

## **Employee Code of Conduct**

### **I. Objective:**

The company's objective in establishing this "Code of Conduct" is to promote ethics, honesty and professionalism within the company and among its employees. The company believes in being an integrated organization and that the action of every employee affects its entire organization and reputation. Any employee is obligated to strive for the extension of the Company's interests within legal limits, and is responsible for preventing damages or loss to the Company's interests. The company expects all employees to abide by this Code in carrying out their duties and functions so as to preserve public trust and to ensure the company's sustainable growth and development.

### **II. Scope:**

This policy and its related procedures and measures are applicable to all employees (including senior executives and officers).

### **III. Content:**

#### **1. Morality and integrity**

- 1-1. The company dedicates itself to abide by commercial ethics and firmly believes in the values of an integrated organization. This guideline has been introduced to outline applicable legal requirements and company policy required of the company and all employees. Any company employee with any query concerning ethics or legal matters is advised to consult with his or her division head or the company's legal division for guidance.
- 1-2. Ethical standards shall not be confined to legal compliance. Each individual shall be obligated to conduct all businesses ethically and to avoid any activity that would lead to a conflict of interest.
- 1-3. The principles governing ethics and integrity are comprised of:
  - 1-3-1. Conducting all business with integrity and truthfully recording the process of all business dealings.
  - 1-3-2. Ensuring proper confidentiality of all commercial information when executing a mission and retaining complete commercial and operational records, as well as respecting the commercial assets and intellectual properties of the company, each client and each strategic partner of the company.
  - 1-3-3. All company accounting ledgers, invoices, records, accounting entries, capital and assets must be securely cataloged and safeguarded to ensure that all company transactions and business dealings can be fairly and accurately reflected. It is strictly forbidden to fabricate, falsify or create misleading claims or to fabricate or falsify any accounting entries, records, financial reports or any other related documents, or to make any misleading claims or records, or intentionally hide or cover the state of the company's transactions; nor it is permitted to open, maintain or access any illegitimate accounts with any bank or a third party institution with which to conduct account transactions related to the company.
  - 1-3-4. It is forbidden to destroy, alter or forge any pertinent records that may likely be linked to an investigation, litigation or legal related settlement

proceeding.

1-3-5. When coming across incidents involving alleged unethical conduct or suspicions of violation to this rule, all personnel are obligated to inform the company's management.

2. Respect for individuals and customers:

2-1. The company respects the privacy and integrity of every employee and upholds strict standards of privacy and confidentiality for individual personal data.

Treatment of customers and commercial data concerning other individuals shall also be bound by this principle of confidentiality.

2-2. Each employee should endeavor to deal fairly with the company's customers, suppliers, competitors and other employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

2-3. The company is to maintain open communication channels that would encourage all employees to participate in company affairs and to express their opinions to supervisors of all levels.

3. Avoidance of conflict of interest:

3-1. Prior to engaging in any business, investment or related activity that may lead to a conflict of interest between personal and professional relationships, the employee must fully disclose such conflict of interest to, and the potential conflict must be subject to review by, the chairman & president's office. More detailed guidelines on conflicts of interest are set forth in the company's Rules of Integrity for the employees (as appendix I). All company personnel are obligated to file a report with the Human Resources Division of the company citing any probable conflict of interest that might concern the individual or the company.

3-2. Employees should avoid incidents that may involve a probable conflict of interest - for instance, an employee moonlighting at a non-affiliated company, or an employee negotiating or conducting business transactions with the company which would benefit such employee or the employee's family or relatives personally. Employees are prohibited to (a) take for themselves personal opportunities that are discovered through the use of corporate property, information or position, (b) use corporate property, information or position for personal gain and (c) compete with the company.

3-3. Any action that may possibly transfer the Company's resources or interests to employees, their relatives or friends is, in principle, prohibited. If such action is considered as beneficial for both the individual and the Company, it may be exceptionally permitted and proceeds only after obtaining the Chairman's approval. Please file a report with Appendix II.

3-4. All employees are prohibited to provide or disclose openly company confidential information without securing proper authorization from the company. It is strictly forbidden to trade confidential or insider information for individual gain, or to benefit others or put the company's interest in jeopardy.

3-5. All employees are forbidden to engage in any of the aforesaid activities through an agent, partner or any representative only to circumvent this guideline.

3-6. All personnel that participate in the review, evaluation and selection of vendors

- should avoid any circumstance that has the potential to bias a fair decision.
- 3-7. Unless otherwise approved by the board of directors in advance and in compliance with all applicable laws, employees are not permitted to take out or accept company loans on behalf of oneself or one's relative, or demand the company to issue a liability guarantee.
- 3-8. Unless for company business, advanced authorization shall be sought prior to accessing any of the company's services, equipment, facilities, properties or any other form of resources. All employees should protect the company's assets and ensure their efficient use. The company's assets, whether tangible or intangible, are to be used only by authorized employees or their designees and only for the legitimate business purposes of the company.
- 3-9. We request employees who have specific business and selected positions for management's needs and employees of designated departments to make an annual declaration of interests. If employees themselves or their relatives (up to the third degree) have investments in and/or are currently employed by UMC customers, distributors, distributors' customers, suppliers, or competitors, the status of such investments and/or employment should be reported in the "declaration of interests" system. The Human Resources Division will then be responsible for data collection and summarization in order to report results to senior executives, the President and the Chairman. However, in the case where such investment is made on firms that the Company invests in, have openly agreed to be invested in, or are of publicly listed companies, the report to superiors is not required.
- 3-10. All employees shall not exploit opportunities for information access (including but not limited to attendance at meetings related to sales and production, annual planning, policy launching) to disclose the Company's confidential information to any external parties (including but not limited to the Company's customers, suppliers, or any other parties who are not obliged to know).
4. Gratuity and business reception:
- 4-1. All employees are prohibited to accept from or give to any customer, supplier or contingent party related to the company any kickbacks or any other form of illicit gain.
- 4-2. All employees are strictly prohibited from receiving or giving gifts worth more than NT\$3,000 from suppliers or other parties related to the company's business, as well as any cash or any equivalent in monetary goods, i.e. gift certificates, check, stock certificate and the like.
- 4-3. All employees are forbidden to accept lavish entertainment or reception.
- 4-4. For the purpose of maintaining a normal business relationship, gifts that are to be presented to business counterparts should be imprinted with the company's logo.
- 4-5. It is prudent to conform to the general practice of common business decorum when accepting or arranging any type of business reception, and all employees shall refrain from being excessively lavish and refrain from incurring significant or unnecessary expenses. The limit for receiving or giving gifts from the same source in the same year is NT\$18,000.
5. Full, fair, accurate, timely and understandable disclosure:

- 5-1. It is crucial that all books of account, financial statements and records of the company reflect the underlying transactions and any disposition of assets in a full, fair, accurate and timely manner.
  - 5-2. All employees who are involved in the company's disclosure process are required to know and understand the disclosure requirements applicable to the company that are within the scope of their responsibilities, and must endeavor to ensure that information in documents that the company files with or submits to the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, ROC and the U.S. Securities and Exchange Commission, or that is otherwise disclosed to the public, is presented in a full, fair, accurate, timely and understandable manner.
  - 5-3. It is critically important that financial statements and related disclosures be free of material errors. Employees are prohibited from knowingly making or causing others to make a materially misleading, incomplete or false statement to an accountant or an attorney in connection with an audit or any filing with any governmental or regulatory entity (such as the ROC Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, ROC, the U.S. Securities and Exchange Commission or the New York Stock Exchange).
  - 5-4. No individual, or any person acting under his or her direction, shall directly or indirectly take any action to coerce, manipulate, mislead or fraudulently influence any of the company's auditors if he or she knows (or should know) that his or her actions, if successful, could result in rendering the company's financial statements materially misleading.
6. Safeguard Associated with the Implementation of Code of Conduct and Reporting of Fraudulent Act:
- 6-1. All employees are to comply with applicable governmental laws, rules and regulations, and the company's regulations and procedures.
  - 6-2. Employees, suppliers, customers or other related stakeholders can report illegal activity or major misconduct by UMC managers or staff ("whistleblowing report") through any of the following channels:
    - 6-2-1. Send an email report to the email address [whistleblower@umc.com](mailto:whistleblower@umc.com) which will then automatically forward a copy of the report to the Audit Committee, ADT Level 1 Manager, HR Level 1 Manager, and Legal and Compliance Level 1 Manager.
    - 6-2-2. Send an email report directly to any of the following: ADT Level 1 Manager: [ADT\\_Director@umc.com](mailto:ADT_Director@umc.com); HR Level 1 Manager: [HR\\_Director@umc.com](mailto:HR_Director@umc.com); Legal and Compliance Level 1 Manager : [z\\_Legal@umc.com](mailto:z_Legal@umc.com); or the Audit Committee: [Audit\\_committee@umc.com](mailto:Audit_committee@umc.com)).
    - 6-2-3. Report the issue by calling the whistleblowing direct phone line at: 0800-024-399 (toll free) or 03-5782258 ext 31425.
    - 6-2-4. Report the issue directly to a manager in HR or any other appropriate department/division. Once the manager receives the report, they will immediately notify the ADT Level 1 Manager. Once a whistleblowing report has been received, the Company will assemble an investigation team to conduct a thorough inquiry into the allegations made in the report. More

detailed guidelines on reporting processes are set forth in the company's Whistleblower Program.

- 6-3. For the person reporting a violation of the Code of Conduct or engagement in fraud as well as any other related employee involved in all subsequent investigations of the violation, the company will provide safeguard measures ensuring them against any unfair retaliation or treatment.
- 6-4. Those found violating or breaching the Code of Conduct are to face adequate corrective action by the company depending on the severity of the incident. It is the responsibility of each employee to carefully read, understand and comply with this Code of Conduct and, as needed, to seek clarification on any point. Questions regarding any legal or ethical requirements should be directed to the director of the Human Resources or the company's legal division.
7. Waivers and amendments:
  - 7-1. The company may waive application of this Code of Conduct to employees in certain limited situations. Any waivers of the provisions of this Code of Conduct for executive officers may be granted only in exceptional circumstances by the board of directors. The company will promptly disclose to its shareholders any such waivers granted to any of its executive officers and the reason for such waiver.
  - 7-2. Amendments to this Code of Conduct shall be promptly disclosed by the company. It is each individual's responsibility to maintain familiarity with this Code of Conduct as the company reviews and revises its content from time to time.

#### (Appendix) Rules of Employee Integrity

1. Objective: To maintain the common practice of integrity and business efficiency, the Rules of Employee Integrity has been specially stipulated.
2. While employees of the Company are engaged in all sorts of business practices, they should conform to the following principles:
  - 2-1. Any employee is obligated to strive for the extension of the Company's interests within legal limits.
  - 2-2. Any employee is responsible of preventing damages or loss of the Company's interests.
3. Rules of Integrity:
  - 3-1. Employees undertaking the business with vendors should adhere to the following principles:
    - 3-1-1. Be honest and fair while selecting vendors. Select those who present products/services with the most competitive quality, prices, and delivery.
    - 3-1-2. No accepting of rake-offs or other illegitimate interests from vendors.
    - 3-1-3. Employees and relatives are strictly forbidden from receiving or giving gifts, cash, or other valuables worth more than NT\$3,000 from suppliers or other parties related to the company's business
    - 3-1-4. In principle, employees are prohibited from accepting entertainment reception apart from simple meals. For any question regarding this principle, ask a direct superior.

- 3-2. Employees in marketing or sales-related departments should adhere to the following principles when dealing with customers:
  - 3-2-1. Be honest and fair while transacting with customers.
  - 3-2-2. Customers' offer of gifts, cash, or other valuables should be courteously declined. In the case where such offer cannot be declined or returned and its value exceeds NT\$3,000, please turn the item to the Employee Welfare Committee to be handled on a case-by-case basis.
- 3-3. All employees should prevent any of the following from occurring and affecting the Company's interests:
  - 3-3-1. Through access to one's own duties, directly or indirectly seeking illegitimate interests or engaging in fraudulent activities.
  - 3-3-2. Seeking illegitimate interests through one's authority or identity to access duties not run or supervised by oneself.
  - 3-3-3. Defrauding others through access to one's own duties.
  - 3-3-4. Invading or stealing equipment or property from the company.
  - 3-3-5. Engaging in fraudulent activities such as over-filing for traveling expenses or overtime compensations or applying for inaccurate expenses.
- 3-4. All employees have the responsibility of maintaining a clean image of the Company, which includes no gossiping about colleagues or superiors outside of the office.
- 3-5. All supervisors must possess the ability of judging the rights and wrongs on integrity issues and should never use not regulated as excuses for any debatable conduct. Besides being honest themselves, they should lead subordinates in establishing a work environment practicing integrity.
- 3-6. Acceptance inspectors or authenticator of each business operation as well as accounting examiners have the responsibility of reporting upon discover of those violating the Rules of Integrity.
- 4. Rewards and Punishment:
  - 4-1. Rewards for reporting: Correcting or reporting on violations of integrity rules is an action of protecting the rights of employees, shareholders, and the Company. Once found to be factual, suitable rewards will be given to the reporter.
  - 4-2. Punishment:
    - 4-2-1. Punishment will be administered under any of the following occurrences:
      - A. When an employee violates the Rules of Integrity.
      - B. When a direct supervisor:
        - a. Causes his subordinate's violation of the integrity rules due to his improper supervision and guidance.
        - b. Shelters a violator of the integrity rules with knowledge of the incident.
      - C. When an acceptance inspector, authenticator, or examiner of each business operation:
        - a. Overlooks a violation of the integrity rules due to his negligence on the job.
        - b. Fails to report on any violation of the integrity rules found during acceptance inspecting, authenticating, or examining.
    - 4-2-2. Provisions on Punishment: In addition to recovering and returning the

illegitimate benefits to the original owner or company, violators of the integrity rules will be inflicted, in proportion to the weight of the incident, with the following different punishments or the combination of them.

- A. According to internal punishment regulations
- B. Withholding of the performance cash award, year-end award and bonus
- C. Demotion of job grade
- D. Removal from post
- E. Legal action

#### 4-3. Confession

- 4-3-1. In the case where the violator of the integrity rules makes the confession afterwards, his punishment may be reduced or waived.
- 4-3-2. In the case of a group violation of the integrity rules, the first one making the confession may be waived from his punishment.