

Regulations on Probity and Integrity of the Employees of Kenda Company

- I. Kenda Rubber Ind. Co., Ltd. has established these rules to ensure that its employees maintain probity, integrity, fairness and impartiality without selfish motives when carrying out their duties, thereby to enhance the reputation and image of Kenda as upholding the highest standard of probity and integrity.
- II. For the purposes of these rules, the following definitions shall apply:
 - (I) Scope of application: all employees of Kenda Company (except the employer)
 - (II) Having vested interests in the duties: means any individual, legal person, group or other unit that has one of the following relationships with the Company or its subsidiaries: i. business dealings, command and supervision relationship etc. ii. Seeking, carrying out or having entered into a contracting, sale or other contractual relationship. iii. Other favorable or adverse impact to be caused by the making, execution or non-execution of business decisions of the Company.
 - (III) Normal standard on social customs and etiquette: means a maximum of NT\$3,000 in market value that a person may accept in a single social occasion. However, a person may accept gift or gratuity with a maximum value of NT\$10,000 in the same year from the same source.
 - (IV) Business etiquette: means the activities that are conducted out of courtesy, customary practice or customs based on official and business needs during domestic or foreign visits, reception of foreign guests, promotion of business and communication and coordination.
 - (V) Entreaties or lobbying: means the communications or contacts which involve the making, execution or non-execution of decisions of substantive matters of the business of the Company, and the decision, execution or non-execution of such substantive matters may be illegal or otherwise improper, thus having influence on the exercise of specific rights and obligations.
- III. The employees of Kenda shall perform their duties in accordance with these rules impartially. They shall not take advantage of their power, means or opportunities of one's position to seek improper advantage for themselves or third parties.
- IV. The employees of Kenda shall not demand, solicit or accept a gift or gratuity from parties that have vested interests in their duties. A gift or gratuity may be accepted, however, under any of the following conditions where it is an unsolicited occurrence and does not affect the exercise of specific rights or obligations:
 - (I) A gift or gratuity is given within the context of business etiquette.
 - (II) A gift or gratuity is given to the employees of Kenda as a reward, assistance in time of hardship, or an expression of condolence.
 - (III) The market value of the gift or gratuity does not exceed NT\$500, or, if given by another party to the majority of the personnel of the Company, the market value of the gift or gratuity does not exceed NT\$1,000.

- (IV) A gift or gratuity is given in connection with engagements or weddings, giving birth, moving to a new residence, taking up a new position, being promoted or transferred, retiring, resigning from or otherwise leaving one's professional position, or the injury, illness or death of the employee of Kenda or the employee's spouse or immediate relative, and the market value of the gift or gratuity does not exceed the normal standard on social customs and etiquette.
- V. The employees of Kenda shall deal with gifts and gratuities in accordance with the following procedures:
 - (I) Except under the circumstances cited in the preceding paragraph, gifts or gratuities offered by parties that have vested interests in the employees' duties shall be rejected or returned, and such cases shall be reported in accordance with the Company's rules on acceptance of gifts.
- VI. An employee of Kenda shall be deemed to have received a gift or gratuity under any of the following circumstances:
 - (I) The gift or gratuity is received in the name of the spouse or immediate blood relatives of an employee of Kenda or members of the family who are co-living and co-owners of property.
 - (II) The gift or gratuity is received by a third person who later transfers the gift or gratuity to an employee of Kenda or persons mentioned in the preceding paragraph.
- VII. The employees of Kenda are prohibited from taking part in dining or other entertainment activities at the invitation of those who have vested interests in their duties. Exceptions of this prohibition include the following circumstances:
 - (I) The employees of Kenda are obligated to take part as a matter of business etiquette.
 - (II) Such activities are held openly due to folk customs or festivals and the general public is invited to take part.
 - (III) Such activities are arranged as a reward or expression of consolation to the employees of Kenda.
 - (IV) A gift or gratuity is given in connection with engagements or weddings, giving birth, moving to a new residence, taking up a new position, being promoted or transferred, retiring, resigning from or otherwise leaving one's professional position, or the injury, illness or death of the employee of Kenda or the employee's spouse or immediate relative, and the market value of the gift or gratuity does not exceed the normal standard on social customs and etiquette.
 - (V) Further, the employees of Kenda shall avoid accepting invitations to take part in dining and entertainment activities which, although not involving the vested interests in their duties, nevertheless are clearly inappropriate in consideration of their positions and responsibilities.
- VIII. The employees of Kenda shall not engage in improper contacts with other parties that have vested interests in their duties.
- IX. During business trips or participating in conferences, the employees of Kenda shall not accept invitations to take part in dining or other entertainment activities organized by related institutions or organizations,

but they may accept simple meals, accommodation or transportation when deemed necessary in the course of carrying out their duties,

- X. When encountering entreaties or lobbying, the employees of Kenda shall report such occurrences within three days to their supervisors and senior officers.
- XI. The employees of Kenda who are found to have violated these rules shall be disciplined in accordance with the penalty and discipline regulations of the Company. Cases in which the employees of Kenda are believed to have committed criminal acts shall be referred to the judicial authority.