

GlobalWafers Co., Ltd.

Ethical Corporate Management-2017

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	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>	V		<p>(1) The Company legislates “Corporate Governance Best-Practice Principles”, “Corporate Social Responsibility Best Practice Principles” and “Ethical Corporate Management Best Practice Principles” which are guidelines for BoD and management team to practice in internal operation and business transaction.</p>	None
<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>	V		<p>(2) The aforementioned principles have established preventive measures against the following:</p> <ul style="list-style-type: none"> i. offering and accepting bribes; ii. illegal political donations; iii. improper charitable donations or sponsorship; iv. offering or accepting unreasonable gifts or hospitality, or other inappropriate 	

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(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?	v		<p>benefits.</p> <p>The aforementioned principles and related regulations were announced and disseminated to employees, managers and Board of Directors to enhance integrity and self-discipline. Internal audit also considers this as one of audit item, when such behavior happens, the violators will be punished in the consideration of impact degree.</p> <p>(3) The Company legislates “Corporate Governance Best-Practice Principles” and “Ethical Corporate Management Best Practice Principles” to define behavior of staffs whose job is associate with important business operation. Via internal audit we prevent misconduct such as offering and accepting bribes, illegal political donations...etc</p>	
<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>	v		<p>(1) The Company sets up evaluation system for all clients, suppliers and external contractors. In addition, clear definition of both parties’ obligation and duty is included in every business contract with</p>	None

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(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		<p>Non-Disclosure Agreement.</p> <p>(2) President’s Office takes care of CSR propaganda and execution. Audit team also inspects in regular audit. Any abnormal will be reported to BoD immediately.</p> <p>We have established the Sustainable Development Committee (SDC) and designated chairperson as committee leader with members from all relevant departments to legislate relevant policies and strategies, such as environmental protection, corporate service and social responsibility. Regular examination and continuous improvement are performed; chairperson reports implementation status and performance to Board of Directors in an effort to pursuit corporate sustainable development and social responsibility.</p>	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		<p>(3) Our Work Regulation stipulates award/punishment criteria for interest conflict and avoidance. Rules of Procedure for Board of Directors Meetings also specify that directors should recue himself/herself if</p>	

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<p>(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?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	<p>V</p> <p>V</p>		<p>he/she is an interested party in any agenda.</p> <p>(4) The Company has established internal audit system and fully executes. Internal auditor periodically inspects the implementation status and submits audit report to BoD. Additionally, to ensure credibility of the system, annual examination and revision are performed in order to establish good corporate governance and risk control which served as basis for internal control system and statement issuance.</p> <p>(5) The Company carries out regular training for new employees to advocate our ethical principle. We also plan annual curriculum program covering corporate governance and ethical operation. In 2017 training include ethical rules, personal data protection, compensation for non-compete clause, Intellectual property and confidentiality protection. Four courses cost four hours, 203 staff participated.</p>	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a</p>	V		<p>(1) The Company legislates “Procedures for</p>	None

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<p>reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	<p>V</p> <p>V</p>		<p>reporting cases of illegal and unethical or dishonest conduct” and establishes email and opinion mail box with designated department to handle related issues. Violators will be punished according to circumstances.</p> <p>(2) The Company legislates “Procedures For Reporting Cases Of Illegal And Unethical Or Dishonest Conduct” and establishes email and opinion mail box with designated department to handle related issues. Whistleblower’s identity and report content are seriously protected.</p> <p>(3) The Company designates employee to take care of improper behavior report. Whistleblower’s identity and report content are seriously protected, and will take effect investigation.</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the</p>	V		The Company’s culture operational guideline and Ethical Corporate Management Best-Practice Principles have been posted on the Company	None

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company’s website and MOPS?			website.	
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.				
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>(1) To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEX-Listed Companies, and other laws and decrees concerning business transactions.</p> <p>(2) The Company’s “Rules of Procedure for Board of Directors Meetings” stipulates that if a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p> <p>(3) The Company has set up the "Management Procedures for Preventing Insider Trading", which specifies that directors, supervisors, managers, and employees are not allowed to reveal inside information to others or to inquire non-public information that is irrelevant to his/her business scope.</p>				

