

## **Wistron Corporation**

### **Rules on Restricted Stock Awards to key employees for year 2020**

#### **Article 1 Purpose**

In order to attract and retain business professionals, motivate employees and enhance solidarity, to further the combined interests of the Company and its shareholders, these “Rules on Restricted Stock Awards to key employees for year 2020” are set in accordance with Section 267 of the Company Act and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, promulgated by the Financial Supervisory Commission.

#### **Article 2 Issue Period**

Employee Restricted Stock Awards (RSAs) may be issued one or more times depending on actual need within one year from the date of the approval notice issued by the Competent Authority. The actual issuance date is authorized to be determined by the Chairman.

#### **Article 3 Eligible Employee Determination**

1. Full-time employees of the Company and its subsidiaries who have made exceptional contributions, have been employed for at least three months prior to the grant date of the RSAs, and have been approved by the Chairman.
2. The actual number of shares granted and employees receiving the grants will consider seniority, rank, job performance, overall contribution and other factors, and will also consider the Company’s operational needs and business development strategies. The final decision will be made by the Chairman and subsequently submitted to the Board of Directors for approval. Shares issued to managers shall be reported in advance to the Compensation Committee and approved by the Board of Directors.
3. In accordance with Paragraph 1, Article 56-1 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the number of Employee Stock Option Certificates granted to a single employee, combined with the total number of RSAs that the employee has cumulatively obtained, shall not exceed 0.3% of the Company’s total issued shares, and the cumulative number of Employee Stock Option Certificates granted plus the total number of RSAs granted to an employee shall not exceed 1% of the company's total issued shares. The number of RSAs allocable to a single employee, as mentioned in this provision, shall be adjusted in accordance with any updated regulations and directives issued by the competent authorities.

#### **Article 4 Expected total amount to be issued**

A total of 63,000,000 shares at a par value of NT\$10 per share; the total cost will be NT\$630,000,000.

#### **Article 5 Conditions of issuance**

1. Issue Price: To be issued for free to employees, NT\$0.00 per share.

2. Type of share issued: Ordinary shares of the Company.

3. Vesting conditions:

(a) The RSAs shall have a holding period of two years, and vesting shall be conditioned each year first on the Company's overall performance and then on the employee's individual performance indicators, as measured at the annual performance evaluation.

(1) The Company's overall performance indicators: Based on the consolidated financial statements audited and certified by the CPA for the most recent fiscal year in which the Company's vesting period has ended, the following two indicators shall each be given a weight of 50%, with the weighted average composite score used as the basis for distribution. However, in the event of significant impact on the Company due to international or industry circumstances, the Compensation Committee of the Company may propose adjustments to the performance indicators or distribution ratios, which shall be executed upon approval by the Board of Directors. The performance conditions are as follows:

- a. Earnings Per Share (EPS) growth of 10% (or more) compared with the average of the previous three years.
- b. Return of Equity (ROE) growth better than the average of peers.

(\*) The Company's peers are Quanta Computer Inc., Compal Electronics Inc., Pegatron Corp, Inventec Corporation. In the event of any adjustment to the list of peers, it shall be approved by the Compensation Committee.

(2) Individual Performance Indicators:

| Grant Period             | Performance Review Result and Portion of Shares Granted |            |         |
|--------------------------|---|------------|---------|
|                          | Excellent and above                                     | Grade A    | Grade B |
| 2 years after grant date | 34%   | 80% of 34% | 0       |
| 3 years after grant date | 33%   | 80% of 33% | 0       |
| 4 years after grant date | 33%   | 80% of 33% | 0       |

(b) If the shares granted cannot be allocated into three portions equally as stated above, then the appropriation principle will be descending (for example: total granted shares: 7,000. The qualifier of the first year can receive 3,000 shares. The qualifier of the second year can receive 2,000 shares and the qualifier of the third year can receive the rest of 2,000 shares.)

(c) The above-mentioned shares vested shall be rounded off to the nearest 1,000 units.

4. Employees who have not reached the vesting conditions:

- (a) RSAs granted to employees who voluntarily resign, are dismissed, laid off, retire, or redeploy to affiliated companies within four years after the grant date, shall be recovered by the Company without any compensations.
  - (b) In the case of employees who are approved by the Company for leave without pay within four years of the grant date of the RSAs, their unvested shares may be restored after reinstatement but shall be deferred according to the period of leave without pay and in accordance with the provisions of paragraph (c) of this article.
  - (c) In the case of employees whose current performance review fails to meet the vesting conditions during the period of one year after but within four years of the grant date of the RSAs, any unvested shares shall be clawed back by the Company without any compensation.
5. Unvested RSAs granted to employees who violate the labor contract, work rules or company policy of the Company and its subsidiaries, may be recovered and voided by the Company without any compensation, based on the severity of the violation.
6. In the case of an employee's death or physical disability due to an occupational accident, or death in general, unvested RSAs shall be treated according to the following principles:
- (a) For those employees who are physically disabled due to an occupational accident and are unable to continue in office, their unvested RSAs shall be deemed vested on the effective date of disability.
  - (b) In the case of death due to occupational accident or death in general, unvested RSAs shall be deemed vested on the date of death and shall be turned over to the heirs of the deceased after the completion of the necessary legal procedures and provision of the relevant supporting documents.
7. Any unvested RSAs recovered by the Company will be voided.
8. The rights after the RSAs have been granted but before vesting are as follows:
- (a) Employees who are granted RSAs shall not, except in the case of inheritance, sell, pledge, transfer, donate, or otherwise dispose of the shares before the vesting conditions of the grant are met. For employees who meet the vesting conditions of the grant, the Company will transfer the shares directly into the employee's individual account.
  - (b) Rights of RSA grantees to attend the shareholders' meeting, submit proposals, to speak and at the meeting, and the right to vote shall be in accordance with the trust custody agreement.
  - (c) Except regarding the trust custody agreement requirements stated above, the rights associated with unvested RSAs, including but not limited to dividend, bonus, rights

to receive capital reserve, subject to cash replenishment of stock options, etc. are the same rights as those of the ordinary shares issued by the Company.

9. Other important stipulations:

(a) RSAs shall be deposited directly into the trust custody account immediately after being granted. The Company or a person assigned by the Company will sign the agreement with the stock custodian on behalf of employees.

(b) In accordance with the book closure dates for stock grants, cash dividends, rights issues, shareholders' meetings stipulated under Article 165, Paragraph 3 of the Company Act, or any other statutory book closure periods until the date of rights distribution, the vesting period for employees who meet the vesting conditions, as well as the procedures for lifting restrictions on vested shares, shall be executed in accordance with the trust custodial agreement.

#### **Article 6 Contract and confidentiality**

1. After the total number of RSAs to be granted, subscription price, allocation principles and list of employees to be granted are determined, the office in charge will require employees to sign an RSA Recipient Consent agreement.
2. The granted employees will receive their RSAs after signing the RSA Recipient Consent agreement. Employees who do not sign the RSA Recipient Consent agreement will be deemed to give up the right to receive RSAs.
3. The granted employees shall comply with the confidentiality provisions after signing the RSA Recipient Consent and disclosing to others information regarding personal interests or related content is prohibited.
4. Whoever obtains new shares or equity derivatives through this “Rules on Restricted Stock Awards to key employees for year 2020” shall abide by the provisions of rules and the RSA Recipient Consent. Any offenders will be deemed disqualified and the Company will recover and void their granted shares without any compensation.

#### **Article 7 Taxes**

The tax law that shall apply to receiving RSAs under this “Rules on Restricted Stock Awards to key employees for year 2020” shall be the tax laws of the Republic of China.

#### **Article 8 Implementation of the Rules**

The list of employees eligible to receive RSAs, other related procedures, and a detailed processing timetable will be announced by the office in charge at the Company.

#### **Article 9 Implementation and Revision**

1. The “Rules on Restricted Stock Awards to key employees for year 2020”, after being approved by greater than 50% of the Board of Directors, at a meeting attended by more than two-thirds of the board, shall take effect upon approval by the competent authority. The same procedure shall apply to any amendments made before issuance. During the

competent authority review process, the chairman of the Board of Directors is authorized to amend these Rules when requested by the competent authority. RSAs may be issued after the amended Rules have been ratified by the Board of Directors meeting.

2. Any other matters not set forth here shall be dealt with in accordance with the applicable laws and regulations and the issuance rules set by the Company.