

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.

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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:

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. We reward what we value. This principle is not just a theoretical statement; it is a foundational pillar of our culture. For example, if "Innovation" is a core value, an employee who develops a groundbreaking, though not yet commercialized, technology will be recognized through our reward system. Conversely, if "Customer Trust" is paramount, an employee who violates customer data privacy, even without causing direct financial loss, will face serious disciplinary action. This direct linkage ensures that our actions as a Company are always aligned with our stated beliefs.

Fairness & Equity: Ensure that all employees are treated consistently in similar situations, with no regard to their role, department, or seniority. 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. The Company is committed to a system where merit and conduct, not personal relationships or status, are the sole determinants of outcomes. For example, two employees who commit the same Level 2 misconduct should receive a similar written warning, regardless of one being a junior staff member and the other a long-tenured manager. Any deviation from this principle must be documented and justified by clear, objective criteria related to the misconduct itself, not the individual's profile.

Clarity & Transparency: The standards for rewards and the rules for discipline should be publicly available, 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 personal and legal confidentiality. We believe that clarity builds trust. This policy document itself, along with supplementary training materials and regular communications, serves this purpose. Employees should not have to guess what behavior is expected of them or what the consequences of their actions might be. Similarly, when a reward is granted, the reasons for it will be clearly explained (e.g., "Jane Doe is receiving the Innovation Excellence Award for her groundbreaking work on Project X, which has the potential to revolutionize our product line."), providing a transparent benchmark for others.

Education & Development: We view both rewards and discipline as opportunities for organizational learning and personal growth. The primary purpose of discipline is education and behavioral correction, not merely punishment. Rewards should facilitate the sharing of success stories and best practices to drive overall organizational improvement. Our approach to discipline is a coaching model. For a minor offense, a supervisor's conversation should focus on understanding the root cause of the behavior, providing constructive feedback, and setting a clear path for improvement. We aim for rehabilitation, not just retribution. Our reward ceremonies, similarly, are not just about handing out plaques; they are about sharing the "how" behind the "what," allowing others to learn from and be inspired by the actions of their colleagues.

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 and trust. Procrastination in addressing an issue can be misinterpreted as tacit approval, setting a dangerous precedent and eroding the credibility of the entire management system. For a disciplinary issue, a prompt response allows the employee to understand the gravity of their actions and correct their behavior before it escalates. For a reward, immediate recognition, even a simple shout-out, reinforces the desired behavior in the moment it occurs.

Proportionality: The disciplinary measures applied must be commensurate with the severity and impact of the misconduct. An employee's past record, level of intent, and cooperation during the investigation will be considered as part of the overall assessment. This principle ensures that discipline is not arbitrary. For example, a minor, unintentional expense report error will be handled with a different level of severity than a deliberate, fraudulent one. The context is everything. An employee who immediately confesses an error and works to rectify it may receive a less severe penalty than one who tries to conceal it, even if the initial mistake was the same. The goal is to correct and prevent future occurrences, not to over-punish.

Legal Compliance: All aspects of this policy will strictly adhere to all applicable local, national, and international labor laws, regulations, and statutes. Where local law provides a higher standard, that standard shall prevail. We recognize that legal frameworks vary across the globe. For example, in some jurisdictions, specific legal procedures must be followed for disciplinary termination, such as providing a certain number of days' notice or conducting a formal hearing. Our policy serves as a baseline, and it is the responsibility of local HR and legal teams to ensure that all local and regional legal requirements are met and integrated into our practices. The Company reserves the right to amend this policy as needed to remain compliant with evolving legal landscapes.

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. This policy also applies to behaviors that occur outside of the workplace or normal business hours if they are related to the Company and have a negative impact on its reputation, operations, or employees. For example, an employee's social media post that publicly and maliciously slanders the Company or a coworker, or engaging in a physical altercation at a Company-sponsored off-site event, could be subject to disciplinary action under this policy. The principle is that actions that harm the Company or its employees, regardless of where they occur, fall under our purview.

Article 3: Division of Responsibilities

Human Resources & Organizational Development Department (HR & OD):

- Formulates, interprets, and updates this reward and disciplinary management policy and related procedures, ensuring they remain relevant and legally compliant. HR serves as the policy steward.
- Acts as an independent third party to guide and manage the investigation process for misconduct, ensuring its fairness and professionalism. HR's role is not to prosecute but to find the facts objectively.
- Provides training and consultation to supervisors and employees on the code of conduct and reward and disciplinary processes. This includes regular workshops on topics such as unconscious bias in performance reviews and effective feedback techniques.
- Organizes and operates the "Awards Review Committee" and the "Disciplinary Review Committee," ensuring due process and consistent application of standards.
- Maintains the accuracy and confidentiality of all reward and disciplinary records, serving as the central repository for all personnel actions.

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 through coaching and leading by example.
- Observe, guide, and provide timely feedback on employees' daily behavior and performance. They are the first line of defense in preventing minor issues from escalating.
- Promptly nominate deserving employees and teams for rewards, providing detailed and fact-based justification for their recommendations.
- Are responsible for immediately reporting any potential misconduct they observe or are informed of to the HR department or designated channels. Failure to report a known violation is itself a form of misconduct.
- Execute approved disciplinary decisions and provide subsequent coaching and observation for the disciplined employee to support their rehabilitation and development, helping them get back on track.

Employees:

- Are responsible for reading, understanding, and complying with this policy and the Company's various codes of conduct. Ignorance of the policy is not a valid excuse.
- Perform their duties with integrity and professionalism, demonstrating the Company's values in every action.
- Have the right and the obligation to report any suspected violations of Company policy or laws and regulations without fear of retaliation, using the provided channels. This is a critical part of maintaining our culture of integrity.
- Actively participate in reward nominations to recognize the outstanding contributions of their colleagues, helping to build a culture of mutual respect and appreciation.

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. Rewards can range from a simple, public "thank you" to a significant cash bonus, and are always tied to a clear, measurable achievement.
- **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. Discipline is a structured, formal process, distinct from a supervisor's routine coaching on performance issues.
- **Misconduct:** Any behavior that deviates from or violates the "Employee Code of Conduct" as defined in Chapter 5 and other Company policies. This includes both acts of commission

(doing something wrong) and acts of omission (failing to do something required), and can be intentional or a result of gross negligence.

- **Whistleblower:** Any individual who, in good faith, reports suspected illegal, irregular, or improper conduct to internal or external regulatory bodies. A key distinction is "good faith," meaning the report is based on a genuine belief that a wrongdoing has occurred, rather than being filed for malicious reasons.
- **Conflict of Interest:** A situation where an employee's personal interests (or the interests of their relatives or close associates) conflict or may potentially conflict with the interests of the Company. This can be as simple as an employee recommending a supplier owned by a family member without disclosing the relationship, or as complex as an executive holding shares in a competitor.
- **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 and is a serious violation of our policy. It undermines the trust essential for a healthy reporting culture.

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 a powerful tool for guiding future behavior and disseminating our core values. 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. This includes both tangible business results and intangible cultural influence. For instance, a software engineer who creates a new internal tool that saves 1000 hours of manual work across multiple teams has a tangible impact, while a project manager who consistently fosters a positive, collaborative environment during a stressful project has an invaluable intangible impact. Both are worthy of recognition.
- **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." An award is not just about a single achievement; it is about how that achievement was reached. The CEO Award, for example, is reserved for an employee who not only achieved a business milestone but did so in a manner that truly embodied the entire set of our leadership principles, from showing bias for action to having a long-term strategic perspective.
- **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. We understand that not all innovation

succeeds. In fact, many attempts will fail. By rewarding the effort and the learning process, even in failure, we create a safe environment for bold ideas to be proposed and explored, without the fear of negative career repercussions.

- **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 that benefit the entire Company. This can be an award for a sales team and a product team that worked seamlessly together to close a major new account, or for an engineering and a marketing team that launched a product in record time through synchronized efforts.
- **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 to inspire and learn from. The purpose of the recognition ceremony is not just to celebrate the winner but to provide a clear, living example of what success looks like at Alpha Unlimited Inc., and to teach others how they can achieve it.

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. For example, a disciplinary meeting should start with, "We need to discuss an incident that occurred on [Date] where [Specific Action]..." rather than "We need to talk about you and your behavior." This professional framing helps the employee understand that the focus is on a correctable behavior, not an intrinsic character flaw.
- **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. This structured, step-by-step approach gives employees clear opportunities to correct their behavior and prevents surprises.
- **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. These behaviors are so fundamentally corrosive to our culture and business that they do not warrant a progressive approach; they must be addressed immediately and with the highest level of severity.
- **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. We will take any report of retaliation with the utmost seriousness, and such a report will be investigated with the same rigor as a major misconduct allegation. This commitment is non-negotiable and is communicated in all employee training and communications.

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. To ensure this, our HR department maintains a detailed log of all disciplinary actions and their justifications, which is periodically reviewed to identify any potential inconsistencies. This data-driven approach helps us maintain a consistent standard across the board.
- **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. For example, an employee who makes a serious error due to a lack of training may be treated differently from an employee who makes the same error out of a willful disregard for safety protocols, even if the outcome is the same. The context matters.
- **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. Our Disciplinary Review Committee is trained to actively look for and challenge any evidence of bias in the proposed recommendations.

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. This means that information should only be shared with those who absolutely need to know in order to perform their duties. Any unauthorized sharing of confidential information is a serious offense.
- **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. This ensures that personal relationships do not influence objective decision-making.

- **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. This is the bedrock of a fair process.
- **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. The integrity of the process is paramount.

Article 9: Global and Local Compliance

The Company operates in a global environment and is committed to upholding the laws of every jurisdiction in which it operates. This policy is the minimum standard of conduct. In the event of a conflict between this policy and local law or regulation, the more stringent standard will apply. The Company will provide specific supplements to this policy for certain jurisdictions as required to address local legal and cultural nuances. For instance, in a country where labor laws require a union representative to be present during a disciplinary meeting, this local requirement will be a supplement to our general policy, ensuring that our practices are always compliant and respectful of local norms.

Part 2: Reward Management

Chapter 3: Types and Standards of Rewards

Article 10: 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:

On-the-Spot Recognition:

- **Purpose:** To provide quick, immediate acknowledgment and positive reinforcement for good behavior and small contributions demonstrated in daily work. It is an immediate response to an observed positive act.
- **Forms:** Verbal praise from a supervisor in a team setting, a personalized thank-you email, a small-value gift card (e.g., coffee voucher, movie ticket), or a team lunch as a spontaneous celebration of a small win.
- **Characteristics:** Delegated to supervisors at all levels, with a simple process emphasizing timeliness and sincerity. The value is in the immediacy and personal touch.

Departmental Awards:

- **Purpose:** To recognize individuals or teams who have made significant contributions within their department, helping to achieve departmental goals and fostering a positive team environment. This level of award acknowledges performance that drives departmental success.

- Forms: Public recognition within the department, formal certificates, a departmental performance bonus, a special team-building event, or a trophy that is passed between winners each quarter.
- Characteristics: Awarded quarterly or semi-annually, led by department heads with input from team members.

Company-wide Awards:

- Purpose: To recognize individuals or teams who have had a major, measurable impact on the entire company and serve as role models for all employees. These awards represent the highest honor an employee can receive.
- Forms: Annual awards ceremony with a senior executive host, significant cash bonuses or equity awards, a permanent plaque or trophy with the winner's name engraved, and internal and external press recognition.
- Characteristics: Awarded annually, decided by the "Awards Review Committee" composed of senior management, representing the Company's highest honor.

Article 11: Individual Reward Categories

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

CEO Award / MVP of the Year:

- Standard: Awarded to the one 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 and positive impact on the Company's strategic goals or financial performance. The recipient embodies all the Company's values. Examples include a salesperson who closes a deal that opens a major new market, or a scientist who invents a new product feature that gives us a major competitive edge.

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, consistently demonstrating integrity and excellence. A person who wins this award may not have the highest sales numbers, but they are known for their unwavering commitment to our customers, their humble spirit in helping colleagues, and their proactive approach to solving problems.

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. This award celebrates intellectual curiosity and

courage. This can be for a new software algorithm that significantly speeds up a key process or for a new manufacturing technique that drastically cuts costs.

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. This award celebrates genuine empathy and dedication. A customer service representative who goes above and beyond to solve a complex issue for a client, or a product manager who is constantly in the field gathering feedback to improve the user experience, would be strong candidates.

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. This recognizes a strong start and future potential. This award is for the new hire who is not just good at their job but is also quickly becoming a key contributor and a positive influence on their team.

Service and Dedication Award:

- Standard: Awarded to an employee who has demonstrated exceptional loyalty and long-term commitment, consistently providing high-quality service and unwavering support to their team and the company. This is often awarded for long-term tenure and consistent, reliable performance. This award celebrates the backbone of our company—the employees who show up every day, do their job with excellence, and are always there to support their colleagues.

Peer Recognition Award:

- Standard: Awarded to an individual who has received an outstanding number of nominations and positive feedback from their colleagues, recognizing their positive influence on morale, collaboration, and a supportive work environment. This is a testament to their character and impact on their peers. This award is unique as it is a pure reflection of the respect and appreciation an employee has earned from their colleagues.

Article 12: Team Reward Categories

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. This award recognizes collective success and synergy. This team not only hit its targets but did so in a way that strengthened the bonds among its members and with other teams.

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, adherence to schedule and budget, and final business results. This award is for the team that pulls off a major feat of execution, from a complex software launch to a major office relocation.

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. This includes organizing events, driving policy changes, and fostering a more welcoming environment. This award celebrates those who go beyond their daily tasks to build a better, more inclusive culture for everyone.

Continuous Improvement Award:

- Standard: Awarded to a team that has successfully implemented a process, system, or workflow improvement that has significantly increased efficiency, reduced costs, or improved quality over a sustained period. This award celebrates a culture of problem-solving and optimization. An example would be a customer support team that develops a new script or system that reduces average resolution time by 30%.

Article 13: 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. This dual-phase reward recognizes both the effort in invention and the success in legal protection.
- 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 and sustain momentum. This provides short-term incentives within a long-term project.
- Product Launch Excellence Award: Awarded to the cross-functional team responsible for the successful launch of a major new product or service, recognizing their seamless coordination, market success, and overall execution. This award is for the team that perfectly orchestrates the complex process of bringing a new product to market, from development to marketing to sales.

Chapter 4: Nomination and Review of Rewards

Article 14: Nomination Process and Eligibility

Eligibility to Nominate: Any employee within the Company, regardless of their position or department, can nominate other eligible individuals or teams for various awards.

Self-nominations are also encouraged, as they provide a valuable opportunity for employees

to reflect on their own contributions. We believe that everyone should have a voice in recognizing excellence.

Nomination Channel: All nominations must be submitted online through the Company's internal performance and rewards system, which ensures a transparent and auditable process. This digital system ensures that all nominations are captured and tracked, and that the review committee can easily access the information.

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. A nomination is not just a name; it is a story of achievement. The more evidence and detail provided, the stronger the nomination.

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 and communicated to their teams.

Article 15: Awards Review Committee

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. For specific awards (e.g., Innovation Excellence), subject matter experts may be temporarily included in the committee to ensure a fair and knowledgeable assessment. This composition ensures that the final decisions are made with a comprehensive understanding of both business impact and employee behavior.

Responsibilities:

- Review all nomination materials for Company-wide awards with a critical eye.
- Conduct a fair and objective selection based on the award criteria. The committee must be willing to debate and challenge each other to ensure the best candidates are chosen.
- Request supplementary information from nominators or the nominee's supervisor when necessary to ensure all facts are considered.
- Vote to determine the final list of award winners, and the committee's decision is final.
- Continuously review and optimize award categories and selection criteria to ensure alignment with the Company's strategic goals and values.

Article 16: Review Standards and Decision-Making

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? How far-reaching was the positive effect? This is about breadth of influence.

- Degree of Difficulty: How significant were the technical, resource, or market challenges overcome to achieve this accomplishment? This measures the resilience and skill of the individual or team.
- Originality: Was the solution or idea groundbreaking or unique within the industry or Company? Did it showcase creative thinking? This is where we reward true innovation.
- Alignment with Values: Did the process of achieving the accomplishment fully embody the Company's core values? Did the individual act with integrity and respect? This is a crucial check to ensure we are not rewarding results at the expense of our culture.
- Sustainability: Will the positive impact of this contribution last in the long term, or was it a one-time success? We prefer to reward foundational changes that will benefit the company for years to come.

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 17: Granting and Announcement of Rewards

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. This serves as a public celebration of success and a reinforcement of company values.

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. Detailed profiles of the winners will be shared to inspire others.

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, in press releases, or at industry events.

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. All monetary awards are subject to standard tax and legal deductions.

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 18: Integrity and Honesty

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

- Maintain honesty and transparency in all business dealings and provide accurate information at all times. This includes everything from sales reports to project status updates.
- Accurately record working hours, expense reimbursements, and other business data. Any form of falsification or fraud is strictly prohibited and will be met with severe consequences. This is non-negotiable.
- Maintain transparency in communication, reporting bad news as promptly as good news. This builds a culture of trust and allows for timely problem-solving.
- Promptly report any observed unethical behavior or policy violations to the appropriate channels. Failure to report a known issue can be seen as complicity.

Article 19: 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. This includes listening actively and considering others' perspectives, even in disagreement.
- Respect the diverse backgrounds, perspectives, and experiences of others, and not engage in any form of discrimination, hate speech, or harassment. Our differences are our strengths.
- Promote open and candid dialogue, maintaining civil communication even in disagreement. We encourage healthy debate, but it must always be respectful.
- Bullying, threats, intimidation, or any form of aggressive behavior are strictly prohibited. This includes verbal, non-verbal, and cyber-bullying, and applies to all forms of communication, including internal chat platforms and social media.

Article 20: 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, and software licenses. This means using them only for work-related tasks and ensuring they are physically secure.
- Strictly adhere to the Company's information security policies, set strong passwords, and handle sensitive information with care. This includes proper handling of physical documents and electronic data, and not leaving confidential documents on a desk where they can be seen by others.
- Unauthorized access, copying, modification, or deletion of Company data is prohibited. This applies to both digital and physical data.

- Immediately report any potential security vulnerabilities or incidents to the Information Security department. A swift report can prevent a small issue from becoming a major data breach.

Article 21: Conflict of Interest and Related Party Transactions

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. This transparency protects both the employee and the Company.
- Not engage in outside employment without approval, especially with competitors, suppliers, or customers. This prevents divided loyalties and the potential for a conflict of interest.
- Obtain prior written 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. This includes using insider knowledge for personal trading, or using their influence to benefit a family member's business.

Article 22: 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. This includes jokes, slurs, unwelcome advances, and derogatory comments.
- Discrimination refers to making adverse employment decisions (in hiring, promotion, compensation, termination, etc.) based on legally protected characteristics. This includes subtle forms of discrimination, such as giving a lower performance rating to an employee based on a protected characteristic.
- All employees should familiarize themselves with and comply with the detailed provisions of the "Anti-Harassment and Anti-Discrimination Policy," which provides more specific examples and reporting procedures.

Article 23: 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. This applies to both monetary and non-monetary benefits.

- 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.
- Report any suspected bribery or corrupt activity immediately to the Compliance or Legal department.

Article 24: 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. This is a standard legal clause that protects the Company's investment in research and development.
- Strictly protect the Company's trade secrets and other non-public sensitive information, and not disclose it to any unauthorized third party. This includes information about our products, our customers, our financial performance, and our strategic plans.
- 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.
- Not use third-party intellectual property without proper license or authorization. This includes not using copyrighted images or software without a valid license.

Chapter 6: Classification and Definition of Misconduct

Article 25: 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? For example, fraud is inherently more serious than a minor procedural error.
- 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? This measures the consequences of the action.
- Intent: Was the act a result of negligence, recklessness, or malicious intent? Intent is a key factor in determining the severity of an action. A careless mistake is very different from a deliberate attempt to harm the company.
- Scope of impact: Was the impact of the act limited to an individual, or did it affect an entire team, a department, or the entire Company? An action that affects a single person is less severe than one that affects the entire company's reputation.

- Prior record: Has the employee committed similar or related misconduct in the past? A repeated offense is always more serious than a first offense.

Article 26: 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. This level of misconduct often serves as an opportunity for coaching and early intervention.

- Examples:
 - Occasional unexcused tardiness or early departure without proper communication.
 - Failure to comply with the Company's dress code or grooming standards after being reminded.
 - Handling excessive personal matters during work hours, slightly affecting work efficiency.
 - Failure to attend non-core internal meetings as required.
 - Minor errors in data entry or documentation that are easily correctable and do not cause significant loss.
 - Carelessly misplacing minor Company property.
- Typical Response: Verbal reminder, informal coaching, or documentation of the incident in a personal log. The emphasis is on communication and correction rather than punishment.

Article 27: 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 or lasting damage. This level of misconduct warrants a formal, documented response.

- Examples:
 - Leaving one's post without authorization for a prolonged period.
 - Persistent negligence at work, leading to controllable errors after prior coaching.
 - Improper use of Company network resources, such as downloading pirated software or browsing inappropriate websites, in a way that poses a security risk.
 - 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.

- Failure to follow a supervisor's reasonable and lawful instructions after being previously coached.
- Intentionally ignoring a colleague's request for work-related cooperation, causing minor project delays.
- Unauthorized use of Company communication channels for personal business.
- Typical Response: Written warning, mandatory participation in relevant training, or a formal Performance Improvement Plan (PIP).

Article 28: 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, that creates a hostile environment.
- 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 financial 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.
- Repeated violation of Level 2 misconduct after receiving a written warning.
- Unauthorized disclosure of an employee's personal or medical information.
- Typical Response: Final written warning, demotion, job transfer, cancellation of annual bonus eligibility, or a major demerit on performance record.

Article 29: 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 that impacts the Company.
 - 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.
 - Providing false information during the hiring process or a disciplinary investigation.
 - Unauthorized access to a colleague's personal or confidential information.
- 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 30: Types of Disciplinary Measures

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

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.

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.

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.

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.

Performance Improvement Plan (PIP): Applied when misconduct is related to poor performance. For detailed regulations, please refer to the "Employee Performance Management Policy."

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.

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.

Financial Penalties: Including reduction or cancellation of performance bonuses, revocation of unvested equity awards, or a requirement to repay misused funds. The amount of the penalty must be clearly defined and proportionate to the misconduct.

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 31: Principles for Applying Disciplinary Measures

Principle of Proportionality: The disciplinary measure taken must be proportionate to the severity of the misconduct. A minor infraction will not result in termination.

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.

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.

Documentation: All disciplinary actions, except for verbal warnings, must be officially documented in writing and placed in the employee's personnel file. This ensures an accurate and complete record.

Article 32: 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, as they reflect an employee's adherence to company values and policies.

Part 4: Investigation and Appeal Procedures

Chapter 8: Reporting and Investigation of Misconduct

Article 33: Reporting Channels and Whistleblower Protection

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

Direct Supervisor: The most direct route for most general issues.

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.

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.

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 34: Initiation and Principles of Investigation

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.

Investigation Principles:

- **Promptness:** The investigation should be initiated and completed as quickly as possible after the report is received to ensure all evidence and witness memories are fresh.
- **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 35: Composition and Responsibilities of the Investigation Team

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.

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 36: Investigation Process and Timeline

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.

Evidence Collection: Evidence is gathered according to the investigation plan. All employees are required to cooperate with investigators.

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. They may be accompanied by a non-legal representative from the company.
- All interviews should be conducted with at least two investigators present.

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.

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. The timeline may be extended if new, relevant information is introduced.

Article 37: 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 all 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 38: Proposal of Disciplinary Recommendations

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.

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.

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).

Output: A written "Disciplinary Recommendation Report" is created, containing the recommended disciplinary action(s) and a detailed rationale.

Article 39: 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.

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.

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 40: Approval and Notification of Disciplinary Decisions

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.

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 41: Execution and Recording of Disciplinary Actions

Execution: The HR department, in coordination with relevant departments (e.g., Payroll, IT), will execute the disciplinary decision.

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. This ensures a comprehensive history for future reference.

Chapter 10: Appeal and Reconsideration Mechanism

Article 42: 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 43: Submission and Acceptance of Appeals

Deadline: The employee must submit a written "Appeal Application" to the HR department within five working days of receiving the "Disciplinary Action Notice."

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.

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 44: Appeal Review Process

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.

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.

Review Process: The panel will review all case materials and may interview the appellant or the original investigators as needed. The appellant has the right to present their case in person to the panel.

Timeline: The appeal review should be completed within fifteen working days of acceptance.

Article 45: Final Decision and Notification

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.

Final Decision: The decision of the Appeal Review Panel is the Company's final decision and cannot be appealed further.

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 46: Management and Retention of Reward and Disciplinary Records

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.

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.

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 47: 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 48: Policy Interpretation and Amendment

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.

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 49: Effective Date

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