duties or work to the supervisor or the Human Resources Department. They may not hide or conceal facts based on other concerns.
5. An employee may not occupy or steal equipment or property of the Company or those that do not belong to the employee.

6. Employees may not falsely request reimbursement of various fees or quantities such as false business trip expenses or overtime working hours.
7. Employees may not manipulate, conceal, or abuse specific information, provide false statements of acts, or conduct other unfair trade practices.
8. Employees shall cultivate correct judgments for ethical issues and they shall not conduct actions that cause disputes or criticism based on the reason that “there are no applicable regulations”.

Article 5 Recusal from Conflicts of Interest:

1. Employees shall recuse themselves from personal actions or monetary interests that may cause conflicts of interests. For instance, when relatives of the employee consult with the Company or advances various business transactions, employees may not abuse their powers and participate in such activities for their own benefits. Employees also may not use their positions to introduce businesses for contractors and accept remuneration provided by contractors.
2. Employees may not, for their own gains, use their positions to promote, sell, or act as an intermediary for any product or service that is not provided by the Company. Where it is necessary to introduce services or products provided by relatives, employees are required to actively explain to the unit supervisor and related units and obtain permission.
3. Any action that may potentially transfer company resources or interests to employees or their relatives are prohibited.
4. Where an employee or its relative serves in key roles in a customer, client, supplier, or consultant of the Company and may cause potential conflicts of interest, the employee may not represent the Company in business transactions with the customer, client, supplier, or consultant and the employee shall actively inform the unit supervisor and related units.
5. All employees are prohibited from providing or describing confidential information to external parties without suitable authorization from the Company. Confidential information includes without limitation the Company’s finances, businesses, the Company’s business plans with external customers, suppliers, or partners, digital information, and other internal information that has not been publicly disclosed.

It is strictly prohibited to use confidential or insider information for personal gains or to benefit or harm others.

Article 6 Regulations on Gifts and Entertainment

Employees shall not accept gifts or entertainment from customers or suppliers. However, any gifts or entertainment provided customers, supervisors, and employees for expressing gratitude or for business requirements shall be pursuant to the following regulations:

1. Employees may not abuse opportunities in their positions and request or accept gifts such as cash, gifts, or other property such as gift coupons, stocks, checks, rebates, provision or loans of funds, or requests for other illegitimate interests from customers or companies with business relations with the Company.
2. it is also strictly prohibited to accept gifts through third parties or conduct actions specified in Paragraph 1 through third parties, such as a relative who accepts the gift on

behalf of the employee for delivery to the employee.

3. Gifts between customers, supervisors, and employees in accordance with the nature of business transactions or social customs shall not be based on active requests and regular occurrences are prohibited. The value may not exceed NT\$1,000 in market price and the total gifts given or obtained from the same individual in the same year may not exceed NT\$3,000 (or its equivalent in RMB).
4. Where gifts for individuals related to business transactions are required to maintain regular business relationships, employees shall choose gifts printed with company logos wherever possible. Arrangements for any gift and entertainment shall meet regular business customs and they may not have been excessively frequent or luxurious.
5. Gifts and entertainment provided to external parties or related individuals in the industry shall not violate the code of conduct of the recipient entity.

Article 7 Responsibilities and Obligations for Reporting

1. Employee shall be obligated to report any ethical violations or suspected violation of the Code of Conduct to the management or related units. Employees and personnel who report or participate in investigations in the reported misconducts shall be protected by the Company from unfair treatments and retaliation.
2. The reports shall in principle be provided in written format and they shall specify the following items: name, unit, and title of the reporter, name unit, and title of the reported individual, date and contents of the occurrence. Where the report is provided via the telephone, written explanation shall be subsequently provided.
3. Reporting channels:
Employee communication hotline: 02- 2396- 2998#1226
Employee mailbox: servicedesk.chp@yfy.com
Written document delivery: Reports can be sent by mail or by email to the human resource unit.
4. Where a supervisor of any level learns of a violation of the Code of Conduct by personnel under his/her direct management and fails to process the incident, the supervisor shall be deemed as in violation of the Code of Conduct and shall be subject to related punishments.

Article 8 Special Investigation Team

1. Where the Company learns of a violation of the Code of Conduct, it shall establish a special investigation team which shall consist of the supervisor of the Human Resources Department and the HR supervisor of the individual company. The other members shall include current employees of the Company designated or selected by the Chairman. After the team is established, the Chairman shall designate one member to serve as the team leader and the chair of team meetings. Where the chair cannot chair the meeting, it may appoint another team member to chair the meeting on his/her behalf. The team shall consist of less than 7 members and the number of team members shall in principle be an odd number.
2. The special investigation team shall convene meetings only when more than half of the team members are present and resolutions shall require the approval of more than half of

the members in attendance. If the vote is split, the decision shall be determined by the chair.

3. The investigations of the investigation team shall not be made public. The investigation team shall describe the specific reasons for the resolution and it may submit recommendations for punishment or other processing procedures. Personnel involved in investigations shall maintain the confidentiality of items they have learned. In the event of a violation, the chair shall terminate the participation of the personnel and the Company may impose punishments or pursue related liabilities based on the severity of the violation and it may cancel the appointment or employment of the personnel.

Article 9 The party of concern may file a response against the resolutions of the special investigation team under one of the following conditions:

1. Where the resolution and specified reason in regards to the results of investigation are evidently inconsistent.
2. Where the organization of the investigation team is inconsistent with regulations.
3. Where an employee who is supposed to recuse himself/herself due to conflicts of interests serves as a member and participates in the decision-making process.
4. Where the witness or appraiser provides false statements for the testimony or appraisal that serves as the basis of the decision.
5. Where the evidence that forms the basis of the decision is forged or altered.
6. Where there are changes to the verdict or administrative decision in the civil, criminal, or administrative litigation that forms the basis of the decision.
7. Where evidence that has not been considered is discovered or discovery of other usable evidence.
8. Where important evidence that may affect the original decision was not considered.

Article 10 Processing Responses

1. A response to a case shall be filed by the party of concern within twenty days of the delivery of the special investigation team's decision to the party of concern. The response shall be specified with written reasons and the special investigation team shall convene a meeting to determine its resolution. Once the case is closed again, no responses filed for the same reason shall be accepted.
2. The resolution of responses shall be based on the latest resolution of the investigation team after the party of concern filed the response.

Article 11 Principles for processing violations of the Code of Conduct:

Where an employee's violation of the Code of Conduct is established, the Company may, based on the severity of the violation, transfer, demote, impose a pay cut, punish, terminate the employment contract, or implement other measures with regard to the party of concern in accordance with the employment contract or related regulations of the Company. Where civil or criminal liabilities are involved, the Company shall pursue liabilities through judicial authorities.

Article 12 The Code of Conduct shall be implemented after approval of the Chairman and the same shall apply to any amendments.