

Ethical Corporate Management Operating Procedures and Conduct Guide

Article 1. Goal

Based on the principles of fairness, honesty, credibility and transparency in business activities, in order to implement an ethical corporate management policy and actively take precautions against unethical conduct, this company has therefore drafted this operating procedure and conduct guide in accordance with the “Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies” and the applicable laws and regulations of the places where this Company and its business groups and organizations operate so as to provide specific guidelines for business operations carried out by the employees of this company.

Article 2. Scope

This operating procedure and conduct guide shall be applicable to this company’s subsidiaries, financial groups who have directly or indirectly donated over 50% of accumulated funds, other organizations that possess actual controlling power, and legal persons including business groups and organizations.

Article 3. Applicable targets

The employees of this company mentioned in this operating procedure and conduct guide refer to this company, business groups, and the organization’s directors, managers, employees, mandatory and persons who possess actual controlling power.

Any improper benefits that are provided, promised, requested, or received by the employees of this company by means of a third party are presumed to be actions carried out by the employees of this company.

Article 4. Unethical conduct

The unethical conduct mentioned in this operating procedure and conduct guide refer to cases in which the employees of this company, in order to obtain or maintain benefit during the course of work, directly or indirectly provide, receive, promise, or request any improper benefit, or engage in conduct that violates integrity, breaches contract responsibilities, or is unlawful.

The targets of the above conduct include public servants, political candidates, political parties or persons who hold a party post, any public/private enterprises or organizations and their directors, supervisors, managers, employees, persons who possess actual controlling power, and other related parties.

Article 5. Types of benefit

The benefits mentioned in this operating procedure and conduct guide shall refer to money, gifts, presents, commissions, positions, services, preferential treatment, sales commissions, facilitating payments, entertainment, hospitality, and other things of value in any form or name.

Article 6. Responsible unit and duties

The general administration division of this company shall serve as the responsible unit (referred to below as “the responsible unit of this company”) under the board of directors with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors

1. Assisting in incorporating ethics and moral values into this Corporation’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. Analysing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation’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 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.
7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement etc.

Article 7. Prohibition of providing or receiving improper benefit

Except for the following situations, the employees of this company shall follow the “Ethical Corporate Management Best Practice Principles for TSE/GTSM Listed Companies” and the regulations of this operating procedure and conduct guide, and shall handle matters in accordance with relevant procedures prior to directly or indirectly providing, receiving, promising or requesting any benefits as specified in Article 5.

1. Compliance with local etiquette, practices and customs due to business needs when visiting at home or abroad, receiving overseas guests, promoting business and performing communication/coordination.
2. Participation in or invitation of others to normal social activities that are based on normal social etiquette, for business purposes and promotion of relationship.

3. Invitation of clients to or participation at invitation in certain business activities and factory visits motivated by business needs, and in which, the payment method, number of participants, hotel grade and activity period is clearly specified.
4. Participation in folk celebration activities that are held publicly and are open to the public.
5. Incentives, relief, consolation and appreciation payments from an executive.
6. Money, property or other benefit is provided to or received from people other than family members or close friends, and the market value is under NT\$10,000; or properties gifted to numerous employees of this company by a third party, and the total market value is under NT\$10,000. However, when gifted properties come from the same source or are provided to the same person in the same year, the total market value shall not exceed NT\$50,000.
7. A gifted property received as a result of engagement, wedding, birth, moving, employment, promotion, retirement, resignation, loss of a job, injury/illness, or death of the recipient, spouse or immediate family member, where the market value is under NT\$100,000.
8. Other circumstances that comply with the regulations of this company.

When the market value of a received property exceeds the company's limitation, the company shall make a concession for the case if there is a legitimate reason, and internal discussion, approval and documentation have been performed by the company.

Article 8. Handling procedures for cases in which improper benefit has been received

Except for the situations mentioned above, such matters shall be handled in accordance with the following procedures when the employees of this company find themselves provided or promised any benefits as specified in Article 5 from a third party:

1. When the provider or promiser does not have a professional conflict of interest with the receiver, the latter shall report to his/her direct supervisor or department supervisor, and, when necessary, report the case to the responsible unit of this company within three days of receiving the gift.
2. When the provider or promiser does have a professional conflict of interest with the receiver, the latter shall return or refuse the gift, and report to his/her direct supervisor or department supervisor, and report to the responsible unit of this company. When the receiver cannot return the gift, he/she shall entrust the matter to the responsible unit of this company within three days of receiving the gift.

The above-mentioned professional conflict of interest with the receiver shall refer to one of the following situations:

1. A relationship involving business dealings, supervision or granting of awards or subsidies.
2. The party is currently seeking or establishing or has already established a contractual relationship involving contracting, sales, or other matters.
3. Other situations involving the company's decisions, actions or inaction, or resulting from favorable or unfavorable conditions.

Based on the nature and value of the benefit in paragraph 1, the responsible unit of this company shall propose either to return or pay for the gift, make the gift a public possession, donate the gift to a charity or other appropriate suggestion, and then proceed after reporting to the CEO for approval.

Article 9. Prohibition of facilitating payments and handling procedures

This company shall not provide or promise any facilitating payments.

When a facilitating payment is provided or promised as a result of a threat or an intimidation, the employees of this company shall record the course of the matter and report to the direct supervisor or department supervisor, and also notify the responsible unit of this company.

The responsible unit of this company shall immediately handle the matter after receiving the foregoing notification, and shall investigate relevant matters to reduce the risk of reoccurrence, and shall immediately notify a judicial agency when unlawful matters and behavior are involved.

Article 10. Handling procedures for political contributions

The following regulations shall be followed when this company provides political contributions. Such political contributions shall not be released until the matter is reported to the CEO for approval, and the responsible unit of this company shall be notified as well; when the amount exceeds NT\$500,000, it shall be reported to the board of directors for approval:

1. Make sure the political contribution meets the relevant political contribution regulations of the contribution receiver's country, including limits and requirements governing the form of political contributions.
2. Written records shall be kept of relevant decisions.
3. Political contributions shall be entered in accounts in accordance with legal regulations and relevant accounting procedures.
4. When providing a political contribution, business dealings, application for permission, and handling of matters that involve the company's interests with a government unit shall be avoided.

Article 11. Handling procedures for charitable donations and sponsorships

When a charitable donation or sponsorship is provided by this company, it shall be handled in accordance with the following rules, shall be reported to the CEO and the responsible unit of this company, and must be reported to the board of directors for approval when the amount exceeds the standard amount specified in the "External Donation Guidelines."

1. Shall meet local regulations of the place of business.
2. Written records shall be kept of relevant decisions.
3. The recipient of a charitable donation must be a charitable organization, and the donation may not be used as a disguise for a bribe.
4. Because the gain from a sponsorship should be clear and reasonable, the receiver may not be involved in business with this company or may not have conflict of interest with the employees of this company.

5. After a charitable donation or sponsorship has been made, this company shall confirm the use of the money is consistent with the purpose of the donation.

Article 12. Recusal

If this company's directors, officers or other stakeholders attending or present at the board meeting, or the juristic person represented, has any conflict of interest in a matter under discussion in the meeting, either the director personally or the juridical person represented by that director, officers or stakeholders shall state the important aspects of the conflict of interest in the meeting, and this conflict of interest may be injurious to the company's interests, the director may not otherwise engage in discussion or voting, and must recuses himself/herself from discussion and voting. Such a director absolutely may not exercise his/her voting rights on behalf of another director. The directors must maintain self-restraint, and may not support each other for improper purposes.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If an employee of this company's discovers a conflict of interest involving either the employee personally or the juridical person represented by that employee while performing work on behalf of the company, or may cause his/her self, spouse, parent, child, or other interested party to obtain improper benefit, that employee shall report the matter to his/her supervisor and the responsible unit of this company, and the person's direct supervisor shall provide appropriate guidance.

The employees of this company shall not use the company's resources in business activities outside of the company, and the employees' working performance shall not be affected due to participation of business activities outside of the company.

Article 13. Organization and responsibilities of confidentiality mechanisms

This company shall establish a responsible unit. This unit shall be responsible for drafting and implementing procedures for managing, preserving, and maintaining the confidentiality of this Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall regularly examine implementation results to ensure the continued effectiveness of the confidentiality procedures.

All personnel of this Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Company unrelated to their individual duties.

Article 14. Prohibition against unfair competition

This Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions

or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 15. Prevention of damage caused by products and services to stakeholders

This Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that this Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Company shall, within three days, recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of this Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 16. Prohibition against insider trading nondisclosure agreement

The employees of this company shall follow the regulations of the Securities and Exchange Act, and shall not use known but undisclosed information in insider trading, and, to prevent others from using undisclosed information for insider trading, shall not disclose such information to others. Organizations or personnel who participate in this company's merger, split, acquisition, assignation of shares, important memorandum, strategic alliance, other business cooperation plan or important contract shall sign a nondisclosure agreement with this company, pledging that it/he/she will not disclose known business secrets or other important information of this company to others, and will not use this information without the permission of this company.

Article 17. Compliance and announcement of the ethical corporate management policy

This company 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.

This company shall disclose its ethical corporate management policy in its internal regulations, annual report, company website and other publicity materials, and shall declare the policy at external activities, such as product meetings and investor conferences, to ensure that the suppliers, customers and other related business organizations and personnel clearly understand the company's ethical corporate management philosophy and regulations.

Article 18. Ethical corporate management assessment prior to the establishment of a business relationship

This company must assess the legitimacy and ethical corporate management policy of agents, suppliers, customers and others who have a business relationship with the company, and check any records of unethical conduct, to ensure that the business operating methods of such parties is fair and transparent, and that the parties will not request, provide or receive bribes.

When conducting the above assessment, this company may employ appropriate examination procedures to investigate a company's business partners based on the following items in order to know the state of that party's ethical corporate management:

1. The country, location of the business operations, organizational structure, management policy and payment location.
2. Has an ethical corporate management policy been drafted? What is the policy's state of implementation?
3. Is the location of this company's business operations in a high corruption risk country?
4. Is the business of this company classified as a high corruption risk business?
5. The long-term operating situation and goodwill of this company.
6. Ask the business partners of this company about their opinions concerning the company.
7. Has this company been involved in any unethical conduct, such as bribery or illegal political contributions?

Article 19. Explanation of the ethical corporate management policy to business partners

During any business actions, the employees of this company must explain the company's ethical corporate management policy and relevant regulations to business partners, and shall explicitly refuse improper benefits that are directly or indirectly provided, promised, requested or received.

Article 20. Avoidance of business transactions with unethical enterprises

This company shall avoid conducting business with agents, suppliers, customers and other business partners that are involved in unethical conduct, and shall immediately terminate a business relationship when it is found that a business/cooperating partner has unethical conduct, in which case the company shall be listed as a refused customer/partner in order to ensure this company's realization of its ethical corporate management policy.

Article 21. The ethical corporate management policy shall be specified in contacts

When signing a contract, this company shall fully grasp the other party's ethical corporate management situation, and shall include the compliance of the ethical corporate management policy of this Company in the contract; the following items shall be specified in contracts:

1. When either party becomes aware that personnel have violated contractual terms prohibiting of acceptance of commissions, facilitating payments, or other improper benefits, that party shall immediately truthfully report the identity of the employee, the method of provision, promise, requirement, or receipt, and the amount or other improper benefit to the other party, and shall

provide relevant evidence and cooperate with the other party's investigation. If either party suffers damage because of this, that party may request a certain percentage of the contract amount from the other party as compensation for damages, and may deduct such an amount from the payable contract price.

2. When one party is involved in unethical conduct while engaging in business activities, the other party may unconditionally terminate or cancel the contract at any time.
3. Explicit and reasonable payment details, including payment location, method, and relevant tax regulations that shall be complied with, must be drafted.

Article 22. Handling of company employees' unethical conduct

As an incentive to insiders for informing of unethical or unseemly conduct, this Corporation will grant a reward of more than NT\$6,000 depend on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

This Corporation shall internally establish and publicly announce on its website, or provide through an independent mailbox, for Company insiders to submit reports. A whistleblower shall at least furnish the following information:

1. The whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.
2. The informed party's name or other information sufficient to distinguish its identifying features.
3. Specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The responsible unit of this Corporation shall observe the following procedure in handling whistleblowing matters:

1. Information shall be reported to the department head. However, if the rank or the file involves a director or a senior executive that shall report to an independent director.
2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the

whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.

5. With respect to confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 23. Handling of a third party's unethical conduct involving the company

When the employees of this company discover a third party engaging in unethical conduct involving the company and this conduct constitutes illegal matters or actions, the company shall notify the judicial/prosecutorial authority about the facts of the matter. When a civil service agency or civil servant is involved in the unethical conduct, the company shall immediately notify and government ethics agency.

Article 24. Internal awareness sessions and establishment of rewards/punishments and complaint system and disciplinary measures

The responsible unit of this Company shall organize awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This company shall include the ethical corporate management in its employee performance evaluations and human resources policy, and shall establish an explicit and effective rewards/punishments and complaint system.

When an employee of this company is involved in a serious violation of ethical conduct, the company shall dismiss or lay off this employee in accordance with relevant regulations or the company's personnel regulations.

This company shall disclose information, such as the position and name of the employee who violates ethical conduct, violation date, violation content and handling procedures in the company's internal website.

Article 25. Implementation

This operating procedure and conduct guide shall be implemented after the resolution and approval by more than half of all audit committee members and submitted to the board of directors for further approval, and shall be presented to the shareholders' meeting, and the same shall apply to revisions.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate

reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Article 26. Drafting and revision dates

This operating procedure and conduct guide was drafted on December 6, 2011.

This operating procedure and conduct guide was revised on February 26, 2013.

This operating procedure and conduct guide was revised on April 29, 2014.

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