

Article 1 These Regulations are established as standards for providing suitable rewards and penalties to employees for their work performance.

Article 2 The rewards for employees can be divided into seven categories set forth below:

- 1 Note of good performance.
- 2 Commendation.
- 3 Merit.
- 4 Major merit.
- 5 Salary increase.
- 6 Promotion.
- 7 Bonus.

The aforementioned rewards may be used in combination and the bonuses shall be allocated from the employees' year-end bonuses and performance bonuses or from HR expenses. The records of the aforementioned rewards shall be included as reference information for the employee evaluation.

In a given year, three notes of good performance shall be calculated as one commendation; three commendations shall be calculated as one merit; three merits shall be calculated as one major merit.

The year-end bonus of employees who received the rewards shall be increased in accordance with the following standards:

- 1 For a good performance noted, the employee shall receive an additional one twenty-seventh of one month's salary.
- 2 For a commendation, the employee shall receive an additional one ninth of one month's salary.
- 3 For a merit, the employee shall receive an additional one third of one month's salary.
- 4 For a major merit, the employee shall receive an additional one month's salary.

Article 3 Employees may be rewarded based on their contributions to the Company in the following cases:

- 1 Significant contributions to the Company's business development.
- 2 Response to extraordinary events with appropriate measures to reduce damage to the Company.
- 3 Proposal of plans for supporting business development or business improvement solutions which have been proven to be effective after these measures have been adopted and implemented.
- 4 Report in advance or attempt to prevent fraud or acts harmful to the rights and interests of the Company, which prevent damages to the Company.
- 5 Contribution to society that also increases the reputation of the Company and employees.
- 6 Other actions or facts that merit rewards.

Article 4 The penalties for employees can be divided into several categories set forth below:

- 1 Warning.
- 2 Reprimand.
- 3 Demerit.
- 4 Major demerit, etc.

In a given year, three warnings shall be calculated as one reprimand; three reprimands shall be calculated as one demerit; three demerits shall be calculated as one major demerit; employees with two major demerits shall be dismissed. The records of the aforementioned penalties shall be included as reference information for the employee evaluation.

The year-end bonus of employees who received the rewards shall be decreased in accordance with the following standards:

- 1 For a warning, the employee shall receive a deduction of one twenty-seventh of one month's salary.
- 2 For a commendation, the employee shall receive a deduction of one ninth of one month's salary.
- 3 For a merit, the employee shall receive a deduction of one third of one

month's salary.

- 4 For a major merit, the employee shall receive a deduction of one month's salary.

Article 5 Unless otherwise specified in these Regulations, employees shall be penalized if they commit any of the following violations based on the severity of the violation:

1. Intentional leak of business or technical secrets that causes damage to the Company.
2. Unauthorized copying or lending of documents, certificates, etc. of the Company to others for use.
3. Unauthorized access to confidential business documents, correspondence, important documents, or data stored in computers or discs that belong to others.
4. Loss of documents or articles under their management.
5. Waste of company property or company funds.
6. Malicious damage or tearing of official documents.
7. Theft or embezzlement of the property of other employees.
8. Use of the name of the Company to swindle and defraud external parties.
9. Engagement in businesses or service in a position outside the Company that affects the performance of the employment contract.
10. Fabrication of facts, deception, or forgery or falsification of documents.
11. Cheating in an examination or violation of the rules of an examination.
12. Inadequate work that fails to meet the Company's requirements for work quality and results, etc.

Article 6 The procedures for approving rewards and penalties for employees are as follows:

- 1 The rewards and penalties for employees shall be proposed by the supervisor on each level and the proposals shall be reviewed by the HR unit or personnel review committee.

- 2 Rewards may be used to offset penalties and vice versa. A warning may be offset by a note of good performance; a reprimand may be offset by a commendation; a demerit may be offset by a merit; a major merit may be offset by a major demerit. However, the offsetting only applies to rewards and penalties in the same year.
- 3 The Company shall issue a written notification to the employee receiving the reward or penalty and announce it within the Company.

Article 7 Where an employee causes damage to the Company due to intentional or negligent actions, the employee shall receive a punishment and shall bear all or part of the compensation liabilities for the damage. The Company may change the department of the employee's employment based on the severity of the violation.

Article 8 Any matters not specified in these Regulations shall be handled in accordance with applicable regulations of the Company.

Article 9 The Regulations shall become effective following the approval. The same procedures shall apply to all future amendments.