

# Implementation of ethical management

Excerpted from pp.70~75 of the 2023 Annual Report

## ( VIII ) Implementation of ethical management:

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Formulation of ethical management policies and plans				(I)-(III)It is aligned with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(I) Has the company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	(I) V		(I) 1. The Board of Directors of the Company formulates the “Ethical Corporate Management Best Practice Principles”, the “Code of Ethical Conduct”, the “Insider Trading Prevention Management Procedures”, and the “Procedures for Handling Material Inside Information” to specify the matters to be paid attention to by all employees of the Company in the implementation of business; Adhering to the business philosophy of integrity, transparency, and responsibility, we comply with the Company Act, the Securities and Exchange Act, 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, the regulations on listing on Taiwan Stock Exchange and Taipei Exchange, and other laws and regulations on business conduct, to enhance our ethical management. The Company's Rules of the Procedure for Board of Directors Meetings has specified a mechanism for directors to recuse themselves from discussion and voting on proposals in board meetings, in which their person interest is involved, and we also specify the punishments for employees receiving improper gifts in the work rules and the labor contract, as the basis for implementing ethical management.  2. Before new directors and top-level managers take office, we raise their awareness of the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, the Insider Trading Prevention Management Procedures, and the Procedures for Handling Material Inside Information, and laws on insider trading and insider equity at companies listed on Taipei Exchange or the emerging stock market and matters to be noted; require them to sign major ethics statements, including the Declaration of No Violation of Integrity Principles, the Institutional Director/Independent Director Confidentiality Agreement, and the Insider Trading Prevention Confidentiality Agreement. In addition, we request independent directors to issue the Independent Director Nominee Statement, the Independent Director Statement upon Elected, and the Independent Director Statement in Office; the Company issued the Independent Director Checklist upon Elected and in Office as required.  3. The Company arranges courses related to ethical management every year, and the Administrative Management Department raised new and existing directors, managers, and employees' awareness of applicable laws and regulations at least once every year and send presentation files to all directors, managers, and employees, and disclose the implementation results on the Company's website and in this annual report.	
(II) Has the company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with high risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	(II) V		(II) The Company has clearly stipulated in the Ethical Corporate Management Best Practice Principles that directors, managers, employees, or persons with substantive control over the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty and disclosed it on the Company's intranet for all employees follow accordingly. The Company's auditors have included business activities at a high risk of unethical conduct, including level-by-level delegation and job substitution, credit management, compliance during operations, return and exchange, discount, and client complaint response, in the annual audit plan and implemented it accordingly.	

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Has the company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the company regularly review and revise said plan?	(III) V		<p>The scope of the prevention program under Article 7 of the Company's Ethical Corporate Management Best Practice Principles:</p> <p>The Company shall establish an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities at a high risk of unethical conduct within the business scope, as per which it shall formulate a prevention program accordingly and regularly review the appropriateness and effectiveness of the prevention program.</p> <p>The Company's prevention program shall at least cover preventive measures for the acts below:</p> <ol style="list-style-type: none"> <li>I. Offering and acceptance of bribes.</li> <li>II. Illegal political donations.</li> <li>III. Improper charitable donations or sponsorship.</li> <li>IV. Offering or acceptance of unreasonable gifts, hospitality, or other improper benefits.</li> <li>V. Misappropriation of trade secrets or infringement of trademarks, patents, copyrights, or other intellectual property rights.</li> <li>VI. Engaging in unfair competitive practices.</li> <li>VII. Damage directly or indirectly caused to rights or interest, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacturing, provision, or sale of products and services.</li> </ol> <p>(III) The Company has specified in the unethical conduct prevention program the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, the Insider Trading Prevention Management Procedures, the Procedures for Handling Material Inside Information, and the Whistleblowing System Management Regulations to clearly define illegal acts as well as the reporting channels and processing procedures in the event of any violations. The disciplinary actions are taken in accordance with the work rules and are included in the annual audit plan per year to review the Company's compliance. In addition, we review the above management regulations annually and amend them immediately, if necessary, to conform to practice.</p>	
II. Implementation of ethical management				(I)-(V) It is aligned with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(I) Does the company evaluate each counterparty's records for ethics? Has the company specified the terms of ethical conduct in each contract signed with each counterparty?	(I) V		(I) Before engaging in formal business activities with business partners, we conduct evaluations of their ethical conduct and other indicators and require them to include ethical management in the contract terms or clearly define integrity requirements after we proceed to work with them, to show their compliance with our regulations on integrity.	
(II) Has the company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	(II) V		(II) We offer courses on ethical management every year, and the Administrative Management Department is responsible for offering relevant ethical management courses and holding awareness-raising events each year. The heads of various departments assist in promoting ethical management policies and prevention programs. The audit unit regularly audits the implementation of our ethical management and reports on its implementation to the Board of Directors, with the last such report being on Nov. 02, 2023, from which the implementation results have since been disclosed on the website and in this annual report.	
(III) Has the company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	(III) V		(III) The Company has formulated the Rules of the Procedure for Board of Directors Meetings, the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, the Insider Trading Prevention Management Procedures, and the Procedures for Handling Material Inside Information as per law to cope with directors' managers' or employees' interest conflicting with the Company's. We also raise their awareness in this regard from time to time. In the case of a conflict of interest in the Company's business, such personnel should inform their supervisors in advance and avoid such a conflict. The Whistleblowing Mechanism Management Regulations are adopted as a reference for the reporting channels and handling procedures in the event of any violations.	
(IV) Has the company established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate	(IV) V		(IV) The Company has established an effective accounting system and an internal control system in accordance with the Ethical Corporate Management Best Practice Principles. We implement the systems based on the principle of integrity and review them at any time to ensure that they continue to be effective. The auditors regularly audit the compliance with the systems in the	

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relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?			preceding paragraph and prepare an audit report and submit it to the Board of Directors. The Company's internal audit unit has formulated relevant audit plans based on the risk assessment results and audited and prevented unethical conduct accordingly. No unethical conduct occurred in the Company during 2023.																																	
(V) Does the company regularly hold internal and external education and training on ethical management?	(V) V		<p>(V) 1. The Company regularly offers courses on the code of conduct, corporate governance, and other ethical management issues and raises directors', managers', new employees' and in-service staff's awareness, and arrange for relevant personnel to receive internal and external training courses depending on the needs.</p> <p>2. The Company has a total of seven directors (including three independent directors) on the board. All of them as well as the Corporate Governance Officer, the Financial Accounting Officer, and auditors (their substitutes) have completed the 2023 required hours of training for new or re-elected directors on corporate governance, ethical management, risk management, and business management in accordance with laws and regulations. This is in compliance with the Corporate Governance Best Practice Principles.</p> <p>3. We reported to the Board of Directors on the operation and implementation of ethical management on Nov. 02, 2023.</p> <p>(1) The Company's education and training system is divided into internal training, external training and on-the-job training. In fiscal year 2023, the actual implementation of internal and external education and training (including courses and lectures on information security and confidentiality, laws and regulations, insider/short-term trading and stock movement related laws and regulations, corporate integrity, code of ethics and behavior, work rules, production management, production training, on-the-job education and training on safety and hygiene and internal control) amounted to a cumulative average of 20.24 hours per person, excluding members of the board of directors, for a total of 2,353 and 4,231 people, respectively.</p> <p>(2) The Company held 7 board meetings in 2023 and notified directors and insiders of the meeting dates and the closure period of each quarterly financial report by mail to prevent directors and insiders from violating the regulation. from January to December 2023, directors, managers, and employees attended internal and external training courses related to honest management and ethical code of conduct, and courses on the prohibition of insider trading, reminding them that directors are not allowed to attend such courses within 30 days prior to the announcement of the annual financial report and each quarterly financial report. The total number of times and hours of the training program to remind directors not to trade their stocks during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report is 822, 393 hours, and the achievement rate is 100%, as listed in the table below. This is in compliance with the Code of Corporate Governance Practices. The results of the above implementation are disclosed on the Company's website <a href="https://reurl.cc/j3KX3y">https://reurl.cc/j3KX3y</a>.</p> <table><tr><th>Internal/External training</th><th>Category of course</th><th>Number of people</th><th>Number of hours</th></tr><tr><td>External training</td><td>Internal audit</td><td>2</td><td>24</td></tr><tr><td>Internal/External training</td><td>Information Security</td><td>91</td><td>6</td></tr><tr><td>External training</td><td>corporate governance</td><td>7</td><td>42</td></tr><tr><td>External training</td><td>Risk management</td><td>5</td><td>12</td></tr><tr><td>External training</td><td>Discussion on Taxation and Laws</td><td>5</td><td>12</td></tr><tr><td>External training</td><td>Discussion on the Labor Incident Act</td><td>5</td><td>24</td></tr><tr><td>Internal training</td><td>Research on Labor Laws and Related Ordinances</td><td>4</td><td>18</td></tr></table>	Internal/External training	Category of course	Number of people	Number of hours	External training	Internal audit	2	24	Internal/External training	Information Security	91	6	External training	corporate governance	7	42	External training	Risk management	5	12	External training	Discussion on Taxation and Laws	5	12	External training	Discussion on the Labor Incident Act	5	24	Internal training	Research on Labor Laws and Related Ordinances	4	18	
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	Yes	No	Brief description				
			Internal awareness-raising event	In January, April, May, June, July, August, October, November, and December 2023, the Company announced in writing to new and existing directors, managers, employees, significant units, and subsidiaries, respectively, that directors and insiders are prohibited from trading their shares during the closed periods of 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of the quarterly financial statements, and that they are prohibited from trading their shares during the closed periods of 15 days prior to the announcement of the quarterly financial statements. Directors and insiders are prohibited from trading in the Company's stock during the closed periods of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report.	388	100%	
			Internal awareness-raising event	In 2023, the Company conducted company-wide education and training on relevant laws and regulations such as the "Code of Business Integrity," "Confidentiality Promotion," "Code of Ethical Conduct," "Procedures for Prevention of Insider Trading," "Procedures for Handling of Material Internal Information," and "Rules for the Administration of the Whistleblower System," as well as training on the management of intellectual property. Especially in June, we invited an external lecturer from the Legal Affairs Department to conduct professional training.	185	212	
			Lecture for New Directors	On February, August, and November 2023, provide the new directors and all directors elected in the ninth term with relevant laws and regulations, due diligence notes, and arrange for reporting on the Company's operation briefing and production line tour to understand the Company's operation before assuming office.	9	100%	
			Signing the Declaration of Integrity in Business	1.Signing of a confidentiality agreement by newly hired employees	0	0	
				2.signing of declaration of good faith management (such as declaration of no violation of the principle of good faith, confidentiality agreement, etc.) by newly appointed directors, all directors elected in the ninth term, managers, and signing of NDA confidentiality agreement by employees, outside contractors, and professionals participating in major motions of the Company.	120	100%	
				3.Confidentiality agreements on commercial information of customers or "NDAs" with specific customers	6	86%	
Supplier Commitment	New suppliers sign the "Declaration of Sustainable Development" and "Hazardous Substances Non-Use Guarantee".	100%					
III. Implementation of the Company's whistleblowing system (I) Has the company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?  (II) Has the company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?  (III) Does the company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	(I) V  (II) V  (III) V		(I) The Company has a complaint hotline and a complaint email as complaint channels. Employees can anonymously file complaints about any violations of integrity by phone or email or to auditors, the human resources personnel, or the management. In order to ensure the effective operation of the whistle blowing mechanism, the whistleblowing mailbox <a href="mailto:whistleblower@e-ttmc.com.tw">whistleblower@e-ttmc.com.tw</a> was appointed as an independent director (the committee member of the Audit Committee) and the audit were received simultaneously. (II) The Company has established relevant procedures in the "Regulations Governing the Whistleblower System", whereby the Audit Office receives complaints and files them and completes the "Record of Complaints Received by the Audit Office". The total number of complaints (whistleblowing) handled in 2023 was one, which was handled by the relevant unit after careful investigation and verification, and the result of which was that there was no violation of operational regulations such as major corruption or impact on the Company's operations. (III) As per the Company's Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct, we accept anonymous reports in accordance with the Whistleblowing System Management Regulations and keep each whistleblower's identity and the content of the report confidential to safeguard their personal safety.	(I)- (III)It is aligned with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.			
IV. Enhanced information disclosures Has the company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V		We have disclosed the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct on the MOPS; in the Articles of Incorporation and Important Internal Regulations under the Investor section on the official website, we have disclosed the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, the Insider Trading Prevention Management Procedures, and the Procedures for Handling Material Inside Information. We also disclosed the implementation situation and results in the Ethical Management section. We published the	It is aligned with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.			

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
			Employee Code of Conduct and cases of punishments for violations on the Company's intranet to raise employees' awareness.	

V. If the company has formulated its own Ethical Corporate Management Best Practice Principles as per the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please specify the difference between its operation and the principles:

The Company, in accordance with the relevant internal control measures of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and after deliberation and approval by the Board of Directors, has established the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct". On October 26, 2022 and May 5, 2023, we revised the "Insider Trading Prevention Processing Procedures" and "Internal Important Information Processing Procedures". On May 5, 2023, we additionally revised Article 10 of the "Corporate Governance Best Practice Principles". The Company shall attach importance to the right of shareholders to know and guard against the relevant provisions of insider trading, and on January 14, 2022, revise the "Management Measures for Whistleblowing", and establish a good corporate governance and risk control mechanism based on the business philosophy of integrity, fairness, transparency, self-discipline and responsibility, so as to seek the sustainable development of the Company. Therefore, there is no difference.

VI. Other important information that facilitates the understanding of the company's ethical management (e.g., reviewing and amending the company's corporate governance best practice principles):

Adhering to the business philosophy of integrity, transparency, and responsibility, we fulfill our responsibilities for compliance with laws and regulations to the public sector, for honest transactions to suppliers and clients, and for ethical management to our shareholders; prevent our directors, managers, or employees from violating the principles of ethical management to prevent any unethical conduct from causing damage to our goodwill or leading to any legal liabilities. The details are specified below:

- (I) Responsibilities for compliance with laws and regulations to the public sector:  
We comply with the Company Act, the Securities and Exchange Act, 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 laws and regulations on taxation, to duly implement ethical management.
- Responsibilities for honest transactions to suppliers and clients:
- (II) We have drawn up the Supplier Sustainability Declaration, the Warranty for Non-Use of Hazardous Substances, and the Conflict Mineral Policy Statement, to clearly require our suppliers and contractors to cooperate with the Company in implementing our sustainable development policy and commitment and environment, safety, and health policy. If a supplier/contractor violates any policy, which has caused a significant impact on the environment and society, we may terminate the partnership with the supplier/contractor at any time. They should also cooperate with the Company in conducting relevant inspections, regular inspections, and audits and are not allowed to, directly or indirectly, offer the Company's employees rebates, commissions, improper gifts, rewards, etc, which may undermine our ethical management.
- (III) Responsibilities for ethical management to our shareholders:  
We treat our shareholders sincerely and faithfully. In addition to respecting their opinions, complaints, and formal resolutions, we disclose correct information in real time to safeguard their rights and interest.
- (IV) To prevent directors, managers or employees from taking any actions in violation of good faith:  
We have formulated the "Ethical Corporate Management Best Practice Principles", the "Code of Ethical Conduct, the Insider Trading Prevention Management Procedures", the "Procedures for Handling Material Inside Information", "Corporate Governance Best Practice Principles" and established various internal control and internal audit systems. The internal auditors regularly audit such systems and then prepare audit reports and submit them to the Board of Directors, while regularly evaluating employees' morality and ethics, performing duties faithfully for directors, supervisors, managers, or employees from time to time, and raising their awareness of laws and regulations to prevent them from acting in their own interest or that of a third party in violation of laws or in any way that would harm the Company's assets, or engaging in insider trading with important information they learn from work.
- (V) To enable new employees to understand the Company's determination to operate in good faith, ethical management policies, prevention programs, and the consequences of unethical conduct, they must pass the Company's pre-employment training test.

(IX) If the company has formulated the corporate governance best practice principles or relevant regulations, it shall disclose where to access it:

1. Corporate governance best practice principles or relevant regulations:  
In accordance with the relevant regulations formulated by the Financial Supervisory Commission (FSC), we have formulated: (1) Internal Control System Manual, (2) Procedures for Asset Acquisition and Disposal, (3) Operating Procedures for Endorsements and Guarantees, (4) Operating Procedures for Loaning of Funds to Others, ( 5) Corporate Governance Best Practice Principles, (6) Ethical Corporate Management Best Practice Principles, (7) Code of Ethical Conduct and Rules of the Procedure for Board of Directors Meetings, (8) Rules of Procedure for Shareholders' Meetings, (9) Rules of Election of Directors, (10) Remuneration Committee Charter, (11) ) Organizational Regulations of the Audit Committee, (12) Insider Trading Prevention Management Procedures, (13) Procedures for Handling Material Inside Information, (14) Related-Party Transaction Management Regulations, (15)Transaction procedures for specific companies, group companies and related parties (16) Level-by-Level Delegation Regulations and Level-by-Level Delegation Table, (17) Subsidiary Monitoring and Management Procedures, (18) Rules of the Performance Evaluation of the Board of Directors, (19) Standard Operating Procedures for Handling Directors' Requests, (20) Risk Management Committee Charter, (21) Risk Management Policies and Procedures, and (22) Sustainable Development Best Practice Principles.
2. They are available on:  
( 1 ) Rules and Regulations on Formulation of Corporate Governance Principles under Corporate Governance on the MOPS (<http://mops.twse.com.tw/mops/web/index>) for the public to download.  
( 2 ) The Articles of Incorporation and Important Internal Regulations under Corporate Governance under the Investor section on the Company's website (<https://www.e-ttmc.com.tw/chinese/index.html>) for the public to download.

- (X) Other important information that may facilitate the understanding of the operation of corporate governance:  
See “Implementation of Corporate Governance on Page 31”.  
See “Implementation of Ethical Management on Page 70” of this annual report and “Corporate Governance and Implementation” and “Ethical Management” under the Investor section on the Company’s website (<https://www.e-ttmc.com.tw/chinese/index.html>).
- (XI) Matters that shall be disclosed regarding the implementation of the internal control system:
1. The Statement of the Internal Control System is available on Page 76 of this annual report.
  2. For those who appointed a CPA to review the internal control system, the CPA’s review report shall be disclosed: None.