

# Ethical Corporate Management Best Practice Principles The Far Eastone Telecommunications Co., Ltd.

Approved by Board of Director Meeting on 2020/5/7

Article 1	<p>(Purpose and applicable subjects and scope)</p> <p>For the purpose of nurture a sustainable development and establishment of an organizational culture of ethical management, the Company specifically stipulates this Ethical Corporate Management Best Practice Principles (the “Principles”).</p> <p>The Principles is applicable to the Company’s directors, managers, employees, mandataries and people who have actual ability of control (the “Applicable parties”).</p> <p>The Principles is applicable also to subsidiaries, non-profit corporations where the Company directly or indirectly contributes over 50% of fund and other group enterprises and organizations, such as institutions or corporations which the Company have actual ability of control.</p>
Article 2	<p>(Prohibition against dishonest behaviors)</p> <p>During the course of business activities, the Applicable parties shall not directly or indirectly offer, promise, ask or accept any illegitimate benefits or show any dishonest behavior, such as violation of honesty, illegal behavior or breach of fiduciary duty in order to gain or maintain benefits (the “dishonest behaviors”).</p> <p>The subjects of foresaid behaviors include public servants, political candidates, political parties or political party workers, public or private enterprises or institutions and their directors, supervisors, managers and employee, actual controllers and other stakeholders.</p>
Article 3	<p>(Forms of benefits)</p> <p>Benefits referred to in the Principles are all things with value, including any form or name of money, gifts, commissions, positions, service, special discounts, kickbacks, etc., except those acceptable under normal social customs, purely accidental, and does not contain effect on specific rights and obligations.</p>
Article 4	<p>(Compliance with laws and regulations)</p> <p>The Company should comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, related regulations governing securities listing or other rules governing business behaviors as the basis of implementation of basic prerequisite for ethical corporate management.</p>
Article 5	<p>(Policy)</p> <p>The Company stipulates policies on the basis of ethics in accordance with its business philosophy of incorruptibility, transparency and responsibility and establishes good corporate governance and risk control mechanisms in order to create a sustainable development environment.</p>
Article 6	<p>(Preventive programs)</p> <p>The Company sets “Procedures for Ethical Management and Guidelines for Conduct” for the prevention of dishonest behaviors in accordance with the Principles and specifies things to be noticed when the Applicable parties perform respective business.</p>
Article 7	<p>(Scope of Principles of Business Conduct)</p> <p>The Company stipulates preventive programs should at least include precautions against the following behaviors:</p> <ol style="list-style-type: none"> <li>1. Offering and accepting bribes.</li> </ol>

	<ol style="list-style-type: none"> <li>2. Making illegal political donation.</li> <li>3. Improper charitable donation or sponsorship.</li> <li>4. Offering or accepting unreasonable gifts, entertainment or other illegitimate benefits.</li> <li>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</li> <li>6. Engaging in unfair competitive practices.</li> <li>7. Preventing products or services from damaging the rights and interests of stakeholders.</li> </ol>
Article 8	<p>(Commitment and implement)</p> <p>The Company shall specify on its website and in its annual reports its ethical business policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>
Article 9	<p>(Ethical business conduct activities)</p> <p>The Company conducts business activities in a fair way based on the principle of ethical business conduct.</p> <p>The Company will consider the legality of contractors, suppliers, or other business counterparties and find out whether these parties have any records of unethical behaviors before engaging in business contact to avoid making transactions with counterparties with records of dishonest behaviors.</p> <p>When the Company enters into any important contract with contractors, suppliers, or other trading counterparties, the contract shall include clauses of conformity with honest business conduct policies and clauses of termination or dissolution of the contract if the counterparty is involved in any dishonest behavior.</p>
Article 10	<p>(Prohibition against offering and accepting bribes)</p> <p>The Applicable parties shall not directly or indirectly offer, promise, ask or accept any improper benefits in whatever form to or from clients, contractors, suppliers, public servants, or other stakeholders when they conduct business.</p>
Article 11	<p>(Prohibition against making illegal political donation)</p> <p>Any donation made by the Applicable parties to political parties, or organizations which participate in political activities or individuals should conform the Political Donation Act and related internal procedures. No business benefit or dealing advantages shall be obtained through such donation.</p>
Article 12	<p>(Prohibition against improper charitable donation or sponsorship)</p> <p>Charitable donation or sponsorship made by the Applicable parties should conform to applicable laws and regulations and internal procedures and shall not be used as disguised bribery.</p>
Article 13	<p>(Prohibition against unreasonable gifts, entertainment or other illegitimate benefits)</p> <p>The Company and the Applicable parties shall not directly or indirectly provide or accept any gifts, special treatment and improper benefits to establish business relationship or affect commerce transactions.</p>
Article 14	<p>(Prohibition against infringement of intellectual property rights)</p> <p>The Company and the Applicable parties shall observe applicable laws and regulations dealing with intellectual property rights; may not use, disclose, dispose of, or damage intellectual property or other acts infringing intellectual property rights without prior consent of the intellectual property rights holder.</p>
Article 15	<p>(Prohibition against engaging in unfair competition practices)</p> <p>The Company shall engage in business activities in accordance with applicable</p>

	competition laws and regulations, and may not engage in unfair competition practices.
Article 16	(Preventing products and services from damaging stakeholders) The Company and the Applicable parties shall observe applicable laws and regulations in the course of provision of products and services to ensure the information transparency of products and services to ensure the transparency of information, with a view to prevent damaging the rights of consumers or other stakeholders to be caused by such products and services.
Article 17	(Organization and responsibilities) The Applicable parties should exercise the best effort care of a professional standards to keep the Company from exercising unethical behaviors and from time to time to review the result of implementation and continuous improvement to assure of full implementation of ethical business conduct policies. For sound management of ethical business conduct, the Company shall establish a dedicated unit, responsible for coordinating related departments to implement following ethical management practices and regularly reports to the board of directors. 1. Assisting incorporation of ethics and moral values into the company's operation strategy and adopting ensuring ethical management measures in compliance with laws and regulations. 2. Adopting programs and procedures to prevent unethical conduct. 3. Setting up supervising mechanisms against business activities with higher unethical conduct risks. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system to ensure its effective operating. 6. Assisting the board of directors and management to audit and assess whether the preventive measures taken for the purpose of implementing ethical management are operating effectively.
Article 18	(Compliance with laws and regulations in business execution) The Applicable parties should observe laws and regulations and preventive measures in executing business.
Article 19	(Act on recusal due to conflict of interests) The Company stipulates policies to prevent conflict of interests in order to identify, monitor, and manage unethical conduct risks caused by such conflict, and offers appropriate channels for the directors, managers and other stakeholders attending the board of director meeting to voluntarily elaborate any possible conflict of interest facts between the Company and them. The Company's directors, , managers, and other stakeholders attending board meetings shall highly self-disciplined, shall state the important aspects of the relationship of interest at the given board meeting when any proposed agenda item to be discussed in the meeting of the board of directors has conflict of interests against himself or a corporate entity by which himself represents, if his or her participation is likely to prejudice the interest of the Company, he/she shall recusal and be not allowed to participate in discussion and voting, and he/she is not allowed to exercise as proxy on behalf of other directors. Directors shall also be self-disciplined and not be allowed to support each other. The Applicable parties shall not obtain any illegitimate benefit for themselves, their spouses, parents, children or any other people through their position or influence in the Company.
Article 20	(Accounting and internal control)

	<p>The Company establishes an effective accounting and internal control system respecting operating activities with higher unethical business operation risk. The Company has no off-the-book accounts or secret accounts and frequently carries out review to ensure the effective design and implementation of the system.</p> <p>The Company’s Internal Audit department shall regularly check compliance of the foresaid system and prepare the audit report for reporting to the board of directors. The Internal Audit may engage certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>
Article 21	<p>The Company stipulates Procedures for Ethical Management and Guidelines for Conduct to prevent dishonest behaviors. The contents include the following:</p> <ol style="list-style-type: none"> <li>1. Recognition criteria for offering or accepting illegitimate benefits.</li> <li>2. Handling procedures for offering legal political donation.</li> <li>3. Handling procedures and amount standards for offering legitimate charitable donation or sponsorship.</li> <li>4. Regulations, reporting and handling procedures to avoid conflict of interest related to work.</li> <li>5. Confidentiality for secret and sensitive data obtained from business.</li> <li>6. Standards and handling procedures for suppliers, customers, and counterparties involved in dishonest behaviors.</li> <li>7. Handling procedures for discovery of violation of Principles of Business Conduct.</li> <li>8. Disciplinary punishment for violators.</li> </ol>
Article 22	<p>(Training and assessment)</p> <p>The Company’s chairman, president, or senior management shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.</p> <p>The Company undertakes educational propaganda of the Principles for the Applicable parties on a regular basis. The Company periodically gives training and communication to the Company’s staff and actual controller. Operating units shall communicate with counterparties which have business contacts with the Company and make them understand the determination, policies, and preventive measures of the Company’s ethical management conduct and results of violation of ethical behaviors.</p> <p>The Company shall combine the ethical business conduct policies with employees’ performance assessment.</p>
Article 23	<p>(Reporting System)</p> <p>The Company establishes a mailbox to be used by Company’s internal people and outsiders. When material misconduct or likelihood of material impairment to the Company is investigated to be true by the department in charge of handling the correspondence received, the department shall immediately prepare a report and notify the independent directors in writing.</p>
Article 24	<p>(Punishment and appeal system)</p> <p>When the Applicable parties violated ethical management practice, such misconduct will be penalized by the Company as appropriate under the circumstances.</p> <p>The Company shall set up an appeal system for people who violate the Principles in order to seek remedy in accordance with related regulations.</p>
Article 25	<p>(Disclosure of information)</p> <p>The Company shall disclose the measures taken for implementing ethical corporate management policy, the status of implementation, and the</p>

	effectiveness of promotion on the corporate website, annual reports and prospectuses, and shall disclose the contents of the Principles on the Market Observation Post System(MOPS).
Article 26	(Review and revision of the Principles) The Company shall from time to time observe the developments of domestic and foreign standards for ethical corporate management and encourages the Applicable parties to submit their suggestions for reviewing and improving ethical corporate management policies and measures to be taken in order to upgrade effectiveness of the Company's ethical business management conduct.
Article 27	(Implementation) The Principles shall enter into force after being approved by the board of directors, and shall be reported at the shareholders' meeting afterwards. The same procedure shall be followed to amend the Principles.