

Ethical  
Corporate  
Management  
Principles

Doc. Name	Ethical Corporate Management Principles
Procedures and Guidelines	
<p><b>Article 1</b></p> <p>These Principles are adopted to assist the company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.</p> <p>Without violating applicable laws and regulations of the Cayman Island, these Principles are adopted following the Ethical Corporate Management Principles established by the competent authorities of the Republic of China, which comprise its subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").</p> <p><b>Article 2</b></p> <p>When engaging in commercial activities, directors, managers, employees, or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.</p> <p><b>Article 3</b></p> <p>"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.</p> <p><b>Article 4</b></p> <p>This Corporation shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.</p>	

**Article 5**

This Corporation shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanisms so as to create an operational environment for sustainable development.

**Article 6**

This Corporation shall, as stated in previous Article, in its own ethical management policy clearly and thoroughly prescribe the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, this Corporation shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, this Corporation shall negotiate with staff, labor unions members, or members of other representative organizations, and communicate with related interest groups.

**Article 7**

When establishing prevention programs, this Corporation shall analyze within its business scope which are at a higher risk of being involved in unethical conduct and enhance related prevention measures.

When establishing the prevention programs, this Corporation shall at least include preventive measures against the following:

refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

**Article 8**

This Corporation and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies, and the commitment by the board of directors and management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.

**Article 9**

This Corporation shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, this Corporation shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them has a record of involvement in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with others, this Corporation shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties were involved in unethical conduct, the company may at any time terminate or rescind the contracts.

**Article 10**

When conducting business, this Corporation and its directors, managers, employees, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form, including rebates, commissions, facilitating payments, or other improper benefits provided or accepted through other channels, to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, unless complied with local laws of operation location.

**Article 11**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, this Corporation and its directors, managers, employees, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

**Article 12**

When making or offering donations and sponsorship, this Corporation and its directors, managers, employees, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

**Article 13**

This Corporation and its directors, managers, employees, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationships or influence commercial transactions.

**Article 14**

The board of directors of this Corporation shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, this Corporation shall establish a dedicated unit responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall report to the board of directors on a regular basis.

**Article 15**

This Corporation and its directors, managers, employees, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

**Article 16**

This Corporation shall adopt policies for preventing conflicts of interest, and shall also offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the company.

The directors shall uphold a high degree of self-discipline. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person of the company, the concerned person shall state the important aspects and provide answers to concerns, but may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The directors and managers shall not take advantage of their positions in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

**Article 17**

This Corporation shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit shall examine accordingly the compliance of the preceding paragraph on a regular basis and submit an audit report for the board of directors.

#### Article 18

This Corporation shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

#### Article 19

This Corporation shall periodically organize training and awareness programs for directors, managers, employees, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

This Corporation shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

#### Article 20

This Corporation shall offer appropriate means to whistle-blowing and keep the identity of whistle-blowers and the content of reported cases confidential.

This Corporation shall adopt a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

#### Article 21

This Corporation shall disclose the status of implementation for ethical corporate

management on its company website, annual reports, and prospectuses.

#### Article 22

This Corporation shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies will be reviewed and improved with a view to achieving better implementation of ethical management.

#### Article 23

These principles of this Corporation shall be implemented after the audit committee reviews and the board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.