

# Orient Semiconductor Electronics, Ltd.

## Code of Ethical Conduct

Establishment on December 26 .2014  
August 13, 2019 Amendment Announcement

### **Article 1 (Purpose of and basis for adoption)**

In recognition of the necessity to assist the companies in Taiwan in their establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors and managerial officers of TWSE listed and GTSM listed companies (including general managers, deputy general managers, assistant general managers, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

### **Article 2 (Management concept)**

The Company's establishment is based on the spirit and management concept of "Being ethical and maintaining a sustainable management". Thus, directors and managerial officers shall focus on team spirit and comply with these ethical guidelines when performing duties.

### **Article 3 (Prevention of conflicts of interest)**

Directors or managerial officers shall perform their duties in an objective and efficient manner, and may not take advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the third degree of kinship.

Loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the personnel mentioned above works, the director and managerial officer shall voluntarily explain whether there is any potential conflict between them and the Company.

### **Article 4 (Minimizing incentives to pursue personal gain)**

The Company shall prevent its directors and managerial officers from engaging in any of the following activities:

- (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.
- (2) Obtaining personal gain by using company property or information or taking advantage of their positions.
- (3) Competing with the Company. It is not subject to those whose

restriction of competing has been lifted by the shareholders meeting.

**Article 5 (Confidentiality)**

The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

**Article 6 (Fair trade)**

Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

**Article 7 (Safeguarding and proper use of company assets)**

All directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets.

**Article 8 (Legal Compliance)**

Directors and managerial officers shall strengthen its compliance with the Company Act, Securities and Exchange Act and other applicable laws, regulations, and bylaws.

**Article 9 (Encouraging reporting on illegal or unethical activities)**

The Company shall raise awareness of ethics internally and encourage employees to report to a company managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct and provide sufficient information to allow the Company to appropriately handle subsequent matters. The Company will handle the report with confidentiality and make employees aware that the Company will use its best efforts to ensure the safety of informants.

**Article 10 (Disciplinary measures)**

When a director and managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the

Market Observation Post System (MOPS) the name of the violator, the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The company should establish related appeal system as a channel of remedy for those violating the ethical behavior criteria.

**Article 11 (Procedures for exemption)**

The code of ethical conduct adopted by the company must require that any exemption for directors and managerial officers from compliance with the code be approved by a resolution of the board of directors, and shall without delay be disclosed on the MOPS with information on the title and name of the exemption person, the exemption period, and date on which the board of directors adopted the resolution for exemption, and objection or reservation made by independent directors, and exemption reason, and principles behind the application of the exemption in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

**Article 12 (Method of disclosure)**

The Company shall disclose its code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the Market Observation Post System (MOPS).

**Article 13 (Enforcement)**

The Company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to auditing committee, and reported to the shareholders' meeting.