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| <br>CHIEFTEKPRECISION<br>CO.,LTD. | Document Name | Procedures for Ethical Management and Guidelines for Conduct | Version       | 2          |
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### Article 1

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, the Procedures for Ethical Management and Guidelines for Conduct are stipulated pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the applicable laws and regulations of the places where the Company and its business groups and organizations operate, with a view to providing all personnel of the Company with clear directions for the performance of their duties.

The application scope of the Procedures and Guidelines include 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

The term "personnel of the Company" stated in the Procedures and Guidelines refers to any director, supervisor, managerial officer, employee, fiduciary or person having substantial control, of the Company or its group enterprises and organizations.

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 said personnel.

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**Article 3**

"Unethical conduct" stated in the Procedures and Guidelines 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**

The term "benefits" stated in the Procedures and Guidelines 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.

**Article 5**

The Company shall designate the Chairman's Office as the solely responsible unit (hereinafter referred to as the responsible unit) under the Board of Directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to the 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 corporate 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 team in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management works effectively, and preparing reports on the regular assessment of compliance with ethical

management in operation procedures.

## **Article 6**

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 TWSE/TPEX Listed Companies, 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 manager.
6. Other conduct that complies with the rules of the Company.

## **Article 7**

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 benefits 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 upon the approval of the Chairman.

#### **Article 8**

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**

The Company shall make political contributions based on the following regulations. It should report to the Board of Directors for approval and inform the responsible unit of the Company. If the amount exceeds NTD50 million, it should be passed by the board meeting in advance:

1. It shall comply with the laws and regulations related to political donation of the country where the political donation recipient is located, including the upper limit and form of the provided political donation.
2. The decision shall be recorded in written form.
3. The political contribution shall be recorded in the account book based on the laws and the related handling procedures of accounting.
4. When making political contribution, it shall avoid being engaged in the business transaction, license application or other matters related to the Company's interests with the related governmental agencies.

#### **Article 10**

The Company shall make charitable donation or sponsorship based on the following regulations. It should report to the Board of Directors for approval and inform the responsible

unit of the Company. If the amount exceeds NTD50 million, it should be passed by the board meeting in advance:

1. It shall comply with the laws and regulations at the premises of the operating site.
2. The decision shall be recorded in written form.
3. The recipient of charitable donation shall be charity institution, which shall be used for offering bribes.
4. The benefits obtained from sponsorship shall be clear and reasonable, which shall not be for anyone with business transaction with the Company or anyone with interests related to the Company's personnel.
5. After the charitable donation or sponsorship, it should follow up the purpose of money flow, which should be consistent with the donation purpose.

#### **Article 11**

When a Company director , supervisor, manager or other stakeholder attending or present at a board meeting, has a stake in a proposal at the meeting, s/he shall state the important aspects of the stake in the meeting. If there is a likelihood that the interests of the Company would be prejudiced, s/he may not participate in the discussion or vote on that proposal, and shall recue himself or herself from any discussion and voting. Moreover, it 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 in the course of conducting company business, any personnel of the Company discovers that a 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**

The Company shall formulate and implement the operation procedure for managing, safeguarding 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 secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

**Article 13**

The 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 14**

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services. When the products and services of the Company are harmful to the safety and health of the consumers and other stakeholders, the Company shall investigate the incident and propose review and improvement plan.

The responsible unit of the Company shall report the incident under the preceding paragraph, the handling solution and subsequent review and improvement actions to the Board of Directors.

**Article 15**

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

**Article 16**

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 such as product release

conference and investor conference, in order to make its suppliers, other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

**Article 17**

Before developing a commercial relationship with another party, the Company shall evaluate the legality and ethical management policy of the agency, supplier, customer or other counterparty 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**

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 entitlement.

**Article 19**

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty that is involved in unethical conduct. 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**

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 shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim compensation from the other party.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities,

the other party may terminate or rescind the contract unconditionally any time.

3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

#### **Article 21**

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant a reward depending on the actual condition 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 critical.

The Company shall internally establish and publicly announce on its website and the intranet, 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 and ID number, and an address, telephone number and email 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. 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. Information shall be reported to the department head if involving an ordinary employee and to an independent director or supervisor 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 of 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 claim compensation for 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, the Company shall request the 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**

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**

The responsible unit of the Company shall organize periodic awareness sessions each year. The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If anyone 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 human resources policy and procedures of the Company.

The Company shall disclose the information of the personnel who violate the ethical conduct, including the position, name, violation date, content and handling method.

#### **Article 24**

The Procedures and Guidelines is passed by the resolution of Board, which will be then submitted to the supervisors and reported in the board meeting for approval before implementation. It is the same for the revision.

When the Procedures and Guidelines is reported in the board meeting for discussion, it shall fully consider the opinions of the independent directors and record the dissenting or reservation opinions in the board meeting minutes. If the dissenting or reservation opinion is expressed by any independent director not attending the board meeting in person, it should present the written opinion in advance, which shall be recorded in the board meeting minutes.