

Ethical Management Committee

Also in order to improve the Ethical Management, Voltronic Power according to the resolution of the board of directors, in November 2015 establishing Ethical Management Task Force and was upgraded as Ethical Management Committee in 2017, under the board of directors, is responsible for adopting and supervising the implementation of Ethical Management policy and prevention programs, and regularly report the relevant necessary matters to board of directors.

1. New recruits report for the implementation of integrity management matters
2. The annual performance appraisal includes integrity as one of the staff appraisal items
3. In Year 2020, all participants received per capita training programs for one hour.

Facts about the Company's performance in ethical corporate management:

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
1. Establish Operation Policy and Scheme of Ethical Corporate Management (1) Does the company expressly specify policy, practice of operation in ethical corporate management in its corporate statutes and bylaws and external documents, and do the Board of Directors and management level actively actualize the promise of operation policy?	V		(1) The Company has duly established "Ethical Corporate Management Best Practice Principles" which functions as the very grounds of honesty and integrity. In Year 2016, the Company promoted to set up the Ethical Management Committee. The committee is subordinate to the Board of Directors and is directly supervised by the chairman of the Board of Directors while the General Manager Office functions as the concurrent unit responsible for integrity management policies and prevention programs. We place a heavy emphasis	No discrepancy

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(2) Has the company put in place an assessment mechanism for the risks associated with dishonest behavior, and regularly analyzed and assessed the operating activities exposed to higher risks of dishonest behavior, and formulated preventive measures accordingly and covering at least the preventive measures specified in the second paragraph of Article 7, the Ethical Corporate Management Best Practice Principles TWSE/GTSM Listed Companies?	V		<p>on business ethics and strictly prohibit any direct or indirect offering, commitment, asking or accepting any improper benefits or any unethical or illegal behavior, or any breach of fiduciary duties by directors, managers or employees in the process of commercial dealings. The Company seeks to balance the interest of different stakeholders. The formulation and supervision of execution, Annual Report or CSR Report provide details and standardize the Company's directors, managers, employees' policies on the Company's integrity management and the Board's active commitment for implementation.</p> <p>(2) The Company has duly enacted "Ethical Corporate Management Best Practice Principles", "Rules Governing Code of Ethical Conduct" and "Accusation Report system" as well as the regulating procedures which have been put into faithful enforcement. We firmly demand our entire staff members, including all staff members of our subsidiaries, to strictly comply with the ethical conduct criteria, safeguard the Company's goodwill, comply with laws and ordinances concerned to maximize performance of assigned duties. We advocate our core value and compliance system to our colleagues via training, education, and advocacy campaigns. The Company acknowledges that a healthy and orderly supplier relation is the foundation of a win-win outcome. We ask our suppliers to issue</p>	No discrepancy

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(3) Does the company specify a scheme to prevent dishonest behaviors, and expressly describe in operation procedures, conduct guidelines, punitive measures and compliant channels accordingly, in order to properly implement the abovementioned scheme?	V		<p>the Letter of Commitment to Business Ethics.</p> <p>Whenever an unfaithful behavior is heard from an accusation report or noticed, the Company will immediately investigate into the fact forthwith. Where a behavior in contravention of laws and ordinances concerned or ethical conduct code, or against the good-faith principles, the Company's management shall immediately demand that offender to discontinue the wrongdoing and impose penalty as appropriate. Through necessary and appropriate statutory procedures, the Company would claim for damage indemnity. These efforts could well safeguard the Company in goodwill and interests. The Company has set up the special mailbox for such purposes: (whistleblower@voltronic.com.tw)</p> <p>(3) The Company has established "Rules Governing Code of Ethical Conduct" and "<u>Ethical Corporate Management Best Practice Principles</u>" to normalize our key personnel's behaviors, and our internal auditing personnel also carry out regular audits to enhance the implementation of policy of Ethical Corporate Management Best Practice Principles. Toward varied law compliance realms, the Company has set up a variety of relevant regulations. These realms include anti-corruption, anti-harassment, environmental protection, preparation of financial statements/internal control system, anti-inside trading,</p>	No discrepancy

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			protection over patents, protection of personal information and privacy, custody of documents, management over information security and the like. Here at the Company, we do not build self-brand name. We do not compete against customers. That means under no circumstances shall the Company get involved in an act against competition, against trust and monopolization. We require all our employees to be fully aware of laws and regulations relevant to our businesses, to ensure correct and appropriate business and ethical judgment.	
<p>2. Actualize Ethical Corporate Management</p> <p>(1) Does the company evaluate the record of ethical corporate management of the transaction parties, and expressly specify clauses dealing with behaviors of ethical corporate management in the signed contracts of the transaction parties?</p>	V		<p>(1) The Company has established mechanisms for evaluating customers and suppliers. When entering into a contract, rights and obligations of both sides will be specified in the contract and be kept confidential. All suppliers commit themselves into Best-Practice Principles on Ethical Corporate Management as well. Through the great teamwork between the up- and down-streams, we never cease efforts to maximize core competitive edge. We try to focus on only such products in the pricing of the maximum possible competitive edge to simplify the transaction behaviors. Under no circumstances shall the Company try to win over a purchase order through not absolutely justifiable means to strive for unjust benefits in</p>	No discrepancy

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(2) Has the company established a unit under the Board of Directors to promote corporate operation in ethical corporate management, and regularly report to the Board of Directors (at least once per year) its execution and oversight of the business ethics policy and prevention of dishonest behavior?	V		<p>competition.</p> <p>(2) The Company advocates the Ethical Management Committee which is attached under the Board of Directors, directly supervised by the chairman. The General Manager Office is a concurrent unit which reports to the board of directors on a regular basis. All departments concerned have stipulated respective Best-Practice Principles to assure faithful fulfillment of such Principles.</p> <p>To avoid conflict of interests and provide a whistleblowing channel, the Company set up the Ethical Corporate Management Best Practice Principles. Relevant execution in Year 2019: In the entire year, the Company was free of any offense-reports, anti-corruption or anti-competition acts at all.</p>	No discrepancy
(3) Does the Company stipulate a policy of preventing interest conflict, provide due statement channels, and actualize the execution?	V		(3) If necessary, the Company requires new recruits to sign the Letter of Confidentiality for Business Secrets and the Agreement for Procurement Ethics. In addition, the Company has put in place the Rules Governing Code of Ethical Conduct and the Corporate Management Best Practice Principles and requires adherence to these standards and principles.	No discrepancy
(4) Has the Company established an effective accounting system and an internal control system to implement operation in ethical corporate	V		(4) The Company has set up effective accounting system and specifically responsible accounting unit. Here at the Company, the internal audit unit also works out the annual audit plan to	No discrepancy

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<p>management, designated internal auditors or commissioned external auditors accordingly to formulate audit plans based on the assessment of risks associated with dishonest behavior as the basis for the audit of dishonest behaviors?</p> <p>(5) Does the Company hold internal, external educational training for operation in ethical corporate management on a periodical basis?</p>	V		<p>carry out a variety of audit duties based on the outcome of risk assessment. It also works out the plans for subsequent corrective action to assure sound performance in audit. On a quarterly basis, the unit would report to the board of directors. In the self-evaluation inside the enterprise, all staff members shall conduct self-examination into the Internal Control System design and the effectiveness of the enforcement thereof.</p> <p>(5) At any time, the Company's publicity unit promotes our colleagues' resolute commitment to observe norms governing the corporate operations in ethical corporate management during meetings and on the bulletin board for substantial implementation. In Year 2019, all participants received per capita training programs for one hour. We also advocate business ethics in the supplier conferences so that they understand our principles and business philosophy based on integrity.</p>	No discrepancy
<p>3. Operation Status of Corporate Reporting System of an Offense</p> <p>(1) Does the Company establish substantial offense reporting and incentive systems, and establish convenient offense reporting channels, and assign proper exclusively responsible personnel to accept</p>	V		<p>(1) The Company has established a reporting system by setting up an accusation reporters' mailbox at our official site (whistleblower@voltronic.com.tw), human resources and audit unit that are available to whistleblowers who can also submit</p>	No discrepancy

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the reported subject of an offense?			information to independent directors, managers, direct supervisors or other appropriate personnel; external whistleblowers can submit whistleblowing reports to the preceding accusation reporters' mailbox(mails will be automatically forwarded to the Company's independent directors and senior executives) or supervisors and related units in charge of our business group and organization, and whistleblowers' identity and the contents of whistleblowing shall be kept confidential to protect whistleblowers from improper dispositions. After receiving a whistleblowing report, we will appoint paid staff to receive reports and assist in handling cases and give a reply.	
(2) Has the Company established the standard investigational procedures of receiving whistleblowing reports, subsequent measures after investigations and the confidentiality mechanism?	V		(2) The Company has maintained a rigorous attitude to keep the whistleblowing and subsequent investigation confidential, specified in the internal rules. We guarantee to keep complaints or a whistleblower's personal information and information offered by the whistleblower absolutely confidential according to Personal Information Protection Act.	No discrepancy
(3) Does the Company take measures to protect an offense reporting party from suffering improper disposition due to an offense report?	V		(3) We guarantee that whistleblowers will never be punished.	No discrepancy
4. Strengthen Information Disclosure			The Company discloses related information at Market Observation	No discrepancy

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Does the Company disclose the content of operation principles of ethical corporate management and promotion performance in its website and Market Observation Post Site?	V		Post System and our official website according to related regulations. Besides, corporate operations in ethical corporate management related information has been disclosed in the annual report and CSR report.	
<p>5. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, discrepancies between the operations and the established principles shall be illustrated:</p> <p>To foster a corporate culture of ethical management and sound development to strengthen its business operations, the Company has established Ethical Corporate Management Best Practice Principles to observe the principles in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies that shows no discrepancy.</p>				
<p>6. Other important information which can facilitate the understanding of the Company's operations in ethical corporate management: (such as the Company's review and of amendment of its Ethical Corporate Management Best Practice Principles)</p> <p>The Company observes the Company Act, Securities and Exchange Act, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or other regulations related to commercial activities to fulfill the principle of operations in ethical corporate management to create a business environment of sustainable development.</p> <p>Our suppliers issue the Letter of Commitment to Business Ethics and sign Supplier CSR Management Agreement with Voltronic Power.</p>				