

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

## **Procedures for Ethical Management and Guidelines for Conduct**

### **Article 1 (Purpose of adoption and scope of application)**

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and the applicable laws and regulations of the places where the Company and the businesses and organizations of the group operate, with a view to providing all personnel of the Company with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.

### **Article 2 (Applicable subjects)**

For the purposes of these Procedures and Guidelines, the term "personnel of the Company" refers to any director, managerial officer, employee, mandatary or person having substantial control, of the Company or its group enterprises and organizations (hereinafter referred to as the substantial controller).

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

### **Article 3 (Unethical conduct)**

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

### **Article 4 (Types of benefits)**

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name. However, the ones which belong to ordinary social customs and are occasional, without influence on any specific right or obligation, are not limited.

### **Article 5 (Responsible unit)**

The Company shall designate the Ethical Corporate Management Promotion Team as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and 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 to the board of directors:

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. 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 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 6 (Prohibition against providing or accepting improper benefits)**

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for the Company and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of the Company.

#### **Article 7 (Procedures for handling the acceptance of improper benefits)**

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefit as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit.

When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to and approved by the general manager.

#### **Article 8 (Prohibition of facilitating payments and relevant handling procedure)**

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

#### **Article 9 (Procedures for handling political contributions)**

Political contributions by the Company shall be made in accordance with the following provisions, reported to the general manager for approval, and a notification given to the responsible unit, and when the amount of a contribution reaches the amount limit regulated in "Rules of Procedure for Board of Directors' Meetings" of the Company, it shall be made only after being reported to and approved by the board of directors:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

#### **Article 10 (Procedures for handling charitable donations or sponsorships)**

Charitable donations or sponsorships by the Company shall be provided in accordance with the following provisions and reported to the general manager for approval, and a notification shall be given to the responsible unit. When the amount reaches the amount limit regulated in "Rules of Procedure for Board of Directors' Meetings" of the Company, the donation or sponsorship shall be provided only after it has been submitted for approval by the board of directors:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and

regulations of the country where the Company is doing business.

2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

#### **Article 11 (Recusal)**

When a director, managerial officer of the Company or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, managerial officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves and may not support each other in an inappropriate manner.

If the spouse of a director, a relative of a director within the second degree of kinship, or a company controlled by a director that has a stake in the proposal at the meeting mentioned in the preceding paragraph, the director will be deemed having a stake in the said proposal.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

#### **Article 12 (Special unit in charge of confidentiality regime and its responsibilities)**

The Company shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties, and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of the 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 the Company of which they have learned, nor may they inquire about or collect any trade secret, trademark, patent, and other intellectual property of the Company unrelated to their individual duties.

#### **Article 13 (Protection against unfair competition)**

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities.

#### **Article 14 (Prevent the damage to the interests of interested parties)**

The Company shall collect and understand the relevant laws and international standards that should be complied with by the products and services provided by the Company, and the Company shall observe, gather and announce the matters that should be noted, so that the personnel of the Company can ensure the information transparency and security of products and services in the processes of the research and develop, procurement, offer or sale of the products and services.

The Company shall establish a designated section for stakeholders on the company website in order to prevent causing damage to the interests of them. The designated unit which is responsible for this shall report the approaches for handling material events and following measures for review and improvement to the board of directors.

#### **Article 15 (Prohibition against insider trading and non-disclosure agreement)**

The personnel of the Company shall comply with the provision of the Securities and Exchange Act and shall not use the known undisclosed information to engage in insider trading or disclose to others in order to prevent others from using the undisclosed information to engage in insider trading.

Other agencies or the personnel participated in the merger, division, acquisition, and share transfer, important memorandum, strategic alliance, other business cooperation projects or significant agreement with the Company, shall sign a non-disclosure agreement with the Company, guarantee that he/she would not disclose the known business confidentiality or other material information to others, and shall not use such information without the consent of the Company.

#### **Article 16 (Announcement of policy of ethical management to outside parties)**

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

#### **Article 17 (Ethical management evaluation prior to development of commercial relationships)**

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

#### **Article 18 (Statement of ethical management policy to counterparties in commercial dealings)**

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

#### **Article 19 (Avoidance of commercial dealings with unethical operators)**

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty that is involved in unethical conduct in commercial interactions. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

## **Article 20 (Stipulation of terms of ethical management in contracts)**

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and the Company shall make observance of its own ethical management policy and have the terms and conditions about ethical management be stipulated in contracts.

## **Article 21 (Handling of unethical conduct by personnel of the company)**

The Company encourages insiders and outsiders for informing of unethical or unseemly conduct. 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. The Company shall internally establish and publicly announce on its website and the internet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:

1. The whistleblower's name, 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 keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The responsible unit of the Company shall observe the following procedure:

1. An information shall be reported to the department head if involving an ordinary employee, and to an independent director if involving a director or a senior executive.
2. The responsible unit of the Company 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 on is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will 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 a confirmed information, the Company 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 the Company shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

## **Article 22 (Actions upon event of unethical conduct by others towards the Company)**

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

**Article 23 (Establishment of a system for rewards, penalties, complaints, and related disciplinary measures)**

The Company shall organize awareness sessions in employee orientations or promote these Procedures and Guidelines on internal websites to communicate the importance of ethics.

The Company shall link ethical management to employee performance evaluations and human resources policy.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

**Article 24 (Enforcement)**

These Procedures and Guidelines and any amendment hereto shall be implemented after the adoption by resolution of the board of directors.

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.

These Procedures and Guidelines were established on April 28, 2016.

The 1st amendment was made on August 8, 2019.