

# **VSO ELECTRONICS CO., LTD.**

## **Integrity Management Guidelines**

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistencies between the Chinese version and this translation, the Chinese version shall prevail.)

### **Article 1: Purpose and Scope**

To establish and strengthen a corporate culture of integrity and ensure sustainable development, this guideline is formulated in reference to the "Guidelines for Integrity Management of Listed Companies."

This guideline applies to subsidiaries, foundations that the company directly or indirectly donates to and cumulatively exceed 50% of total funding, and other organizations or entities under effective control (hereafter referred to as "group enterprises and organizations").

### **Article 2: Prohibition of Dishonest Behavior**

Directors, managers, employees, appointees, or those with substantial control over the company (hereafter referred to as "persons with substantial control") must not, in the course of conducting business, directly or indirectly provide, promise, request, or accept any improper benefits, or engage in any acts that violate integrity, laws, or fiduciary duties, in order to gain or maintain benefits (hereafter referred to as "dishonest behavior").

The aforementioned actions are prohibited when directed toward government officials, political candidates, political parties, party officials, and any individuals or entities in the public or private sectors, including their directors, supervisors, managers, employees, persons with substantial control, or other stakeholders.

### **Article 3: Definition of Benefits**

The term "benefits" in this guideline refers to anything of value, including money, gifts, commissions, positions, services, privileges, rebates, and other forms. However, customary social etiquette, which occurs occasionally and does not impact specific rights or obligations, is not included in this definition.

### **Article 4: Compliance with Laws**

The company must comply with the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Public Servants Conflict of Interest Act, and relevant regulations of the stock exchange or other applicable laws concerning business conduct as a basic premise for implementing integrity management.

## **Article 5: Policy**

The company shall adopt a policy based on integrity, transparency, and accountability. This policy must be approved by the Board of Directors and establish a robust corporate governance and risk control mechanism to create a sustainable business environment.

## **Article 6: Prevention Program**

The company must formulate an integrity management policy with clear and detailed measures for integrity management and a prevention program against dishonest behavior (hereafter referred to as "the prevention program"). The program should include operational procedures, codes of conduct, and training.

The prevention program must comply with the relevant laws in the locations where the company, its group enterprises, and organizations operate.

During the formulation of the prevention program, it is advisable to communicate with employees, key business partners, and other stakeholders.

## **Article 7: Scope of the Prevention Program**

The company shall establish a risk assessment mechanism for dishonest behavior, regularly analyze and evaluate business activities with higher risks of dishonest behavior, and use these evaluations to develop and review the adequacy and effectiveness of the prevention program.

The company should refer to domestic and international standards or guidelines when developing the prevention program, which should at least include preventive measures for the following behaviors:

1. Bribery and corruption.
2. Providing illegal political contributions.
3. Improper charitable donations or sponsorships.
4. Offering or accepting unreasonable gifts, hospitality, or other improper benefits.
5. Infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights.
6. Unfair competition practices.
7. Damaging the rights, health, and safety of consumers or other stakeholders during the research, procurement, manufacturing, provision, or sale of products and services.

## **Article 8: Commitment and Implementation**

The company shall require its directors and senior management to issue a statement of commitment to abide by the integrity management policy. Employment terms must also require employees to comply with this policy.

The company and its group enterprises and organizations shall explicitly state their integrity management policies in their regulations, external documents, and corporate websites. The Board of Directors and senior management should actively implement these policies, ensuring they are thoroughly executed in internal management and business activities.

Documents and records related to the commitment, statements, and execution of the integrity management policy as outlined in the preceding two paragraphs must be properly maintained.

### **Article 9: Integrity in Business Activities**

The company shall conduct business activities in a fair and transparent manner, adhering to the principle of integrity.

Before entering into business transactions, the company must consider the legality and integrity of its agents, suppliers, customers, or other business partners to avoid dealings with those involved in dishonest practices.

Contracts signed by the company with agents, suppliers, customers, or other business partners must include clauses that require compliance with the integrity management policy and allow for termination or cancellation of the contract in cases of dishonest behavior by the counterparty.

### **Article 10: Prohibition of Bribery and Corruption**

The company, along with its directors, managers, employees, appointees, and persons with substantial control, must not directly or indirectly offer, promise, request, or accept any form of improper benefits during business execution to or from customers, agents, contractors, suppliers, government officials, or other stakeholders.

### **Article 11: Prohibition of Illegal Political Contributions**

The company, its directors, managers, employees, appointees, and persons with substantial control must ensure that donations to political parties, organizations, or individuals participating in political activities comply with the Political Donations Act and the company's internal procedures. Such contributions must not be made to secure commercial advantages or transaction benefits.

### **Article 12: Prohibition of Improper Charitable Donations or Sponsorships**

The company, its directors, managers, employees, appointees, and persons with substantial control must ensure that charitable donations or sponsorships comply with relevant laws and internal procedures and must not serve as a disguised form of bribery.

### **Article 13: Prohibition of Unreasonable Gifts, Hospitality, or Other Improper Benefits**

The company, its directors, managers, employees, appointees, and persons with substantial control must not directly or indirectly offer or accept unreasonable gifts, hospitality, or other improper benefits to establish business relationships or influence business transactions.

### **Article 14: Prohibition of Infringement of Intellectual Property Rights**

The company, its directors, managers, employees, appointees, and persons with substantial control must comply with laws, internal procedures, and contract terms related to intellectual property rights. They must not use, disclose, dispose of, or damage intellectual property without the consent of the rights holder, nor engage in other acts that infringe upon intellectual property rights.

### **Article 15: Prohibition of Unfair Competition Practices**

The company must conduct its business activities in compliance with competition laws. It is prohibited from fixing prices, manipulating bids, restricting production or quotas, or allocating customers, suppliers, territories, or business categories to share or divide markets.

### **Article 16: Prevention of Harm to Stakeholders from Products or Services**

The company, its directors, managers, employees, appointees, and persons with substantial control must adhere to relevant laws and international standards during the research, procurement, manufacturing, provision, or sale of products and services. They must ensure transparency and safety and establish publicly accessible policies to protect the rights of consumers or other stakeholders.

If there is evidence that products or services may endanger the safety or health of consumers or other stakeholders, the company should, in principle, recall the affected products or suspend the services immediately.

### **Article 17: Organization and Responsibilities**

Directors, managers, employees, appointees, and persons with substantial control must exercise due diligence to prevent dishonest behavior and continually review and improve the effectiveness of the implementation to ensure adherence to the integrity management policy.

To ensure sound management of integrity, the company should establish a dedicated unit under the Board of Directors, allocate sufficient resources, and appoint qualified personnel responsible for formulating and supervising the execution of the integrity management policy and prevention program. This unit's primary responsibilities include the following and must report to the Board of Directors regularly (at least once a year):

1. Assisting in embedding integrity and ethical values into the company's business strategies and formulating anti-corruption measures in compliance with legal systems.
2. Regularly analyzing and assessing risks of dishonest behavior and formulating prevention programs, including standard operating procedures and behavioral guidelines.
3. Planning internal organization, staffing, and responsibilities, and implementing mechanisms for mutual oversight and checks in high-risk business activities.
4. Promoting and coordinating training on integrity policies.
5. Establishing a whistleblowing system to ensure its effectiveness.
6. Assisting the Board of Directors and management in verifying the effectiveness of anti-corruption measures and periodically evaluating compliance, with reports prepared.

### **Article 18: Compliance with Laws in Business Execution**

Directors, managers, employees, appointees, and persons with substantial control must comply with legal requirements and the prevention program when executing business activities.

### **Article 19: Conflict of Interest**

The company shall establish a policy to prevent conflicts of interest, which will help identify, monitor, and manage the risks of dishonest behavior resulting from such conflicts. This policy must provide channels for directors, managers, and other stakeholders attending or participating in Board meetings to proactively disclose any potential conflicts of interest with the company.

Directors, managers, and other stakeholders attending or participating in Board meetings must disclose to the Board any conflicts of interest they or their represented entities may have with the agenda items. If there is any potential harm to the company's interests, they must refrain from participating in the discussion or voting, and avoid acting as proxies for other directors in the voting process. Directors should also self-regulate and avoid undue mutual support.

Directors, managers, employees, appointees, and persons with substantial control must not use their position or influence within the company to gain improper benefits for themselves, their spouses, parents, children, or any other parties.

### **Article 20: Accounting and Internal Control**

The company must establish effective accounting systems and internal control mechanisms for business activities with higher risks of dishonest behavior. The company must not maintain any off-the-books or secret accounts and should continually review the effectiveness of these systems to ensure they remain effective.

The company's internal audit unit, based on the evaluation of dishonest behavior risks, must develop relevant audit plans. These plans should include audit targets, scope, items, frequency, etc., and audit the compliance of the prevention program. If necessary, external auditors may be appointed to assist in the audit process.

Audit results must be reported to senior management and the dedicated integrity management unit, and a detailed audit report should be presented to the Board of Directors.

### **Article 21: Operating Procedures and Code of Conduct**

The company shall establish operating procedures and a code of conduct as outlined in Article 6, specifically defining what directors, managers, employees, and persons with substantial control must observe during business execution. These procedures should at least cover the following:

1. Criteria for identifying improper benefits.
2. Procedures for handling lawful political contributions.
3. Procedures for legitimate charitable donations or sponsorships, including standards for donation amounts.
4. Guidelines for avoiding conflicts of interest related to business duties, including disclosure and management procedures.
5. Confidentiality rules for business-sensitive and confidential information.
6. Procedures for dealing with suppliers, customers, and business partners involved in dishonest practices.
7. Procedures for handling violations of the corporate integrity management guidelines.
8. Disciplinary actions for violators.

### **Article 22: Education, Training, and Evaluation**

The company's Chairman, CEO, or senior management must regularly communicate the importance of integrity to the Board, managers, employees, and appointees.

The company must regularly organize education and training programs for the Board, managers, employees, appointees, and persons with substantial control, inviting business partners and stakeholders to participate. These programs should ensure that all participants fully understand the

company's commitment to integrity, its policies, prevention programs, and the consequences of violating the integrity management guidelines.

The company must integrate integrity management policies into performance evaluations and human resource policies, setting up clear and effective reward and punishment systems.

### **Article 23: Whistleblowing System**

The company shall establish a specific and functional whistleblowing system, which must be properly implemented. The system should at least include the following:

1. Establishment and public disclosure of an independent internal whistleblowing channel (e.g., mailbox or hotline), or outsourcing to external independent organizations. This should be available for use by both internal and external individuals.
2. Appointment of dedicated personnel or units responsible for handling whistleblowing cases. If a case involves directors or senior management, it must be reported to the audit committee and independent board members, with the types of reports and investigation procedures clearly defined.
3. After an investigation, appropriate follow-up actions should be taken based on the severity of the case. If necessary, reports should be submitted to regulatory authorities or forwarded to judicial authorities for further investigation.
4. Proper documentation and retention of records related to the whistleblowing process, including investigation results and related documents.
5. Protection of the whistleblower's identity, and allowing for anonymous reporting.
6. Measures to prevent retaliation against whistleblowers.
7. Reward systems for whistleblowers.

The personnel or units handling whistleblowing must immediately report major violations or situations that may cause significant harm to the company to the audit committee and independent directors.

### **Article 24: Disciplinary and Appeal System**

The company shall clearly define and disclose a disciplinary and appeal system for violations of the integrity management guidelines. Violators' positions, names, violation dates, details of violations, and handling results must be disclosed in the company's internal website promptly.

### **Article 25: Information Disclosure**

The company must establish quantifiable data to track and evaluate the effectiveness of its integrity management policies. These data and the company's integrity management actions, including results

and implementation status, must be disclosed on the company’s website, annual reports, and public disclosure documents. The integrity management guidelines should also be made available on the public information observatory platform.

**Article 26: Review and Revision of Integrity Management Policies and Measures**

The company must remain alert to developments in domestic and international integrity management regulations and encourage directors, managers, and employees to provide feedback. Based on such feedback, the company should review and improve its integrity management policies and measures to enhance the effectiveness of implementation.

**Article 27: Implementation and Revision**

These guidelines shall be submitted for approval by the audit committee and approved by the Board of Directors before implementation. Any revisions to these guidelines shall follow the same procedure.

If the audit committee does not obtain approval from more than half of its members, the Board of Directors can approve the revisions with a two-thirds majority vote, and the decision shall be recorded in the meeting minutes.

The term “audit committee members” and “Board members” refers to those who are currently in office.