

(VII) Deviation and causes of deviation from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”

Assessment item	Progress (Note)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Establishment of corporate conduct and ethics policy and implementation measures				
(I) Has the company established a corporate conduct and ethics policy that is approved by the board of directors and documented such policy and procedure, as well as ensured the commitment of the board and management team in the implementation of the policy thereof, in the bylaws and publicly available documents?	V		(I) The Company has established the “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Behaviors”, which have been resolved by the board of directors and disclosed on MOPS and the Company website. Integrity management serves as the bedrock of the Company. When the management and board members conduct business activities, they are compelled to conduct themselves according to the principles of integrity management and responsible in supervising its implementation, so as to create a business environment for sustainable development.	No major deviation.
(II) Has the company established a risk assessment mechanism for unethical conduct, analyzed and evaluated activities that contain a higher risk of unethical conduct	V		(II) In the “Business Integrity Procedures and Behaviors”, the Company has concretely laid out the important items to pay attention to when conducting business activities, the punishment for violations and the complaint system. The Company has also implemented internal audit to reduce the occurrence of unethical behavior.	No major deviation.

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<p>in the scope of operations on a regular basis, and established measures for the prevention of unethical conduct that at least cover the business activities prescribed in the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”, Article 7, Paragraph 2?</p> <p>(III) Has the Company established relevant policies which are duly enforced to prevent unethical conduct, and provided and implemented operating procedures, behavioral guidelines, penalties for violations and an appeal system in such policies?</p>	V		<p>By applying the risk assessment mechanism for unethical conduct to evaluate the scope of business, the Company analyzes and assesses operating activities with relatively higher unethical conduct. The Company then devises preventive measures and reviews their propriety and effectiveness. The preventive measures cover at least the following behavior: 1. giving out and receiving bribery; 2. making illegal political contribution; 3. making illegal donations or sponsorships; 4. leaking trade secrets; 5. involvement in unfair competition and harming stakeholders’ interests.</p> <p>(III) In the “Business Integrity Procedures and Behaviors”, the Company has concretely laid out the important items to pay attention to when conducting business activities, including stipulating various operating procedures and behavioral guidelines. The Company has also established the “Procedures for Handling Reports on Illegal or Unethical Conduct” to encourage reporting on illegal or unethical conduct. Depending on the seriousness of the conduct, the Company shall give out rewards and punishment. For injustices or improprieties, employees may file a complaint in accordance with the “Procedures for Undertaking of Employee Complaint”.</p>	No major deviation.

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			Meanwhile, to implement integrity management, the President's Office is responsible for promoting and overseeing the execution of the integrity policy and preventive measures. It also reviews and amends the aforementioned guidelines and procedures on a regular basis.	
<p>II. Implementation of integrity management</p> <p>(I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(II) Does the company task a unit that reports directly to the board of directors with promoting ethical standards, making periodical updates (at least once a year) to the board on business integrity management policy, as well as the supervision of measures for</p>	v	v	<p>(I) Before fostering new business relationships, the Company has to evaluate the legality and misconduct records of the transaction counterparties. After the evaluation, the Company shall assess the necessity of the relationship. If necessary, the contract shall stipulate the rights and obligations of both parties, terms and conditions of the transactions and the ethical commitment clauses.</p> <p>(II) The President's Office concurrently promotes integrity management, whereby it assists the board of directors and the management in devising and overseeing the implementation of integrity management policies and preventive measures. The implementation of the Ethical Corporate Management Best Practice Principles must be supervised and shall be reported to the board at least once a year. On November 13, 2020, the President's Office reported the implementation status to the board:</p>	<p>No major deviation.</p> <p>The Company shall maintain the current setup and not establish new designated units.</p>

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<p>the prevention of unethical conduct?</p> <p>(III) Does the company have any policies to prevent conflicts of interests and channels to facilitate the reporting of conflicting interests?</p>	V		<ol style="list-style-type: none"> 1. The Company reviews its integrity management policy and principles on a regular basis. In 2020, after referring to the existing rules and regulations, the Company established the “Business Integrity Procedures and Behaviors”. 2. From time to time, the Company sends employees to take part in internal and external integrity management training. 17 people received training in the current period and completed a total of 57.5 training hours. 3. The audit plan for 2020 included a review of the implementation of the internal control system. As of October 31, 2020, 36 reports had been completed and submitted to the chairperson for review. <p>(III) To avoid conflicts of interests, the “Rules and Procedures of Board of Director Meetings”, “Procedures for Management of Ethical Conduct”, “Ethical Corporate Management Best Practice Principles”, “Business Integrity Procedures and Behaviors” and other related regulations stipulate and implement a recusal policy. A specific section for communication with external stakeholders is established on the Company website to receive information, recommendations, complaints and reports. Specific personnel is designated to oversee and respond to issues raised. There were no</p>	No major deviation.

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(IV) Has the company implemented effective accounting and internal control systems for the purpose of maintaining business integrity, and has the internal audit unit devised relevant audit planning according to the risk assessment results of unethical conduct? Are these systems reviewed by internal or external auditors on a regular basis?	V		whistle-blowing incidents in 2020. (IV) The Company has established an effective accounting system and prepared financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IFRSs. According to the results of risk assessment, internal auditors shall devise and execute the yearly audit plan. The audit report generated is then submitted to the Audit Committee and board of directors. Furthermore, various departments of the Company conduct self-assessment on their respective internal control system every year, before the internal auditors conduct the related assessment and audit work. The practice is to ensure that the design and execution of the system remains effective.	No major deviation.
(V) Does the company conduct internal and external ethical training programs on a regular basis?	V		(V) The Company distributes working regulations to new recruits and conducts training for them to promote awareness on the Ethical Corporate Management Best Practice Principles. To prevent misconduct, in 2020, the Company held integrity management related training courses. 17 people received training and completed a total of 57.5 training hours.	No major deviation.
III. Implementation of the whistle-blowing system				
(I) Does the company provide	V		(I) The Company has established the “Procedures for Handling Reports	No major deviation.

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incentives and means for employees to report malpractice, and implement an accessible whistle-blowing channel? Does the company dedicate personnel to investigate the reported malpractice?			on Illegal or Unethical Conduct” and “Procedures for Undertaking of Employee Complaint”. Whistle-blowers are able to file a complaint with the spokesperson, acting spokesperson or internal audit officers. Meanwhile, an e-mail address for reporting illegal or unethical conduct is available on the Company website. In 2020, there was no internal or external report of illegal or unethical conduct.	
(II) Has the company implemented any standard procedures or confidentiality measures for handling reported malpractices?	V		(II) As per the “Procedures for Handling Reports on Illegal or Unethical Conduct” and “Business Integrity Procedures and Behaviors”, depending on the seriousness of the conduct, the Company shall give out reward and punishment. For serious misconduct, the Company may terminate the employment of the persons involved. Meanwhile, the identity and the content of the report are kept confidential. The report, investigation process and results are documented on paper or in electronic files. The Company is responsible for properly maintaining the records.	No major deviation.
(III) Does the company assure malpractice reporters that they will not be mistreated for making such reports?	V		(III) As per the “Procedures for Handling Reports on Illegal or Unethical Conduct” and “Business Integrity Procedures and Behaviors”, the identity and the content of the report are kept confidential to ensure that the whistle-blowers do not receive any retaliation.	No major deviation.
IV. Strengthening information				

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disclosure Has the company disclosed relevant CSR principles and implementation on its website and the Market Observation Post System?	V		The Company has disclosed relevant CSR principles and implementation on the Company website (www.tycons.com.tw) and MOPS.	No major deviation.
V. If the company has established business integrity policies in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”, please describe its current practices and any deviations from the Best Practice Principles: The Company has established the “Ethical Corporate Management Best Practice Principles” to foster a corporate culture of integrity management that can thrive. The actual practice does not have major deviations from the Company procedures.				
VI. Other information relevant to understanding the company’s business integrity: (e.g. review of Ethical Corporate Management Best Practice Principles)				
(I) To concretely regulate the important items to pay attention to when conducting business activities, the Company has established the “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Behaviors”, which have been disclosed on MOPS and the Company website.				
(II) The Company has established the “Procedures for Handling Material Internal Information“, stipulating that directors, managers and employees exercise the due care of good administrators and principle of integrity when conducting business. For significant matters that require confidentiality, they are required to sign confidentiality agreements.				
(III) The Company has established the “Rules and Procedures of Board of Director Meetings”. For conflicts of interests concerning the directors or the legal persons they represent, they should inform the board meeting of the conflict of interest. If the interest of the Company may be harmed, they are not allowed to take part in the discussion and voting. Furthermore, they should recuse themselves from the discussion and voting, and shall not				

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represent other directors in the voting.				

(Note) Regardless of ticking “Yes” or “No”, please provide more information in the summary description column.