

## **Coretronic Corporation**

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

Article1 : To foster a corporate culture of ethical management and sound development for establishing good commercial practices, according to「Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies」 promulgate the Code.

The adopt scope of the Code is the Company and its subsidiaries.

Article2 : When engaging in commercial activities, directors, managers, employees, mandataries of the Company 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 interested parties.

Article3 : "Benefits" in the 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.

Article4 : 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.

Article5 : The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article6 : The Company is advised to establish their own ethical corporate management principle , specific practices clearly and exhaustively to forestall unethical conduct ("prevention program"), including operational procedures, guidelines, and training.

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

Article7 : When establishing the prevention program, the Company shall analyze which business activities within their business scope which may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention program established by the Company shall at least include preventive measures as the following matters:

- 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.Against trade secrets, trademarks, patents, copyrights and other intellectual property rights.
- 6.Engaged in acts of unfair competition.
- 7.Products and services at the time of development, procurement, manufacturing, offer or sell directly or indirectly harm the interests of consumers or other interested parties right 、 health and safety.

Article8 : The Company and subsidiaries shall clearly specify ethical corporate management policies in their rules and external documents and the board of directors and the management level shall undertake to rigorously and thoroughly enforce such policies commitment for internal management and external commercial activities.

Article9 : The Company shall maintain ethical corporate management principle and in a fair and transparent way of commercial activities.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties. It is advisable not to have any dealings with their agents,

suppliers, clients or other trading counterparties who have any records of unethical conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in unethical conduct, the Company may terminate or cancel the contracts.

Article10 : When conducting business, the Company and their directors or managers, employees and mandataries, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits in other ways to their clients, agents, contractors, suppliers, public servants, or other interested parties.

Article11 : When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, managers, employees and mandataries, 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.

Article12 : When making or offering donations and sponsorship, the Company and their directors, managers, employees and mandataries shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article13 : The Company and their directors, managers, employees and mandataries shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article14 : The Company and their directors, managers, employees and mandataries shall comply with intellectual property-related laws and regulations, internal operating procedures and contractual provisions; without the consent of the owner of intellectual property rights, shall not be used, leaks, disposal, damage or other acts of infringement of intellectual property rights.

Article15 : The Company shall engage in business activities in accordance with the relevant competition rules, not a fixed price, bid rigging, limit production

and quotas, or to allocate customers, suppliers, operational area or business types, etc., to share or divide markets.

Article16 : The Company and their directors, managers, employees and mandataries on the development of products and services ,procurement, manufacturing, supply or sales process should follow the relevant laws and international norms, products and services of information to ensure transparency and safety, develop and disclose their interests or other interested consumer protection policies, and the implementation of operational activities in order to prevent the products or services directly or indirectly harm the interests of consumers or other interested party right, health and safety. When there is sufficient evidence to identify their goods, services, or other interested hazardous consumer safety and health at risk, in principle should immediately recover and stop their products or services.

Article17 : The Company and their directors, managers, employees and mandataries shall exercise the duty 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 ethical corporate management, the Company is advised to form a dedicated unit of the board of directors to be in charge of establishing and enforcing the ethical corporate management policies and prevention program and reporting to the board of directors on a regular basis.The main charge of the following matters, reporting to the board of directors, if necessary :

- 1.Assistance will be honest and moral values into the corporate business strategy, and in accordance with the relevant laws and regulations to establish a variety of measures to ensure the integrity and operation.
- 2.Formulate programs to prevent acts of bad faith, and to work within the programs to set standard operating procedures and business-related behavior guide.
- 3.Planning within the organization, preparation and particular portfolio, within the scope of business is not a high risk of faith conduct business activities, placement of mutual supervise and balances mechanism.
- 4.Promote and coordinate the training of integrity policy advocacy.

5.Planning report system to ensure the effectiveness of the implementation.

6.Assist the board of directors and the management and evaluation of the implementation of preventive measures to check the integrity of business is founded on the effective functioning,and make report of regularly assess the situation on the relevant business processes.

Article18 : The Company and their directors, managers, employees and mandataries shall comply with laws and prevention program.

Article19 : The Company is advised to promulgate policies for preventing conflicts of interests, according to identify, monitor and manage conflicts of interest that may lead to the risk of acts of bad faith and offer appropriate means for directors, and managers and other interested parties who attend or novoting the board of directors to voluntarily explain whether their interests would potentially conflict with those of the Company.

The Company directors, managers,and other interested parties who attend or novoting the board of directors shall explain the important content of interest relationship when itself or legal representative of the compancy have interest relationship .If harming the interest of the company,don' t join to discuss and vote ,and avoiding when discuss and vote, and don' t act on behalf of other directors to vote.A high degree of self-discipline shall between directors, When forced to support each other.

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

Article20 : The Company shall establish effective accounting systems and internal control systems for business activities which may 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.

Internal auditors of the Company shall periodically examine the company' s compliance with the foregoing and prepare audit reports and submit the same to the board of directors and was appointed CPA to audit and, if necessary, appointed professionals to assist.

Article21 : The company should standardize the directors, managers and employees

how to conduct business as 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 the Principles.
8. Disciplinary measures on offenders.

Article22 : The chairman, managers, or high-level managers of the Company are advised to convey the importance of ethical for directors, managers, employees.

The Company is advised to periodically organize training and awareness programs for directors, managers, employees, and mandataries and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention program 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.

Article23 : The Company is advised to establish specific report system, and should be implemented with certainty, its contents should at least as the following matters :

1. Establishment and announcement of the internal independent report mailbox and special-purpose phone line, or entrust other external independent institution offer report mailbox special-purpose phone line, for internal and external personnel.

2. Assign dedicated staff or units to report receiving, report violations involving directors or executives, independent directors should be reported to, and in accordance with the actual situation formulate investigation prosecution matters and their respective categories of standard operating procedures.
3. Acceptance case report, process of the investigation, the result of investigation and record and filling of the related documents.
4. Keep secret of prosecutors identity and report content.
5. To protect prosecutors not suffering improper disposal of measures due to report violations.

The Company received report dedicated staff or units, as the survey found significant irregularities in the company in danger or subject to significant damage, should immediately report made to notify the independent directors in writing.

Article24 : The Company shall establish a well-defined disciplinary and report system to handle violation of the ethical corporate management rules, and immediately disclose on the company's internal website of the offender's job title, name, date the violation was committed, violating act and how the matter was handled.

Article25 : The Company is advised to establish promotion quantitative data of ethical corporate management, the ongoing analysis to assess the effectiveness of policies to promote integrity, on the company's website, annual report and prospectus disclose its ethical corporate management to adopt measures 、 comply with the case and promote the effectiveness of quantitative data, and disclosure the contents of ethical corporate management on MOPS.

Article26 : The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors, managers and employees to make suggestions so as to review and improve their ethical corporate management best practice principles and achieve better results from implementing the principles.

Article27 : Ethical corporate management best practice principles, and any amendments to it, shall enter into force after it has been adopted by Audit Committee Charter and Board of Directors, and submitted to a shareholders meeting.