

# **WT Microelectronics Co., Ltd.**

## **Ethical Corporate Management Best Practice Principles**

### **Article 1: Purpose and applicable scope**

These Principles are adopted to assist the Company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

The Company is advised to, in accordance with these Principles, adopt its own ethical corporate management best practice principles applicable to its 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 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("business group and organization").

### **Article 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 benefit, 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 stakeholders.

### **Article 3: Types of benefits**

"Benefits" in these Principles means any valuable thing, 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.

### **Article 4: Compliance with laws and regulations**

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.

### **Article 5: Policies**

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

### **Article 6: Prevention programs**

The Company shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conducts ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating.

In the course of developing the prevention programs, the Company are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

#### **Article 7: Scope of prevention programs**

The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

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. Breach of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, provision, or sale of products and services.

#### **Article 8: Commitment and Implementation**

The 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.

The Company and its respective business group shall clearly specify in its management rules, external documents and website the ethical corporate management policies, and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

#### **Article 9: Ethical corporate management in commercial activities**

The Company shall engage in commercial activities in a fair and integrity manner based on the principles of ethical management.

Prior to any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealing with persons so involved.

When entering into important contracts with the agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

#### **Article 10 : Prohibition against offering or accepting bribes**

When conducting business, the Company and its directors, managers, employees,

mandataries and substantial controllers may not directly or indirectly offer, promise to offer, request, or accept any improper benefit in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

**Article 11 : Prohibition against 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 the Company's relevant internal operational procedures and shall not make such donations in exchange for commercial gains or business advantages.

**Article 12: Prohibition against improper charitable donations or sponsorship**

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

**Article 13: Prohibition against unreasonable gifts, hospitality, or other improper benefits**

The Company and its directors, managers, employees, mandataries and substantial controllers shall not directly or indirectly offer or accept any unreasonable present, hospitality or other improper benefit to establish business relationship or influence commercial transactions.

**Article 14: Prohibition against infringing intellectual property rights**

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 they may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holders.

**Article 15: Prohibition against unfair competition conduct**

The Company shall engage in business activities in accordance with applicable laws and regulations related to competition, and it may not engage in any unfair competition conduct.

**Article 16: Preventing injury to stakeholders caused by products or services**

In the course of research and development, procurement, manufacture, provision or sale of products and services, the Company and its personnel related to the implementation of these processes shall observe applicable laws and regulations and international standards to prevent products and services from directly or indirectly damaging the rights and interests, health and safety of stakeholders.

**Article 17: Organization and accountability**

The directors, managers, employees, mandataries and substantial controllers of the Company 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 establish a dedicated unit that is under the board of directors, called the ethical corporate management facilitation team, with enough resources and staff itself with competent personnel. The unit shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and

prevention programs. The dedicated unit shall be in charge of 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 prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly 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 the 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.

#### **Article 18: Legal compliance in conducting business**

The applicable subjects of these Principles shall comply with laws and regulations and the prevention programs when conducting business.

#### **Article 19: Recusal for conflict of interest**

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

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by any of the directors, managers and other stakeholders attending or being present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and he or she may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

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

#### **Article 20: Accounting and internal control**

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, and shall conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall devise relevant audit plans based on the results of assessment of the risk of involvement in material unethical conduct, which plans shall include parties to audit and audit scope, items and frequency etc., and examine accordingly the

compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to the senior management and the ethical management dedicated unit and reduced to writing in the form of an audit report to be submitted to the board of directors.

#### **Article 21: Operational procedures and conduct guidelines**

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees and substantial controllers on how to conduct business. 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 these Principles.
8. Disciplinary measures on offenders.

#### **Article 22: Education, training, and appraisal**

The chairperson, general manager or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees and mandataries.

The Company shall promote these Principles during employee orientation or on the internal website in order to communicate the importance of corporate ethics to its employees.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies.

#### **Article 23: Whistleblowing system**

The Company shall establish a whistleblowing mailbox on its website for insiders and outsiders of the Company to submit reports. An information must be reported to the independent directors if involving a director or a senior executive after the investigation by the dedicated personnel or unit that are responsible for the acceptance of whistleblowing cases.

Documentation of case acceptance, investigation processes and, investigation results and relevant document shall be retained and filed. The Company personnel handling whistle-blowing matters shall keep the whistleblowers' identity and contents of information confidential, and anonymous whistleblowing is allowed.

The Company shall undertake to protect the whistleblowers from improper treatment due to their whistleblowing.

When any material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall prepare a report and notify the independent directors in writing or via e-mail.

#### **Article 24: Disciplinary and appeal system**

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules.

**Article 25: Information disclosure**

The Company shall disclose the implementation status of these Principles on its website, annual reports and prospectuses, and shall disclose these Principles on the Market Observation Post System.

**Article 26: Review and amendment of ethical corporate management policies and measures**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

**Article 27: Implementation**

The Principle and any amendments hereto shall enter into force after adoption by the board of directors.

When the Principle is 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.

These Principles were established on December 1, 2014.

The 1st amendment was made on July 11, 2016.

The 2nd amendment was made on August 8, 2019.

The 3rd amendment was made on August 2, 2023.