

Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies

| Assessment items | Operational status | | Description | Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies |
|---|--------------------|----|--|---|
| | Yes | No | | |
| I. Stipulate ethical management policies and plans | | | | No significant differences |
| (I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team? | V | | (I) The Company's "Ethical Corporate Management Best Practice Principles" was established on August 6, 2015, and some amendments were approved by the Board of Directors on November 4, 2020. There is no difference between the actual operation and the approved "Ethical Corporate Management Best Practice Principles". The Company is in compliance with the laws and regulations. The Board of Directors was eager to and had duly approved the Corporate Social Responsibility Code of Conduct policy, and in the document, details of the policy and active commitments by the Board of Directors and management level to implement it can be found. | |
| (II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? | V | | (II) The Company has established a risk management organization to identify, evaluate and manage potential risks of the Company, and has evaluated that the acts described in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies are included in the scope of risk identification, evaluation and management, and has taken appropriate preventive measures. In addition, the Company has set-up a regular and random audit of the implementation situation by the audit personnel and CPA for active response of any potential conflicts of interests within the company. | |
| (III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance | V | | (III) For promoting and educating on ethical conducts, the Company's Corporate Social Responsibility Code of Conduct is published on the company website for reference by its personnel anytime as a basis for individual behavior. A unit to handle unethical behavior | |

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| process in the program preventing unethical conduct and put them in practice and regularly reviewed and amended the program? | | | reporting is also established. If there are discovery of any major events of violations or major damages to the company, the unit will prepare a report immediately and report to the independent directors so as to fulfill the implementation of unethical behavior handling. The company emphasizes its determination to combat dishonest practices through internal control system, work rules, new employee orientation education training, regular campaigns, and monitoring via accounting system, requesting its employees to adhere to the principle of conflict of interests avoidance, and promotes the company's policy to its suppliers. | |
| <p>II. Fulfillment of ethical management</p> <p>(I) Does the Company evaluate the ethical record of the counterparties and clearly stipulate the ethical behavior clause in the contract signed with the counterparties?</p> <p>(II) Has the Company established a full- (or part-) time specialized unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board?</p> <p>(III) Does the company stipulate a policy to prevent conflicts of interest and provide a proper channel for communication, and practically implement the policy?</p> | V | | <p>(I) Before the Company enters into any business activity, will first conduct assessment of the counterparty for its legality, ethics and prudence, so as to ensure both parties engage in a fair and transparent trading conduct, create a fair environment for competition, maintaining the company's competitiveness.</p> <p>(II) Honesty and faithfulness have always been an important management philosophy of the Company, ethics has been promoted from various aspects in full efforts from the Board of Directors to each of the department management, to which all of the employees should adhere to the Ethical Corporate Management Best Practice Principles. The Company has also established an Audit Committee and internal control system to monitor the company in abiding by the laws and regulations. The Company assigned the Human Resources Department as the accountable unit, ensuring the fulfillment of Ethical Corporate Management Best Practice Principles based on each unit's work duties and scope, and the accountable unit will report to the Board of Directors on a regular basis on the implementation status. Implementation status of the Company's 2022 Ethical Corporate Management has been reported to the Board on March 3, 2023.</p> <p>(III) The Company has established Ethical Operations Management Best Practice Principles to prevent conflicts of interest and provide a proper channel for communication. The Company conducts its business activities in a fair and transparent way based on the principles of ethical operations management. In addition, the company has already formulated the whistleblowing system procedures to report on illegal (including corruption)</p> | No significant differences |

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| (IV) Does the company establish an effective accounting system and internal control system for practical implementation of ethical corporate management, and is the system regularly audited by the internal auditing unit, and does the unit propose relevant audit plans based on the assessment results of the risk of misconduct for auditing the implementation status of the prevention plan for misconduct, or entrusted to an accountant for auditing? | V | | and unethical behaviors. (IV) The Company's accounting system and internal control system are formulated based on related laws and regulations. The internal audit unit prepares the draft work report and audit report based on the audit results, submit them to the Board of Directors, and hold regular and random audits with the CPA. | |
| (V) Does the Company regularly conduct internal and external education and training for ethical management? | V | | (V) The Ethical Corporate Management Best Practice Principles have been announced on the Company's website and communicated with employees at monthly management meetings. In 2022, it was promoted through the corporate website and on various occasions to educate employees about adhering to work philosophy and attitude of integrity, fairness, transparency, and self-discipline. In addition, the Company dispatched 3 people to receive a total of 36 hours of external training in 2022. | |
| III. Operational status of the whistleblowing system of the Company | | | | No significant differences |
| (I) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel and assign appropriate and dedicated personnel to deal with the respondent? | V | | (I) For whistleblowing/complaints matters of any possible violations of laws and regulations or the code of conduct, the Company may report to the Company's audit office. The Company establishes standard operating procedures for investigating the complaints received and protects the informant's identity by establishing confidentiality mechanisms. | |
| (II) Does the company stipulate the standard operating procedures, the follow-up measures should be taken after the | V | | (II) The Company formulates complaint procedures, set-up responsible units to handle the cases and set-up the handling procedures, abides by privacy data laws and strictly prohibits retaliation conducted against the informant. The Company's "Ethical Operations | |

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| <p>investigation and relevant confidentiality mechanism for the reported matters?</p> <p>(III) Does the company take preventive measures to protect the whistleblower from improper treatment due to the report?</p> | V | | <p>Management Best Practice Principles” has stipulated standard operating procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner.</p> <p>(III) The Company’s “Ethical Operations Management Best Practice Principles” has stipulated items in the investigation of the complaints received, protection of informant’s identity and details of reported misconduct, proper measures to shield a complainant from retaliation for filing complaints.</p> | |
| <p>IV. Reinforcement of information disclosure</p> <p>(I) Does the company reveal the content of Ethical Corporate Management Best Practice Principles and the implementation results on its website and on the website of the Market Observation Post System?</p> | V | | <p>The Company has disclosed its ethical operations management information on its website which has a designated page for corporate governance in addition to disclosing in its annual report.</p> | No significant differences |
| <p>V. If the Company has stipulated its Ethical Corporate Management Best Practice Principles based on the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please state the difference between its operations and the stipulated principles:</p> <p>The Company’s “Ethical Corporate Management Best Practice Principles” had been approved by the Board of Directors on August 6, 2015. There are no differences between actual operations and the Principles.</p> <p>(I) Regular advocacy on ethical operations management concept and advocated to all of the employees on a regular basis during educational trainings: Ethical Operations Management Best Practice Principles have been announced on the Company’s website, and are promoted to the employees during monthly management meetings.</p> <p>(II) Ethical conduct is listed as one of the terms and conditions in contracts with counterparties.</p> <p>(III) Internal independent grievance reporting mailbox and dedicated line has been established and announced on the Company’s website and on the internal website: No whistleblowing cases on ethics have been received in 2022.</p> | | | | |
| <p>VI. Other important information that helps to understand the implementation status of the company’s ethics management (such as situation of the company conducting review and revision of its Ethical Corporate Management Best Practice Principles): In order to fulfill corporate governance, the responsible unit for ethical management has been established. Revisions to partial articles of the “Ethical Corporation Management Best Practice Principles” have been approved by the Board of Directors on November 4, 2020.</p> | | | | |