

Ethical Corporate Management

Evaluation Item	Implementation Status	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p> <p>(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	<p>We establish “Ethical Corporate Management Best Practice Principles” and “Corporate Governance Best Practice Principles”. The above contents are disclosed on our company website and Market Observation Post System.</p> <p>In our “Code of Ethical Conduct”, we clearly define the basic rules that employees must follow and avoid, including the integrity of providing product and service, avoidance of conflict of interest, principles of giving presents and treats, procedures of legal political donations, procedures and appropriate amount of charitable donations and sponsorship, and punishment to employees who engage in conduct in violation of above regulations. We will implement the Code.</p> <p>We establish an effective risk control and management system and internal regulations to prevent unethical conduct, and to create a sustainable business environment for the Company.</p>	<p>No discrepancy</p> <p>No discrepancy</p> <p>No discrepancy</p>

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<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company set up a unit which is dedicated to or tasked with promoting the company’s integrity policy and reports directly to the Board of Directors with periodical updates on relevant matters?</p>	<p>We comply internal regulations to formulate the evaluation system, including the evaluation of legitimacy, the integrity of the business partner and records of business partner’s unethical behaviors, etc. We complies with the ethical corporate management policy, and stipulates the terms and conditions of ethical management in contracts.</p> <p>Our HR department is supervised by the Board of Directors to be in charge of the company’s integrity policy and report to the Board of Directors on a regular basis (at least once a year). So far no incidents of unethical conduct have been reported.</p> <p>Our 2018 integrity management implementation report is as follows. The report was submitted to the Board of Directors on December 27, 2019.</p> <p>1. Supplier Commitment: The supplier integrity policy commitment letter is required in the Company’s new supplier selection process. The existing suppliers must sign the letter to commit not to make direct or derivative contracts, and not to give bribe, improper gifts, treats and other improper benefits to the employees of the Company or their relatives and friends. As of December 26, 2018, the recovery rate of commitment letter from productive material suppliers was 94.37%.</p>	<p>No discrepancy</p> <p>No discrepancy</p>

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(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	<p>2. Education and training: We conduct online “Education and Training of Code of Ethical Conduct” as a required standard for passing the probation period for new employees. As of December 26, 2018, we have 144 new employees and a total of 138 have completed the training.</p> <p>3. Promote integrity management and establish “Anti-Corruption and Anti-Bribery Reporting System”:</p> <p>(1) We announce “Anti-Corruption and Anti-Bribery Reporting System” telephone number and website information on the TV wall in the Company since August 2, 2018.</p> <p>(2) We announce “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct” on the Company’s employee information portal since August 28, 2018.</p> <p>In order to prevent conflicts of interest, we establish “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct”, etc., which are implemented in accordance with the regulations. Employees can access the reporting channels when any illegal or unethical behavior is being discovers.</p>	No discrepancy

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(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	The Company has established an effective accounting system and an internal control system for the implementation of ethical corporate management and both systems are regularly checked by internal audit office. All financial statements are examined by certified public accountants to ensure the fairness of financial statements.	No discrepancy
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	The Company continually promote the importance of corporate integrity through new employee training, meetings and internal educational training.	No discrepancy
3. Operation of the integrity channel		
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	We specify the following reporting system and channel in the Company’s “Code of Ethical Conduct” and Letter of Integrity Policy.	No discrepancy
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	(1) If the report involves ordinary employee, it should be reported to the department manager, the head of the administrative and HR department or the head of the audit office.	No discrepancy
(3) Does the company provide proper whistleblower protection?	(2) If the report involves board director or executive, it should be reported to the head of the audit office or independent director.	No discrepancy
	Whoever is reported shall immediately investigate the relevant facts. If necessary, they shall be assisted by other related departments.	

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	Our “Code of Ethical Conduct” sets out the standard procedures for investigation of reported case. Whoever is reported should declare in a written statement to keep the whistleblower’s identity and the content of report confidential, and also promise to protect whistleblower from inappropriate disciplinary actions for disclosure of information.	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	“Ethical Corporate Management Policies” and relevant information are disclosed on our annual financial statements, company website and Market Observation Post System.	No discrepancy
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: There have been no differences.		

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<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>(1) In order to implement ethical corporate management, in addition to formulating the Company’s “Ethical Corporate Management Best Practice Principles” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the Company also established other internal regulations; such as “Code of Ethical Conduct” and “Procedures for the Prevention of Insider Trading”.</p> <p>(2) In our “Code of Ethical Conduct”, relevant regulations are defined for avoidance of conflicts of interest. Relevant employees should avoid any conflicts that may cause personal and company interests’ conflicts. When the company receives report from relevant employees that their own behaviors violate the principle of avoiding conflicts of interest, the chairman (applicable to board directors) or the head of HR department (applicable to employees other than board directors) should jointly investigate with the head of the relevant employee’s department. The principle of processing shall be submitted to the general manager for approval (applicable to employees other than board directors) or referred to the board of directors (applicable to board directors).</p> <p>(3) In our “Rules and Procedures of Board of Director Meetings”, we define if a board director or the judicial person of the board director represents has a personal interest in the matter under discussion in the meeting, the board director shall disclose the important information regards the personal interest. If such interest may damage the interest of the Company, the relevant board director shall neither join the discussion and voting of such matter, and shall recuse himself/herself when the matter is being discussed and resolved; nor shall the relevant board director exercise voting right on behalf of another board director.</p>		