

Code of Ethical Management
of
Title : **Yang Ming Marine Transport Corporation**
Amended on September 22, 2017

Article 1 Purpose and Application

The Code of Ethical Management of Yang Ming Marine Transport Corporation (hereinafter referred to as the Code, for short) is prescribed to ensure healthy corporate and cultural development for Yang Ming Marine Transport Corporation (hereinafter referred to as Yang Ming) and its subsidiary organizations.

The scope of application of the Code is limited to Yang Ming, the corporations under its control, the organizations with accumulated direct and indirect Yang Ming donations amounting to over 50% of its funds and other organizations and legal persons under the company's practical control (hereinafter referred to as the group businesses).

Article 2 Prohibited Unethical Acts

When engaging in commercial activities, directors, managers, employees of Yang Ming or persons holding practical control (practical controllers) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, or commit other unethical acts including the breach of ethics, illegal acts, or breach of fiduciary duty (unethical conduct) for the purpose of acquiring or retaining benefits.

Parties referred to in the preceding paragraph include public servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and the company's directors, supervisors, managers, employees or practical controllers or other interested parties.

Article 3 Definition and Forms of "Benefits"

The benefits referred to in the Code means any valuable things, including money, gifts, commissions, positions,

services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs that do not adversely affect specific rights and obligations are not included.

Article 4 Observation of Laws

Yang Ming shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Public Servants Conflict-of-Interest Act, public listing and over-the-counter transaction rules, and other laws and regulations regarding commercial activities. This is the primary precondition for ethical management.

Article 5 Policies

Yang Ming shall abide by the operational philosophies of honesty, transparency and responsibility in formulating its policies based on the principle of good faith and in establishing good corporate governance and risk control mechanism so as to create an environment for sustainable operation and development.

Article 6 Key Precautions

To carry out the corporate philosophies and policies mentioned in the preceding article, Yang Ming's business departments are advised to prescribe their own comprehensive ethical management programs to prevent unethical conducts (key precautions), including operational procedures, guidelines, and training.

When prescribing the key precautions, they shall comply with relevant laws and regulations of their host country.

Article 7 Scope of Key Precautions

When formulating the key precautions, Yang Ming shall analyze the business environment to detect the high-risk activities and strengthen the precautions.

The key precautions shall at least include preventive measures against the following:

1. Offering and taking bribes
2. Making illegal political donations
3. Sponsoring improper charity
4. Giving or accepting improper presents or treat, or other improper benefits.

Article 8 Commitment and Fulfillment

Yang Ming and its group businesses shall clearly specify their policy on ethical management in their rules and external documents. The board of directors and the managements shall commit themselves to vigorous and thorough enforcement of such policies in internal management and external commercial activities.

Article 9 Ethically Managed Commercial Activities

Yang Ming shall engage in commercial activities in a fair and transparent manner.

Prior to any commercial transactions, Yang Ming shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and see whether they have any unethical record. It is advisable not to have any dealings with persons who have unethical records.

When entering into contracts with other parties, Yang Ming shall include in such contracts the demand for observing the policy of ethical corporate management. The contracts shall also include a clause that in the event the trading counterparties are found to have been involved in unethical conducts, Yang Ming may at any time terminate or cancel the contracts.

Article 10 Bribery Ban

When conducting business, Yang Ming and its directors, managers, employees and practical controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, palm

greasing payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the companies operate permit so.

Article 11 Ban on Illegal Political Donation

When directly or indirectly offering donations to political parties or organizations or individuals participating in political activities, Yang Ming and its directors, managers, employees and practical controllers shall comply with the Political Donations Act and the company's own relevant internal operational procedures and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 Ban on Improper Donation and Sponsorship for a Charity

When making or offering donations and sponsorship, Yang Ming and its directors, managers, employees and practical controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not make it as disguised bribery.

Article 13 Ban on Inappropriate Gifts, Treat and Other Benefits

Yang Ming and its directors, managers, employees and practical controllers shall not directly or indirectly offer or accept any inappropriate presents, treat or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 Organization and Responsibilities

Yang Ming's board of directors shall pay due attention to their obligations as good administrators to supervise the company in the prevention of unethical conducts. They shall constantly review the effect of the preventive measures for continuous improvement to ensure thorough implementation of the company's ethical management policies.

To achieve sound ethical management, Yang Ming's [Human Resources Department](#) should form an ad hoc unit to

formulate and implement the ethic management policy and the precaution program. Yang Ming's Auditing Department should file a report to its board of directors regularly.

Article 15 Legal Basis of Business Operations

Yang Ming's directors, managers, employees and practical controllers shall comply with the laws and regulations and the precaution program when conducting business.

Article 16 The avoidance of conflicts of interests of directors, and managers

Yang Ming shall promulgate policies for preventing conflicts of interests and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with Yang Ming.

Yang Ming' directors shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of Yang Ming; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper dealings.

Yang Ming' directors and managers shall not take advantage of their positions in the companies to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 17 Accounting and Internal Control

Yang Ming shall establish an effective accounting system and an internal control system for business activities which may be at a higher risk of being involved in an unethical conduct, not keep hidden accounts or second accounts. Instead, it shall conduct reviews regularly to ensure that the design and enforcement of the systems continue to show good results.

Internal auditors of Yang Ming shall periodically examine the

company's' compliance with the above-mentioned systems and prepare audit reports for submission to the board of directors.

Article 18 Operational Procedure and Behavior Guidelines

The Code Yang Ming formulates shall contain operational procedure and behavior guidelines provided for in Article 6 to guide directors, managers, employees, and practical controllers on how to conduct business. The procedures and guidelines shall at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted
2. Procedures for offering legitimate political donations
3. Procedures and the standard rates for offering charitable donations or sponsorship
4. Rules for avoiding work-related conflicts of interests and the way of making a report and handling them
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of having unethical conduct
7. Procedures for dealing with violations of the Code
8. Measures for disciplining offenders.

Article 19 Educational Training and Performance Evaluation

The company shall periodically organize training and publicity programs to ensure the directors, managers, employees, and practical controllers understand, and are convinced of, the company's determination and sincerity in ethical management, its policy, the key precautions, and the consequences of violations.

Yang Ming shall apply the policy of ethical corporate management to its appraisal system for employees' performance and to its human resource policy by establishing a clear-cut, effective reward and discipline system.

Article 20 Misconduct Revelation and Punishment

Yang Ming has opened a formal channel (conduct @yangming.com) to take accusations against unethical conducts and pledged to keep secret the identity of the whistle blowers and the content of the accusations.

Yang Ming shall establish a well-defined disciplinary and complaint system to handle violations of the ethical management rules, and immediately disclose on the company's internal website the offender's title, name, date of violation, the details of violation and how the matter has been handled.

Article 21 Disclosure of Information

Yang Ming shall disclose the state of enforcement of its code of ethical management on its websites, in annual reports and prospectuses.

Article 22 Review and Revision of the Code

Yang Ming shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage its directors, managers and employees to make proposals in order to review and refine its code of ethical management for the best results.

Article 23 Implementation

This company's code of ethical management shall be implemented after approval by the board of directors. This procedure also applies to revision of the Code.