

# Alpha Unlimited Inc. Employee Reward and Disciplinary Management Policy

(Alpha Unlimited Inc. - Employee Reward and Disciplinary Management Policy)

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## Foreword: Our Culture of Integrity and Excellence—Inspiring Righteousness, Safeguarding Trust

At Alpha Unlimited Inc. (hereinafter referred to as "the Company"), we firmly believe that the foundation of an excellent company is built not only on extraordinary innovation and products but also rooted in the highest ethical standards and codes of conduct upheld by all our employees. Our success stems from the trust given to us by our customers, partners, and the public—a trust that must be earned and defended by every one of our employees in every decision and action in our daily work.

This "Employee Reward and Disciplinary Management Policy" aims to establish a clear, fair, and constructive framework. Its purpose is not only to regulate behavior and prevent risks but also to actively shape and strengthen the corporate culture we are proud of.

- **For Rewards**, we focus on recognizing behaviors and contributions that not only achieve excellent performance but also embody the Company's "Leadership Principles," demonstrate the courage to innovate, foster collaboration, and create exceptional value for our teams and customers. We believe that positive reinforcement is the most powerful engine for driving continuous progress and innovation.
- **For Discipline**, we adopt a serious and prudent attitude. Our goal is to educate, improve, and ensure a safe, respectful, inclusive, and highly integral work environment. The disciplinary procedure is designed to ensure fairness, consistency, and transparency, protecting the legitimate rights and interests of the Company, its employees, and all stakeholders, and adopting a zero-tolerance policy for any behavior that undermines our core values.

This policy serves as a behavioral guide for every employee and a management tool for all levels of supervisors. We expect that through this policy, every member of Alpha can understand the Company's expectations and pursue excellence together, achieving long-term personal and corporate development in an environment of mutual respect and trust.

## Table of Contents

## **Part 1: General Provisions and Core Principles**

- **Chapter 1: Basic Principles**
  - Article 1: Purpose and Guiding Principles
  - Article 2: Scope of Application
  - Article 3: Division of Responsibilities
  - Article 4: Definitions
- **Chapter 2: Culture of Reward and Discipline & Core Philosophies**
  - Article 5: Philosophy of Reward: Motivation and Value Dissemination
  - Article 6: Philosophy of Discipline: Education, Improvement, and Protection
  - Article 7: Principle of Fairness, Consistency, and Non-Discrimination
  - Article 8: Confidentiality and Code of Ethics

## **Part 2: Reward Management**

- **Chapter 3: Types and Standards of Rewards**
  - Article 9: Levels and Categories of Rewards
  - Article 10: Individual Reward Categories
  - Article 11: Team Reward Categories
  - Article 12: Project and Patent Rewards
- **Chapter 4: Nomination and Review of Rewards**
  - Article 13: Nomination Process and Eligibility
  - Article 14: Awards Review Committee
  - Article 15: Review Standards and Decision-Making
  - Article 16: Granting and Announcement of Rewards

## **Part 3: Code of Conduct and Disciplinary Management**

- **Chapter 5: Employee Code of Conduct**
  - Article 17: Integrity and Honesty
  - Article 18: Respectful and Inclusive Workplace
  - Article 19: Information Security and Asset Protection
  - Article 20: Conflict of Interest
  - Article 21: Anti-Harassment and Anti-Discrimination
  - Article 22: Anti-Bribery and Anti-Corruption
  - Article 23: Intellectual Property and Confidential Information
- **Chapter 6: Classification and Definition of Misconduct**
  - Article 24: Principles for Grading Misconduct
  - Article 25: Minor Misconduct (Level 1)
  - Article 26: General Misconduct (Level 2)
  - Article 27: Serious Misconduct (Level 3)
  - Article 28: Major Misconduct (Level 4)
- **Chapter 7: Types and Application of Disciplinary Actions**
  - Article 29: Types of Disciplinary Measures
  - Article 30: Principles for Applying Disciplinary Measures

- Article 31: Correlation between Discipline and Performance Appraisal

## **Part 4: Investigation and Appeal Procedures**

- **Chapter 8: Reporting and Investigation of Misconduct**
  - Article 32: Reporting Channels and Whistleblower Protection
  - Article 33: Initiation and Principles of Investigation
  - Article 34: Composition and Responsibilities of the Investigation Team
  - Article 35: Investigation Process and Timeline
  - Article 36: Investigation Report and Findings of Fact
- **Chapter 9: Approval and Execution of Disciplinary Actions**
  - Article 37: Proposal of Disciplinary Recommendations
  - Article 38: Disciplinary Review Committee
  - Article 39: Approval and Notification of Disciplinary Decisions
  - Article 40: Execution and Recording of Disciplinary Actions
- **Chapter 10: Appeal and Reconsideration Mechanism**
  - Article 41: Right and Eligibility to Appeal
  - Article 42: Submission and Acceptance of Appeals
  - Article 43: Appeal Review Process
  - Article 44: Final Decision and Notification

## **Part 5: Appendices**

- **Chapter 11: Record Management and Validity Period**
  - Article 45: Management and Retention of Reward and Disciplinary Records
  - Article 46: Impact and Validity Period of Disciplinary Records
- **Chapter 12: Policy Management**
  - Article 47: Policy Interpretation and Amendment
  - Article 48: Effective Date

## **Part 1: General Provisions and Core Principles**

### **Chapter 1: Basic Principles**

#### **Article 1: Purpose and Guiding Principles**

This policy aims to establish a fair, transparent, and organizationally healthy reward and disciplinary management system through the following guiding principles:

1. **Value-Driven:** All reward and disciplinary decisions must be consistent with the Company's core values and "Leadership Principles." Rewards aim to reinforce exemplary behavior, while discipline aims to correct behavior that deviates from these values.
2. **Fairness & Equity:** Ensure that all employees are treated consistently in similar situations. Procedures must be fair, giving employees ample opportunity to present their case, and decision-making processes must be free from personal bias, discrimination, or favoritism.
3. **Clarity & Transparency:** The standards for rewards and the rules for discipline should be public, clear, and easy for all employees to understand. The rationale and decision-making process for rewards and discipline should be as transparent as possible,

within the bounds of confidentiality.

4. **Education & Development:** View rewards and discipline as opportunities for organizational learning and personal growth. The primary purpose of discipline should be education and behavioral correction, not merely punishment. Rewards should facilitate the sharing of success stories to drive overall organizational improvement.
5. **Timeliness:** Actions deserving reward and incidents requiring discipline should be addressed promptly. Delayed rewards diminish their motivational effect, while delayed discipline can exacerbate problems and harm team morale.

## Article 2: Scope of Application

This policy applies to all full-time, part-time, and other types of regular employees at all Company locations worldwide. For contractors, interns, consultants, and other non-regular workers, if their actions affect the Company, the Company will handle the matter in the spirit of this policy and in accordance with their individual contracts or project agreements, including but not limited to termination of services or pursuit of legal action.

## Article 3: Division of Responsibilities

1. **Human Resources & Organizational Development Department (HR & OD):**
  - Formulates, interprets, and updates this reward and disciplinary management policy and related procedures.
  - Acts as an independent third party to guide and manage the investigation process for misconduct, ensuring its fairness and professionalism.
  - Provides training and consultation to supervisors and employees on the code of conduct and reward and disciplinary processes.
  - Organizes and operates the "Awards Review Committee" and the "Disciplinary Review Committee."
  - Maintains the accuracy and confidentiality of all reward and disciplinary records.
2. **Supervisors (at all levels):**
  - Serve as the primary communicators and enforcers of the Company culture within their teams. They are responsible for fostering a positive and compliant work atmosphere.
  - Observe, guide, and provide timely feedback on employees' daily behavior.
  - Promptly nominate deserving employees and teams for rewards.
  - Are responsible for immediately reporting any potential misconduct they observe or are informed of to the HR department or designated channels.
  - Execute approved disciplinary decisions and provide subsequent coaching and observation for the disciplined employee.
3. **Employees:**
  - Are responsible for reading, understanding, and complying with this policy and the Company's various codes of conduct.
  - Perform their duties with integrity and professionalism, demonstrating the Company's values.
  - Have the right and the obligation to report any suspected violations of Company policy or laws and regulations.

- Actively participate in reward nominations to recognize the outstanding contributions of their colleagues.

#### Article 4: Definitions

- **Reward:** Material or non-material recognition given by the Company to an employee or team for outstanding contributions that exceed job requirements in areas such as work performance, technological innovation, customer service, or cultural practice.
- **Discipline:** Measures taken by the Company to correct an employee's behavior, educate the individual and others, and maintain organizational order when the employee's improper conduct violates laws, regulations, Company rules, or ethical standards.
- **Misconduct:** Any behavior that deviates from or violates the "Employee Code of Conduct" as defined in Chapter 5 and other Company policies.
- **Whistleblower:** Any individual who, in good faith, reports suspected illegal, irregular, or improper conduct to internal or external regulatory bodies.
- **Conflict of Interest:** A situation where an employee's personal interests (or the interests of their relatives) conflict or may potentially conflict with the interests of the Company.
- **Retaliation:** Any adverse action taken against an employee for reporting an issue in good faith, participating in an investigation, or filing an appeal. Such actions include, but are not limited to, termination, demotion, harassment, threats, or ostracism. Retaliation itself constitutes major misconduct.

### Chapter 2: Culture of Reward and Discipline & Core Philosophies

#### Article 5: Philosophy of Reward: Motivation and Value Dissemination

We believe that rewards are not just recognition of past achievements but also guidance for future behavior. The Company's reward system aims to:

- **Focus on Impact:** The core criterion for rewards is "impact." We look not only at "what" an employee did but also at the positive, measurable change their work brought to customers, teams, products, or the Company.
- **Reinforce Leadership Principles:** Rewards are closely linked to our "Leadership Principles." Individuals or teams receiving the highest honors must be exemplars in practicing principles such as "Customer Obsession," "Ownership," and "Dive Deep."
- **Encourage Risk-Taking and Innovation:** We have special awards to recognize employees who dare to challenge the status quo, attempt high-risk innovative projects, and learn from them, regardless of the project's ultimate success. We reward the intelligence, courage, and resilience shown in the process.
- **Promote Collaboration:** Our reward system highly values cross-functional and cross-departmental collaborative achievements, encouraging employees to break down organizational silos and work towards common goals.
- **Disseminate Success Stories:** Every award granted is an opportunity to disseminate the Company's values. We will widely share the stories of award winners through internal communications, all-hands meetings, etc., making them role models for all employees.

#### Article 6: Philosophy of Discipline: Education, Improvement, and Protection

The fundamental purpose of addressing misconduct is to maintain a safe, fair environment

where all employees can thrive. Our disciplinary philosophy is based on:

- **Focus on the Act, Not the Person:** Discipline targets specific improper behavior, not the employee as an individual. We strive to understand the reasons behind the behavior and provide opportunities for improvement where possible.
- **Progressive Discipline:** Unless the conduct is extremely severe, we generally adopt a progressive approach to disciplinary action. For first-time or minor offenses, educational measures like verbal reminders or written warnings are prioritized to give the employee a chance to improve. More severe measures are taken only for repeated offenses or serious misconduct.
- **Zero-Tolerance Threshold:** The Company has a zero-tolerance policy for any form of harassment, discrimination, retaliation, fraud, theft of Company assets, or leakage of core confidential information that seriously harms the Company's core interests and employee safety. Once verified, the most severe disciplinary action, including but not limited to immediate termination of the employment contract, will be taken, and we reserve the right to pursue legal action.
- **Protect Reporters and Participants:** We are committed to protecting all employees who report issues in good faith or participate in investigations from retaliation. Ensuring that employees can raise concerns without fear is key to maintaining a healthy organization.

#### Article 7: Principle of Fairness, Consistency, and Non-Discrimination

The Company commits to strictly adhering to the principles of fairness, consistency, and non-discrimination in all aspects of reward and disciplinary management.

- **Consistency:** For behaviors of similar nature, severity, and impact, a fundamentally consistent standard of reward or discipline should be applied, regardless of the employee's position, level, department, gender, race, or any other protected characteristic.
- **Case-by-Case Consideration:** While maintaining consistency, we also recognize that each case is unique. When determining specific disciplinary measures, various factors will be considered, such as the motive for the misconduct, whether it was a first offense, the actual damage caused, the employee's past performance, and whether they proactively admitted fault and cooperated with the investigation.
- **Prohibition of Discrimination and Retaliation:** Any reward or disciplinary decision based on race, color, religion, gender, national origin, age, disability, sexual orientation, gender identity, or other legally protected characteristics is strictly prohibited. Similarly, any form of retaliation against a good-faith reporter, witness, or appellant will be met with the most severe disciplinary action.

#### Article 8: Confidentiality and Code of Ethics

All personnel involved in the reward and disciplinary process, including supervisors, HR staff, investigation team members, and committee members, must sign a confidentiality agreement and adhere to the highest professional ethical standards.

- **Information Confidentiality:** All information related to misconduct investigations, disciplinary deliberations, and appeals, including the identities of the individuals involved, must be kept strictly confidential, except where required for a legitimate investigation or



business need.

- **Conflict of Interest Avoidance:** Any personnel involved in the process who has any form of conflict of interest with the subject of the investigation or the incident itself must proactively declare it and recuse themselves.
- **Objectivity and Neutrality:** All participants must maintain an objective and neutral stance, making judgments based on facts and evidence, free from the influence of personal emotions or relationships.
- **Consequences of Violation:** Any violation of the above confidentiality and ethical standards will itself be considered serious misconduct and will be subject to severe disciplinary action.

## Part 2: Reward Management

### Chapter 3: Types and Standards of Rewards

#### Article 9: Levels and Categories of Rewards

To systematically recognize contributions of different levels and natures, the Company's reward system is divided into the following tiers:

1. **On-the-Spot Recognition:**

- **Purpose:** To provide quick, immediate acknowledgment for good behavior and small contributions demonstrated in daily work.
- **Forms:** Verbal praise from a supervisor, thank-you cards, small-value gift cards, team lunches, etc.
- **Characteristics:** Delegated to supervisors at all levels, with a simple process emphasizing timeliness.

2. **Departmental Awards:**

- **Purpose:** To recognize individuals or teams who have made significant contributions within their department.
- **Forms:** Public recognition within the department, certificates, departmental performance bonuses.
- **Characteristics:** Awarded quarterly or semi-annually, led by department heads.

3. **Company-wide Awards:**

- **Purpose:** To recognize individuals or teams who have had a major impact on the entire company and serve as role models for all employees.
- **Forms:** Annual awards ceremony, significant cash bonuses, equity awards, trophies/medals.
- **Characteristics:** Awarded annually, decided by the "Awards Review Committee" composed of senior management, representing the Company's highest honor.

#### Article 10: Individual Reward Categories

The following are the main categories for Company-wide individual awards. Departments may establish corresponding departmental awards by reference.

1. **CEO Award / MVP of the Year:**

- **Standard:** Awarded to the individual who has made the most outstanding and critical contribution to the Company in a given year. Their achievement is typically a

milestone, having a decisive impact on the Company's strategic goals or financial performance.

**2. Leadership Principles Exemplar Award:**

- **Standard:** Awarded to an employee who consistently and deeply practices the Company's "Leadership Principles" in their daily work and has a profound positive influence on their colleagues. They are the living embodiment of our culture.

**3. Innovation Excellence Award:**

- **Standard:** Awarded to an individual who has achieved a major breakthrough in technology research and development, product design, or process improvement, thereby creating a technological barrier, enhancing product competitiveness, or significantly improving operational efficiency for the Company.

**4. Customer Obsession Award:**

- **Standard:** Awarded to an employee who consistently puts the customer first, deeply understands customer pain points, and creates immense value for customers through excellent service or product solutions, earning high praise from them.

**5. Rookie of the Year Award:**

- **Standard:** Awarded to a new employee who, within their first year at the Company, has demonstrated rapid learning, significant growth, and has begun to make contributions that exceed expectations for their level.

## **Article 11: Team Reward Categories**

**1. Team Excellence of the Year Award:**

- **Standard:** Awarded to the team with the most outstanding overall performance in areas such as achieving team goals, cross-departmental collaboration, internal morale, and member development.

**2. Project Delivery Excellence Award:**

- **Standard:** Awarded to a team that has successfully delivered a highly challenging, complex project of major strategic importance to the Company. Evaluation criteria include project management quality, schedule and budget control, and final business results.

**3. Diversity & Inclusion Champion Award:**

- **Standard:** Awarded to a team or Employee Resource Group (ERG) that has made outstanding efforts and contributions in promoting diversity, equity, and inclusion in the workplace.

## **Article 12: Project and Patent Rewards**

- **Patent Application Reward:** To encourage innovation and protect intellectual property, inventions submitted by employees will be evaluated by the Company. For patents deemed valuable for application, the inventor team will be given a one-time bonus upon submission of the application and again upon the patent being granted.
- **Major Project Milestone Reward:** For long-term, high-difficulty major R&D or strategic projects, key milestone rewards can be established in the project plan. When the team achieves a preset key milestone, a corresponding reward will be triggered to motivate the



team in a timely manner.

## **Chapter 4: Nomination and Review of Rewards**

### **Article 13: Nomination Process and Eligibility**

1. **Eligibility to Nominate:** Any employee within the Company can nominate other eligible individuals or teams for various awards. Self-nominations are also encouraged.
2. **Nomination Channel:** All nominations must be submitted online through the Company's internal performance and rewards system.
3. **Nomination Materials:** A detailed nomination statement must be submitted, clearly describing the nominee's specific achievements and contributions. It should include quantitative data, customer feedback, colleague testimonials, and other supporting evidence where possible, and explain how the behavior meets the criteria of the specific award.
4. **Nomination Period:** Nominations for Company-wide awards are typically open for one month during the fourth quarter of each year. The nomination schedule for departmental awards is determined by each department.

### **Article 14: Awards Review Committee**

1. **Composition:** The review committee for Company-wide awards is chaired by the CEO, with members including vice-president-level executives from key business units and the Chief Human Resources Officer.
2. **Responsibilities:**
  - Review all nomination materials for Company-wide awards.
  - Conduct a fair and objective selection based on the award criteria.
  - Request supplementary information from nominators or the nominee's supervisor when necessary.
  - Vote to determine the final list of award winners.
  - Continuously review and optimize award categories and selection criteria to ensure alignment with the Company's strategy.

### **Article 15: Review Standards and Decision-Making**

1. **Review Standards:** The committee will conduct a comprehensive evaluation based on the following aspects:
  - **Scale of Impact:** Did the contribution affect a function, a product line, or the entire Company?
  - **Degree of Difficulty:** How significant were the technical, resource, or market challenges overcome to achieve this accomplishment?
  - **Originality:** Was the solution or idea groundbreaking?
  - **Alignment with Values:** Did the process of achieving the accomplishment fully embody the Company's core values?
2. **Decision-Making Process:** The committee will hold a dedicated review meeting. Each member will discuss and debate the shortlisted nominations, and the winners will be determined by a secret ballot or consensus. The CEO holds one veto vote and the final

decision-making power.

#### **Article 16: Granting and Announcement of Rewards**

1. **Award Ceremony:** Company-wide awards will be presented by the CEO or senior executives at the annual all-hands meeting or a dedicated awards ceremony.
2. **Internal Announcement:** The list of winners and their outstanding achievements will be widely publicized through all internal communication channels, such as the company intranet, email, and digital signage.
3. **External Promotion:** For certain major awards that represent the Company's image, with the winner's consent, appropriate promotion may be carried out on the Company's official social media or in press releases.
4. **Reward Payout:** Material rewards (bonuses, equity, etc.) will be handled by the HR and Compensation & Benefits departments and will be paid out on the first payday following the award announcement.

### **Part 3: Code of Conduct and Disciplinary Management**

#### **Chapter 5: Employee Code of Conduct**

This chapter outlines the basic code of conduct that all employees must follow. This is not an exhaustive list of all rules but a guiding framework. For more detailed regulations, please refer to the Company's specific policy documents (e.g., "Information Security Policy," "Anti-Harassment and Anti-Discrimination Policy"). All employees are responsible for familiarizing themselves with and complying with these policies.

#### **Article 17: Integrity and Honesty**

Integrity is the cornerstone of all our actions. Employees should:

- Maintain honesty in all business dealings and provide accurate information.
- Accurately record working hours, expense reimbursements, and other business data. Any form of falsification or fraud is strictly prohibited.
- Maintain transparency in communication, reporting bad news as promptly as good news.

#### **Article 18: Respectful and Inclusive Workplace**

We are committed to creating an environment where everyone feels safe, respected, and able to reach their full potential. Employees should:

- Treat colleagues, customers, suppliers, and all partners with professionalism and respect.
- Respect the diverse backgrounds, perspectives, and experiences of others.
- Promote open and candid dialogue, maintaining civil communication even in disagreement.
- Bullying, threats, intimidation, or any form of aggressive behavior are strictly prohibited.

#### **Article 19: Information Security and Asset Protection**

Protecting the Company's information and assets is every employee's responsibility.

Employees should:

- Properly care for and use all Company-issued assets, including laptops, mobile devices, etc.

- Strictly adhere to the Company's information security policies, set strong passwords, and handle sensitive information with care.
- Unauthorized access, copying, modification, or deletion of Company data is prohibited.
- Immediately report any potential security vulnerabilities or incidents to the Information Security department.

#### Article 20: Conflict of Interest

Employees should avoid any situation that could lead to a conflict between their personal interests and the Company's interests. Employees should:

- Proactively disclose any potential or actual conflicts of interest to their supervisor and the HR department.
- Not engage in outside employment without approval, especially with competitors, suppliers, or customers.
- Obtain prior approval when conducting business with companies owned or controlled by relatives or close personal associates.
- Not use their position or Company information for personal gain.

#### Article 21: Anti-Harassment and Anti-Discrimination

The Company has a zero-tolerance policy for any form of unlawful harassment and discrimination.

- **Harassment** includes, but is not limited to, unwelcome verbal, physical, or visual conduct based on characteristics such as gender, race, religion, sexual orientation, etc., that creates an intimidating, hostile, or offensive work environment.
- **Discrimination** refers to making adverse employment decisions (in hiring, promotion, compensation, termination, etc.) based on legally protected characteristics.
- All employees should familiarize themselves with and comply with the detailed provisions of the "Anti-Harassment and Anti-Discrimination Policy."

#### Article 22: Anti-Bribery and Anti-Corruption

We are committed to complying with anti-bribery and anti-corruption laws wherever we do business. Employees should:

- Not directly or indirectly offer, promise, give, or accept any form of bribe or improper benefit in exchange for a business advantage.
- Adhere to the Company's "Gifts and Entertainment Policy" when offering or accepting business gifts and hospitality, ensuring they are of modest value, consistent with business customs, and will not improperly influence business decisions.

#### Article 23: Intellectual Property and Confidential Information

The Company's intellectual property (such as patents, trademarks, copyrights, and trade secrets) and confidential information are among our most valuable assets. Employees should:

- The intellectual property rights of all work-related inventions and creations made by employees during their employment belong to the Company.
- Strictly protect the Company's trade secrets and other non-public sensitive information, and not disclose it to any unauthorized third party.
- Continue to abide by the confidentiality agreement signed with the Company after

leaving employment, and not disclose or use any confidential information accessed during their employment.

## Chapter 6: Classification and Definition of Misconduct

### Article 24: Principles for Grading Misconduct

To systematically address misconduct of varying severity and ensure the appropriateness of disciplinary action, the Company classifies misconduct into four levels. The classification is based on the following factors:

- **Nature of the act:** Is the act illegal? Does it violate the Company's core ethical standards?
- **Damage caused:** To what extent did the act cause actual or potential harm to the Company's reputation, finances, operations, employee safety, or customer relations?
- **Intent:** Was the act a result of negligence, recklessness, or malicious intent?
- **Scope of impact:** Was the impact of the act limited to an individual, or did it affect an entire team or the Company?

### Article 25: Minor Misconduct (Level 1)

Typically refers to acts resulting from negligence or inexperience that have a minor impact on the Company and do not violate laws or core ethical standards.

- **Examples:**
  - Occasional unexcused tardiness or early departure.
  - Failure to comply with the Company's dress code or grooming standards.
  - Handling excessive personal matters during work hours, slightly affecting work efficiency.
  - Failure to attend non-core internal meetings as required.
- **Typical Response:** Verbal reminder, informal coaching.

### Article 26: General Misconduct (Level 2)

Refers to repeated minor misconduct or behavior that is more serious in itself, having a negative impact on work order, team collaboration, or Company assets, but not yet causing significant damage.

- **Examples:**
  - Leaving one's post without authorization.
  - Persistent negligence at work, leading to controllable errors.
  - Improper use of Company network resources, such as downloading pirated software or browsing inappropriate websites.
  - Violation of basic safety procedures that does not result in an accident.
  - Using unprofessional or mildly offensive language in internal communications.
  - Taking non-sensitive Company documents off-premises without permission.
- **Typical Response:** Written warning, mandatory participation in relevant training, Performance Improvement Plan (PIP).

### Article 27: Serious Misconduct (Level 3)

Refers to intentional violation of important Company regulations, or gross negligence causing significant loss to the Company, or behavior that severely disrupts the work environment or

violates professional ethics.

- **Examples:**

- Unexcused absence for a certain number of days within a month (e.g., 3 days).
- Engaging in arguments or verbal abuse in the workplace, without physical altercation.
- Refusing to carry out a supervisor's reasonable and lawful work instructions.
- Minor fraudulent acts in expense reports or time records.
- Leaking non-core sensitive Company information.
- Violating conflict of interest rules without causing major loss.
- Making unwelcome comments of a sexual nature to others, constituting low-level sexual harassment.
- Engaging in soft retaliation, such as ostracism or ridicule, against a good-faith reporter or investigation participant.

- **Typical Response:** Final written warning, demotion, job transfer, cancellation of annual bonus eligibility, major demerit.

#### Article 28: Major Misconduct (Level 4)

Refers to severe violations of laws, regulations, or the Company's core ethical standards that cause major damage to the Company's reputation, safety, finances, or core interests, or behavior that completely destroys trust. A zero-tolerance policy applies to such conduct.

- **Examples:**

- Any form of violence, fighting, or possession of dangerous items in the workplace.
- Any form of illegal discrimination or severe harassment (including sexual harassment).
- Theft or intentional destruction of Company assets or colleagues' property.
- Forgery of Company documents, seals, or signatures.
- Accepting or offering bribes, or engaging in corrupt activities using one's position.
- Leaking core trade secrets, source code, strategic plans, or other highly confidential information.
- Hacking into the Company's information systems or maliciously destroying data.
- Committing any criminal offense during employment.
- Engaging in severe retaliation, such as threats, demotion, or termination, against a good-faith reporter or investigation participant.
- Making statements that severely damage the Company's reputation while representing the Company.

- **Typical Response:** Immediate termination of the employment contract, and the Company reserves the right to pursue civil and criminal liability.

## Chapter 7: Types and Application of Disciplinary Actions

#### Article 29: Types of Disciplinary Measures

Based on the severity of the misconduct, the Company may take one or more of the following disciplinary measures:

1. **Verbal Warning:** An informal discussion between a supervisor and an employee about a minor issue, pointing out the problem and explaining expectations. The supervisor should

document this conversation in their personal work log.

2. **Written Warning:** A formal document issued to the employee by the supervisor under HR guidance, detailing the facts of the misconduct, the rules violated, the expected improvements, and the potential consequences of recurrence. The employee must sign to acknowledge receipt.
3. **Final Written Warning:** For repeated misconduct or a more serious first offense. The content is similar to a written warning but will explicitly state that this is the final step before termination.
4. **Demerit / Major Demerit:** An internal administrative disciplinary record, often used in conjunction with other measures, which will directly affect the employee's performance appraisal, promotion, and bonus.
5. **Performance Improvement Plan (PIP):** Applied when misconduct is related to poor performance. For detailed regulations, please refer to the "Employee Performance Management Policy."
6. **Transfer / Demotion:** Moving an employee to a different position or lowering their rank, typically for situations where they are no longer suitable for their current role due to incompetence, managerial failure, or improper conduct.
7. **Suspension with Pay:** Temporarily relieving an employee of their duties during an investigation into serious allegations to ensure the integrity of the investigation or the safety of the workplace. The employee's salary continues during the suspension.
8. **Financial Penalties:** Including reduction or cancellation of performance bonuses, revocation of unvested equity awards, etc.
9. **Termination of Employment:** Applicable to employees who commit major misconduct or fail to improve after receiving a final written warning. This is the most severe disciplinary measure.

### Article 30: Principles for Applying Disciplinary Measures

1. **Principle of Proportionality:** The disciplinary measure taken must be proportionate to the severity of the misconduct.
2. **Principle of Progression:** Measures aimed at education and improvement are prioritized. More severe measures are used only when lower-level measures are ineffective or the conduct itself is extremely serious.
3. **Principle of Combination:** Multiple disciplinary measures can be used in combination as appropriate. For example, issuing a written warning while requiring the employee to attend relevant compliance training.
4. **Documentation:** All disciplinary actions, except for verbal warnings, must be officially documented in writing and placed in the employee's personnel file.

### Article 31: Correlation between Discipline and Performance Appraisal

Misconduct is a key factor in evaluating the "Behaviors and Values" dimension of an employee's performance.

- Any employee who receives a written warning or a more severe disciplinary action will see a direct impact on their rating for the practice of "Leadership Principles" in their current performance review.



- An employee disciplined for serious misconduct (Level 3) will generally not receive a performance rating higher than "Partially Meets Expectations" for that year.
- In the rare case that an employee disciplined for major misconduct (Level 4) is not terminated, their performance rating for that year will be "Needs Improvement."
- Disciplinary records will serve as an important reference for decisions on promotion, salary increases, and bonus distribution.

## Part 4: Investigation and Appeal Procedures

### Chapter 8: Reporting and Investigation of Misconduct

#### Article 32: Reporting Channels and Whistleblower Protection

To encourage employees to report issues promptly, the Company provides multiple reporting channels:

1. **Direct Supervisor:** The most direct route for most general issues.
2. **Human Resources Department:** Employees can report any issue directly to any HR Business Partner, especially those involving harassment, discrimination, or issues with their direct supervisor.
3. **Ethics & Compliance Hotline:** A 24-hour hotline and website operated by an independent third party, allowing for anonymous reporting. Suitable for reporting sensitive, serious, or high-level management violations.
4. **Legal Department:** Issues involving potential legal risks or major compliance concerns can be reported directly to the Company's Legal Department.

**Whistleblower Protection:** The Company strictly prohibits any form of retaliation against any employee who reports potential misconduct in good faith (i.e., not for malicious purposes). All allegations of retaliation will be investigated as major misconduct. The Company will take all reasonable steps to protect the confidentiality of the reporter's identity.

#### Article 33: Initiation and Principles of Investigation

1. **Initiation Criteria:** Upon receiving any report of potential Level 2 to Level 4 misconduct, the HR department will conduct a preliminary assessment. If the allegation is specific and credible, a formal internal investigation will be launched.
2. **Investigation Principles:**
  - **Promptness:** The investigation should be initiated and completed as quickly as possible after the report is received.
  - **Impartiality:** Investigators must remain neutral and objective, free from pressure or influence from any party.
  - **Thoroughness:** The investigation should comprehensively gather all relevant evidence and interview all relevant witnesses until the facts are clear.
  - **Confidentiality:** To the extent permitted by law, the investigation process will be kept strictly confidential and limited to those with a need to know.

#### Article 34: Composition and Responsibilities of the Investigation Team

1. **Composition:** Investigations are typically led by a senior member of the HR department

(an investigator or HRBP). For complex cases involving legal, financial, or information security expertise, the investigation team will include experts from the Legal, Finance, or Information Security departments.

**2. Responsibilities:**

- Develop a detailed investigation plan.
- Collect and review relevant documents, emails, system logs, and other physical evidence.
- Interview the subject of the report, the reporter, and all relevant witnesses, creating detailed interview records.
- Make objective findings of fact based on all the evidence.
- Write a detailed, neutral investigation report.

**Article 35: Investigation Process and Timeline**

1. **Notification:** After an investigation is launched, the subject of the report will usually be notified that they are under investigation, but the identity of the reporter will not be disclosed. In special circumstances (e.g., to prevent the destruction of evidence), notification may be delayed.
2. **Evidence Collection:** Evidence is gathered according to the investigation plan.
3. **Interviews:**
  - All interviewed employees have an obligation to cooperate with the investigation and provide truthful and complete information.
  - The subject of the report has the right to defend and clarify the allegations and to provide evidence in their favor.
  - All interviews should be conducted with at least two investigators present.
4. **Finding of Facts:** The investigation team will make findings of fact based on the "preponderance of the evidence" standard. This means that based on all the evidence, it is more likely than not that a certain fact occurred.
5. **Timeline:** General investigations aim to be completed within 30 working days. Complex cases may take longer, but the investigation team must provide regular progress updates to the head of HR.

**Article 36: Investigation Report and Findings of Fact**

Upon completion of the investigation, the investigation team must write a standardized investigation report, which should include:

- A summary of the allegations.
- An overview of the investigation process (timeline, list of interviewees, types of evidence collected).
- A summary of the statements from both parties.
- Verified Findings of Fact, listing which allegations were substantiated, which were not, and which could not be verified.
- An analysis of the key evidence supporting the findings of fact.
- **Important Note:** The investigation report itself does not contain any disciplinary recommendations; its sole purpose is to objectively establish the facts.

## Chapter 9: Approval and Execution of Disciplinary Actions

### Article 37: Proposal of Disciplinary Recommendations

1. **Proposer:** After receiving the investigation report, the supervisor of the employee under investigation (at the second level or higher to avoid a direct conflict of interest) and the assigned HRBP will jointly review the findings.
2. **Basis:** Based on the facts established in the investigation report, cross-referenced with the misconduct levels in Chapter 6 and the types of disciplinary action in Chapter 7.
3. **Considerations:** When proposing specific disciplinary recommendations, the following factors must be considered:
  - The severity of the misconduct.
  - The actual damage caused.
  - Whether the employee is a first-time offender.
  - The employee's past performance and conduct record.
  - Any mitigating or aggravating circumstances (e.g., whether they self-reported, cooperated with the investigation, or attempted to conceal the facts).
4. **Output:** A written "Disciplinary Recommendation Report" is created, containing the recommended disciplinary action(s) and a detailed rationale.

### Article 38: Disciplinary Review Committee

To ensure fairness and consistency in major disciplinary decisions, all cases with a recommended disciplinary action of Level 3 or Level 4 must be submitted to the Disciplinary Review Committee for review.

1. **Composition:** The committee is chaired by the Chief Human Resources Officer and includes the Chief Legal Officer, a senior business leader from an uninvolved department, and the vice president of the affected employee's business line.
2. **Responsibilities:**
  - Review the investigation report and the "Disciplinary Recommendation Report."
  - Ensure the investigation process was compliant and the findings of fact are clear.
  - Assess the appropriateness and consistency of the recommended disciplinary action.
  - Hear statements from the HRBP and the proposing supervisor.
  - Request additional information or ask the investigation team to conduct a supplementary investigation if necessary.
  - Make the final disciplinary decision.

### Article 39: Approval and Notification of Disciplinary Decisions

1. **Approval:**
  - **Level 1 & 2 Discipline:** Can be jointly approved by the employee's second-level supervisor and the HRBP.
  - **Level 3 & 4 Discipline:** Must be decided by a vote of the Disciplinary Review Committee.
2. **Notification:**
  - Once a decision is made, the disciplined employee must be formally notified in

writing (a "Disciplinary Action Notice") within three working days.

- The notice should be delivered in person by the supervisor, accompanied by an HRBP, in a one-on-one meeting.
- The notice must include: the findings of fact, the Company rules violated, the final disciplinary decision, the effective date of the action, and information about the employee's right to appeal and the appeal process.
- The employee must sign the notice to acknowledge receipt. A signature indicates receipt only, not agreement with the contents. If the employee refuses to sign, this should be noted on the form, and witnessed by the two individuals delivering the notice.

#### **Article 40: Execution and Recording of Disciplinary Actions**

1. **Execution:** The HR department, in coordination with relevant departments (e.g., Payroll, IT), will execute the disciplinary decision.
2. **Recording:** The HR department is responsible for filing the complete disciplinary record, including the "Disciplinary Action Notice" and related reports, in the employee's personnel file.

### **Chapter 10: Appeal and Reconsideration Mechanism**

#### **Article 41: Right and Eligibility to Appeal**

Any employee who receives a written warning or a more severe disciplinary action has the right to appeal if they believe the decision was based on false information, the investigation process had significant flaws, or the disciplinary measure is clearly unfair.

#### **Article 42: Submission and Acceptance of Appeals**

1. **Deadline:** The employee must submit a written "Appeal Application" to the HR department within five working days of receiving the "Disciplinary Action Notice."
2. **Content:** The application must detail the reasons for the appeal and provide any new evidence or information to support their claims. Appeals that merely express dissatisfaction with the outcome without substantive grounds will not be accepted.
3. **Acceptance:** Upon receiving the application, the HR department will review it to determine if it meets the eligibility criteria and will notify the appellant within two working days.

#### **Article 43: Appeal Review Process**

1. **Review Body:** The appeal will be reviewed by an independent "Appeal Review Panel." Members of this panel must not have been involved in the original investigation or decision-making process. It is typically composed of a senior HR director, a lawyer from the Legal Department, and a director from a business unit unrelated to the appellant.
2. **Scope of Review:** The appeal review will focus on:
  - Whether there is new evidence, not discovered in the original investigation, that could materially affect the findings of fact.
  - Whether there were significant procedural flaws or unfairness in the original investigation process.

- Whether the disciplinary decision clearly violates the principles of consistency and proportionality outlined in Company policy.
- 3. **Review Process:** The panel will review all case materials and may interview the appellant or the original investigators as needed.
- 4. **Timeline:** The appeal review should be completed within fifteen working days of acceptance.

#### **Article 44: Final Decision and Notification**

1. **Review Outcome:** The Appeal Review Panel can make one of three decisions:
  - **Uphold the original decision:** If the grounds for appeal are found to be unsubstantiated.
  - **Modify the original decision:** If the original disciplinary action is found to be too harsh or too lenient.
  - **Remand for reinvestigation:** If significant flaws are found in the investigation process, a new investigation may be ordered.
2. **Final Decision:** The decision of the Appeal Review Panel is the Company's final decision and cannot be appealed further.
3. **Notification:** The final decision will be communicated in writing to the appellant and their supervisor.

### **Part 5: Appendices**

#### **Chapter 11: Record Management and Validity Period**

##### **Article 45: Management and Retention of Reward and Disciplinary Records**

1. **Managing Unit:** All official reward and disciplinary records are centrally and confidentially managed by the HR department and stored in the employee's electronic file.
2. **Access Rights:** Access to an employee's disciplinary records is restricted to the employee, their direct management chain, HR, and the Legal department for business needs. No one else may view these records.
3. **Retention Period:** The retention period for reward and disciplinary records will comply with local laws and regulations. In the absence of specific legal requirements, general disciplinary records will be kept for seven years after the employee's departure.

##### **Article 46: Impact and Validity Period of Disciplinary Records**

To reflect the principles of education and improvement and to give employees a chance to reform, the Company sets a validity period for the impact of disciplinary records:

- **Written Warning:** Its negative impact on promotions and ratings is most significant within the first 12 months after it is issued. If the employee performs well during this period with no further misconduct, after 12 months, the record will no longer be an active barrier to promotion or key assignments, although it will remain on file.
- **Serious Misconduct (Level 3) Discipline:** The impact period is 24 months.
- **Offsetting Merits and Demerits:** If an employee receives a Company-wide award for a major contribution after being disciplined, this can be considered a significant positive

factor when evaluating their future development. However, the reward and the disciplinary record itself cannot be directly offset against each other.

## **Chapter 12: Policy Management**

### **Article 47: Policy Interpretation and Amendment**

1. **Interpretation:** The authority to interpret this policy rests with the Human Resources & Organizational Development Department. If employees or supervisors have questions about the interpretation of any clause, they should consult their HRBP.
2. **Amendment:** To adapt to the Company's development, management needs, and changes in the internal and external legal environment, this policy may be amended upon a proposal by the HR Department in conjunction with the Legal Department, and with the approval of the Executive Management Committee. Amendments will be announced to all employees.

### **Article 48: Effective Date**

This policy shall take effect on September 1, 2025. All previous related policies are hereby superseded.