

3.4.6 The State of Implementation of Ethical Corporate Governance and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons for Deviation

Assessment Items	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	Explanations	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	√		<p>In order to improve the development of integrity management, the Company’s Board of Directors has passed the resolution to formulate the "Ethical Corporate Management Best Practice Principles and Operating Procedure and Guidelines for Conduct". It clearly defines the policies and practices of integrity management to establish a good business operation model, and create a corporate culture through integrity management and required members of Vivotek including the Board of Directors and top management pro-actively implement the policy. For the details of the principles, please refer to the corporate governance section under investor relations on the Company's website.</p>	<p>Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies</p>
<p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies?</p>	√		<p>The Company has established a risk assessment mechanism for unethical behavior</p> <ol style="list-style-type: none"> 1. According to the "Ethical Corporate Management Best Practice Principles and Operating Procedure and Guidelines for Conduct", the auditor is responsible to audit and evaluate the listed risks of unethical conduct, and will regularly analyze and evaluate the scopes of business activities with higher risks of unethical conduct, and formulate unethical conduct prevention based on the aforementioned scopes. 2. The "Vivotek Code of Ethical Conduct" and the "Ethical Corporate Management Best Practice Principles and Operating Procedure and Guidelines for Conduct" clearly prohibit bribery, illegal political contributions, offering or acceptance of improper benefits, and infringement of intellectual property rights, having improper relationship with third parties, prohibit transactions that violated Fair Trade Act, and arbitrarily disclosing important internal information without the consent of the Company, etc. 3. New recruits are required to sign relevant declarations when on-boarding, newcomer's training and education and training such as annual integrity management, insider trading, etc are provided, so that directors, managers and all employees can fully understand the integrity concept of the Company. 	
<p>(3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	√		<p>The Company has established relevant policies that are duly enforced to prevent unethical conduct, which has been clearly established in the Ethical Corporate Management Best Practice Principles and Operating Procedure and Guidelines for Conduct, Code of Ethical Conduct, and whistle blowing system. The Regulations Governing Reward and Punishment has stipulated the punishment and appeal system for those who violated the policy, and the policy is regularly reviewed. For the details of the relevant regulation, please refer to the corporate governance section under investor relations on the Company's website.</p>	
<p>2. Ethic Management Practice</p> <p>(1) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p>	√		<p>The Code of Conduct of the Company stipulated that the legitimacy and integrity management policy of the counterparty should be evaluated before entering into contract with others. The counterparty should be explained with the integrity management policy of the Company and its relevant requirements when engaging in business activities. The state of the integrity management of the counterparty should be fully understood when entering into contract with others, and the clause of compliance with integrity management will be incorporated into the contract.</p>	<p>Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies</p>

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			At the same time, suppliers are also required to sign the "Vivotek Supplier Sustainability and Integrity Commitment Letter" that suppliers will be committed to comply with the "Vivotek Supplier CSR Practices", "Vivotek Supplier Code of Conduct", "Vivotek Responsible Business Alliance", "Vivotek Integrity Commitment" and other related contents for the implementation of integrity management.	
(2) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	√		In order to improve the integrity management, the Human Resources Department, Legal Affairs Department, and Intellectual Property Department are responsible to develop and implement the integrity management policy of the Company, management of business-related confidential information, and confidential operating procedures. It is supervised by the Audit Department, and the Human Resources Department will report to the Board of Directors (at least once a year) to ensure the continued effectiveness of its operating procedures.	
(3) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	√		"Vivotek Code of Ethical Conduct" stipulated that all members of Vivotek should avoid conflicts of interest and relevant provisions specified in Article 15 of the "Rules and Procedures of the Meeting of the Board of Directors" and Article 32 of the "Corporate Governance Best Practice Principles" regulate directors to avoid conflicts of interest. The Article 17 of the "Corporate Governance Best Practice Principles" stipulated that when the Company and its affiliated enterprises enter into inter-company business transactions, it should be conducted based on the principle of fair dealing and reasonableness, and improper channeling of profits is strictly prohibited between the Company and its affiliates and shareholders. With regard to the management of internal material information processing, disclosure and prevention of insider trading, the "Procedure of Management of Internal Material Information and Prevention of Insider Trading" is formulated. Also, appropriate channels are provided internally for directors and managers to pro-actively explain any potential conflicts of interest with the company. For the details of the relevant regulation, please refer to the corporate governance section under investor relations on the Company's website.	
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	√		The effective accounting system and the financial statements of the Company are prepared in accordance with the International Accounting Standards (IFRS). The internal control system is established in accordance with the "Regulation Governing the Establishment of Internal Control Systems by Public Companies", and it is reviewed at any time to ensure the continued effectiveness of its design and implementation. The internal auditors of the Company shall regularly check the state of compliance with the preceding system and an audit report will be furnished to the Board of Directors.	
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	√		As of the end of October, the Board of Directors reported a training completion rate of 93%, or 98% if the migrant workers transferred out in November and December are excluded.	
3. Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible	√		The "Regulations Governing the Complaint System" of the Company has clearly defined specific complaint and reward systems, and various of conveniently accessible complaint channels are established. Also, a person in charge will be assigned to handle the complaint received. 1. Acceptance unit	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies

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individuals to handle the complaint received?			<p>Auditor: Receives the complaints from suppliers and contractors.</p> <p>The department head of the affiliated unit and the HR unit: Receives the complaints from internal colleagues, customers and other interested parties, etc.</p> <p>2. Complaint channels</p> <p>E-mails for digital complaint reporting: GRIEVANCE@vivotek.com</p> <p>Mailbox for written complaints: Please mail to 6F., No. 192, Liancheng Rd., Zhonghe Dist., New Taipei City "Vivotek Complaint mailbox"</p>	
(2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	√		<p>The following are the procedures of complaint handling which is specified in the "Regulations Governing the Complaint System":</p> <p>1. The complainant himself/ herself or his/ her representative shall fill in the "Complaint Record Form" in writing or verbally, and detailing the specific matters related to the behaviors or circumstances specified in the Article 2 to facilitate verification (including the names of relevant personnel and units, date and description of the incident). The complainant may choose to remain anonymous, however, preferably real name is provided to ease the communication and investigation.</p> <p>2. The complaint received should be closed within one month, and it may extend for one month if necessary. When the case is closed, the complainant should be responded with the "Complaint Reply Form", however it is not applicable if the complainant does not provide any contact information. If the complainant did not satisfied with the investigation result, he/she may fill in the "Complaint Record Form" again and provide new reasons and specific new evidence within 10 days after the date of receipt of the response. The General Manager may appoint other appropriate unit to resume investigation, and the application for resuming investigation is limited to one time only.</p>	
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	√		<p>The "Regulations Governing the Complaint System" has clearly stipulated that the complainant may choose to remain anonymous, however, preferably real name is provided to ease the communication and investigation. The complainant and the relevant personnel responsible for handling the case shall keep all the information confidential, and do not disclose to the public to prevent the complainant from unfair treatment, retaliation or threats.</p>	
4. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)?	√		<p>The "Ethical Corporate Management Best Practice Principles and Operating Procedure and Guidelines for Conduct", "Code of Ethical Conduct" and "Regulations Governing the Complaint System" are disclosed in the corporate governance section under investor relations on the Company's website. In addition, the correlation and reliability of the integrity management related information also published in the annual report and CSR report.</p>	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation. Complied with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy): None.				