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#1 — Purpose and Scope

The Ethical Corporate Management Best Practice Principles ("Principles") is promulgated to assist Taiwan Liposome Company, Ltd. ("the Company") to foster a corporate culture of ethical management and sound development for establishing good commercial practices.

Principles is applicable to business groups and organizations of the Company which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("Business Group").

#2 — Prohibition of unethical conduct

When engaging in commercial activities, directors, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("Unethical Conduct") for purposes of acquiring or maintaining Benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or Substantial Controllers or other interested parties.

#3 — Definition of Benefits

"Benefits" in the Principles means any valuable things, including money, endowments, 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 and that do not adversely affect specific rights and obligations shall be excluded.

#4 — Compliance of laws

The Company 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/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#5 — Policy

The Company shall abide by the operational philosophies of honesty, transparency and



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responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism, as approved by the board of directors, so as to create an operational environment for sustainable development.

#6 - Prevention program

The Code of Operation Integrity established by the Company shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall Unethical Conduct (“Prevention Program”), including operational procedures, guidelines, and training. The Prevention Program adopted by the Company shall comply with relevant laws and regulations in the territories where the Company and its business group are operating in. In the course of developing the Prevention Program, the Company is advised to communicate with its staff, labor union members, important trading counterparties, or other stakeholders.

#7 - Scope of Prevention Program

The Company shall establish the risk assessment mechanism for Unethical Conduct, to periodically review and analyze which business activities within its business scope are possibly at a higher risk of being involved in an Unethical Conduct, so as to establish the Prevention Program and periodically review the appropriateness and effectiveness of such Prevention Program.

The Prevention Program adopted by the Company shall at least include the following preventive measures with reference to domestic or international general standards or guidance:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Resulting in any direct or indirect damages to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

#8 — Commitment and Enforcement

The Company shall request its directors and high level management to provide statement



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declaring his/her commitment for obeying the Code of Operation Integrity, and shall procure its employees to obey the Code of Operation Integrity in the employment conditions.

The Company and its respective Business Group shall clearly specify ethical corporate management policies in internal rules, external documents and the Company's website. The board of directors and the management level shall rigorously and thoroughly enforce their commitment to such policies for internal management and commercial activities.

The Company shall document and preserve appropriately any Code of Operation Integrity, statement, commitment and implementation made in accordance with the aforementioned two paragraphs.

#9 — Manner of commercial activities

The Company shall engage in commercial activities in good faith, and in a fair and transparent manner.

Prior to any commercial transactions, the Company shall take into consideration the legality of agents, suppliers, clients or other trading counterparties, and their records of Unethical Conduct, if any. The Company shall not have any dealings with persons who have been involved in any Unethical Conduct.

When entering into contracts with agents, suppliers, clients or other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in Unethical Conduct, the Company may at any time terminate or cancel the contracts.

#10 — Prohibition of bribery

When conducting business, the Company and its directors, managers, employees, mandataries, and Substantial Controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, including rebates, commissions, grease 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 Company operate permit so.

#11 — Prohibition of illegal political donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and Substantial Controllers, shall comply with the Political Donations Act and its



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own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#12 — Prohibition of improper donations and sponsorship

When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries, and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

#13 — Prohibition of unreasonable presents, hospitality or improper Benefits

The Company and its directors, managers, employees, mandataries, and Substantial Controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

#14 - Prohibition on Infringement of Intellectual Property

The Company and its directors, managers, employees, mandataries, and Substantial Controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose of, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the holder of the intellectual property rights.

#15 - Prohibition on Unfair Competition

The Company 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.

#16 - Prevention of Product or Service from

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and Substantial Controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. The Company shall also adopt and publish policies on the protection of rights and interests of consumers or other stakeholders, and carry out the policies in the operations, with a view of preventing its products and services from directly and indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those



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products or suspend the services immediately.

#17 — Organization & Duty

The Company's directors, manager, employees, mandataries, and Substantial Controllers 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 Company shall allocate sufficient resources and personnel that fits the function, internal auditors are in charge of establishing and enforcing the ethical corporate management policies and Prevention Program, mainly in 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 measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Periodically assess and analyze the risk of Unethical Conduct that could arise out of the scope of business, and adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
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 possible 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.

#18 — Conduct business

The directors, managers, employees, mandataries and Substantial Controllers shall comply with laws and regulations and the Prevention Program when conducting business.

#19 — Conflict of interest



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The Company shall promulgate policies for preventing conflicts of interests to identify, monitor, and manage risks possibly of Unethical Conduct resulting from conflicts of interest, and shall offer appropriate means for directors, and managers and other stakeholders attending or present at board meeting to voluntarily explain whether their interests would potentially conflict with those of the Company.

The directors, managers, and other stakeholders attending or present at board meeting shall state the important aspects of the relationship of interest at the given board meeting 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 the company; 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.

The directors, managers, employees, mandataries, and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

#20 — Accounting and internal control systems

The Company shall establish effective accounting systems and internal control systems for business activities which may 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.

Internal auditors shall prepare audit plans, which shall include the subject, scope, item and frequency of audit, in order to review the implementation of the Prevention Program in accordance with the results of the risk assessment for Unethical Conduct. The internal auditors may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The aforementioned audit results shall be reported to the high level management and responsible department in charge of the ethical operation, and audit report(s) shall be submitted to the board of directors.

#21 — Procedures and guidelines

The Company shall establish operational procedures and guidelines to guide directors, managers, employees, and Substantial Controllers on how to conduct business in accordance with Article 6



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of this Code of Operation Integrity. The procedures and guidelines should 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 how they should be reported and handled.
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 Unethical Conduct.
7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

#22 — Training and appraisal

The chairman, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries and Substantial Controllers and invite the commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, Prevention Program and the consequences of committing Unethical Conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

#23 — Reporting channel and disciplinary system

The Company shall have in place and scrupulously operate a formal channel for receiving reports on Unethical Conduct. The system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow Company insiders and outsiders to submit reports.
2. Dedicated person or unit appointed to handle the system. Any tip involving a director or



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high level manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.

3. After the investigation on the reported matter is completed, further action(s) shall be taken depending on the seriousness of the subject matter, and shall be reported to competent authority or judicial authority for further investigation when needed.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases. Anonymous report is permitted.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

In the event of material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the system shall immediately prepare a report and notify the independent directors or audit committee in writing.

#24 - Disciplinary and complaint system

The Company shall establish and announce a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules, and immediately disclose on the company's internal website the offender's job title, name, date the violation was committed, violating act and how the matter was handled.

#25 — Disclosure

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. The Company shall also disclose the measures taken for implementing ethical corporate management, the status of the implementation, the foregoing quantitative data, and the effectiveness of promotion on the company website, annual report and prospectus, and shall disclose the Company' ethical corporate management best practice principles on the Market Observation Post System.

#26 — Review and correction



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The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors, managers and employees to make suggestions so as to review and improve the ethical corporate management best practice principles and achieve better results from implementing the principles.

#27 — go into effect

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

When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion. If an independent director objects to or expresses reservations about any matter, it 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 objection or reservations shall provide an opinion in writing 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.