

Taiwan Speciality Chemicals Corporation

Performance of Ethical Corporate Management

Evaluation item	Operation status			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reason therefor
	Yes	No	Summary Description	
I. Establishing ethical corporate management policy and proposal				
(I). Does the Company have the ethical corporate management policy approved by the Board of Directors, and have the policies and practices of ethical corporate management stated in the regulations and external documents, and have the Board of Directors and senior management actively implement the commitment of the business policies?	✓		(I). The Company has established the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethics" and "Procedures for Handling Reports of Illegal, Unethical and Dishonest Conduct" approved by the Board of Directors, to implement the ethical management policy. The Company's operations are in compliance with relevant laws and regulations, and the Company has established various operating procedures and regulations and announced them on the Company's website. The Company has announced that it will comply with ethical corporate management and establish related policies accordingly.	No significant difference.
(II). Does the Company have established a mechanism for assessing the risk of unethical conduct, regularly analyze and assess business activities within the scope of business with a higher risk of unethical conduct, and establish a program to prevent unethical conduct accordingly, and at least cover the preventive measures for the behaviors in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II). The Company has established a risk assessment mechanism for unethical conduct listed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles and Behavioral Guidelines" of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies". All units of the Company are bound by law to investigate dishonest conduct within the scope of their business activities.	No significant difference.
(III). Does the Company have the operating procedures, code of conduct, disciplinary actions, and complaint system explicitly stated in the prevention of unethical conduct plan, and have the implementation carried out, and regularly review and revise the aforementioned plan?	✓		(III). The Company has established the "Code of Ethical Conduct," "Procedures for Ethical Management and Guidelines for Conduct," and "Procedures for Handling Reports of Illegal, Unethical, and Dishonest Conduct" in accordance with the "Ethical Corporate Management Best	No significant difference.

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			Practice Principles" to clearly stipulate that no improper benefits, or unethical acts such as breach of ethics or unlawful acts, shall be accepted. It also encourages reporting of any illegal or unethical acts, and regularly promotes the importance of ethical behavior to directors and employees. The aforementioned programs are regularly reviewed for the appropriateness and effectiveness of the prevention programs in accordance with the methods set forth by the assessment mechanism for the risk of unethical conduct, and appropriate adjustments or amendments are made.
II. Ethical corporate management in practice			
(I). Does the Company evaluate the integrity of its trading counterparties and expressly provide integrity clauses in the contracts it signs with its trading counterparts?	✓		(I). The Company conducts business activities with customers and suppliers in a fair and transparent manner. When entering into contracts, the rights and obligations of both parties are clearly defined. No significant difference.
(II). Does the Company have a unit that specializes in promoting ethical corporate management under the Board of Directors, and regularly (at least once a year) reports its implementation of ethical corporate management policies and the prevention of unethical conduct, and the supervision of implementation to the Board of Directors?	✓		(II). The Company's Administration Department is responsible for reporting the implementation to the Board of Directors. Since its establishment, the Company has adhered to the ethical corporate management policy and implemented it in accordance with the law, in order to achieve sustainable development. The auditors also supervise the implementation of the ethical corporate management policy in daily audits. If there is any abnormality, they may also report to the Board of Directors at any time. (1) Formulation and review of integrity management policies The Company has established the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Procedures for Ethical Management and Guidelines for Conduct" and "Procedures for Handling

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			<p>Reports of Illegal, Unethical and Dishonest Conduct", which clearly stipulate that neither improper benefits shall be accepted, nor any acts such as breach of ethics or unlawful acts shall be made. The compliance section reviews and adjusts, revises and adds the regulations with reference to changes in external regulations and internal supervision implementation status.</p> <p>(2) Internal and external policy advocacy</p> <p>The Company's "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Procedures for Ethical Management and Guidelines for Conduct" and "Procedures for Handling Reports of Illegal, Unethical and Dishonest Conduct" have been announced on the Company's website and internal website for the public and our colleagues to inquire at any time. The Company also requires suppliers to sign the "Supplier Code of Conduct and Supplier Commitment" which complies with the laws, ethics, environment and quality regulations, and the standard contract content signed with business partners also contains the relevant clauses of ethical management.</p> <p>(3) Complaint channels, handling and protection of the informants</p> <p>The Company has established the "Procedures for Handling Reports of Illegal, Unethical, and Dishonest Conduct", and established a disciplinary and appeal system for violations of the ethical management regulations, and set up and announced the employee suggestion box, email box, and complaint hotline on the Company's website and internal and external websites to encourage internal and external personnel to report. Unethical or improper behavior The Company will keep the identity of the informants and the</p>

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			content of the report in strict confidence, and the administrative unit will verify and handle. If there is any violation of the ethical management regulations, the Company will handle it according to the severity of the violation, and report to the competent authorities or refer to the judicial authorities for investigation if necessary.
(III). Does the Company have a policy to prevent conflicts of interest, provide appropriate communication channels, and implement such policies?	✓		(III). The Company's "Code of Ethical Conduct" specifies that the Company's personnel shall handle business in an objective and efficient manner, to prevent the use of their positions in the Company to enable themselves, others, or other enterprises to receive improper benefits, and specifies the conflict of interest policy in the "Procedures for Ethical Management and Guidelines for Conduct" to specify the avoidance of conflict of interest when a stakeholder has a conflict of interest in a proposal at a Board of Directors.
(IV). In order to implement ethical management, has the Company established an effective accounting system and internal control system, and the internal audit unit formulates relevant audit plans based on the assessment results of the risk of unethical conduct, and conducts audits on the compliance with the prevention of unethical conduct programs, or entrusts a CPA to perform audits?	✓		(IV). In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system. The internal auditors perform various audits in accordance with the audit plan.
(V). Does the Company organize internal and external training on ethical management on a regular basis?	✓		(V). The Company continues to promote the ethical corporate management philosophy to the management and employees in daily operation management.
III. Operation of the Company's whistle-blowing system			

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(I). Does the Company have a concrete whistle-blowing and reward system stipulated, a convenient whistle-blowing channel established, and a dedicated staff designated to deal with the person being reported?	✓		(I). The Company has established a concrete system in the "Procedures for Handling Reports of Illegal, Unethical, and Dishonest Conduct", including the establishment of an email box and the handling principles, to implement the ethical management policy. The Company's finance and accounting officer and the audit officer accept the report of whistle-blowing. After the case is verified, the handling unit will investigate and handle the case according to the Company's "Procedures for Handling Reports of Illegal, Unethical, and Dishonest Conduct." If the case is verified as truth, the whistle-blower may be awarded appropriate rewards depending on the importance of the case.	No significant difference.
(II). Does the Company have standard procedures in place to investigate reported misconducts, and have proper measures and confidentiality mechanisms in place to ensure that all reported misconducts are investigated?	✓		(II). The Company has established corresponding investigation and handling procedures for the whistle-blowers and the case types in the "Procedures for Handling Reports of Illegal, Unethical, and Dishonest Conducts", and the handling of the whistle-blowers' reports are kept confidential, and the whistle-blowers are protected, and the corresponding person is provided with the opportunity to appeal, to ensure the legitimate rights and interests of the whistle-blowers and the corresponding person. If the reported incident is verified as truth, the Company will immediately request the person to cease the incident, take appropriate actions, and assign relevant units to review and propose improvement measures, and report to the Chairperson.	No significant difference.
(III). Does the Company take measures to protect the whistle-blowers from improper treatment due to their whistle-blowing?	✓		(III). The Company handles the whistle-blowing cases in a confidential manner in accordance with the "Procedures for Handling Reports of Illegal, Unethical, and Dishonest Conduct", and fully protects the identity of the whistle-blowers. The identity of the whistle-blowers and the content of the whistle-blowing cases will be kept confidential, and the whistle-blowers themselves will not	No significant difference.

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			be subject to any improper treatment. The personnel handling the whistle-blowing cases issue a written statement to declare that the identity of the whistle-blowers and the content of the whistle-blowing cases are kept confidential.
IV. Enhance information disclosure (I). Does the Company disclose its ethical corporate management best practice principles and its implementation on its website and the MOPS?	✓		Relevant information on the Company's website, including the corporate culture, business policy, "Code of Ethics", "Procedures for Ethical Management and Guidelines for Conduct", and "Procedures for Handling Reports of Illegal, Unethical, and Dishonest Conduct", and the implementation of ethical management.
V. If the Company has established its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM 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 clearly regulate the matters to be followed by the Company's personnel. The rewards and punishments are also specified in the relevant measures, and there is no significant deviation from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".			
VI. Other important information that helps to understand the Company's ethical corporate management practices (e.g. the Company's review and revision of its ethical corporate management best practice principles, etc.): 1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, applicable rules and regulations governing TWSE/TPEX listed companies, and other applicable laws and regulations governing business activities, as the prerequisite for the implementation of ethical management. The Company also spares no effort in complying with environmental and quality policies, and adopts high standards. 2. In the "Rules of Procedure for Board of Directors Meetings" of the Company, the recusal system for directors' conflicts of interest is defined. For the proposals listed by the Board of Directors, if the directors themselves or their representatives have conflicts of interest, which may cause harm to the interests of the Company, the directors may not participate in the discussion and voting, and they should recuse themselves during the discussion and voting, and they may not exercise the voting rights on behalf of other directors. 3. The Company has established the "Management Procedure for Prevention of Insider Trading" which expressly prohibits insiders, quasi-insiders, and information receivers from knowing the material information in accordance with the law, and from trading the Company's listed stocks or other equity securities on the Taiwan Stock Exchange or the Taipei Exchange within 18 hours before the material information is confirmed or before the public disclosure of the material information, or from selling the Company's non-equity corporate bonds listed on the Taiwan Stock Exchange or the Taipei Exchange, so that anyone who gain knowledge of the material information will not step on the red line of insider trading due to lack of legal knowledge. In addition, the "Regulations Governing Prevention of Insider Trading" stipulate that directors, managers, and natural persons who are designated to perform their duties in accordance with Article 27, Paragraph 1 of the Company Act shall not trade their shares during the period of 30 days before the announcement of the annual financial report and 15 days before the announcement			

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<p>of the quarterly financial report. After the Company's stock affairs personnel arranges the date of the Board of Directors in the next year, they shall inform the prohibited trading period for the regulated entity, and the stock affairs personnel shall arrange the monthly equity declaration to review the compliance of the regulated entity.</p> <p>4. The Company's "Ethical Corporate Management Procedure and Code of Conduct" is amended with reference to the "Sample Template of XXX Co., Ltd. Ethical Management Procedure and Code of Conduct" published by the Taipei Exchange in February 2020. The Company's current organizational structure specifies that the Administration Division is the dedicated unit for ethical management.</p>			