

VIVOTEK INC.

Ethical Corporate Management Best Practice Principles

Approved by the Board of Directors on December 26, 2012

Approved by the Board of Directors on November 7, 2016

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Article 1 (Purpose of adoption and scope of application)

These Principles are adopted to assist this Corporation to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. The scope of this Principle includes the Company and its subsidiaries.

Article 2 (Unethical conduct)

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of this Corporation or persons having substantial control over such companies("substantial controllers")shall not directly or indirectly offer, promise to offer, 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 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, managerial officers, employees, persons having substantial control, or other interested parties.

Article 3 (Types of benefits)

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, commission, position, service, preferential treatment, rebate in whatever form or name. 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 (Law Compliance)

This Corporation shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 (Policies)

This Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the Board of Directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 (Prevention programs)

This Corporation shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, this Corporation shall comply with relevant laws and regulations of the territory where this corporation and its subsidiaries are operating.

Article 7 (Scope of prevention programs)

This Corporation shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis the business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

It is advisable for TWSE/GTSM listed companies to refer to prevailing domestic and foreign standards or guidelines in establishing the

prevention programs, which shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacturing, provision, or sale of products and services.

Article 8 (Commitment and Implementation)

This Corporation and its subsidiaries shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 9 (Ethical management of business activities)

This Corporation shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, this Corporation shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. When entering into contracts with their agents, suppliers, clients, or other trading counterparties, TWSE/GTSM listed companies shall include in such contracts the terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, this Corporation may at any time terminate or rescind the contracts.

- Article 10 (Prohibition of offering and acceptance of bribes)
When conducting business, this Corporation and their directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.
- Article 11 (Prohibition of illegal political contributions)
When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, this Corporation and their directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.
- Article 12 (Prohibitions for improper handling of charitable donations or sponsorships)
When making or offering donations and sponsorship, this Corporation and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.
- Article 13 (Prohibition of offering or acceptance of unreasonable presents or hospitality, or other improper benefits)
This Corporation and their directors, supervisors, managers, employees, mandataries, and substantial controllers 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 infringing on intellectual property rights)
This Corporation and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws

and regulations, the company' s internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe on intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 (Prohibition of engaging in activities with unfair competition)

This Corporation shall engage in business activities in accordance with applicable competition laws and regulations, 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 16 (Prevention against products and services damaging stakeholders)

In the course of research and development, procurement, manufacturing, provision, or sale of products and services, TWSE/GTSM listed companies and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They 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 their operations, with a view to preventing their 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 (Prohibition against disclosure of confidential information)

All personnel of this Corporation shall faithfully follow the operational directions pertaining to business secrets and may not disclose to any other party any business secrets of this Corporation of which they have learned, nor may they inquire about or collect any business secrets of

this Corporation unrelated to their individual duties.

Article 18 (Prohibition against insider trading)

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 the other party from using such information to engage in insider trading.

Article 19 (Non-disclosure agreement)

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

Article 20 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, money, gratuity, services, preferential treatment, entertainment, dining, and other benefits, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for this Corporation and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. Ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. The conduct is undertaken to meet the 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.

3. 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.
4. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fees payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
5. Attendance at folk festivals that are open to the general public.
6. Rewards, emergency assistance, condolence payments, or honorariums from the management.
7. Offering or accepting money, property or other benefits from a person other than a relative or frequent friend shall be handled according to the relevant regulations of this Corporation.
8. Property 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 handled in accordance with relevant management rules of this Corporation.
9. Other conduct that complies with the rules of this Corporation.

Article 21 (Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, money, gratuity, services, preferential treatment, entertainment, dining and other benefits, 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 this 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 if necessary.
2. If a relationship of interest does exist between the party providing or

offering the benefit and the official duties of this 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 this 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 this Corporation' s business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation may 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 and approved by the General Manager.

Article 22 (Handling of unethical conduct by personnel of this Corporation)

If this Corporation discovers or receives reports of dishonest conduct by our personnel, it shall immediately ascertain the relevant facts. If a person being reported is confirmed to have indeed violated the applicable laws and regulations or this Corporation' s policy and regulations of ethical management, this Corporation shall immediately require the violator to cease suchconduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

With respect to the dishonest behavior of such personnel, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

The responsible unit of this Corporation shall report the dishonest behavior, actions taken, and subsequent reviews and corrective measures taken to the Board of Directors.

Article 23 (Actions taken upon the performance of unethical conduct by others towards this Corporation)

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

Article 24 (Prohibition of and handling procedure for facilitating payments)

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this 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 25 (Procedures for handling political contributions)

When this Corporation engages in political contributions, it must comply with the relevant laws and regulations, and the contractor must submit a document to this Corporation for approval by the responsible officer and notify this Corporation's director before it can be made.

- Article 26 (Procedures for handling charitable donations or sponsorships)
When this Corporation makes a charitable donation or sponsorship , it must comply with the relevant laws and regulations, and the contractor must submit a document to this Corporation for approval by the responsible officer and notify this Corporation' s director before it can be made.
- Article 27 (Organization and responsibilities)
The directors, supervisors, managers, employees, mandataries, and substantial controllers of this Corporation 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 achieve sound ethical corporate management, this Corporation' s human resource department, legal department and department of intellectual property rights is responsible for establishing and implementing the ethical corporate management policies, management of trade secrets and confidentiality procedures, and the audit department is responsible for supervising the implementation. The human resources department shall regularly report to the Board of Directors (at least once a year) to ensure that the operating procedures is continuously effective.
- Article 28 (Law Compliance for business implementation)
This Corporation and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.
- Article 29 (Recusal)
This Corporation shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, 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 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, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or voting 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.

This Corporation' directors, supervisors, managers, employees, mandataries, and substantial controllers 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 30 (Statement of ethical management policy to counterparties in commercial dealings)

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this 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, including rebate, commission, facilitating payment or improper benefit provided or received through other channels.

Article 31 (Accounting and Internal Control)

The Company shall establish an effective accounting system and internal control system for business activities with a higher risk of dishonest behavior, shall not have external accounts or keep secret accounts, and shall review the system from time to time to ensure that the design and implementation of the system are continuously effective.

This Corporation' s internal audit unit will take relevant measures as necessary based on the materiality of the risk assessment results of dishonest acts, such as the preparation of relevant audit plans. The audit plan shall include auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the Board of Directors.

Article 32 (Educational training and examination)

The responsible unit of this Corporation shall regularly arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

This Corporation shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective rewards and discipline system.

Article 33 (Complaint system)

This Corporation shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistleblowing system shall include at least the following:

1. Establish and publicly announce on its website and the intranet, or

provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports.

2. Dedicated personnel or unit appointed to handle the whistleblowing system. Any tip involving a director or senior management shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistleblowers and the content of reported cases, and an undertaking regarding anonymous reporting.
6. Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing.
7. Whistleblowing incentive measures.

When they are made aware of material misconduct or likelihood of material impairment to this Corporation upon investigation, the dedicated personnel or unit handling the whistleblowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

Article 34 (Discipline and appeals system)

This Corporation shall establish and announce a disciplinary and complaint system for violations of the ethical management regulations and shall disclose on its intranet information in time, the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 35 (Information disclosure)

This Corporation shall collect quantitative data about the promotion of

ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. They shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System.

Article 36 (Review and revision of ethical management policies and measures)

This Corporation shall, at all times, monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 37 (Implementation)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors, and shall be reported to the shareholders meeting.