

## AXIOMTEK CO., LTD.

### Ethical Corporate Management Best Practice Principles

#### Article 1 (The Stipulation Basis)

To foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. AXIOMTEK Co., LTD ( herein after referred as “the Company”) stipulates these Principles in accordance with the 『 Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies 』

These Principles, adopt its own ethical corporate management best practice principles applicable to the Company and its subsidiaries, any foundation to 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 such company ("business group").

#### Article 2 (Unethical conduct is prohibited)

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, 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 (The types of Benefit)

"Benefits" in these Principles means any valuable things, 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 (Regulatory compliance)

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 (Policy)**

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith which passed by 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 their own ethical management policy clearly and thoroughly prescribe the specific principles in 『The ethical management practices and the programs of Axiomtek Co., Ltd.』 to forestall unethical conduct("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 companies and their business group are operating.

## **Article 7 (The Scope of Prevention programs)**

The Company shall establish an assessment mechanism for the risk of unethical conduct and shall analyze and evaluate periodically which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and according to these to establish the prevention programs and review the appropriateness and effectiveness of the prevention programs periodically.

The prevention programs refer to domestic and foreign common standards or guidelines adopted by the Company 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. Misappropriation 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, manufacture, provision, or sale of products and services.

## **Article 8 (Promise and Apply)**

The Company shall demand Directors and senior management to issue the statement of following the policies of ethical management, and establish the employment conditions that demand the employees to comply with the policies of ethical management.

The Company and its respective business group shall clearly specify in their rules, external documents and company websites the ethical corporate management policies and the commitment by the Board of Directors and the senior management on rigorous and thorough implementation of such policies, and shall

carry out the policies in internal management and in commercial activities.

In connection with the first and second sections about the policies, statement, commitment and execution of ethical management, the Company shall establish documented information with properly saving.

### **Article 9 (Operate commercial activities with principle of ethical management)**

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

Prior to any commercial transactions, 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 dealings with persons so involved.

When entering into contracts with their 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 TWSE/GTSM listed companies may at any time terminate or rescind the contracts.

### **Article 10 (Bribery is prohibited)**

When conducting business, the Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

### **Article 11 (Illegal Political Contributions is prohibited)**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

### **Article 12 (Improper charitable contributions and donate is prohibited)**

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

### **Article 13 (Unreasonable presents, hospitality or other improper benefits is prohibited)**

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

### **Article 14 (The infringement of Intellectual Property Right is prohibited)**

The Company and its directors, supervisors, 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 may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

### **Article 15 (Unfair Competition is prohibited)**

The Company shall engage in business activities in accordance with applicable competition laws and regulations, 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 16 (Prevent the interested party from any damage of products or service)**

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

### **Article 17 (Organization and Liability)**

The directors, supervisors, 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 CEO office with sufficient resources and competent employees and 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 (At least once a year).

1. Assisting in integrating integrity and ethical values into the company's business strategy, and cooperating with the act system to establish relevant preventive measures to ensure ethical management.
2. Periodically analyzing and evaluating the risk of unethical conduct in the business scope, and formulating plans to prevent unethical conduct, and setting standards of procedures and behavior guidelines for work business in each program.
3. Planning internal organization, preparation and management, and arranging mutual supervision and

balance mechanism for business activities with high risk of unethical conduct within the scope of business.

4. Promoting and coordinating the training of ethical management policy.
5. Planning the reporting system to ensure the effectiveness of the implementation.
6. Assisting the Board of Directors and management to examine and evaluate whether the preventive measures established by the ethical management are functioning effectively, and periodically evaluating the compliance of relevant business processes and making a report.

### **Article 18 (Regulatory compliance for Business Operation)**

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

### **Article 19 (Conflict of Interest Avoidance)**

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, supervisors, 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, supervisors, managers, and other stakeholders attending or 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 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 Company's directors, supervisors, managers, employees, mandataries, and substantial controllers 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, not have under-the-table accounts or keep secret accounts, and 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 formulate relevant audit plans based on the evaluation results of the risk of unethical conduct, including the audit object, scope, project, frequency, etc., and examine the compliance of the prevention plan. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The examined results of the preceding paragraph shall be reported to the senior management and the ethical

management unit, and an audit report shall be submitted to the Board of Directors.

### **Article 21 (Operational procedures and guidelines)**

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, 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 (Training and Assess)**

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

The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

### **Article 23 (Offence-reporting System)**

The Company adopts the 『The Principles of Concrete Whistle-blowing system for the Illegal, Immoral or Unethical Activity』 and scrupulously operate it. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Setting follow-up measures in accordance with the seriousness of the circumstances while the

investigation of the reporting case is completed. The case shall be reported to the competent authority or transferred to the judicial organ for investigation if necessary.

4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and permitting anonymous report.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the TWSE/GTSM listed company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

#### **Article 24 (Well-defined 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, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

#### **Article 25 (Disclosure of Information)**

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

#### **Article 26 (The Modification of Ethical Management Policy and Measure)**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, 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 (Apply)**

The ethical corporate management best practice principles of the Company shall be implemented after the Board of Directors grants the approval, and shall be sent to the Audit Committee and reported to the Shareholders' Meeting, the same procedure shall be followed when the principles have been amended.

When the ethical corporate management best practice principles are submitted for discussion by the Board

of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

### **Article 28 (Amendment)**

These Principles are agreed to and signed on April 26, 2016 by all the promoters of the Company.

The first Amendment was made on August 1, 2019.