



Ethical Corporate Management Best Practice Principles

Note: The original version of this regulation is published in Chinese. In case of discrepancy between the Chinese and English versions the Chinese version shall prevail.

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Article 1 (Purpose and applicable scope)

Taking into reference to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, these Principles are adopted to assist the Corporation to build a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

Article 2 (Prohibition of unethical conduct)

When engaging in commercial activities, the Corporation's directors, managerial officers, employees, and appointees may not directly or indirectly offer, promise, request or accept any improper benefit, nor commit any other unethical conduct, including breach of ethics, illegal conduct, or breach of fiduciary duty, for the purposes of acquiring or maintaining a benefit ("unethical conduct").

Article 3 (Types of benefit)

"Benefit" in these Principles may refer to any valuable thing, including money, gifts, commissions, positions, services, preferential treatment, or rebates of any type or name. Benefits received or given occasionally in accordance with accepted social etiquette and customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 (Compliance with laws and regulations)

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/TPEX listing rules, or any other laws and regulations regarding commercial activities, as the underlying basic premise for implementing ethical corporate management.

Article 5 (Policy)

The Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, as well as establish the "Procedures for Ethical Corporate Management and Guidelines for Conduct" base its policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 (Prevention programs)

The Corporation has established the "Procedures for Ethical Corporate Management and Guidelines for Conduct", clearly and thoroughly prescribe specific ethical management practices, and programs to prevent unethical conduct. The content shall include operational procedures, conduct guidelines, and training courses. It shall also comply with relevant laws and regulations of the place where the Corporation is operating.

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Article 7 (Scope of prevention programs)

The Corporation shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within the business scope which are at a higher risk of being involved in unethical conduct, and establish "Procedures for Ethical Corporate Management and Guidelines for Conduct" accordingly and review its adequacy and effectiveness on a regular basis.

It is advisable for the Corporation to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which 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 gifts or hospitality, or other improper benefits.
5. Infringement of trade secrets, trademark rights, patent rights, copyrights, or other intellectual property rights.
6. Engaging in unfair competitive conduct.
7. Selling of products and services, which directly or indirectly damage the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, and provision.

Article 8 (Commitment and implementation)

The Corporation shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Corporation shall clearly specify in its rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Corporation shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9 (Ethical corporate management in commercial activities)

The Corporation shall engage in commercial activities in a fair and transparent manner based on the principles of ethical corporate management.

Prior to any commercial transaction, the Corporation shall take into consideration the legality of its agents, suppliers, customers, or other trading counterparties and whether any of them involved in unethical conduct, and shall avoid any dealings with persons involved in any unethical conduct.

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When entering into contracts with agents, suppliers, customers, or other commercial trading counterparties, the Corporation shall include in contract terms and conditions to require compliance with ethical corporate management policy. In the event of a trading counterparty involved in unethical conduct, the Corporation may at any time terminate or rescind the contract.

Article 10 (Prohibition against offering or accepting bribes)

The Corporation and its directors, managerial officers, employees, and appointees may not directly or indirectly offer, promise, request, or accept any improper benefit in any form to or from any customer, agent, contractor, supplier, public servant, or other stakeholder, when conducting business activities,

Article 11 (Prohibition against illegal political donations)

The Corporation and its directors, managerial officers, employees, and appointees shall comply with the Political Donations Act and the Corporation's relevant internal operational procedures, and may not make such donations in exchange for commercial benefit or for advantage in a transaction, when offering a donation to a political party or organization or individual participating in political activities,

Article 12 (Prohibition against improper charitable donations or sponsorship)

The Corporation and its directors, managerial officers, employees, and appointees shall comply with relevant laws and regulations and internal operational procedures, and may not surreptitiously engage in bribery, when offering charitable donations or sponsorship,

Article 13 (Prohibition against unreasonable gifts, hospitality, or other improper benefits)

The Corporation and its directors, managerial officers, employees, and appointees shall not directly or indirectly offer or accept any unreasonable gifts, hospitality, or other improper benefits to establish business relationships or influence commercial transactions.

Article 14 (Prohibition against infringing intellectual property rights)

The Corporation and its directors, managerial officers, employees, and appointees shall comply with applicable laws and regulations, internal operational procedures, and contractual provisions relating to intellectual property. Without the prior consent of the intellectual property rights holder, they may not use, nor may they disclose, dispose, damage, or otherwise infringe, intellectual property rights.

Article 15 (Prohibition against unfair competitive conduct)

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

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Article 16 (Preventing products or services from damaging stakeholders)

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Corporation and its directors, managerial officers, employees, and appointees shall comply with applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. It 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 the Corporation's operational activities, with a view to preventing its products or services from directly or indirectly injuring the rights and interests, health, or safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Corporation's products or services are likely to pose any hazard to the safety or health of consumers or other stakeholders, the Corporation in principle shall promptly recall those products or suspend the services.

Article 17 (Organization and responsibility)

The directors, managers, employees, mandataries, and substantial controllers of the Corporation 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 Corporation shall establish a dedicated unit that is under the board of directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

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. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope.
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.

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Article 18 (Legal compliance in conducting business)

The Corporation and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws, this principle and the "Procedures for Ethical Corporate Management and Guidelines for Conduct".

Article 19 (Recusal for conflict of interest)

The Corporation shall adopt policies for preventing conflicts of interest, to identify, monitor, and manage the risk of unethical conduct resulting from conflicts of interest. It shall also offer appropriate channels for directors, managerial officers, and other stakeholders attending or present at Board meetings to voluntarily explain whether their interests potentially conflict with those of the Corporation.

When a proposal at a Board meeting concerns a personal interest of, or interest of a juristic person represented by, any director, managerial officer, or other stakeholders attending or present at a Board meeting of the Corporation. The person shall make a clear statement at the Board meeting of the important content of the relationship of interest. If there is a likelihood of prejudicing the interest of the Corporation, the person may not participate in the discussion of and voting on the proposal and shall recuse himself/herself from the discussion and voting. The person may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and may not support one another in any improper conduct.

The Corporation's directors, managerial officers, employees, and appointees may not take advantage of their positions or influence in the Corporation to obtain any improper benefit for themselves, their spouses, 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 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 audit unit of the Corporation shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

Article 21 (Operational procedures and conduct guidelines)

The Corporation shall prescribe concrete internal guidelines by covering the

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following:

1. Standard rules for offering or acceptance of improper benefits.
2. Procedures for offering legitimate political donations.
3. Procedures and standard amounts for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests, and procedures for reporting and handling conflicts of interest.
5. Rules for maintaining confidentiality of secrets and sensitive business information.
6. Rules and procedures for dealing with unethical conducts of suppliers, customers, and business transaction counterparties.
7. Procedures for handling violations of these Principles.
8. Disciplinary measures against violators of principles.

Article 22 (Training and appraisal programs)

The chairperson, president, or senior management of the Corporation shall communicate the importance of corporate ethics to the directors, employees, and mandataries on a regular basis.

The Corporation shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers to understand the Corporation's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Corporation shall apply the policies of ethical corporate management to establish a clear and effective reward and discipline system.

Article 23 (Whistleblowing system)

The Corporation shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline to allow internal and external personnel of the company to submit reports.

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2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported directly to the Audit Committee. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Protection of the identity of whistle-blowers and the content of reported cases.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Corporation comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the Audit Committee in written form.

Article 24 (Disciplinary and appeal system)

The Corporation shall adopt a well-defined disciplinary and appeal system.

Article 25 (Information disclosure)

The Corporation shall disclose the measures taken for implementing ethical corporate management, the status of implementation on its website, annual report, and prospectus, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

Article 26 (Review and amendment of ethical corporate management policies and measures)

The Corporation shall continually monitor developments in relevant local and international regulations, concerning ethical corporate management and encourage its directors, managerial officers, and employees to make recommendations review and improve the ethical corporate management policies and measures taken.

Article 27 (Implementation)

The ethical corporate management best practice principles shall be implemented after the board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When the Corporation submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent

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director's opinions. Any objections or reservations of any independent director 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 objections 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.