



## Sino-American Silicon Products Inc.

# Procedures for Ethical Management and Guidelines for Conduct

### Article 1 (Purpose of Adoption and Scope of Application)

The Corporation 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 Corporation and its business groups and organizations operate, with a view to providing all personnel of the Corporation with clear directions for the performance of their duties.

This "Procedures and Guidelines" applies as well to the Corporation's subsidiaries, any foundation to which the Corporation's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the Corporation.

### Article 2 (Applicable Subjects)

For the purposes of these Procedures and Guidelines, the term "personnel of the Corporation" refers to any director, supervisor, managerial officer, employee, attorney, mandatary or person having substantial control, of the Corporation or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits by any personnel of the Corporation through a third party will be presumed to be an act by the personnel of the Corporation.

### Article 3 (Unethical Conduct)

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Corporation, 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.

### Article 5 (Responsible Unit)



The Corporation shall designate the legal departments as the solely responsible unit (hereinafter, "responsible unit") 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. Main functions shall include the following items and shall be regularly reported to the board:

1. Assisting in incorporating ethics and moral values into this Corporation'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 this Corporation'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 Provision or Acceptance of 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 Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies 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. Property with a market value of NT\$5000 or more received due to engagement, marriage,



maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative shall be subject to prior approval of the responsibility unit. In the event that the property is received due to no liability reason, it shall be reported to responsibility unit for ratification afterwards.

7. Other conduct that complies with the rules of the Corporation.

#### **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 Corporation 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 Corporation'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.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Corporation'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 Corporation'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 Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Corporation 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 President.

#### **Article 8 (Prohibition of Facilitating Payments and Handling Procedure)**

The Corporation shall neither provide nor promise any facilitating payment.

If any personnel of the Corporation 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 Corporation shall be made in accordance with the following provisions, reported to the chairman in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$1,000,000 or more, 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 Corporation with the related government agencies shall be avoided.

#### **Article 10 (Procedures for Handling Charitable Donations or Sponsorships)**

Charitable donations or sponsorships by the Corporation shall be provided in accordance with the following provisions and reported to the chairman in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$5,000,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption 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 Corporation 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 Corporation's commercial dealings or a party with which any personnel of the Corporation 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 (Avoidance of Conflict of Interest)**

When a Company director , officer 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, 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 Corporation 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 in the course of conducting company business, any personnel of the Corporation 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 Corporation may use company resources on commercial activities other than those of the Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Corporation.

#### **Article 12 (Confidentiality Mechanism)**

An intellectual property unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties is established in the Corporation. Such a unit shall also conduct annual reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of the Corporation shall faithfully follow the operational directions pertaining to intellectual properties and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Corporation unrelated to their individual duties.

#### **Article 13 (Prohibition against Unfair Practices on Competition)**

This Corporation 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 (Prohibition against Insider Trading)**

All Company personnel shall adhere to the provisions of the Securities and Exchange Act and international standards, 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.

#### **Article 15 (Non-disclosure Agreement)**

Any organization or person outside of the Corporation 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 Corporation 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 Corporation acquired as a result, and that they may not use such information without the prior consent of the Corporation.



#### **Article 16 (Public Disclosure of Ethical Management Policy)**

The Corporation 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 launches and investor press conferences, 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 Corporation 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.

When the Corporation carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The counterparty's nationality, location of business operations, organizational structure, management policy, and place where it will make payments.
2. Whether the counterparty has adopted an ethical management policy, and the status of its implementation.
3. Whether counterparty's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the counterparty is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the counterparty.
6. Consultation with the enterprise's business partners on their opinion of the counterparty.
7. Whether the counterparty has a record of involvement in unethical conduct such as bribery or illegal political contributions.

#### **Article 18 (Statement of Ethical Management Policy to Counterparties in Commercial Dealings)**

Any personnel of the Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about the Corporation'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 Counterparties)**

All personnel of the Corporation shall avoid business transactions with an agent, supplier,



customer, or other counterparty in commercial interactions 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 Corporation's ethical management policy.

#### **Article 20 (Contract Incorporating Integrity Policy)**

Before settling a contract with any other party, the company shall have a full understanding of the other party's business integrity and shall incorporate the Company's business integrity policy into the contract with at least the following items:

1. Either party shall promptly inform the other party of the identity, provision, commitment, demand or receipt of any person in violation of the terms of the contract prohibiting the receipt of commissions, kickbacks or other improper interests, and shall provide relevant evidence and cooperate with the investigation of the other party. If a party suffers any damage as a result, it may claim against the other party for damages equal to 50% of the contract amount and may deduct such amount from the contract price payable. Where the contract has no amount or the foregoing proportion of damages is insufficient to deter or commercially infeasible, the legal department shall be empowered to set the best terms.
2. If either party is involved in any dishonest business activities, the other party may terminate or terminate the contract at any time unconditionally.
3. Clear and reasonable payment contents shall be stipulated, including the place and method of payment in compliance with relevant tax laws and regulations.

#### **Article 21 (Risk Assessment Mechanism against Unethical Conduct)**

Regarding the listed types of unethical conducts as stipulated in Article 7 of the Corporation's "Ethical Corporate Management Best Practice Principles", the Corporation identifies subjects at a higher risk of getting involved in the foregoing by collecting information from controlling measures as follows and analyzing/assessing annually such information prior to the end of June, and continuously reviews the adequacy and effectiveness of the prevention program:

1. Entrance Access Control:  
Security guards and receptionists shall report visitors' identity, frequency of visit, visitee, purpose of visit, and personal belongings brought in and out of facility;
2. E-mail Tracing:  
Information management unit shall set up alerting keywords with respect to external recipients and senders, keep records for detective results and report abnormalities;
3. Qualitative Interviews:  
Intellectual property unit shall identify issues having potentially a high risk of infringement, human resource unit shall provide a list of new employees having a high litigation risk;
4. Annual Self-Assessment on Compliance with Laws and Regulations:  
Review and ensure each and every unit fully complies with external laws and regulations.
5. Report on Complaints:  
In case that products or services provided by the Corporation cause damage to consumers or other stakeholders and complaints of such are received, sales unit shall immediately





report such cases to compliance section.

Within the business scope, staff of each and every section shall bear the duty to cooperate with investigations conducted by compliance section regarding the foregoing controlling measures. The decency and effectiveness of this "Procedures and Guidelines" together with prevention programs as specified in Article 6 of the Corporation's "Ethical Corporate Management Best Practice Principles" shall be periodically reviewed pursuant to the risk assessment mechanism as established in paragraph 1 of this Article for further modification or revision as appropriate.

#### **Article 22 (Handling of Unethical Conduct by Personnel of the Corporation)**

The Corporation shall investigate relevant facts on any discovery or report of unethical conduct from its employees. Once it is verified that it's against the relevant laws or regulations of the Corporation's ethical management, immediate prohibition and necessary handling shall be taken regarding to the personnel. Besides, damages shall be compensated via legal procedures if required to maintain the reputation and rights of the Corporation.

For the unethical conduct that has occurred, the Corporation shall designate relevant unit to review the internal control system and procedures. Improvement suggestion shall be addressed so as to prevent from recurrence.

Relevant implementation details shall be handled in accordance with the company's "Measures for handling Illegal and Immoral and Dishonest Behavior".

#### **Article 23 (Actions upon Event of Unethical Conduct by Others towards the Corporation)**

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

#### **Article 24 (Establishment of a system for training, rewards, penalties, and complaints)**

Compliance section of the Corporation shall periodically arrange chairman, president or senior management to promote the importance of ethics to employees and mandataries.

The Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Corporation seriously violates ethical conduct, the Corporation 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 Corporation.

The Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

#### **Article 25 (Enforcement)**

This "Procedures and Guidelines", and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be submitted to every member of the





audit committee and reported to the shareholders' meeting.

When this "Procedures and Guidelines" is 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. Any 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 legitimate reasons otherwise exist; such an opinion shall be specified in the minutes of the board of directors meeting.

**Article 26 (Dates of Enactment and Amendments)**

This "Procedures and Guidelines" was approved on March 22th, 2016.

The 1<sup>st</sup> amendment was made on March 21th, 2019.

The 2<sup>nd</sup> amendment was made on November 12, 2019.