

Sinyi Group Procurement Ethics Standards

In order to strengthen awareness of ethics in purchasing and procurement matters among staff of the Group and related enterprises, and to standardize everyday procurement management, we shall adhere to the principles of openness, fairness, impartiality, integrity, and objectivity, and resolutely safeguard the interests of the Company. Staff shall not harm the Company's interests through the pursuit of improper personal interests, and shall work to prevent the occurrence of various illegal and violatory acts in the pursuit of improper interests. It is to these ends that we have established these Ethics Standards.

Article 1: The staff of the Group and related enterprises involved in handling procurement matters (hereafter referred to as "procurement staff") shall be held to these ethical standards:

1. Procurement staff shall endeavor to pursue fair and open procurement procedures, advance the efficiency and effectiveness of procurement operations, ensure the quality of procurement, and promote the healthy development of the procurement system.
2. Procurement staff shall, based on laws, regulations, and their conscience, perform their official duties impartially and shall not conduct or accept entreating or lobbying.
3. In conducting procurement, procurement staff shall make efforts to find out the truth and uphold the rights of both the Company and the vendor(s). Situations favorable and unfavorable toward the Company and the vendor(s) shall be examined carefully with a view that the matter is properly examined, that the law is properly applied, and that public credibility is upheld.
4. Any decision on procurement shall be based on factors such as cost, quality, technology, delivery, efficiency, the financial situation of the vendor, and protection of the environment.
5. Procurement staff shall not lower standards nor not adhere to standards in the procurement process; they shall not purchase at elevated prices, lower the quality of procured items, or falsely report procurement figures; they shall not falsify procurement documents nor violate financial rules; and they shall not make false overestimations, and shall conduct audits in strict accordance with contracts.
6. Procurement staff shall be honest and upright, take reputation seriously, speak carefully, and behave in a proper manner.

Article 2: Procurement staff may not engage in any of the following behaviors:

1. Using their work relationships to demand, agree to accept from, or accept from vendors bribes, rebates, gifts (of items or of money), cards, negotiable securities, valuables, refurbished products, or any other form of preferential transaction or improper benefit.
2. Demanding, hinting at, or accepting meals, accommodation, transportation, entertainment, travel, dirty entertainment, or any other similar situations with free charge or preferential treatment from vendors connected with their formal duties.
3. Conducting procurement not in accordance with Company regulations.
4. Obstructing procurement efficiency.
5. Wasting resources.
6. Failing to conduct procurement impartially.
7. Leaking confidential procurement information.
8. Using Company premises for personal or public purposes.
9. Using their work relationships to raise funds or engage in business activities.
10. Using confidential information obtained in the course of their duties for improper personal interests.
11. Concurrently working with the Company and a vendor or vendors.
12. Posting or hanging up advertising materials of the vendor(s) in Company buildings.
13. Using formal relationships to introduce said relatives or friends to work for the vendor(s).
14. Using relationships with the vendor(s) through formal duties to borrow from the vendor(s), or to invest with the vendor(s), not through open transaction.
15. Requesting the vendor(s) to provide services not related to procurement.
16. Entreating or lobbying for the vendor(s).
17. For improper personal interests intentionally overestimating the budget, estimate, or contract price payable, or conducting improper planning, design, invitation to tender,

evaluation of tender, award of contract, administration of contract performance, or inspection and acceptance.

18. Making use of the occasions of wedding, funeral or banquet to solicit money or property from the vendor(s).
19. Engaging in matters or activities that may affect the dignity of the procurement staff or may cause the general public to conceive that such personnel are unable to conduct their duties impartially.
20. Other circumstances as prescribed by the governing rules.

Article 3: Procurement staff may accept the following gifts or treatments from the vendor(s) related to their formal duties or interests without being restricted by the provisions of the preceding Article if refusing to accept such gifts or treatments is against social etiquette or custom and does not breach Company regulations. However, the provision of gifts or treatments shall not be initiated by the procurement staff and shall only be occasional and incidental.

1. Advertising materials, promotional products, souvenirs, gifts, discounts, or services which do not exceed the value of NT\$500.
2. Meals and treatments which do not exceed the value of NT\$500.
3. Banquets that are held openly and to which a wide range of general people are invited
4. Other circumstances as prescribed by the Company.

Gifts and treatments referred to in the preceding paragraph with a value more than NT\$500 and which are difficult to return the vendor(s) may be accepted by paying for them, or submitting them to the office or donating them to charity institutions within seven days from the date of receipt or the date when their provision is known. At the same time, staff from the relevant department(s) shall cooperate with the Company by sending items for organization of reply to the vendor(s) and explanation of follow-up handling of the gift or treatment;

In addition to requesting the vendor(s) cooperate with the Company, we also reiterate that the Company adheres to the ethical guidelines of the Code of Business Integrity.

Where gifts or treatments are accepted based on family relationship or personal friendship, the provisions of the second and third paragraphs shall not apply.

Article 4: Procurement staff may accept the following treatments from vendors related to their official duties without being restricted by the provisions of Article 2 if refusing to accept such treatments will obstruct the carrying out of duties.

1. Where the procurement activity is conducted in a location where appropriate accommodation and dining facilities are not available, the vendor(s) may provide procurement staff with accommodation and meals which are the same as those provided to its own workers.
2. Where the procurement activity is conducted in a location that transportation is inconvenient and the use of transportation provided by the vendor(s) is necessary.
3. Where the Company is invited to send its staff to attend a meeting held by the vendor(s) in a proper place with the provision of meals for the purpose of official business.
4. Other circumstances as prescribed by the Company.

In the event that the vendor is required by the contract to provide treatments specified in subparagraphs 1 and 2 of the preceding paragraph, the contract shall apply. Where it is not specified in the contract, the vendor(s) may request the Company to pay for necessary expenses incurred by providing meals, accommodation, or transportation.

Article 5: Procurement staff shall immediately take corrective measures or submit a written report to the relevant unit or subunit management if they find there has been a breach of the procurement rules or related regulations.

Article 6: Company management, their appointed personnel, or the auditing unit shall keep watching the integrity of procurement staff and take necessary corrective or preventive measures where there appears to be a breach of these Standards.

Article 7: Where a member of procurement staff is found to be in breach of these Standards, the relevant management shall consider the situation and promptly adopt any of the following measures

necessary after providing the personnel involved an opportunity to answer:

1. Handling the case in accordance with disciplinary and other relevant regulations. In case of the violation of criminal law, the case shall be submitted to judicial entities for handling.
2. Removing such staff from procurement-related duties.
3. Sending such staff for procurement related-training.

Where a member of procurement staff is substantially in breach of these Standards, the Company shall remove such staff from procurement-related duties prior to adopting any measures provided in the preceding paragraph

Where department management fails to proceed in accordance with provisions referred to in the proceeding two paragraphs or proceeds improperly, their superior(s) shall proceed with an appropriate alternative.

Article 8: Where a member of procurement staff is in breach of these Standards and their manager is aware of it but fails to take any action, said manager shall be punished, depending on situations, in accordance with laws and regulations.

Article 9: Where procurement staff uphold their integrity or endeavor to contribute to enhancing the efficiency of procurement, their supervisors may report the relevant facts for rewarding.

Article 10: These Standards shall take effect on 01 May 2014.

If a member of procurement staff violates these Standards, they shall cooperate with the Company's investigation, evidence collection, and corresponding measures. Should the breach of contract involve administrative punishment, criminal punishment, or cause major losses to the Company, it shall be submitted to the competent department or the judicial authority for handling in accordance with the law.

The aforementioned Standards are hereby submitted to the Group and related enterprises for rigorous implementation by all procurement staff.

Signed:

Date (MM/DD/YYYY): ____/____/____