

Realtek Semiconductor Corporation
Rules Governing Financial and Business Matters
Between the Company and its Related Parties
(Translation)

Date: 2024.07.30 (Amended)

Article 1

To ensure sound financial and business interactions between the Company and its related parties and to prevent non arm's-length transactions and improper channeling of interests with respect to the purchase and sale of goods, the acquisition and disposal of assets, the provision of endorsements and guarantees, and loans of funds between the Company and its related parties, these Rules are adopted for compliance.

Article 2

Except as otherwise provided by law and regulation or by the articles of incorporation, financial and business matters between the Company and any of its related parties shall be handled in accordance with the provisions of these Rules.

Article 3

The term "related parties" as used herein shall be identified in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The term "affiliated enterprise" as used herein means an enterprise that, in accordance with Article 369-1 of the Company Act, exists independently and has either of the following relationships with the Company:

1. A relationship of control or subordination.
2. A relationship of mutual investment. In determining whether a relationship of control or subordination under the preceding subparagraph exists, the substance of the relationship shall be considered in addition to the legal form.

Article 4

The Company shall establish an effective internal control system in regard to its own and its related parties, including affiliated enterprises, overall operational activities, and shall continue to review the system in order to adapt to changes in the internal and external environment and ensure that the system's design and operation remain effective.

The Company shall ensure that any subsidiary develops an effective internal control system, taking into account the laws and regulations of the jurisdiction in which the subsidiary is located and the nature of its operations. For any related party that is not a public company, the Company shall still, in consideration of the degree of influence it has on the Company's business and finances, require that it develop effective systems for internal control and for managing financial, business, and accounting matters.

Article 5

In addition to implementing the adopted internal control system, the Company shall pay close attention to the following matters when exercising supervision over the operation and management of its affiliated enterprises:

1. The Company shall obtain an appropriate number of director and supervisor seats in the affiliated enterprise in accordance with the percentage of the shares it holds.
2. The director assigned to an affiliated enterprise by the Company shall supervise the affiliate's business operations. For any irregularity that may be found, the director assigned to the affiliate shall ascertain the cause, compile a record, and report to the chairman or president of the Company.
3. The supervisor assigned to an affiliated enterprise by the Company shall supervise the affiliate's business operations. For any irregularity that may be found, the supervisor assigned to the affiliate shall ascertain the cause, compile a record, and report to the chairman or president of the Company.
4. The Company according to actual need shall assign competent personnel to assume important positions at its affiliated enterprise, such as president, financial officer, or internal audit officer, in order to assume the duties and responsibilities of management, decision-making, and supervision and evaluation.
5. Subsidiaries of the Company shall regularly submit monthly financial statements for the preceding month, including balance sheets, income statements, etc. In the event of irregularities, analysis reports shall also be submitted to allow management and control by the Company. Other affiliated enterprises shall also regularly submit financial statements for the preceding quarter, including balance sheets, income statements, etc., for analysis and review by the Company.

Article 6

The division of powers and responsibilities between the Company and its affiliated enterprises with respect to personnel management shall be clearly identified. If personnel support or transfer is indeed necessary, the scope of work, division of powers and responsibilities, and allocation of costs shall be specified in advance.

Article 7

The Company shall establish an effective system of communication with each affiliated enterprise with respect to financial and business matters, and to mitigate risks, shall regularly conduct comprehensive risk assessments of their banks, principal clients, and suppliers. With respect to an affiliated enterprise with which it has financial and business interactions, the Company shall especially maintain close control over material financial and business items for the purpose of risk management.

Article 8

Any loans or endorsements/guarantees between the Company and a related party shall be carried out in compliance with the Procedures for Lending Funds to Other Parties and Procedures for Endorsement and Guarantee prescribed by the Company.

Article 9

The pricing, terms of a transaction, and its formal and substantive nature and the related handling procedures for any business interaction between the Company and any related party shall not differ markedly from those of a normal transaction with a non-related party, nor may they be obviously unreasonable.

When business needs require the purchase of finished products, semi-finished products, or materials from a related party, purchasing personnel shall thoroughly evaluate the reasonableness of the price

quoted by the related party based on market prices and other transaction terms and conditions. Except in special circumstances, or given advantageous conditions that differ from those of ordinary suppliers, under which the granting of preferential pricing or terms of payment can be reasonably stipulated, any other prices and payment terms shall comply with normal business practices. Price quotes for the sale of any finished products, semi-finished products, or materials to a related party shall be made with reference to current market prices. Except in cases of long-term cooperation or other special factors that are different from ordinary clients, under which reasonable stipulations may be made to grant preferential pricing or terms of payment, any other prices and payment terms shall comply with normal business practices. For professional or technical services provided between the Company and a related party, both parties shall enter into a contract stipulating the scope of the services, fees charged, time period, payment terms, and after-sales service. The contract shall be implemented after approval by president or chairman of the Company, and all contract terms and conditions shall comply with normal business practices.

Article 9-1

If the Company engages in transactions with related parties involving purchases or sales of goods, professional services, or technical services, and the annual transaction amount is expected to reach five percent of the Company's most recent consolidated total assets or most recent annual consolidated net revenue, except as stipulated by the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, or except for transactions between the Company and its parent company, subsidiaries, or between its subsidiaries, the following information shall be submitted for approval by the board of directors before conducting such transactions:

1. Details of the transaction, its purpose, necessity, and expected benefits.
2. Reasons for selecting a related party as the transaction counterparty.
3. Principles for calculating the transaction price and the expected annual transaction amount ceiling.
4. Explanation of whether the transaction terms are in accordance with normal business terms and do not harm the Company's interests and shareholders' rights.
5. Restriction conditions of the transaction and other important contractual matters.

For transactions with related parties referred to in the preceding paragraph, the following information shall be reported in the most recent shareholders' meeting after the end of the fiscal year:

1. Actual transaction amounts and conditions.
2. Whether the transaction was conducted in accordance with the board-approved transaction pricing principles.
3. Whether the annual transaction amount exceeded the board-approved limit. If the transaction amount exceeded the limit, the reasons, necessity, and reasonableness shall be explained.

Article 10

Any asset transaction, derivative trading, merger, divestiture, acquisition, or share transfer between the Company and a related party shall be conducted in accordance with the Procedures for Acquisition or Disposal of Assets prescribed by the Company.

When the Company makes an acquisition of securities from or a disposition of securities to a related party, or an acquisition of securities whose underlying is the stock of an affiliated enterprise, it shall, before the date of occurrence, obtain the financial statements of the issuing company for the most recent period, audited and attested or reviewed by a certified public accountant (CPA), for reference in appraising the transaction price. If the amount of the transaction is 20 percent or more of the

Company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, it shall also, before the date of occurrence, request a CPA to provide an opinion on the fairness of the transaction price, except for securities quoted on an active market or as otherwise required by the Financial Supervisory Commission.

When the Company engages in the acquisition of intangible assets or its right-of-use assets or memberships from or their disposition to any of its related parties, if the amount of the transaction is 20 percent or more of the Company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, it shall, before the date of occurrence, request a CPA to provide an opinion on the fairness of the transaction price.

Article 10-1

When the Company intends to conduct any acquisition or disposal of real property or its right-of-use assets from or to any of its related parties, or to conduct an acquisition or disposal of assets other than real property or its right-of-use assets from or to any of its related parties in which the transaction amount is furthermore 20 percent or more of the Company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, with the exception of the purchase or sale of government bonds, repo or reverse repo bond transactions, or subscription to or repurchase of money market funds issued by domestic securities investment trust enterprises, it shall have the following matters approved by the audit committee and the board of directors before it may enter into a contract for the transaction and pay the required monies:

1. An appraisal issued by a professional appraiser as required by regulations, or a CPA opinion.
2. The purpose, necessity, and projected benefits of the acquisition or disposal of real property.
3. The reason for choosing the related party as a trading counterparty.
4. Information relating to appraisal of the reasonableness of the preliminary transaction terms when acquiring real property from a related party in accordance with Articles 16 and 17 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
5. The date and price at which the real property was originally acquired by the related party, the trading counterparty, and the trading counterparty's relationship with the Company and its related party.
6. Monthly cash flow forecasts for a full year commencing from the scheduled month of contract signing, and an evaluation of the necessity of the transaction and the reasonableness of the utilization of funding.
7. Any restrictions on the transaction and other important stipulations.
8. An opinion issued by a CPA engaged to review whether the transaction with the related party conforms with ordinary commercial terms and whether it is not damaging to the interests of the Company and its minority shareholders.

When the amount of the transaction involving acquisition or disposal of real property, equipment or its right-of-use assets under the preceding paragraph is 20 percent or more of the Company's paid-in capital, 10 percent of its total assets, or NT\$300 million or more, the Company shall obtain an appraisal report issued by a professional appraiser. If the discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount, the Company shall additionally request a CPA to provide a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price, and it shall be approved by a majority of the directors in attendance at a board of directors meeting attended by two-thirds or more of the directors.

In an acquisition of real property or its right-of-use assets from a related party, if the actual transaction price is higher than the appraised transaction cost, and no objective evidence can be

presented and no concrete opinion that the transaction is reasonable can be obtained from a professional appraiser and a CPA, the audit committee and the board of directors shall thoroughly review the transaction and determine whether it may prejudice the rights and interests of the Company and its shareholders, and when necessary, shall refuse to enter into the transaction. When a transaction as described under the preceding paragraph has been approved by the audit committee and the board of directors, the Company shall set aside a special reserve against the difference between the transaction price and the appraised cost, and may not distribute the difference or use it for capital increase or for issuance of bonus shares. In addition, the Company shall report the handling of the above transaction to the shareholders meeting and shall disclose the details of the transaction in the annual report and any prospectus.

When any of the following circumstances is present in a transaction with a related party, after passage by the board of directors, the information described under the subparagraphs of the first paragraph shall also be submitted to the shareholders meeting for passage of a resolution, and a shareholder that is an interested party shall not participate in the voting:

1. The Company or its subsidiary that is not a domestic listed company has performed the transaction in the first paragraph, and the amount of the transaction is 10 percent or more of the Company's total assets.
2. According to the Company Act, the Company's articles of incorporation, or the regulations on internal operating procedure, the amount or the terms of the transaction will have a material effect on the Company's operations or shareholder equity.

If the Company has performed a transaction under the first paragraph with a related party, information about the actual transaction (including the actual price and terms of the transaction, and the information described in the subparagraphs of the first paragraph) should be reported at the next shareholders' meeting after the end of a year.

Article 11

With respect to any material financial or business interaction between the Company and any related party that requires a resolution of the board of directors, full consideration shall be given to each independent director's opinion. Specific opinions by independent directors expressing assent or dissent, and the reasons for dissent, shall be included in the minutes of board meetings.

When a director himself/herself or the legal entity represented by a director is an interested party with respect to a particular agenda item, that director shall enter into recusal and may neither vote on that item nor exercise voting rights as proxy for another director. Directors shall maintain self-discipline among themselves and may not enter into relationships of inappropriate mutual support with other directors.

When a director's spouse, relatives within second degree of consanguinity, or companies in which a director has a controlling or subordinate relationship have a vested interest in the agenda item referred to in the preceding paragraph, the director shall be deemed to have his or her own interest in the matter.

Article 12

The Company, in compliance with the requirements of laws and regulations regarding matters that must be publicly disclosed or filed and the deadlines for so doing, shall make timely arrangements for the provision by each subsidiary of required financial and business information, or to retain CPAs to audit or review the financial reports of each subsidiary.

The Company shall publicly disclose the consolidated balance sheets, consolidated statements of comprehensive income, and CPA secondary review reports covering affiliated enterprises by the deadlines for the filing of the annual financial reports under applicable laws and regulations.

Information on any increase, decrease, or other change in affiliated enterprises shall be filed with the TWSE within 2 days of the change.

Information on any material transaction between the Company and a related party shall be fully disclosed in the annual report, financial statements, the three reporting forms for affiliated enterprises, and prospectuses.

If a related party experiences financial difficulties, the Company shall obtain its financial statements and related materials in order to assess the resulting effect on the finances, business, or operations of the Company, and when necessary, appropriate conservatory measures shall be adopted to safeguard the Company's rights as a creditor. Under the above circumstances, in addition to specifying the resulting effect on the Company's financial position in its annual report and prospectus, the Company shall also make a timely announcement of material information on the Market Observation Post System (MOPS).

Article 13

These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors.