

GlobalWafers Co., Ltd.

Ethical Corporate Management-2018

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 Explanation	
<p>I.Establishment of ethical corporate management policies and programs</p> <p>(I) 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> <p>(II) 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> <p>(III) Does the company establish appropriate precautions against high-potential unethical conducts or listed</p>	<p>V</p> <p>V</p>		<p>(I) The Company has established the Ethical Corporate Management Best-Practice Principles, the Code of Ethical Conduct, and the Operational Procedures and Guidelines for Ethical Corporate Management. It has commitment from the board to implement the policies as planned in internal management and business activities.</p> <p>(II) The Company has established the Ethical Corporate Management Best-Practice Principles, the Code of Ethical Conduct, and the Operational Procedures and Guidelines for Ethical Corporate Management which has clear statements for not accepting any illegitimate interests, or to a crime involving breach of faith or wrongdoing, etc. It also established a “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct” to encourage the reporting of any illegal or</p>	No significant difference

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activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	V		<p>unethical behavior, and advocate the importance of ethical behavior to all employees on an irregular basis. When the internal audit unit conducts daily reviews, it will also include unethical behaviors in internal auditing. Based on the seriousness and impact of the unethical behavior, employees will be warned or punished according to employee rewards and punishments.</p> <p>(III) The Company has established the “Ethical Corporate Management Best-Practice Principles” and the “Code of Ethical Conduct” for the management of important staff. It also has an internal audit mechanism to prevent matters such as unethical business activities, offering or accepting bribes, and illegal political donations.</p>	
<p>II. Fulfill operations integrity policy</p> <p>(I) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(II) Does the company establish an exclusively (or concurrently) dedicated unit</p>	V		<p>(I) The Company's “Ethical Corporate Management Best-Practice Principles” has clearly stated that, before performing business transactions, it shall consider its legality and whether it involves unethical behavior, as well as to avoid trading with those involved in unethical</p>	No significant difference

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<p>supervised by the Board to be in charge of corporate integrity?</p> <p>(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(IV) 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>(V) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>behavior. The business contracts signed by its business partners have included ethics-related clauses.</p> <p>(II) The Company has established the “Sustainable Development Committee”, with the Company’s Chairperson as the main convenor, and representatives of each division will be designated as members of the committee. This dedicated unit set up relevant policies and development strategies regarding ESG (environmental, social and governance), and implement on effectiveness reviews and continuous improvements. The implementation status and performance will be annually reported by the main convenor to the Company’s board of directors.</p> <p>Ethical corporate management is part of the “Governance” under the “Sustainable Development Committee”. The Company’s legal department is responsible for the establishment and supervision of Integrity Management Policies and prevention strategies, and for reporting the implementation status to the Board of Directors in the annual report of Sustainable Development Committee. In addition, the</p>	

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			<p>auditors also execute daily audits, and will report to the board of directors on any irregularities discovered in the assessment.</p> <p>Implementation Status of Current Year</p> <p>(1) Establishing and reviewing policies related to ethical corporate management</p> <p>The Company has set up the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct" and "Operational Procedures and Guidelines for Ethical Corporate Management", 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 legal department with reference to external regulations and internal implementation status.</p> <p>(2) Internal and external advocacy of Company policies</p> <p>Relevant important internal regulations such as the "Ethical Corporate Management Best-Practice Principles", "Code of Ethical Conduct" and "Operational Procedures and Guidelines for Ethical Corporate</p>	

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			<p>Management" 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 Compliance Declaration”, which include regulations relevant to good faith management.</p> <p>(3) Reporting channel and whistleblower protection</p> <p>The company has set up the "Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct", which develop a disciplinary and appeal system for handling violations of the code of ethics in management, and establishes and discloses the employee suggestion box, e-mail address and complaint hotline on the Company's internal website to encourage internal and external personnel to report on unethical behavior or misconduct. The identity of the whistleblower and the content of the report will be kept confidential, and the human resource department is responsible for the investigation procedures. Any violation of the ethical corporate management regulations will be punished depending on the severity</p>	

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			<p>of the case.</p> <p>(4) Education and training</p> <p>Since the fourth quarter in 2016, the Company has conducted courses related to good faith management and the ethical codes of conduct for all employees, and set up educational training programs each year which include courses on corporate governance, good faith management and other related fields. It also advocates good faith management in the education and training courses for new employees. In 2018, the Company conducted a total of 11 courses for new employees which totaled 48 participants and a total of 48 training hours, including good faith management, ethical codes of conduct, personal information protection, provisions on non-compete compensation, intellectual property and company confidential property management.</p> <p>(III) The Company has set up rules on relevant rewards and punishments for the avoiding conflict of interests. In addition, the Regulations Governing Procedure for Board of Directors Meetings also stipulated that, if there is a conflict of interest, the director shall state</p>	

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			<p>the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director 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.</p> <p>(IV) 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? The Company has established and implemented the internal control system, which is audited by internal auditors on a regular basis and reported to the board of directors. In addition, the Company conducts inspections and revisions every year to ensure the effectiveness on the design and implementation of the system, and establish good corporate governance and risk management control mechanisms to serve as the basis on evaluating the overall efficacy of all internal</p>	

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			<p>control systems and for producing Internal Control System Statements.</p> <p>(V) Since the fourth quarter in 2016, the Company has conducted courses related to good faith management and the ethical codes of conduct for all employees, and set up educational training programs each year which include courses on corporate governance, good faith management and other related fields. It also advocates good faith management in the education and training courses for new employees. In 2018, the Company conducted a total of 11 courses for new employees which totaled 48 participants and a total of 48 training hours, including good faith management, ethical codes of conduct, personal information protection, provisions on non-compete compensation, intellectual property and company confidential property management.</p>	
<p>III. Operation of the integrity channel</p> <p>(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?</p>	V		<p>(I) The Company has established the “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct”, set up an employee suggestion box and email, and assigned dedicated units to conduct</p>	No significant difference

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<p>(II) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(III) Does the company provide proper whistleblower protection?</p>	V		<p>investigations on relevant matters. Any violation of the ethical corporate management regulations will be punished depending on the severity of the case.</p> <p>(II) The Company has established the “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct”, set up an employee suggestion box and email, and assigned dedicated units to conduct investigations on relevant matters, while the identity of the whistleblower and the content of the report will be kept confidential.</p> <p>(III) The Company assigns dedicated personnel to handle accusation cases, and will actively investigate on the case, while the identity of the whistleblower and the content of the report will be kept confidential.</p>	
<p>IV. Enhanced information disclosure</p> <p>(I) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	V		The Company has an official website that disclose relevant information such as corporate culture, business policies and the “Ethical Corporate Management Best-Practice Principles”.	No significant difference
<p>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:</p>				

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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”.				
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): 1. The company implements good faith management in accordance with the Company Act, Securities Exchange Act, Business Entity Accounting Act, the relevant regulations for TWSE/TPEx listed companies or other relevant commercial laws. 2. The Company has set up provisions related to avoidance of directors' conflicts of interests in the “Regulations Governing 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. 3. The Company has set up the “Regulations Governing the Prevention of Insider Trading” which stipulated that directors, supervisors, managers and employees must not disclose any material information to others. They must not inquire or collect undisclosed material information within the Company that are not related to personal duties, and shall not disclose to others any undisclosed material insider information that is not obtained from the execution of business activities.				

