Accton Technology Corporation  

Ethical Corporate Management Best Practice Principles

Article 1  Purpose and Scope
To establish a framework for business development and sound development of the company's ethical corporate management as the reference for good business operations, these Ethical Corporate Management Best Practice Principles have been established. These principles are also applicable to the group's companies and organizations, including the company's subsidiaries, corporations providing more than 50% of funds directly or indirectly in a cumulative manner, or institutions or corporations having substantive control.

Article 2  Prohibition of unethical conduct
The company's directors, managers, employees, or the persons having substantive control (hereinafter referred to as the substantive controller) are not allowed to provide, promise, 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. The counter-parties as mentioned in the preceding paragraph include public servants, candidates for political participation, political parties or political partisan members, as well as any public or private enterprises or institutions and their directors, supervisors, managers, employees, substantive controllers, or other stakeholders.

Article 3  The types of interests
"Benefits" in these Principles refer to any valuable things, including money, endowments, commissions, positions, services, preferential treatment, or rebates of any type or in any name. However, 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  Compliance
The company has complied with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the basic premise to facilitate ethical corporate management.

Article 5  Policies
Based on the business philosophies of honesty, transparency and responsibility, the company has developed policies, which are approved by the board of directors, on the principle of good faith and established 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's ethical management policies shall clearly and thoroughly set out specific ethical management practices and a plan for prevention of unethical conduct (hereinafter referred to as the “prevention program”), including the operational
procedures, guidelines, and education and training. The company's prevention program shall comply with the local relevant laws and regulations where the company and its group's companies and organizations operate. During the process of formulating the prevention program, the company shall communicate with employees, labor unions, important business trading counterparties, or other stakeholders.

**Article 7 Scope of Prevention**

The company shall establish an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate business activities with a higher risk of unethical conduct within the scope of business activities, based on which a preventive plan shall be formulated and the appropriateness and effectiveness of the plan shall be reviewed periodically.

The company has established preventative measures to cover at least the following:

1. Offering and acceptance of bribes.
2. Providing illegal political donations.
3. Improper charitable donations or sponsorships.
4. Offering or acceptance of unreasonable presents, hospitality, or other improper benefits.
5. Infringement of business secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competition.
7. Products and services directly or indirectly damage the rights, health, and safety of consumers or other stakeholders during research and development, procurement, manufacturing, provision, or sale.

**Article 8 Commitment and execution**

The company shall require directors and senior management to issue a statement of compliance with the ethical management policies, and require employees to comply with the policies in the terms of employment.

The company and its group's companies and organizations shall clearly state the policies of ethical management in their regulations, external documents, official websites, and the Board of Directors and the senior management shall undertake the commitment to active implementation of the policies, while executing the policies in the internal management and external business activities.

The ethical management policies, statements, commitment and implementation mentioned in the first and second paragraph shall be, documented and kept properly.

**Article 9 Business activities of ethical corporate management**

The company shall conduct business activities in a fair and transparent manner in the principle of ethical management.

Prior to any commercial transactions, the company shall consider the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, to avoid any dealings with people involved in unethical conduct.

The contract signed between the company and its agents, suppliers, clients, or other business trading counterparties should include compliance with the ethical corporate management policies and the term that if the counterparty in a transaction is involved in unethical conduct, the company may terminate or cancel the contract at
any time.

Article 10  **Prohibition of offering and acceptance of bribes**
When conducting business, the company and its directors, managers, employees, entrusted persons, and substantive controllers shall not directly or indirectly provide, promise, request, or receive any form of improper benefits, to and from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11  **Prohibition of illegal political donations**
When directly or indirectly offering a donation to political parties or organizations or participating in political donations individually, the company and its directors, managers, employees, entrusted persons, and people having substantive control shall comply with the Political Donations Act and the company’s own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12  **Prohibition of improper charitable donations or sponsorships**
When making or offering donations and sponsorship, the company and its directors, managers, employees, entrusted people, and people having substantive control shall comply with relevant laws and regulations and internal operational procedures, and shall not engage in bribery in disguise.

Article 13  **Prohibition of unreasonable presents, services, hospitality, or other improper benefits**
The company and its directors, managers, employees, entrusted people, and people having substantive control 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  **Prohibition of infringement of intellectual property rights**
The company and its directors, managers, employees, entrusted people, and people having substantive control shall observe laws and regulations, the company’s internal operational procedures, and contractual provisions concerning intellectual property, and shall not use, disclose, dispose of, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15  **Prohibition of engaging in unfair competition**
The company shall engage in business activities in accordance with applicable competition laws and regulations, and shall 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  **Prevention of products or services from harming stakeholders**
In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, managers, employees, entrusted people, and people having substantive control shall observe applicable laws and regulations and international standards to ensure the transparency of the information about and safety of their products and services. It 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 its operations, so as to prevent its 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 responsibility
The company’s directors, supervisors, managers, employees, entrusted people, and people having substantive control 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 improve the ethical management, the company has established the Corporate Governance and Ethical Management Committee as the dedicated unit under the Board of Directors with sufficient resources and appropriate personnel, responsible for the formulation and supervision of the implementation of ethical management policies and preventive plans. It mainly handles the following matters and reports to the Board of Directors periodically (at least once a year):
1. Assist in the integration of ethics and moral values into the company's business strategy and formulate relevant anti-fraud measures to ensure integrity management in line with the laws and regulations.
2. Regularly analyze and evaluate the risks of unethical conduct within the scope of business activities and formulate plans to prevent unethical conduct based on the analysis and evaluation, as well as develop standard operating procedures and behavior guidelines for work and business in each plan.
3. Responsible for internal organization, personnel allocation, and management, and establish a mutual supervision and check mechanism for business activities with a high risk of unethical conduct within the scope of business.
4. Promote and coordinate ethics policy education and training.
5. Plan a whistleblowing system to ensure the effectiveness of implementation.
6. Assist the Board of Directors and the management in checking and evaluating the effectiveness of the preventive measures established for the purpose of ethical management, as well as evaluate the compliance in relevant business processes regularly and prepare reports accordingly.

Article 18  Compliance with business execution laws
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 continuously effective.
The company's internal audit unit shall formulate relevant audit plans based on the audit results of the risk of unethical conduct with the content covering the subjects to be audited, auditing scope, items, and frequency, while regularly checking the compliance with preventive plans; may seek assistance from professionals if necessary.
The audit results in the preceding paragraph shall be reported to the senior management and the dedicated management unit, and an audit report shall be prepared and reported to the Board of Directors.

Article 19  Avoidance of interest
The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly leading to unethical conduct, and shall also offer appropriate means for directors, 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 meeting concerns the personal interest of, or the interest of a corporation represented by, any of the directors, managers, and other stakeholders attending or present at the board meetings of the company, the person concerned shall state the important aspects of the interest involved at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the person concerned may not participate in discussion of or voting on the proposal and shall avoid the discussion or the voting, and may not exercise voting rights as a proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The company's directors, managers, employees, entrusted persons, and people having substantive control shall not take advantage of their positions or influence in the company 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 continuously effective.

The company's internal audit unit shall regularly check the compliance with the systems in the preceding paragraph, prepare an audit report and submit it to the board of directors, and may appoint an certified public accountant to perform the audit, and if necessary, may seek assistance from professionals.

**Article 21  Procedures and guidelines for Conduct**

The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, entrusted people, and people having substantive control on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards of 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 sponsorships.
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 counter-parties suspected of involved in unethical conduct.
7. Procedures for handling violations of these Principles.
8. Disciplinary measures on offenders.

**Article 22  Education and training**

The company’s chairperson, president, or senior management shall regularly
communicate the importance of ethics to directors, employees, and entrusted persons.

The company shall periodically organize training and promotion programs for directors, supervisors, managers, employees, entrusted persons, and substantive controllers, so they fully understand the company's determination to implement ethical corporate management, the relevant policies, preventive measures, and the consequences of committing unethical conduct.

The company shall incorporate its ethical corporate management policies into its employee performance appraisal system and human resource policies to establish a well-defined and effective reward and discipline system.

**Article 23  Whistleblowing and punishment**

The company shall formulate a specific whistleblowing system and implement it in a practical manner. The content shall at least cover the following matters:

1. Establish and announce the internal independent whistleblowing mailbox and dedicated lines or entrust other external independent agencies to provide the whistleblowing mailbox and dedicated lines for the company’s internal and external personnel.

2. Designate personnel or a unit to be responsible for accepting whistleblowing cases. If any directors or senior management members are involved, the involvement shall be reported to the independent directors. Set the type of whistleblowing cases and the standard operating procedures of the investigation.

3. After the investigation of a whistleblowing case is completed, follow-up measures shall be taken in accordance with the circumstances of the case; the case shall be reported to the competent authorities or transferred to the judicial authorities for investigation if necessary.

4. Record and preserve the acceptance of whistleblowing cases, the investigation process, the investigation results, and the production of relevant documents.

5. Keep the identity of whistleblowers and the content reported confidential and allow for anonymous reporting.

6. Measures to protect whistleblowers from being treated inappropriately because of reporting.

7. Incentive measures for whistleblowers.

If the company’s dedicated personnel or unit in charge of acceptance of whistleblowing cases has discovered a major violation of the rules or the fact that the company is in danger of serious damage, they shall immediately prepare a report and notify the independent directors in writing.

**Article 24. 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 disclose violations immediately on the company's internal website regarding the title and name of violators, the date and content of violations, as well as actions taken in response.

**Article 25  Disclosure of Information**

The company shall establish quantitative data to promote ethical management, continuously analyze and evaluate the effectiveness of the implementation of the ethics policies, disclose its ethical corporate management practices, implementation
status, the aforementioned quantitative data, and the effectiveness of the implementation on its website, annual report and prospectuses, while disclosing the content of these principles on the Market Observation Post System.

**Article 26  Review of amendment to ethical corporate management policies and measures**
The company shall pay attention to the development of domestic and international regulations related to ethical management and encourage its directors, managers and employees to put forward suggestions for improvement, based on which the company shall review and improve its ethical corporate management best practice principles and measures, so as to improve the effectiveness of the company's ethical corporate management.

**Article 27  Implementation**
These principles shall be implemented after being approved by the board of directors and reported at the shareholders' meeting; the same applies to any amendments. When the company submits these principles to the Board of Directors for discussion in accordance with the preceding paragraph, it shall fully consider the opinions of each independent directors and record their objections or reservations in the minutes of the board meeting; where an independent director cannot attend the board meeting to express their objections or reservations, in addition to justified reasons, they shall issue written opinions in advance, which shall be recorded in the minutes of the board meeting.

**Article 28  Supplementary provisions**
These principles were established on December 22, 2014. The first amendment was made on December 23, 2015. The second amendment was made on November 8, 2018. The third amendment was on March 19, 2020.