Coretronic

Coretronic Corporation
Tax Policy and Management Guidelines

Chapter I: General Provisions

Article 1 In response to international trend of tax developments and regulatory compliance requirements, Coretronic Corporation (hereinafter referred to as "the Company") has established the "Tax Policy and Management Guidelines" (hereinafter referred to as "the Policy") to implement tax governance and risk control, and uphold the principles of sustainable corporate development and social responsibility.

Article 2 All subsidiaries included in the consolidated financial statements should comply with the Policy.

Chapter II: Tax Policy

Article 3 The Company and its subsidiaries abide by the following tax policy while upholding the principles of integrity and prudence:

1. Regulatory Compliance
   Endeavor to comply with the spirit and the letter of tax laws, regulations, and reporting and disclosure requirements in the jurisdictions in which the Company operates, to fulfill social responsibilities as a taxpayer.
2. Avoidance of Improper Tax Planning
   Investment structures and transaction models must be prudently evaluated to ensure that they conform to the doctrine of economic substance and legitimate commercial objectives, and do not use tax havens or tax structures solely for tax avoidance.
3. Related-Party Transactions
   Transfer pricing policies are established in accordance with the Organization for Economic Co-operation and Development (OECD) Transfer Pricing Guidelines and benchmark analyses, based on the arm's length principle. Profit allocation reflects value creation, ensuring that related-party transactions comply with both regulatory and arm's length requirements.
4. Tax Risk Assessment
   The Company should ensure all major decisions take tax implications into consideration, follow internal procedures to assess, evaluate, and manage tax risks arising from regulatory changes and operational activities, and implement appropriate measurement, management, and control measures.
5. Information Disclosure
   Disclose tax-related information in accordance with legal and regulatory requirements.
6. Relationship with Tax Authorities
   Establish transparent and trustworthy relationships with tax authorities in the jurisdictions where the Company operates, engage in timely communication on tax-related issues, and provide industry insights on public policy to support the improvement of the overall tax environment.

Chapter III: Management Responsibilities

Article 4 The responsibilities of tax governance are as follows:

1. The Board of Directors serves as the highest authority for tax management, and is responsible for approving and ensuring the effective implementation of the Company's tax governance policies.
2. The Chief Financial Officer (CFO) is responsible for supervision and decision-making, while day-to-day tax affairs are managed by the Tax and Insurance Department.
3. When the Company and its subsidiaries handle tax filings, responsibilities must be delegated appropriately and obtain proper approval.
4. The Company and its subsidiaries shall carefully review all tax filings and related matters, and properly preserve supporting documents for internal record-keeping and the inspection by external tax authorities.
5. The Company and its subsidiaries shall assess tax risks carefully when making major transactions and decisions, and may consult external professional advisors when necessary.
6. Tax personnel of the Company and its subsidiaries enhance their professional competence through internal and external training and seminars to possess up-to-date tax knowledge and capabilities.

Chapter IV: Supplementary Provisions

Article 5 The Policy should be reviewed and amended accordingly in response to changes in international and domestic laws and regulations. Other matters not covered by the Policy should comply with the relevant provisions of competent authorities and of the Company.

Article 6 The Policy and any amendments thereto should become effective upon approval of the Board of Directors.