

Pili International Multimedia Co., Ltd.

Procedures for Ethical Management and Guidelines for Conduct

Article 1 (Purpose and Scope)

The Company conducts commercial activities in accordance with the principles of fairness, honesty, faithfulness, and transparency. To implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereafter referred to as the "Procedures and Guidelines") are adopted pursuant to the provisions of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" establishment of the Company's "Integrity Code of Conduct", and the applicable laws and regulations of the places where the Company, its business groups and organizations operate. The purpose of the Procedures and Guidelines is to provide Company personnel with clear directions for the performance of their duties.

The Procedures and Guidelines applies to all subsidiaries of the Company, any foundations to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or legal persons that are effectively controlled by the Company.

Article 2: (Application)

For the purposes of these Procedures and Guidelines, the term "Company personnel" refers to any director, supervisor, managerial officer, employee, managerial officer or person having substantial control, of this Company, its group enterprises and organizations.

The provision, promise, request, or acceptance of improper benefits by any Company personnel through a third party shall be presumed to be the actions of Company personnel.

Article 3 (Unethical conduct)

For the purposes of these Procedures and Guidelines, "unethical conduct" the direct or indirect provision, promise, request, or acceptance improper benefits by Company

personnel during the performance of their duties, or their engagement in any other actions that are ethical, illegal, or a breach of trust.

The counter-parties of unethical conduct under the preceding article include public officials, political candidates, political parties or their staff, state-owned or privately-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 Company has designated its Corporate Governance and Nomination Committee (referred to as the Accountable Unit) as the unit responsible for the amendment, execution, interpretation and consultation of the procedures and guidelines, as well as the supervision of related regulatory reporting and filing works. The unit is supported with adequate resource, staffed with competent personnel, and operates directly under the board of directors with respect to the following duties and is required to make regular reports (at least once a year) to the board:

- I. Assist with the incorporation of ethical and moral values into the Company's business strategy as well as adopting the necessary anti-corruption measures to ensure ethical business practices in accordance with the law.
- II. Regular analysis and assessment on business activities that are prone to risk of dishonest conducts, and implementation of measures against dishonest conducts, including standard operating procedures and behavioral guidelines.
- III. Develop an internal organization, structure and roles that puts checks and balances into place for oversight of business activities at higher risk of unethical conduct.
- IV. The promotion and coordination of education and training on ethics policy.
- V. Draw up a whistle-blower system to ensure effective implementation.
- VI. Assist the Board of Directors and senior management with auditing and evaluating the effectiveness of preventive measures for ethical management. A regular report shall also be compiled on the level of compliance in related business processes.

VII. Prepare and retain documents on business integrity policy, compliance statement as well as enforcement, commitment and execution of such policy.

Article 6 (Prohibition against the provision or acceptance of improper benefits)

Company personnel shall comply with the Company's "Integrity Code of Conduct," these Procedures and Guidelines, and the relevant processes when directly or indirectly providing, accepting, promising or requesting other benefits as defined in Article 4 except in the following circumstances:

- I. Where such conduct during domestic (foreign) visits, reception of guests, promotion of business, communication and coordination is out of business necessity and in accordance with local courtesy, convention or customs.
- II. When attending or hosting ordinary social events in line with accepted social customs, commercial purposes or for the cultivation of relationships.
- III. When inviting guests or accepting invitations to take part in specified commercial activities and factory tours where the applicable expenses, number of participation, class of accommodation and time period are stated in advance.
- IV. When participating in folk festivals that are open to the public.
- V. Rewards, emergency assistance, condolence payments or honorariums from the management.
- VI. The offering or receiving of money, property, or other benefits to and from people other than relatives or close friends; or the gifting of property to the majority of Company personnel by other parties.
- VII. Property received due to engagement, marriage, childbirth, relocation, assumption of a position, promotion or transfer, resignation, departure, or the injury, illness or death of the recipient, recipient's spouse or lineal relative.
- VIII. Other conduct that complies with Company regulations.

Article 7 (Procedure for dealing with the receiving of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any Company personnel are provided with or promised with any direct or indirect benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- I. If the party making the offer or promise has no interests connected to the position of the Company personnel, the benefit must be reported to the direct superior within 3 days of being received. The Responsible Unit must also be notified if necessary.
- II. If the party making the offer or promise has interested connected to the position of the Company personnel then the benefit must be returned or rejected, reported to the direct superior, and the Responsible Unit notified; if the benefit cannot be returned then it should be referred to the Responsible Unit within 3 days of acceptance for action to be taken.

The “interests connected to their position” as mentioned in the preceding paragraph refers to any of the following circumstances:

- I. When the relationship between the two parties involve business dealings, command and supervision, or subsidies and grants.
- II. When a contracting, trading, or other contractual relationship is being sought, is in progress or has been established.
- III. Other circumstances where the decision regarding the Company’s business or their execution/non-execution will result in a beneficial or negative impact.

The Responsible Unit 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 once it is approved by the competent officer.

Article 8 (Prohibition and handling of facilitating payments)

The Company may not provide or promise facilitating payments in any form.

If Company personnel provides or promises facilitating payments due to threats or intimidation, they shall record the process, report the matter to their direct superior and notify the Responsible Unit as well.

The Responsible Unit shall take immediate action upon notification and conduct a review of the circumstances to reduce the risk of recurrence. Law enforcement shall be notified immediately if any illegal activities are found.

Article 9 (Procedure for political contributions)

Political contributions made by the Company shall follow the rules below. The approval of the top decision-maker is required and the Responsible Unit must also be notified. Amounts that are subject to board of directors' approval according to the Company's "Levels of Approval Authority" must be approved by the board before proceeding:.

- I. Determine the political contribution laws of the country where the recipient of the political contributions is located. This includes the type and limit on political contributions.
- II. A written record of the decision-making process shall be kept.
- III. Political contributions shall be entered into the books in accordance with the law and relevant accounting procedures.
- IV. When making political contributions, business dealings, applications for permits or other matters involving Company interests with the relevant government agencies shall be avoided.

Article 10 (Procedure for handling charity donations or sponsorship)

Donations or sponsorship made by the Company shall follow the rules below. The approval of the top decision-maker is required and the Responsible Unit must also be notified. Amounts that are subject to board of directors' approval according to the Company's "Levels of Approval Authority" must be approved by the board before proceeding:.

- I. Shall comply with the local laws and regulations.
- II. A written record of the decision-making process shall be kept.
- III. Charity donations shall be made to charitable organizations and may not be a bribe in disguise.
- IV. Sponsorship should result in explicit and reasonable returns. Sponsorship may not be provided to parties that the Company has business dealings with, or a party with which any Company personnel has a relationship of interest.
- V. Once a charity donation or sponsorship has been made, check to make sure that the flow of money is consistent with the purpose of the contribution.

Article 11 (Avoiding conflicts of interests)

The Company's directors, managers, and other board meeting participants who hold stake in the issues discussed during board of directors meeting. they shall state the material aspects of their or the legal person they represent's interest during the meeting. If a conflict-of-interest exists with the Company, the director shall recuse

him- or herself from the discussion and voting. The director may not act as the proxy for another director during the voting either. Directors are expected to practice self-discipline and not support each other improperly.

A director would be considered to hold self interest in a topic raised in the abovementioned meeting if the director's spouse, 2nd-degree direct relative or closer, or any of the director's controlled or controlling entities holds stake in the said topic.

If Company personnel discovers during the performance of duties they or the legal person they represent may have a conflict of interest, or where they, their spouse, their parents, their children or other interested parties may stand to gain from improper benefits as a result of their actions, the matter shall be reported to their direct superior and the Responsible unit. Appropriate guidance shall then be provided by the direct superior.

Company personnel may not use Company resources on commercial activities out of the Company. Their participation in commercial activities outside of the Company must not impact on their work performance either.

Article 12 (Organization and responsibility for maintaining confidentiality)

The Company shall set up a dedicated unit responsible for formulating and implementing procedures for the management, preservation and securing of the Company's business secrets, trademarks, patents, copyrights and other intellectual property. The results of implementation shall be reviewed on a regular basis to ensure the effectiveness of operating procedures.

Company personnel must faithfully adhere to the preceding operating rules on intellectual property. They may not disclose any of the Company's business secrets, trademarks, patents, copyrights and other intellectual party they become aware of to a third party. Nor may they inquire about or collect any Company business secrets, trademarks, patents, copyrights and other intellectual property not related to their duties.

Article 13 (Prohibition against unfair competition)

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities. Nor may price-fixing, rigged bids, production caps and quotas, or the allocation of customers, suppliers, operating regions or business types be used to share or split the market.

Article 14 (Preventing product or service damage to stakeholders)

The Company shall collect and understand the applicable laws, regulations and international standards governing its products and services. Items of interest shall be compiled and announced for the compliance of Company personnel during the development, purchasing, manufacturing, supply or sales process of products and services to ensure the transparency and safety of said products and services.

The Company shall adopt and publish on the corporate websites its policy for the protection of consumer and other stakeholders' rights to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other stakeholders.

Where there are media reports or sufficient facts to determine that the Company's products or services are likely to pose a hazard to the safety and health of consumers or other stakeholders, the Company shall recall the product batch in question or suspend the service as soon as possible. An investigation will be conducted and a review and improvement plan proposed.

The Responsible Unit shall report the event mentioned in the preceding article, its handling and subsequent corrective measures to the Board of Directors.

Article 15 (Prohibition against insider trading and rules of confidentiality)

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

Any organization or personnel outside of this Company involved in any merger, splitting, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Company 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 this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

Article 16 (Compliance and announcement of business integrity policy)

The Company shall request its directors and senior management to issue a statement of commitment for compliance with the integrity policy, and state in the term of employment that all employees are bound to comply with the integrity policy.

The Company shall disclose its ethical management policy in its internal rules, annual reports, on the company's website, and other promotional materials. The policy shall also be announced at an appropriate time during events held for outside parties such as product launches and investor press conferences to make suppliers, customers, as well as other business-related institutions and personnel fully aware of the principles and rules on ethical management.

Article 17 (Evaluation of ethical management prior to the establishment of business relationships)

The compliance and ethical management policy as well as any past record of unethical conduct of other parties such as a distributor, supplier, customer or other counter-parties in business dealings shall be evaluated prior to the establishment of any business relationship with the Company. This is to ensure that the other party conducts business in a fair and transparent manner, and will not request, offer, or take bribes.

The Company may take appropriate audit procedures as part of the above-mentioned evaluation to establish the ethical management situation of trading counter-parties:

- I. The nationality, location, organizational structure, management policy and payment location of the enterprise.
- II. Whether the enterprise has adopted an ethical management policy and its implementation status.
- III. Whether the enterprise's place of operations is in a country with high risk of corruption.
- IV. Whether the enterprise's business is in an industry with high risk of bribery.
- V. The enterprise's long-term business record and reputation.
- VI. Consult with the enterprise's business partners on their opinion of the enterprise.
- VII. Whether the enterprise has a record of unethical behavior such as bribery and illegal contributions in the past.

Article 18 (Declaration of ethical management policy to trading counter-parties)

Company personnel shall explain the Company's ethical management policy and related rules to the trading counter-party during commercial transactions. Company personnel must also explicitly refuse to directly or indirectly provide, promise, request or receive improper benefits in any form or for any reason.

Article 19 (Avoid dealing with unethical operators)

Company personnel shall avoid making business transactions with any distributors, suppliers, customers or other trading counter-parties involved in unethical conduct. If a trading or business partner is found to have engaged in unethical conduct, all business transactions with said party shall be terminated immediately. Said party shall also be black-listed to enforce the Company's ethical management policy.

Article 20 (Stipulation of ethical management in contracts)

Before entering into a contract with another party, the Company shall gain a full picture of the other party's ethical management, and include compliance with the Company's ethical management in the terms of contract. The following items must be explicitly included in the contract:

- I. When either party to the contract becomes aware of any personnel violating the contractual prohibition on acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit involved. They must also provide any relevant evidence and cooperate with the investigation by the other party. If either party was harmed as a result, the party may claim from the other party a certain percentage of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.
- II. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. The payment terms shall be defined in a clear and reasonable manner including the location and method of payment as well as the applicable taxation laws and regulations.

Article 21 (Handling of unethical conduct by Company personnel)

Monetary incentives may be offered by the Company depending on the severity of the

incident to encourage internal and external whistle-blowers to report unethical or improper conduct. Disciplinary action including immediate termination in serious cases shall be taken against internal personnel for false or malicious accusations.

The Company shall establish an independent internal whistle-blower mailbox or hot-line, or commission and independent outside organization to provide a whistle-blower mailbox or hot-line for the use of Company or outside personnel. The informant is required to provide at least the following information:

- I. The informant's name and ID card number, or anonymous if the informant chooses, and address, phone number and e-mail that can be used to contact the informant.
- II. The name of the accused, or other identifying information.
- III. Concrete facts that can be investigated.

Company personnel handling complaints by whistle-blowers shall state in writing that their identity and complaint will remain confidential. The Company also promises to protect the whistle-blower against improper treatment resulting from their complaint.

Reported misconducts are handled by a dedicated team in the following procedures:

- I. Complaints involving ordinary employees shall be referred to the department head. If the complaint involves a director or Senior management then it shall be referred to the independent directors.
- II. The Responsible Unit and the officer/personnel handling the complaint from the preceding paragraph shall immediately investigate the facts of the matter. Assistance may be sought from legal compliance and other relevant departments if necessary.
- III. If the accused is found to have broken the law or violated the Company's ethical management policy and rules, they must be ordered to halt all relative activities and appropriate actions taken. Violators may also be reported to the authority, judicial department or subjected to damage claims through legal proceeding if necessary. to protect the reputation and interests of the Company.
- IV. Case acceptance, investigation process, and investigation results shall be documented and retained for five years. The information may be retained in an electronic format. If litigation relating to the complaint takes place before the expiration of the retention period then the related information shall be preserved until the conclusion of litigation.

- V. When a complaint is verified, the relevant Company units shall be directed to review the related internal control systems and operating procedures then propose corrective measures to prevent any further recurrence.
- VI. The Responsible Unit shall report the complaint, its handling and subsequent corrective measures to the Board of Directors.

Article 22 (Handling of unethical conduct by others against the Company)

When Company personnel encounters unethical conduct by others against the Company, if such conduct violates the law then the facts of the matter shall be reported by the Company to the law enforcement and judicial authorities; if government agencies or civil servants are involved then the anti-corruption agency shall be notified.

Article 23 (Awareness promotion, reward, disciplinary and grievance systems)

The Responsible Unit shall host internal education events at different times during the year where the Chairman, President or senior management communicate the importance of integrity to all directors, employees and appointees.

The Company shall incorporate ethical management into employee performance evaluations and the human resource policy. A clear and effective system for rewards, penalties and appeals shall be established.

The Company shall dismiss or terminate any Company personnel involved in serious violations of ethical conduct in accordance with the relevant laws and Company human resources regulations.

The Company shall disclose the position, name, date of violation, nature of violation, and action taken against personnel that engaged in unethical conduct.

Article 24 (Implementation)

The procedures and behavioral guidelines shall be implemented with board of directors' resolution and reported during shareholder meeting on a later date. The same requirements apply to subsequent amendments.

The opinions of each independent director shall be taken into full consideration when these Procedures and Guidelines are submitted to the Board of Directors for discussion with the dissenting/qualified opinions of independent directors recorded in the minutes of the Board meeting; if an independent director who cannot attend the

Board meeting in person has a dissenting/qualified opinions, this should be submitted in writing in advance and recorded in the minutes unless there is a good reason for not doing so.

Article 25

This Procedure was formulated on May 31, 2013.

1st amendment to this Procedure was made on June 24, 2015.

2ed amendment to this Procedure was made on August 13, 2019.

3rd amendment to this Procedure was made on March 23, 2020.