

Implementation of Corporate Ethical Management

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
<p>1. Establishment of ethical management policies and schemes</p> <p>(一) Does the Company formulate ethical management policies approved by the Board of Directors and clearly express ethical management policies and actions as well as the Board and senior management's commitment to implement those policies in the Company's internal rules and external documents?</p> <p>(二) Does the Company establish assessment mechanism for risk arising from unethical conducts, regularly analyze and assess operating activities with higher risk of unethical conduct within its business, and formulate preventive schemes accordingly, which at least contain preventive measures for conducts set forth in Paragraph 2, Article 7 of</p>	V		<p>(一) The Company has established and publicly announced to all personnel the "Principles of Business Ethics". Unless otherwise stipulated in laws and regulations, the Board meetings shall be conducted in accordance with the Company's "Rules of Procedure for the Board of Directors' Meetings". The designated division responsible for the Board meetings shall have relevant information ready for Directors to study at all times and notify relevant departments' managers, other than ones serving as Directors, to attend the Board meetings depending on the subject matters of the agenda. The CPAs or other professionals may also be invited to present at the meeting if necessary.</p> <p>(二) The Company has established measures to prevent operating activities involving higher risk of unethical conduct, which include:</p> <ul style="list-style-type: none"> A. Offering and acceptance of bribes B. Provision of illegal political contribution C. Improper charitable donations or sponsorship D. Offering or acceptance of unreasonable gifts, hospitality or other improper benefits 	None

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<p>the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(三) Does the Company have clear statements regarding relevant procedures, conduct guidelines, disciplinary measures and compliant system in the schemes to prevent unethical conduct, and does the Company implement them accordingly and regularly review those schemes?</p>	V		<p>E. Infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights</p> <p>F. Unfair competition</p> <p>G. Maliciously and gravely jeopardize the rights, health and safety of consumers or other stakeholders during the process of research and development, purchase, manufacture, rendering or sale of products and services</p> <p>(三) The Company has established "Procedures and Guidelines of Business Ethics" to encourage internal and external parties to report unethical behaviors or misconducts. Based on the degree of misconduct, whistleblowers could receive a citation of merit pursuant to the Company's reward and discipline policy. Internal personnel making false accusation or malicious claims will be disciplined. Serious offense can lead to termination of employment. The Company has organized internal, independent whistleblowing mailbox and hotline for internal and external personnel of the Company.</p>	
<p>2. Implementation of ethical management</p> <p>(1) Does the Company review the counterparty's history of ethical conduct and include the compliance of business ethics as a clause in the contract?</p>	V		<p>(1) Personnel of the Company shall avoid engaging in business with unethical agents, suppliers, customers or other business counterparties. Once we are aware of the counterparty's misconduct, we will terminate all business dealings and blacklist</p>	None

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(2) Has the Company established a dedicated department under the Board to promote ethical conducts and report regularly (at least once every year) its ethics policies and preventive schemes for unethical conducts as well as implementation status to the Board of Directors?	V		<p>the counterparty for future dealings to meet our requirement for business ethics.</p> <p>(2) The Company appoints a dedicated division to formulate and monitor the execution of ethics policies and preventive schemes for unethical conducts, as well as report to the Board of Directors. There was no major unethical conduct in 2021.</p>	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels and thoroughly implement the policies?	V		<p>(3) Before signing contracts, the Company and its subsidiaries shall fully understand the degree of business ethics of the counterparty and include the compliance of business ethics as a clause in the contract. Once a party becomes aware of any violation of contractual terms on prohibition of commission, rebates or other benefits, it shall promptly inform the other party of the violator's identity, method of provision, promise, request, or acceptance of improper benefits, amount or other benefits and provide relevant evident to assist with investigation. The Company and its subsidiaries are entitled to make a claim to the other party for any detriment suffered as a result. The claims can be deducted from our payables if this clause was explicitly stated in the contract.</p>	

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(4) Has the Company established effective accounting and internal control systems for the implementation of ethics policies and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits?	V		<p>Moreover, in order to thoroughly implement the rules regarding conflict of interest and prevent damage to the Company, the Auditing Office will soon establish a whistleblowing system as a proper complaint channel to avoid any conflict of interest.</p> <p>(4) The Company has established effective accounting and internal control systems as well as the Internal Auditing Office reporting directly to the Board. Each year, the Internal Auditing Office carries out audits according to the Annual Audit Plan, monitors corrective actions for deficiencies and regularly submits audit reports to the Audit Committee and the Board for management to understand the implementation status of internal control system in order to achieve the effectiveness of the design and execution of the systems.</p>	
(5) Has the Company regularly held internal and external training sessions on business ethics?	V		(5) The Company conveys the importance of business ethics at orientation programs, regular meetings and corporate ethics sessions. Ethics is one of the indicators in performance review.	

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<p>3. Implementation of whistleblowing system</p> <p>(1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaint received?</p> <p>(2) Has the Company established standard operating procedures for investigating the complaints received, actions to be taken upon the completion of investigation, and mechanisms for confidentiality?</p> <p>(3) Has the Company established measures to protect whistleblowers from retaliation?</p>	V		<p>(1) The Company has provided proper channels for reporting of unethical conducts. It would keep the identity and complaint of the whistleblower confidential. The Company has designated responsible individuals to investigate the complaint.</p> <p>(2) The Company follows standard operating procedures and relevant mechanism to maintain the confidentiality of case details when conducting investigations.</p> <p>(3) The Company follows standard operating procedures as well as confidentiality mechanism to protect the whistleblowers from retaliation.</p>	None
<p>4. Enhancement on Information disclosure</p> <p>Does the Company disclose its principles of business ethics and information about implementation of such guidelines on its website and MOPS?</p>	V		<p>The Company has disclosed the “Principles of Business Ethics” on the corporate website at https://www.taiflex.com.tw and the MOPS website at http://mops.twse.com.tw. Relevant information can also be found in this annual report.</p>	None
<p>5. If the Company has established ethical conduct policies based on “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”, please specify any discrepancy between the policies and their implementation:</p> <p>The Company upholds the principles of fairness, honesty, trustworthiness and transparency in all business transactions. Principles of Business Ethics are</p>				

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established in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies” for all employees to follow. There is no significant discrepancy between the policies and their implementation.			
6. Other important information to facilitate better understanding of the Company’s ethical conduct practices (e.g., the Company reviews and revises its Principles of Business Ethics, etc.): The Company follows ethical guidelines for all business transactions and encourages business partners to follow suit.			