

Coretronic Corporation

Operating Procedures and Guidelines for Ethical Management

- Article 1 Coretronic Corporation (hereinafter referred to as “the Company”) conducts its business activities based on the principles of fairness, honesty, trustworthiness, and transparency. To implement its ethical management policy and proactively prevent unethical conduct, the Company has established the Operating Procedures and Guidelines for Ethical Management (hereinafter referred to as “the Procedures and Guidelines”) in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the Company’s Ethical Corporate Management Best Practice Principles. The Procedures and Guidelines set forth specific standards of conduct that Company personnel shall observe when performing their duties. They apply to all business operations of the Company and its TPEX-unlisted subsidiaries.
- Article 2 The term “Company personnel” as used in the Procedures and Guidelines refers to directors, supervisors, managers, employees, and appointees of the Company and its TPEX-unlisted subsidiaries.
If a third party provides, promises, requests, or accepts any improper benefit on behalf of Company personnel, such actions shall be presumed to have been undertaken by the Company personnel themselves.
- Article 3 The term “unethical conduct” as used in the Procedures and Guidelines refers to any act committed by Company personnel during the course of performing business activities in which they directly or indirectly offer, accept, promise, or request any improper benefit for the purpose of obtaining or maintaining benefits, or engage in other conduct that violates ethical standards, is unlawful, or breaches fiduciary duties.
The targets of such conduct may include public officials, political candidates, political parties or party officials, as well as any individuals affiliated with public or private enterprises or organizations, including their directors, supervisors, managers, employees, persons with actual control, or other stakeholders.
- Article 4 The term “benefit” as used in the Procedures and Guidelines refers to anything of value, in any form or under any name, including but not limited to money, donations, gifts, commissions, positions, services, preferential treatment, rebates, facilitation payments, hospitality, entertainment, and other tangible or intangible assets or advantages.
- Article 5 The Human Resources Department (hereinafter referred to as the “Responsible Unit”) is responsible for implementing and supervising the execution of the Procedures and Guidelines, including maintaining relevant records and documentation. The Responsible Unit shall perform the following primary duties and report to the Board of Directors on a regular basis:
1. Assisting in the integration of integrity and ethical values into the Company’s business strategy and, in alignment with legal and regulatory requirements, formulating relevant anti-corruption measures to ensure ethical management.
 2. Developing plans to prevent unethical conduct and formulating standard operating procedures and code of conduct for relevant business operations within each plan.
 3. Planning the internal organizational structure, staffing, and responsibilities for a system of checks and balances targeting business activities with higher risks of unethical conduct.
 4. Promoting and coordinating training and awareness programs on the ethical

management policy.

5. Designing a whistleblowing system and ensuring its effectiveness.
6. Assisting the Board of Directors and management in examining and evaluating the effectiveness of the preventive measures implemented for ethical management, the Company should conduct regular compliance assessments of related business processes and issue reports accordingly.

Article 6 When Company personnel directly or indirectly offer, accept, promise, or request any benefit as defined in Article 4, they shall comply with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, the Company’s “Ethical Corporate Management Best Practice Principles”, and the Procedures and Guidelines, and they shall follow the applicable procedures, except under the following circumstances:

1. When, due to business needs, benefits are given or received during domestic or international visits; receptions of foreign guests; or business promotion, communication, and coordination in accordance with local etiquette, practices, or customs.
2. Participation in or invitation to normal social activities based on customary social etiquette, business purposes, or relationship-building.
3. Giving invitations to customers or accepting invitations for specific business activities or site visits due to business needs, where the expense arrangements, number of participants, accommodation standards, and duration among other details, have been clearly defined in advance.
4. Participation in public folk or cultural events that are open to the public.
5. Awards, aid, condolences, or commendations given by supervisors.
6. Other situations that comply with the Company’s internal regulations.

Article 7 When Company personnel are directly or indirectly offered or promised a benefit as defined in Article 4, except under the circumstances outlined in the preceding article, they shall proceed as follows:

1. If the offering party has no business-related interest with the personnel, the personnel shall report the matter to their direct supervisor within 3 days of receipt and, if necessary, notify the Responsible Unit.
2. If the offering party has a business-related interest with the personnel, the personnel shall decline or return the benefit, report the matter to their direct supervisor, and notify the Responsible Unit. If the benefit cannot be returned, it must be handed over to the Responsible Unit within 3 days of receipt for proper handling.

The term “business-related interest” as referred to in the preceding paragraph means any of the following:

1. The party has a business relationship, supervisory authority, or receives funding (e.g., subsidies, awards) from the Company.
2. The party is currently seeking, negotiating, or has entered into a contract (e.g., procurement, service agreement) with the Company.
3. The party is subject to favorable or unfavorable impact due to the Company’s business decisions, actions or inactions.

The Responsible Unit shall evaluate the nature and value of the benefit and propose appropriate handling measures such as return, payment, donation to public funds or charitable organizations, or other suitable actions, which will be submitted to the President for approval before execution.

- Article 8 The Company cannot provide or promise any form of facilitation payment. If the Company personnel are compelled to offer or promise such a payment due to threats or coercion, they shall document the incident and report to their direct supervisor, and notify the Responsible Unit. Upon receiving such notification, the Responsible Unit shall take immediate action and review the circumstances to reduce the risk of recurrence. If an illegal activity is suspected, it must be reported to the judicial authorities immediately.
- Article 9 Political contributions made by the Company must be approved by the Board of Directors and handled in accordance with the following provisions:
1. It must be confirmed that the contributions complies with the political contributions laws and regulations of the recipient's country, including limits and acceptable forms of donation.
 2. Decisions must be documented in writing.
 3. Political contributions must be accounted for in accordance with applicable laws and accounting procedures.
 4. When providing political contributions, the Company shall avoid concurrently engaging with the relevant government agencies in commercial dealings, license applications, or other matters involving potential benefits.
- Article 10 Charitable donations or sponsorships provided by the Company shall comply with applicable laws, internal procedures, and the requirements listed below. If the recipient is a related party, or if a donation to an unrelated party exceeds NT\$100 million, the donation shall be approved by the Board of Directors before proceeding:
1. Donations and sponsorships shall comply with the laws of the jurisdiction where the Company operates.
 2. Decisions shall be documented in writing.
 3. Charitable donations shall be made to legitimate charitable organizations and cannot serve as disguised bribery.
 4. The returns or benefits from sponsorships must be clear and reasonable, and the sponsorship recipients must not be parties with whom the Company has commercial dealings or individuals with conflicts of interest involving Company personnel.
 5. After providing the donation or sponsorship, the fund usage shall be verified to ensure consistency with the intended donation purpose.
- Article 11 If any director, manager, or other stakeholder attending or sitting in on a Board meeting has a conflict of interest with respect to any agenda item, either personally or on behalf of the legal entity they represent, they shall disclose the material aspects of the conflict at that meeting. If the matter is detrimental to the Company's interests, the individual cannot participate in discussion or voting; they shall recuse themselves from the meeting during such deliberations and voting, and they cannot act as a proxy to vote on behalf of other directors. Directors shall also observe self-discipline and must not improperly support one another. If Company personnel discover, during the course of performing their duties, a situation that constitutes a conflict of interest between themselves or the legal entity they represent and the Company, or a situation where they, their spouse, parents, children, or related parties may obtain improper benefits, they shall report the relevant situation to both their direct supervisor and the Responsible Unit. Their direct supervisor shall provide appropriate guidance.

- Article 12 The Company has established a designated unit responsible for formulating and implementing policies and procedures related to the management, protection, and confidentiality of trade secrets, trademarks, patents, copyrights, and other intellectual property to ensure the continued effectiveness of the Company's confidentiality mechanisms.
- Company personnel shall strictly comply with relevant governing intellectual property procedures mentioned above and must not disclose any trade secrets, trademarks, patents, copyrights, or other intellectual property of which they become aware to any other party. They are also prohibited from inquiring into or collecting such intellectual property if it is not related to their duties.
- Article 13 When conducting its business activities, the Company shall comply with the Fair Trade Act and all applicable competition laws. The Company cannot engage in price-fixing, bid-rigging, output or quota restrictions, or market allocation based on customers, suppliers, geographic areas, or business categories, among other practices, to share or divide the market.
- Article 14 The Company shall collect, analyze, and summarize the applicable laws, regulations, and international standards governing its products and services to ensure that Company personnel uphold transparency and safety in the development, procurement, production, provision, and sale of products and services.
- Article 15 Company personnel shall comply with the provisions of the Securities and Exchange Act. They must not engage in insider trading by using material non-public information they have obtained, and they must not disclose such information to others, to prevent insider trading by third parties.
- Any external parties or personnel participating in the Company's mergers, demergers, acquisitions, share transfers, significant memoranda, strategic alliances, other business cooperation projects, or major contracts shall sign a confidentiality agreement with the Company committing to not disclose any trade secrets or other material information of the Company that they have learned nor use such information without the Company's consent.
- Article 16 The Company is encouraged to disclose its ethical management policy in internal regulations, annual reports, the corporate website, or other communications so that suppliers, customers, and other business partners can clearly understand the Company's values and standards regarding ethical management.
- Article 17 Before establishing business relationships, the Company shall evaluate the legality, ethical management policies, and any history of unethical conduct of agents, suppliers, customers, or other business counterparts to ensure that their business operations are fair and transparent, and that they do not request, offer, or accept bribes.
- When conducting the aforementioned evaluation, the Company may adopt appropriate audit procedures to determine the integrity of its business counterparts by examining the following:
1. The country of incorporation, place of operation, organizational structure, business policies, and payment locations.
 2. Whether the enterprise has established an ethical management policy and how the policy is implemented.
 3. Whether the enterprise operates in a country with a high risk of corruption.
 4. Whether the enterprise operates in an industry with a high-risk of bribery.
 5. The enterprise's long-term business performance and reputation.
 6. Feedback from the enterprise's business partners.

7. Whether the enterprise has any record of bribery, unlawful political contributions, or other unethical conduct.

- Article 18 During the course of commercial activities, the Company personnel shall inform counterparties of the Company's ethical management policy and related regulations, and clearly reject any direct or indirect offering, promise, request, or acceptance of improper benefits in any form or under any name.
- Article 19 The Company personnel shall avoid conducting business transactions with agents, suppliers, customers, or other business partners who are involved in unethical conduct. If it is discovered that a business or cooperative partner has engaged in unethical conduct, the Company shall immediately terminate business dealings and list the party as a prohibited counterpart, thereby reinforcing the implementation of the Company's ethical management policy.
- Article 20 When engaging in cooperation with external parties, the Company shall first thoroughly understand the ethical management status of the counterpart and require them to comply with the Company's ethical management policy. Suppliers must sign the Company's Integrity Commitment to ensure that both parties engage in fair and transparent transactions. In cases where unethical conduct or improper benefits result in harm to the Company, the Company will seek compensation and take necessary legal action in accordance with the terms of the signed commitment.
- Article 21 The Company encourages both internal and external parties to report unethical or improper conduct. Internal personnel who make false reports or malicious accusations will be subject to disciplinary action, and in serious cases, they may be dismissed. The Company has established and announced an independent whistleblowing mailbox and hotline on its corporate website and internal network for use by internal and external parties. Whistleblowers shall provide at least the following information:
1. The whistleblower's name, identification number, and contact details, including mailing address, telephone number, and e-mail address.
 2. The name of the accused or other information sufficient to identify the accused.
 3. Concrete evidence that may facilitate investigation.
- Personnel handling whistleblowing cases shall sign written declarations committing to maintaining the confidentiality of the whistleblower's identity and the reported content. The Company also commits to ensuring that whistleblowers are protected from improper treatment as a result of their reports. Reports will be handled by the Responsible Unit in accordance with the following procedures:
1. Reports involving general employees are submitted to the relevant department supervisors. Reports involving directors or senior executives are submitted to the independent directors.
 2. The Responsible Unit and the recipients of the aforementioned reports shall immediately investigate the facts. Assistance from the legal compliance or other relevant departments may be sought if necessary.
 3. If the accused is confirmed to have indeed violated laws, regulations, or the Company's ethical management policy or rules, they shall immediately be asked to cease such conduct, and they will be subject to appropriate disciplinary action. When necessary, legal action may be pursued for damages to protect the Company's reputation and interests.
 4. Written records of the acceptance, investigation processes, and outcomes of whistleblowing cases must be retained for five years. Electronic records are permitted. If litigation related to the report arises before the retention period expires, the records shall be preserved until the conclusion of the legal proceedings.
 5. If a report is verified as true, the relevant departments will be held accountable for

reviewing and improving internal control systems and operational procedures to prevent recurrence.

6. The Responsible Unit shall report whistleblowing cases, their handling, and subsequent improvement measures to the Board of Directors.

Article 22 If the Company personnel become aware of others engaging in unethical conduct involving the Company, and such conduct involves violations of law, the Company shall report the judicial or prosecutorial authorities. If government agencies or officials are involved, the matter shall also be reported to the relevant anti-corruption agency.

Article 23 The Company should regularly conduct internal awareness campaigns to emphasize the importance of integrity to directors, employees, and appointees.
If any Company personnel commit serious ethical violations, they shall be dismissed or terminated in accordance with applicable laws or the Company's disciplinary regulations. The Company shall disclose on its internal website the job title, name, date of violation, nature of the violation, and the disciplinary actions taken against the individual involved.

Article 24 The Procedures and Guidelines is implemented upon approval by the Board of Directors, and the same procedure applies to any amendments thereof.
When submitting the Procedures and Guidelines to the Board of Directors for discussion, full consideration shall be given to the opinions of the independent directors. Any objections or reservations raised by independent directors must be recorded in the meeting minutes. If an independent director cannot attend the Board meeting to express such opinions in person, except for justified absences, a written statement shall be submitted in advance and recorded in the meeting minutes.