



# **Ethical Corporate Management Principles**

**誠信經營守則**

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## Ethical Corporate Management Principles

### Article 1 Purpose

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Ethical Corporate Management Principles ("Principles") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies with a view to providing all personnel of the Company with clear directions for the performance of their duties.

### Article 2 Scope

- (1) The scope of application of these Principles includes the subsidiaries of the Company, any incorporated foundation in which this Company's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.
- (2) For the purposes of these Procedures and Guidelines, the term "personnel of the Company" refers to any director, supervisor, managerial officer, employee, or person having substantial control, of the Company or its subsidiaries.

### Article 3 Unethical Conduct

- (1) "Unethical conduct" is the conduct that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.
- (2) The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staff, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

### Article 4 Types of Benefits

"Benefits" in the 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.

### Article 5 Compliance with applicable laws or regulations

The Company 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.

### Article 6 Responsible Unit

To achieve sound ethical corporate management, the Company designates the Senior Management Team (SMT) as the solely responsible unit (hereinafter, "responsible unit") in charge of establishing and enforcing the ethical corporate management policies and prevention measure. If any material violation is discovered, the Company shall report to the Board of Directors:



- (1) Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- (2) Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
- (3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- (4) Promoting and coordinating awareness and educational activities with respect to ethics policy.
- (5) Developing a whistle-blowing system and ensuring its operating effectiveness.
- (6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures

**Article 7 Prohibition on Providing or Accepting Improper Benefits**

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any money, gratuity, service, preferential treatment, entertainment, dining, or other benefits, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the Principles, and the relevant procedures shall have been carried out:

- (1) The conduct is in compliance with the laws and regulations of the place where the Company is conducting business operations.
- (2) The conduct is undertaken for business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- (3) The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- (4) Commercial activities that are in relation to business purpose and that the the method of fee payment, number of participants, class of accommodations and event period have been specified in advance.
- (5) Money, property, or other benefits offered to or accepted from a person other than relatives or friends that are in accordance with accepted social customs.
- (6) Property received in accordance with generally accepted local customs and courtesy due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
- (7) Other conduct that complies with the rules of the Company.

**Article 8 Procedures for Handling the Acceptance of Improper Benefits**

Except under circumstances set forth in the preceding article, when a personnel of the Company is provided with or are promised, either directly or indirectly, any money, gratuity, service, preferential treatment, entertainment, dining, or other benefits by a third party, the matter shall be handled in accordance with the following procedures:



- (1) If the counterparty is NOT an interested party of the personnel of the Company, the person shall report to his/her immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- (2) If the counterparty is an interested party of the personnel of the Company, the person shall return or reject the benefit and shall report to his/her immediate supervisor and the responsible unit. In the case that the benefit cannot be returned, the person shall, within 3 days from the acceptance of the benefit, pass the matter to the responsible unit for further process.

An “interested party” of the Company is a party which meets one of the following circumstances:

- (1) When the two parties have commercial dealings, a relationship of direction and supervision, or subsidiaries (or rewards) for expenses.
- (2) When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- (3) Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall, based on the nature and value of the benefit received under paragraph 1, propose to return, pay for or donate it. However, the proposal shall not be implemented until being approved by the board of directors.

#### **Article 9 Procedure for Handling Facilitating Payments**

The Company shall neither make nor promise any facilitating payment.

If a personnel of the Company makes or promises a facilitating payment under threat or intimidation, he/she shall report such fact to the immediate supervisor and notify the responsible unit.

The responsible unit shall, upon receipt of the notice, take immediate action and conduct a review to reduce the risk of recurrence. If it is found that the facilitating payment has an illegitimate purpose, the responsible unit shall also immediately report to the Company CEO.

#### **Article 10 Procedures for Handling Political Contributions**

Political contributions shall be made in accordance with the following provisions and reported to the CEO for approval and the responsible unit shall be notified of such fact. In the event a contribution is USD\$10,000 or more, it shall not be made until the board of directors grants its approval.

- (1) Political contributions must be compliant with applicable laws and regulations, including the maximum amount and the form in which a contribution may be made.
- (2) A written record of the decision-making process shall be kept.
- (3) Accounting treatment for political contributions shall be in accordance with applicable accounting standards.
- (4) The Company shall avoid making political contributions while it is applying for permits or certificates or has business interaction with the government.

#### **Article 11 Procedures for handling charitable donations or sponsorships**

Charitable donations or sponsorships shall be made in accordance with the following provisions and reported to the CEO for approval and the responsible unit shall be notified of such fact. In the event a contribution is USD\$10,000 or more, it shall not be made until the board of directors grants its approval.



- (1) Charitable donations or sponsorships must be compliant with applicable laws and regulations, including the maximum amount and the form in which a contribution may be made.
- (2) A written record of the decision making process shall be kept.
- (3) A charitable donation shall be given to a legitimate charity and may not be a bribe in disguise.
- (4) The returns from a sponsorship shall be specific and reasonable, and the counterparty of a sponsorship may not be a business partner of the Company or an interested party of the personnel of the Company.
- (5) The Company shall follow up whether the counterparties use charitable donations or sponsorships in line with its original intent.

#### **Article 12 Conflict of Interests**

The Company's directors shall exercise a high degree of self-discipline, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his/her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

#### **Article 13 Protection of Confidential Information**

All personnel of the Company are required to protect confidential information to which he/she has access.

All personnel of the Company shall maintain the confidentiality of nonpublic information entrusted to them and may not collect or gather company confidential information irrelevant to their individual duties.

#### **Article 14 Prohibition Against Insider Trading**

- (1) This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.
- (2) This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.
- (3) Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall, within \_\_\_\_ days, recall those products or suspend the services, verify the facts and present a review and improvement plan.
- (4) The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to



the board of directors.

**Article 15 Non-disclosure agreement**

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract of the Company is required to keep confidential any trade secret or other critical information of the Company.

**Article 16 Ethical Evaluation Prior to Development of Commercial Relationships**

Where it is known that a party may not be running their business in an ethical manner and that this may have an impact on the reputation or ethics of the Company, the Company shall evaluate the legitimacy and ethical management policy of the party and ascertain whether the party has a record of unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- (1) The party's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- (2) Whether the party has adopted an ethical management policy, and the status of its implementation.
- (3) Whether the party runs its business in a country with a high risk of corruption.
- (4) Whether the party engages in business with a high risk of bribery.
- (5) The long-term business condition and the reputation of the party.
- (6) Consultation with the party's business partners on their opinion of the party.
- (7) Whether the party has a record of unethical conduct such as bribery or illegal political contributions.

**Article 17 Ethical Management on Commercial Activities**

- (1) Any personnel of the Company, when engaging in commercial activities, shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name, including rebates, commissions, facilitating payments, or other improper benefits provided or accepted through other channels.
- (2) All personnel of the Company shall avoid doing business with an unethical agent, supplier, customer, or other counterparty in commercial interactions. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

**Article 18 Stipulation of terms of ethical management in contracts**



Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

- (1) When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party \_\_\_\_ percent of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.
- (2) Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- (3) Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

#### **Article 19 Procedures of Handling of Unethical Conduct**

- (1) Upon discovering or receiving a complaint about any personnel's involvement in unethical conduct, the Company shall ascertain the relevant facts without delay; if it is verified that there is indeed a violation of applicable laws and regulations or the Company's policy and procedures of ethical management, the Company shall immediately require the violator to cease the conduct and shall take appropriate disciplinary action. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
- (2) With respect to the unethical conduct that has occurred, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent a recurrence of the same unethical conduct.
- (3) The responsible unit of the Company shall submit to the board of directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures.
- (4) If any personnel of the Company discover that another party has engaged in unethical conduct towards the Company, and such unethical conduct is in breach of local law, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved; the Company shall additionally notify the governmental anti-corruption agency.

#### **Article 20 Penalties and Complaints**

- (1) The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.
- (2) If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

#### **Article 21 Disclosure**

The Company shall disclose the status of the enforcement of its ethical corporate management best practice principles on their company websites, annual reports and prospectuses.



**Article 22 Monitoring**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors and employees to make suggestions so as to review and improve their ethical corporate management best practice principles and achieve better results from implementing the principles.

**Article 23 Enforcement**

The Principles and any amendments hereto, shall be implemented after the resolution of the board of directors, and shall be reported to the shareholders meeting after the company has listed.