

GlobalWafers Co., Ltd.

Status of Ethical Corporate Management and Deviations Implementation

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(III) Whether the company has established relevant policies</p>	<p>V</p> <p>V</p> <p>V</p>	<p></p> <p></p> <p></p>	<p>(I) The Company has the “Ethical Corporate Management Best Practice Principles” and the “Code of Conduct,” specifying the tangible content of ethical management policy and are approved by the Board of Directors. In addition, the "Operational Procedures and Guidelines for Ethical Corporate Management" and the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct”, approved by the Chairman, to implement the ethical management policy. The Company’s standard contract clearly requires the counterparts of transactions to comply with the ethical management policy. The Board of Directors and senior management all have signed statement to actively implement the commitments in the ethical management policy. The Company also implements so in the internal management and business activities, including requiring employees to comply with the ethical management policy in the employment conditions.</p> <p>(II) In the "Ethical Management and Guidelines for Conduct", the Company has established the risk assessment mechanism for the unethical conducts listed in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles,” including the data collection through the annual compliance self-assessment, qualitative interview, and tracking of emails by the IT department, for regular analysis and assessment, to identify these who with higher risks, with assistance of the audits from the internal audit units. So that the preventive programs to forbid offering and accepting bribery, providing illegal political donation or improper benefits, infringement of intellectual property rights, and unfair competition may be established. Within the scope of business activities, all employees are obliged to cooperate with the compliance office for the investigation related to the said unethical conducts.</p> <p>(III) Pursuant to the “Ethical Corporate Management Best Practice Principles,”</p>	<p>No significant difference</p>

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that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?			the Company has established the "Code of Ethical Conduct" and "Ethical Management and Guidelines for Conduct" and the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct,” specifying that no improper benefit shall be accepted, nor anything unethical or illegal may be conducted. These regulations also require to promote the importance of ethical conducts to directors and employees. The said programs are regularly reviewed for its adequacy and effectiveness based on the methods determined by the assessing mechanism of unethical conduct risk, and adjusted or amended when needed.	
<p>II. Fulfill operations integrity policy</p> <p>(I) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>(II) Whether the company has set up a unit which is dedicated (or concurrent) to promoting the company’s ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters,</p>	V		<p>(I) The Company's Ethical Corporate Management Best-Practice Principles has clearly stipulated that before business contacts the legitimacy of counterparties in business transactions and the existence of records of unethical conducts should be taken into account, so as to avoid transaction with those involved in unethical conducts. In addition, pursuant to the "Operational Procedures and Guidelines for Ethical Corporate Management," before establish a business relationship with others, an ethical management assessment must be done. The Marketing Department uses the “Evaluation Chart for Client/Distributor/Agency’s Ethical Management,” and the Procurement Department uses the “Evaluation Chart for Suppliers’ (and Their Distributors/Agencies) Ethical Management” for quantified implementation in writing. The contracts to be signed with business counterparts shall specify the ethical management terms, to ensure the counterparts conform to the Company’s ethical management policy.</p> <p>(II) The Company has established the Compliance Section under the Legal Department, in charge of promoting ethical management policy, establishing the programs to preventing unethical conducts, and supervising the implementation. The compliance officer reports the implementation to</p>	No significant difference

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and program to prevent unethical conduct and monitor its implementation?			<p>the Board of Directors once a year. The auditors may also supervise the implementation during the routine audit, and report to the Board of Directors if any abnormality is found.</p> <p>Implementation during the year.</p> <p>(1) Formulation and review of policies relating to ethical corporate management</p> <p>The Company has set up the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct" and "Ethical Management and Guidelines for Conduct" and the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct” which clearly stipulates that matters such as obtaining illegitimate interests, violations of integrity or unlawful behaviors may not be accepted. The above internal regulations are reviewed and updated on an irregular basis by the Compliance Office with reference to external regulations and internal implementation status, for adjustment and amendment from time to time.</p> <p>(2) Internal and external policy propaganda</p> <p>Relevant important internal regulations such as the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct," "Ethical Management and Guidelines for Conduct," and “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct” have been announced on the Company’s official website and internal websites for inquiries from external and parties. The Company also requires its suppliers to sign a “Supplier Code of Conduct and Promise Note” for the compliance with the laws and regulations, ethic, environment and quality specifications, which include regulations relevant to good faith management.</p> <p>(3) Reporting channels, treatment, and protection of whistle-blowers</p> <p>The Company has set up the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct”, which develop a disciplinary and appeal system for handling violations of the code of ethics in management,</p>	

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(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		<p>and establishes and discloses the employee suggestion box, e-mail address and complaint hotline on in the plant, the Company's external and internal website to encourage internal and external personnel to report on unethical behavior or misconduct. Anonymous whistleblowing is permitted. The identity and content of whistleblowing are strictly kept confidential, and the HR unit will verify and handle. Any one violate the ethical management requirements will be treated based on the severity of the violation. Report may be made to the competent authorities or law enforcement if required.</p> <p>(4) Education and training The Company formulates and conducts training regularly. The attendees and hours of trainings in 2020 are listed as the following:</p> <ol style="list-style-type: none"> 1. New employees, “Ethical Education Training for New Employees,” for total 24.5 hours. 2. Managers at section-level or above in the R&D units, and the managers in the semiconductor business group, “Anti-Corruption Education” (centered at the FCPA of the U.S.) for total 1.5 hours. 3. Newly elected directors, “Overview of Laws Regarding Insider Trading and Stake Changes of the Insiders,” for 1 hour. 4. Newly elected directors, “Ethical Management Training,” for 2 hours. 5. Supervisor-level staff, “Training on Prevention of Concerted Actions” (Lesson learnt from Quanta Storage), for 0.5 hour. 6. Supervisors in marketing units, “Training of Compliance with Trading Laws and Regulations” (Competition Act, export restriction regulations, anti bribery and corruption), for 2 hours. <p>The accumulated statistics in 2020 are: total 55 sessions, 217 attendees, and 31.5 class hours.</p> <p>(III) In the “Code of Ethical Conduct,” the Company specifies the employees shall deal with the business in an objective and efficient manner, refrain from obtaining improper benefits for him/herself, others, or other business by</p>	

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(VI) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		exploiting his/her position in the Company, as the policy to prevent conflict of interest. In the "Operational Procedures and Guidelines for Ethical Corporate Management," it specifies the directors shall recuse themselves in the Board meetings if proposals involves their own interests. In addition, the Company prepares different channels to report conflicts of interest: directors or independent directors shall state such to the President or the corporate governance officer; managerial officers shall report to the compliance unit.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(IV) The Company has established the accounting system and internal control system to be implemented. The audit plans including subject, scope, items, frequencies are prepared based on the assessment of unethical conduct, to audit the compliance with the ethical conduct program. The audit outcome shall be reported to the senior management and the dedicated ethical management unit, with the audit report submitted to the Board of Directors. In addition, to ensure the continuous effectiveness of the design and execution of such system, the Company reviews and amends the system annually, as the basis to evaluate the effectiveness of the internal control system, and the preparation of statement of internal control system. (V) The Company regularly formulates and conducts trainings, including laws and regulations related to corporate governance, ethical management, and business conducts. For “ethical management” and “prevention of insider trading” courses, the current directors, managerial officers, or other employees deemed in need of such trainings shall attend at least every two years. New directors and managerial officers shall attend within three months upon taking positions. New employees shall attended in the consolidated orientation prepared by the human resources. In addition, pursuant to the “Operational Procedures and Guidelines for Ethical Corporate Management,” the Chairman and the corporate governance officers are arranged to communicate the importance of ethic to directors, managerial officers, and supervisors in the Board meetings or supervisors’	

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			meetings. The related trainings offered in 2020 including: “Ethical Education Training for New Employees,” “Anti-Corruption Education” (centered at the FCPA of the U.S.), “Overview of Laws Regarding Insider Trading and Stake Changes of the Insiders,” “Ethical Management Training,” “Training on Prevention of Concerted Actions” (Lesson learnt from Quanta Storage), and “Training of Compliance with Trading Laws and Regulations” (Competition Act, export restriction regulations, anti bribery and corruption). In total, 55 sessions were held with 217 attendees, and 31.5 class hours.	
III. Operation of the Company's reporting system				No significant difference
(I) 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?	V		(I) In the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct,” the Company specifies the system, including internal and external whistleblowing channels by establishing the suggestion box, email box, and complaint hotline, and the handling principles, to implement the ethical management policy. Whistleblowing is accepted by the spokesperson, HR officers, or legal staff. Once the case is established, the handling unit will investigate and handle pursuant to the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct.” If the allegation is verified as truth, the whistleblower may be awarded if the case is material.	
(II) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(II) In the “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct,” the Company specifies the investigation and handling process corresponding to the alleged parties and involvement. The whistle-blowing is strictly kept confidential, and all possible efforts are made to protect the whistleblowers, while giving counterpart chance to appeal, in order to secure the legal rights of both parties. If the allegation is verified as truth, the alleged party will be required to cease the conduct immediately and proper actions will be taken. The related units will be required to review and furnish corrective measures to prevent the incident from repeating. The Legal Department will review the whistleblowing, handling and follow up, and report to the Board of Directors.	
(III) Does the company provide proper whistleblower	V		(III) Pursuant to the “Procedures of Handling Reports of Illegal, Unethical, and	

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protection?			Dishonest Conduct,” the Company handles whistle-blowing in confidential. All possible efforts are made to protect the whistleblowers, to keep their identities absolutely confidential, so they will not be treated improperly due to whistleblowing. The staff handle whistleblowing will declare in writing that they will keep the content of whistleblowing and whistle-blower’s identity confidential.	
IV. Enhancing Information Disclosure (I) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		(I) The Company has a website to disclose the related corporate culture, operation guidelines, "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct," "Ethical Management and Guidelines for Conduct," and “Procedures of Handling Reports of Illegal, Unethical, and Dishonest Conduct” and implementation of ethical management.	No significant difference
V. 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: The Company has established the “Ethical Corporate Management Best-Practice Principles” which clearly regulates the matters to be followed by the Company's staff. Other accusation cases and penalties are also clearly set out in relevant measures. There is no significant difference between the policies and the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”.				

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<p>VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (under situations such as review and revision of regulations):</p> <ol style="list-style-type: none"> 7. The Company complies with the Company Act, the Securities and Exchange Acts, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and other regulations for public companies and business related laws and regulations. Such compliance is the basic precondition to implement the ethical management. The Company all makes all possible efforts to comply with the environment and quality policy with high standards. 8. The Company has set up provisions related to avoidance of directors' conflicts of interests in the “Rules of Procedure for Board of Directors Meetings”. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, when the relationship is likely to prejudice the interests of the Company, the director may express their opinion and answer queries, but may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director’s proxy to exercise voting rights on that matter. 9. The Company has established the “Management Procedure to Prevent Insider Trading,” specifying that insiders, quasi-insiders, information receivers, upon actually knowing of any information that will have a material impact on the price of the securities of the issuing company, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, shall not purchase or sell, in the person’s own name or in the name of another, shares of the company that are listed on an exchange or an over-the-counter market, or any other equity-type security of the company, or the non-equity-type corporate bonds of such company that are listed on an exchange or an over-the-counter market, so that anyone knowing material information will not violate the regulations of insider trading due no ignorance to laws. 10. The Company has established the “Procedures for Handling Material Inside Information,” for good internal material information handing and disclosing mechanism, while ensuring the consistency and accuracy of the information announced externally. The Procedures specifies that no director, supervisor, managerial officer, or employee of this Corporation may inquire about or collect any non-public material inside information of this Corporation not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties. 11. Some clauses of the Company’s "Operational Procedures and Guidelines for Ethical Corporate Management" were amended to cope with the new version of the “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct” issued by FSC, in order to established the operational procedures and guidelines of conducts in line with the competent authority’s “Ethical Corporate Management Best-Practice Principles.” Moreover, to conform to Article 17 of the Guidelines, specifying that “Before the Company establish a business relationship with others, the legitimacy and ethical management policy of the agencies, suppliers, clients, or other counterparties, and if they have records involving unethical conducts shall be assessed, to ensure that they run the business in fair and transparent manner, an the Company never request, provide, or accept bribes,” the Company has design the “Evaluation Chart for Client/Distributor/Agency’s Ethical Management” for the Marketing Department, and the “Evaluation Chart for Suppliers’ (and Their Distributors/Agencies) Ethical Management” for the Procurement Department. By communicating the weights and methods with the two departments, the evaluation is implemented. The Company assigns the compliance unit to ensure the legitimacy of any political donation, charity donation or sponsorship that they comply with the local laws of the place where we operated, before reported to the Chairman. The 				

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<p>amendment is made to the "Operational Procedures and Guidelines for Ethical Corporate Management". The contents above have been approved by the Chairman on September 30, 2020, to complete the fourth amendment.</p>				