

2021 Performance of Ethical Corporate Management

Sino-American Silicon Products Inc

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
I. Establishment of ethical corporate management policies and programs				
(I) Has the Company formulated the ethical corporate management approved by the Board of Directors, and stated in the regulations and external documents the policies and practices of ethical corporate management, as well as the Board and senior management's commitment to actively implement the management policy?	V		(I) The Company has the “Ethical Corporate Management Best-Practice Principles,” “the Code of Ethical Conduct”, as the guidelines adopted by the Board of Directors and “the Operational Procedures and Guidelines for Ethical Corporate Management” approved by the chairperson and “Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct” to pursue ethical operation. The Company's standard contracts and external documents have informed the transaction counterparts to abide by the integrity management policy; the Board of Directors and senior management have signed a written statement to actively implement the commitment of the integrity management policy, and the Company has indeed implemented in internal management and business activities, including employment by specifying conditions to require employees to abide by the integrity management policy.	No significant difference.
(II) Whether the Company has established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent	V		(II) In the “Integrity Management Operating Procedure and Action Guideline”, the Company has established the risk assessment mechanism for the unethical conducts listed in Article 7, Paragraph 2 of the “Code of Integrity Management,” including the data collection through the annual compliance self-assessment, qualitative	No significant difference.

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<p>dishonesty, and at least covers the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” Article 7, paragraph 2 of the prevention measures?</p> <p>(III) Whether the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>			<p>interview, and tracking of emails by the IT department, for regular analysis and assessment, to identify these who with higher risks, and conduct individual investigation if required, with assistance of the audits from the internal audit units. So that the preventive programs to forbid offering and accepting bribery, providing illegal political donation or improper benefits, infringement of intellectual property rights, and unfair competition may be established, to ensure the Company’s operation is consistent to the Ethical Code of Integrity Management. Within the scope of business activities, all employees are obliged to cooperate with the compliance office for the investigation related to the said unethical conducts.</p> <p>(III) The Company's plan for preventing dishonesty in accordance with “the Ethical Corporate Management Best-Practice Principle” includes “Procedures for Ethical Management and Guidelines for Conduct”, “Codes of Ethical Conduct”, and “Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct” which clearly regulate no acceptance to any unrightful benefits, or to commit behaviors that violate integrity, and to encourage the reporting of any illegal or ethical conduct violations, the Company also stipulates the importance of integrity should be regularly announced to directors and employees. The above plan regularly reviews the appropriateness and effectiveness of the prevention plan according to the method set by the risk assessment mechanism of dishonesty behavior, and makes appropriate adjustments or amendments.</p>	No significant difference.

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II. Fulfill operations integrity policy				
(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(I) The Company's “Ethical Corporate Management Best-Practice Principles” has clearly stated that before business transactions, the legality of business transactions and whether there is dishonesty should be considered, and transactions with persons involved in dishonesty should be avoided. In addition, according to the Company's “Procedures for Ethical Management and Guidelines for Conducts”, it is necessary to undergo an integrity operation evaluation before establishing a business relationship with others. The customers evaluation (and its distributors/agents) is conducted by sales department; The suppliers’ evaluation (and its distributors/agents) is conducted by purchase department. The integrity management evaluation form is written and quantified; the contract signed with the business transaction partners should specify the integrity management clauses to ensure that the counterparty abides by the company's integrity management policy.	No significant difference.
(II) Does the Company set up a special unit for promoting corporate integrity management under the Board of Directors, and regularly (at least once a year) report to the Board of Directors on its integrity management policies and plans to prevent dishonesty, and monitor implementation?	V		(II) The company has established its own Legal Compliance unit in the Legal Department, which is responsible for coordinating the development and supervision of the implementation of the integrity management policy and the prevention of dishonesty behaviors, and supervise the implementation. The Legal Compliance manager reports their finding to the Board of Directors once a year. If any abnormalities are found, they may	No significant difference.

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			<p>also report to the board of directors at any time.</p> <p>Implementation Status of Current Year:</p> <p>A. Establishing and reviewing policies related to ethical corporate management</p> <p>The Company has set up the “Ethical Corporate Management Best-Practice Principles”, “Code of Ethical Conduct” and “Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct”, which clearly stipulates no acceptance to inrightful benefit, or violate integrity or dishonesty; the above internal regulations are examined by the legal compliance department with reference of changes in external regulations and the internal implementation, and are adjusted and revised from time to time.</p> <p>B. Internal and external advocacy of Company policies</p> <p>Relevant important internal regulations such as the “Ethical Corporate Management Best-Practice Principles”, “Code of Ethical Conduct” and “Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct” have been announced on the Company’s official website and internal websites for inquiries from external and parties. In addition, the company requires suppliers to sign the “Supplier Code of Conduct and Supplier Commitment” which request suppliers to act in compliance with legal, ethical, environmental and quality standards, and the content of the standard contract signed with</p>	

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			<p>business partners also includes the relevant provisions for compliance with honest business practices.</p> <p>C. Reporting channel and whistleblower protection</p> <p>The company has set up the “Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct”, established a disciplinary and appeal system for violations of the integrity management regulations, and set up and announced employee suggestion boxes, electronic mailboxes and complaint hotline to encourage internal and external personnel to report dishonesty or misconduct. The company allows anonymous reports. The identity and content of the reporter will be kept confidential, and the human resource department will be responsible for verification and handling. Anyone who violates the integrity management regulations will be punished based on the seriousness of the circumstances, and if necessary, the matter shall be reported to the competent authority or transferred to the judicial bureaus for investigation.</p> <p>D. Education and training</p> <p>The Company formulates and conducts training regularly. The attendees and hours of trainings in 2021 are listed as the following:</p> <ol style="list-style-type: none"> 1. One hour of education and training was conducted for all directors, management a department level or higher, President office, 	

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(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and	V		<p>and new employees on the “Insider Education and Training.” The contents include insider trading law analysis (constitutive elements, major news disclosure method and time period, judicial opinions) and insider equity transfer law analysis (The obligation to declare before/after the event, and maintaining the number of shares held by directors and supervisors);</p> <p>2. A two-hour of “Ethical Corporate Management Training” for all directors, managers at department level or above, and new recruits was conducted; the content includes trade secret protection, issues of competition law, anti-bribery and corruption, conflict of interest prevention, and KYC/export control, among other major compliance issues closely related to the technology industries.</p> <p>3. A 20-minute training was conducted on “the case of Largan v. Ability Opto-Electronics for infringement on Trade Secrets” for the managers in the solar energy business system; the content included an introduction to the Trade Secrets Act, an analysis of the violations in the case, and the enlightenments (Dos and Don’ts).</p> <p>(III) The company stipulates in the “Code of Ethical Conduct” that the personnel of the company should do business in an objective and efficient manner, avoiding</p>	No significant difference.

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<p>implement it?</p> <p>(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit has formulated relevant audit plans based on the results of the assessment of the risk of dishonesty, and checked the compliance with the plan to prevent dishonesty, or entrust an accountant to perform the audit?</p>	Y		<p>the abuse of positions in the company to prevent their own, others or other companies from obtaining improper interests. In addition, the “Procedures for Ethical Management and Guidelines for Conduct” specifies how to recurse when there is a conflict of interest in the Board. In addition, the conflict of interest channels provided by the company are different according to the subjects as follows: Directors or Independent Directors should do so to the president's office or the chief of corporate governance; managers should do so to the legal compliance department; other employees shall report to the line manager and compliance, and follow the line manager’s proper instruction.</p> <p>(IV) The company has established and implemented the accounting system and internal control system which are audited by internal auditors on a regular basis pursuant to the audit plan that includes the subject, scope, item and frequency based on the results of the assessment of the risk of dishonesty to inspect the prevention actions effectiveness. The results shall be notified to the senior management team and the responsible department of ethical operation and be submitted to the Board of Directors in the form of audit report. In addition, the Company conducts inspections and revisions every year to ensure the effectiveness on the design and implementation of the system, and establish good corporate governance and risk management control mechanisms to serve as the basis on evaluating the overall efficacy of all internal control systems and for producing Internal Control System Statements.</p>	No significant difference.

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(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(V) The Company regularly formulate and conduct trainings, including laws and regulations related to corporate governance, ethical management, and business conducts. For “ethical management” and “prevention of insider trading” courses, the current directors, managerial officers, or other employees deemed in need of such trainings shall attend at least every two years. New directors and managerial officers shall attend within three months upon taking positions. New employees shall attend in the consolidated orientation prepared by the human resources. In addition, pursuant to the “Integrity Management Operating Procedure and Action Guideline,” the Chairperson and the corporate governance officers are arranged to communicate the importance of ethic to directors, managerial officers, and supervisors in the Board meetings or supervisors’ meetings. The relevant training courses provided in 2021 include “Insider Education and Training,” “Ethical Corporate Management Training,” and “the case of Largan v. Ability Opto-Electronics for infringement on Trade Secrets.” For the specific descriptions, please refer to the description in above (II) (4). The total cumulative attendees of these courses were 193.	No significant difference.
III. Operation of the integrity channel (I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(I) The Company has established the “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct”, set up an employee suggestion box and email, complaint hotline, principles in handling such matter and channel for external whistleblowing in order to fulfill good faith practice. Whistleblower cases are	No significant difference.

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(II) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		<p>handled by the company’s spokesperson, HR manager or legal personnels, the case will be transferred to relevant departments for investigation after registration and processed pursuant to “Reporting Illegal and Handling Measures for Cases of Unethical or Dishonest Conduct.” Appropriate rewards will be given to whistleblowers depending on the severity of the case.</p> <p>(II) The Company stipulates “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct” and specifies different investigation, procedure based on different cases and the accused. The whistleblowing case will be processed in the principles of confidentiality, full protection of the whistleblower, offering defense chance for the accused, etc to secure the rights of both whistleblowers and the accused. If the whistleblowing case is verified to be true, the whistleblower will be immediately required to stop and impose appropriate countermeasures, and instruct the relevant departments to review and propose improvement measures to prevent the same behavior from happening again; the legal department will separately report the whistleblowing case, handling and follow-up to the board of directors.</p>	No significant difference.
(III) Does the Company provide proper whistleblower protection?	V		<p>(III) The Company handles whistle-blowing cases in a confidential manner in accordance with the “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct”, and offers full protection to the whistleblowers. Their identity will be kept absolutely confidential and will not face mistreatment due to the whistleblowing. The staff who handles the case will</p>	No significant difference.

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			issue a written statement stating that the identity of the whistleblower and the content of the report will be kept confidential.	
IV. Enhanced information disclosure (I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?			(I) The Company has an official website that disclose relevant information such as corporate culture, business policies and the “Ethical Corporate Management Best-Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Code of Ethical Conduct”, “Guidelines for Whistleblowing on Illegal, Immoral or Unethical Conduct” and the Company’s implementation on good faith management.	No significant difference.
V. If the company has established the ethical corporate management policies based on the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the policies and their implementation: The Company has established the “Ethical Corporate Management Best-Practice Principles” which clearly regulates the matters to be followed by the Company's staff. Other accusation cases and penalties are also clearly set out in relevant measures. There is no significant difference between the policies and the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.”				
VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (under situations such as review and revision of regulations): 1. The Company complies with 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 as well as relevant regulations for the listed companies or other business entities as basic premise for fulfilling good faith management. The Company also fully dedicates in environmental and quality policies by adopting high standards.				

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<p>2. The Company has set up the “Regulations Governing the Prevention of Insider Trading” which stipulated that directors, supervisors, managers and employees must not disclose any material information to others. They must not inquire or collect undisclosed material information within the Company that are not related to personal duties, and shall not disclose to others any undisclosed material insider information that is not obtained from the execution of business activities during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>3. The Company has set up the “Regulations Governing the Prevention of Insider Trading” which stipulates that upon actually knowing of any material information, the insiders, quasi-insiders and tippees shall not purchase or sell shares of the company that are listed on an exchange or an over-the-counter market, or any other equity-type security of the company after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure in case accidentally violate insider trading because they are not familiar with the regulations. In addition, to cope with the announcement of TWSE on December 8, 2021 regarding the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” before the publication date of the annual report, the board of directors approved to amend the “Management Procedures to Prevent Insider Trading,” adding the restriction that the directors, managerial officers, and the natural persons appointed as a proxy to exercise duties specified in Paragraph 1, Article 27 of the Company Act, are forbidden to trade their shares during the lock period from 30 days prior to the announcement of annual financial statements, and 15 days prior to the announcement of quarterly financial statements. The Company requested the President Office to inform the persons subject to the provisions the lock period forbidding trading after arranging dates of board meetings; the President Office also review the compliance of the concerned persons when reporting the equity every month.</p> <p>4. The Company stipulates “Procedures for Handling Material Inside Information” to establish sound mechanisms for the handling and disclosure of material inside information in order to prevent improper information disclosures and to ensure the consistency and accuracy of information released by this Corporation to the public. The procedure regulates that no director, supervisor, managerial officer, or employee with knowledge of material inside information of the Company may divulge the information to others, nor inquire about or collect any non-public material inside information of this Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties.</p> <p>5. On November 4, 2021, to cope with the practical demands for operation and management, the fifth amendment to the “Code of Ethical Conduct” was approved by the board of directors, adding the provisions regarding reporting the destruction of public assets and the handling thereof, to implement the protection of the Company’s assets, and increase the attentions of employees when using the Company’s assets, so that the Company’s assets may be effectively and legally used for the Company’s business, and the operating expenses are not increased due to negligence.</p>				

Note 1: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.