

## **Kindom Development Co., Ltd.**

### **Procedures for Ethical Management and Guidelines for Conduct**

- Article 1 (Purpose of adoption and scope of application)
- The Company engages in commercial activities based the principles of fairness, honesty, faithfulness, and transparency. In order to fully implement a policy of ethical management and actively prevent dishonest conduct, the Company formulates these Procedures for Ethical Management and Guidelines for Conduct pursuant to the provisions of the " Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies", with a view to providing all personnel of the Company with clear directions for the performance of their duties.
- The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.
- Article 2 (Eligibility)
- For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.
- Any provision, promise, request, or acceptance of improper benefits by any of the Company's personnel through a third party will be presumed to be an act by the Company's personnel.
- Article 3 (Unethical conduct)
- For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty 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, 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 designates the integrity management group as the solely responsible unit (hereinafter, "the Company's responsible unit") under the Board of Directors which shall avail itself of adequate resources and staff itself with competent personnel, and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures for Ethical Management and Guidelines for Conduct, the recording and filing of reports, and the monitoring of implementation. The Company's responsible unit shall be in charge of the following matters and also submit regular reports to the Board of Directors:

- I. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate preventive measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- II. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the operations and business.
- III. Plan internal organization, structure, and allocation of responsibilities. Set up mutual supervision and checks-and-balance mechanisms for operating activities within the business scope that are at high risk of unethical conduct.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistle-blowing system and ensuring its operating effectiveness.
- VI. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
- VII. Compile documented information on the ethical management policy, statement, commitment and implementation and retain said information properly.

The Audit Office shall be the convener of the integrity management group, and the convening procedures, members and implementation measures shall be formulated separately to regulate them.

Article 6 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for

TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

- I. Based on business needs, local courtesies, customs, and habits should be followed during domestic/foreign visits, guest-hosting, and promoting business and communication.
- II. Normal social events attended or held and inviting others based on social etiquette, business purposes, or improving relationships.
- III. Inviting guests or being invited to participate in specific business activities or factory tours due to business needs. Fees and payment methods for such activities shall be clearly stated before the event, including the number of participants, level of accommodation, and duration, etc.
- IV. Attendance at folk festivals that are openly-held and invite the attendance of the general public.
- V. Rewards, emergency assistance, condolence payments, or honorariums of the management.
- VI. Property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion, retirement, resignation, severance; or the injury, illness, or death of the recipient or the recipient's spouse, or lineal relative.
- VII. Other conduct that complies with the rules of the Company.

Article 7 (Handling procedure for receipt of improper benefits): Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- I. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company'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.
- II. If there is a relationship of interest between the party offering or promising the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to their immediate supervisor and notify the dedicated unit. When the benefit cannot be returned, the personnel shall refer the matter to the responsible unit within three days after accepting the benefit for further action.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- I. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- II. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.

III. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The Company's responsible unit shall put forward a proposal of return of the improper benefits, and then report to the chairman of the Board for implementation.

Article 8 (Prohibition of and handling procedure for facilitating payments)

The Company shall neither provide nor promise any facilitating payment.

Personnel of the Company who provide or promise bribes because of threats or intimidation shall record the process and report to their direct supervisor as well as notify the Company's dedicated unit.

Upon receipt of the notice under the preceding paragraph, the Company's responsible unit shall take immediate action within 3 days 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 9 (Procedures for handling political contributions)

Political contributions by the Company shall be made in accordance with the following provisions and reported to the chairman of the Board for approval. A notification shall be given to the Company's responsible unit. When the amount of a contribution is NT\$3 million or more, it shall be made only after being reported to and approved by the Board of Directors:

- I. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
- II. A written record of the decision shall be made.
- III. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- IV. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10 (Avoidance of interest)

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 exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

Article 11 (Special unit in charge of confidentiality regime and its responsibilities)

All departments and divisions of the Company shall pay attention to the management, preservation, and confidentiality of the Company's business secrets, trademarks, patents, works, and other intellectual property within the scope of their business. They shall not disclose the Company's business secrets they know to others, nor shall they seek or collect the Company's business secrets unrelated to their individual duties.

The Company's employees shall strictly comply with the Company's operating rules associated with intellectual property. They shall not disclose the Company's trade secrets, trademark, patent, copyrights, and other intellectual properties to others, nor inquire about or collect the Company's trade secrets, trademark, patent, copyrights, and other intellectual properties unrelated to their duties.

Article 12 (Prohibition of engaging in unfair competition behaviors)

The Company engages in business activities pursuant to the Fair Trade Act and relevant competition laws and regulations.

Article 13 (Prohibition against insider trading)

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

The Company's responsible unit shall collate all complaints made, record how it was dealt with, and any subsequent proposed improvements, and report to the Board of Directors.

Article 14 (Prohibition of insider trading and non-disclosure agreement)

All personnel of the Company 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. Such personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other parties from using such information to engage in insider trading.

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

Article 15 (Compliance and declaration of ethical management policy)

Merry shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall clearly specify the ethical corporate management policies in the internal regulations and annual reports, on the corporate website and in other promotional materials. Product launch conferences, institutional investor seminars and other activities aimed at external parties are also used at the proper time to help suppliers, customers, other agencies and personnel understand the ethical management concept and rules.

Article 16 (Evaluation of ethical management prior to development of business relationships)

Before entering a business relationship with others, the Company will first evaluate the legality and ethical management policies of its agents, suppliers, customers or other counterparties and ascertain whether they have a record of involvement in dishonest conduct in order to ensure that they conduct business in a fair and transparent manner and do not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.

- II. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- III. Whether the enterprise has a record of involvement in dishonest conduct such as bribery or illegal political contributions in the judiciary case search system.

Article 17 (Statement of ethical management policy to counterparties in commercial dealings)

All personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company'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.

Article 18 (Avoidance of commercial dealings with unethical operators)

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 19 (Stipulation of terms of ethical management in contracts)

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of 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 that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party damage compensation, 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 dishonest conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. Formulation of specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 20 (Handling of unethical conduct by personnel of this Corporation)

The Company encourages insiders and outsiders for informing dishonest or unseemly conduct. However, insiders making a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

This Corporation shall internally 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.

The following information must be provided by the whistleblower:

- I. The whistleblower's name, I.D. number, or anonymous compliant, and an address, telephone number and e-mail address where it can be reached.
- II. The informed party's name or other information sufficient to distinguish its identifying features.
- III. Specific facts available for investigation.

The personnel who handle the Company's reporting matters shall declare in writing that the identity of the whistleblowers and the contents of the reporting matters will be kept confidential, and the Company undertakes to protect the informant from inappropriate disciplinary action as a result of whistleblowing.

The responsible unit of this Corporation shall observe the following procedure:

- I. In the event that any employee appears to be involved in the violation, it shall be reported to the Head of related department. In the event that any director or senior management appears to be involved in the violation, it shall be reported to the independent directors.
- II. The Company's responsible unit and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts within 3 days and, where necessary, with the assistance of the legal compliance or other related department.
- III. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer to the judicial authority for investigation, or claim damages through legal procedures to safeguard its reputation and its rights and interests.
- IV. Documentation of case acceptance, investigation processes and investigation results shall be retained for 5 years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- V. With respect to a confirmed information, Merry shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
- VI. The Company's responsible unit shall collate all complaints made, record how it was dealt with, and any subsequent proposed improvements, and report to the Board of Directors.

Article 21 (Actions upon event of unethical conduct by others towards this Corporation)



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

Article 22 (Internal promotion, establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The Company's responsible unit shall hold internal advocacy on a regular basis and communicate the importance of corporate ethics to Chairman, President, senior management, Directors, employees and mandataries.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company

The Company shall disclose on its intranet the information of the job and name of the person who violates honest conduct and the actions taken in response.

Article 23 (Enforcement)

These Procedures and Guidelines of Conduct and amendments thereof shall be put into enforcement after being resolved by the Audit Committee and the Board of Directors, and shall be reported to the shareholders' meeting.

When the company submits these Procedures and Code to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Article 24 The Procedures and Guidelines of Conduct were made on March 26, 2021.