

Corporate Governance Implementation as Required

by the Taiwan Financial Supervisory Commission

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Did the Company establish and disclose the Corporate Governance Best Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company passed the resolution of the Board of Directors on November 12th, 2014 and set a Corporate Governance Practice Principles, which was disclosed on the information reporting website designated by the securities authority and the Company’s website.	Consistent with Article 1 and Article 2 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The content is slightly revised in accordance with the Company's practice, but it is consistent with the spirit of the Code.
2. Shareholding structure and shareholders’ rights				
(1) Did the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has an internal operating procedure for handling shareholder matters and has set up a spokesperson to address shareholder suggestions or concerns at any time. In addition, each functional team in the President Office fully supported the above matters, and have an in-depth understanding and review of the shareholders' suggestions or concerns. After that, an oral or written reply to the satisfaction of the shareholders is proposed.	In compliance with Article 13 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		(2) The Company shall pay attention to the situation of any increase, decrease or use as collateral in the shares of shareholders holding more than 5% of shares and holding Director or manager positions. The Directors, managers and shareholders holding more than 10% of the shares are disclosed monthly by the information reporting website designated by the securities authority.	In compliance with Article 19 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Did the Company establish and execute the risk management and firewall systems with its affiliated businesses?	V		(3) The Company has established and executed the risk management and firewall systems with its affiliated businesses. a. The Company implements profit center management. Each company's personnel, property management rights and responsibilities are clearly divided, and there are no irregular transactions.	In compliance with Article 14 to Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

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(4) Did the Company establish internal rules that prohibit Company insiders from trading securities using undisclosed information?	V		<p>b. The funds and loans of the Company are calculated based on the accrued market interest rate. The amount of loan is reassessed every quarter based on business needs. Guaranteed coverage and limits have also been set for endorsement guarantees for other companies.</p> <p>c. To reduce losses, comprehensive risk assessment for banks, customers, and suppliers are performed. Each company credit authorization to the same customer and stop payment to the same supplier can be review through the computer system.</p> <p>d. The relationship between the Company and the related companies, such as transaction management, endorsement, loans, etc., are monitored. In accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies”, outlined by the Financial supervisory Commission, the Company has set up “Supervision and Management of Subsidiaries” to implement the risk control mechanism for its subsidiaries.</p> <p>(4)The Company has established rules for personnel management and prevention of insider trading operations to forbid using undisclosed information to buy and sell securities for illegal profits. The employees also receive training to comply with relevant regulations.</p>	In compliance with Article 10-3 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>3. Composition and responsibilities of the Board of Directors:</p> <p>(1) Did the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>The nomination and election of the Board of Directors of the Company complies with Code of Practice for Corporate Governance of the Company and adopted candidate nomination system. Besides the assessment of each candidate’s education and experience, the Company takes stakeholders’ opinions into consideration and complies with “Rules for Election of Directors of the Company” and “Corporate Governance Principle” to ensure the diversity and independency of the board members. Besides the knowledge, skills and literacy are necessary for the performance of the Board of Director. To achieve the idol purpose of the corporate governance, the overall abilities of the Board of Directors should include: 1. operational judgment, 2. accounting and financial analysis, 3. operation management, 4. risk management, 5. industrial knowledge, 6. perspectives of the international market, 7. leadership, 8. decision-making, etc. The Company’s Directors come from diversified backgrounds.</p>	In compliance with Article 20 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

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			<p>All 15 Directors are individuals with specialization and experience in industrial management, including 3 Independent Directors and 2 female Directors. Female Directors account for 13.3% of all Directors. In addition to relying on their professional leadership decision-making ability, the Directors also possess excellent business management capabilities, as well as expertise in the industry, finance, accounting, or the legal field. This deepens the independence and diversity of corporate governance. Our future goal is to recruit professionals who are familiar with AI artificial intelligence and data analysis, etc.. Each Director's education and experience can be found in III. Corporate Governance Report and II. Director and Supervisor Information of this year's annual report. Board of Directors Diversity Policy and Its Implementation:</p> <table border="1"> <thead> <tr> <th rowspan="2">Diverse Item</th> <th rowspan="2">Gender</th> <th rowspan="2">Concurrent Employment</th> <th colspan="3">Ages</th> <th rowspan="2">Seniority Of Independent Director</th> <th rowspan="2">Industrial Experience</th> <th colspan="11">Professional Abilities</th> </tr> <tr> <th>55-64</th> <th>65-74</th> <th>Above 75</th> <th>Less Than 3 years</th> <th>3-9 years</th> <th>More Than 9 years</th> <th>Petrochemical</th> <th>Finance</th> <th>Technology</th> <th>Textile</th> <th>Operational Judgment</th> <th>Accounting Analysis</th> <th>Administration</th> <th>Risk Management</th> <th>Industrial Knowledge</th> <th>International Outlook</th> <th>Leadership</th> <th>Decision Making</th> <th>Law</th> </tr> </thead> <tbody> <tr> <td>Name</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chia-Chau Wu</td> <td>M</td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Wen-Yuan Wong</td> <td>M</td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Wen-Chiao Wang</td> <td>M</td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Ruey-Yu Wang</td> <td>F</td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Chih-Kang Wang</td> <td>M</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Yi-Fu Lin</td> <td>M</td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>	Diverse Item	Gender	Concurrent Employment	Ages			Seniority Of Independent Director	Industrial Experience	Professional Abilities											55-64	65-74	Above 75	Less Than 3 years	3-9 years	More Than 9 years	Petrochemical	Finance	Technology	Textile	Operational Judgment	Accounting Analysis	Administration	Risk Management	Industrial Knowledge	International Outlook	Leadership	Decision Making	Law	Name																									Chia-Chau Wu	M				✓			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Wen-Yuan Wong	M		✓					✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Wen-Chiao Wang	M		✓					✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Ruey-Yu Wang	F		✓						✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Chih-Kang Wang	M			✓					✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Yi-Fu Lin	M			✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
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			Yun-Peng Chu	M		✓			✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Ming-Jen Tzou	M	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Shen-Yi Lee	M			✓				✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
			Zo-Chun Jen	M	✓		✓				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Kuei-Yung Wang	F	✓	✓					✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Fong-Chin Lin	M	✓	✓					✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Sin-Yi Huang	M	✓	✓					✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Cheng-Chung Lee	M	✓	✓						✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Ching-Cheng Chang	M		✓					✓				✓	✓	✓	✓	✓	✓	✓	✓	

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(2) In addition to establishing the Salary and Remuneration Committee and Audit Committee according to the regulations, has the Company voluntarily established other functional committees?		V	(2) The Company has set up a salary remuneration committee after the resolution of the Board of Directors on August 26th, 2011. The Board of Directors also resolved on June 23th, 2016 to set up the audit committee in accordance with Article 14-4 of Securities and Exchange Act. At present, apart from the above two committees, the Company has not set up any other functional committees.	In compliance with Article 28 and Article 28-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Did the company establish a standard to measure the performance of the Board of Directors and implement it annually? And report the results of the performance evaluation to the Board of Directors, in addition, use them as a reference for individual directors' remuneration and nomination of re-appointment?		V	(3) The Company has not yet established a performance evaluation method for the Board of Directors. The Company will hold the Evaluation of Board of Directors' performance start from 2020 in accordance to the regulations. In addition, the company has set standards for the Board of Directors' meetings. These meetings are convened according to the regulations. The Directors have a clear understanding of the Company's objectives, operations, and finances. The Board of Directors functions well, and it communicates effectively with the Company's management team.	Not yet in compliance with Article 37-2 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The evaluation method is going to be implemented in 2020 according to the regulations.
(4) Did the Company regularly evaluate the independence of CPAs?	V		(4)The Company evaluates the independence and competence of CPAs at least once a year, focusing on the size and reputation of the accounting firm, the number of consecutive years of providing audit services, the nature and extent of providing non-audit services, the audit fees, peer review, whether there are any legal proceedings or investigations by the competent authorities, quality of audit services, regular training, interaction with management and internal audit supervisors, etc. Relevant information and statements are requested from CPAs and the firms. The documents are then evaluated by the President Office, and the results of recent two years have been submitted to the Board of Directors on March 23th, 2018 and March 20th, 2019 respectively.	In compliance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
4. Does the TWSE/TPEX listed company have qualified corporate governance personnel in an appropriate number and appoint one chief corporate governance officer in charge of the company' corporate governance affairs (including but not limited to providing information	V		(1) The Company plans to set up a position for corporate governance officer on May, 10 2019, who will be in charge of corporate governance related issues. And set qualified corporate governance personnel in charge of corporate governance affairs. The officer supervises President Office, which is responsible for corporate governance-related matters includes handling Board of Directors' and shareholders' meetings, taking minutes of such meetings, assisting Directors come to the office and continue training, providing Directors relevant information for operations, assisting	In compliance with Article 3-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

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required for Director/Supervisor's operations, assistance to the directors and supervisors in complying with laws and regulations, convening board/shareholder meetings in compliance with the law, apply for/change Company registry and producing meeting minutes of board/shareholder meetings)?			Directors compliance with law and regulations, and so on.					
			(2) The corporate governance officer has completed 18 hours lessons in 2019:					
			Training Date			Organizer	Program	Hours
			Beginning Date	End Date				
			2019.07.30	2019.07.31		Securities and Futures Institute	Directors and supervisors (including independent) and corporate governance executives practical workshops	12
2019.11.15	2019.11.15	Securities and Futures Institute	Avoiding contravening Securities and Exchange Act – Discussing from false financial statement and insider trading	3				
2019.11.15	2019.11.15	Dharma Drum Mountain Humanities and Social Improvement Foundation	Innovation of enterprise value	3				
			(3) The operations in 2019 and 2020 are as follows:					
			1. Assisted Independent Directors and Directors in performing their duties by providing the necessary information and arranging for continuing education.					
			2. Assisting Independent Directors in arranging meetings with the internal audit officer or the CPA in accordance with the “Corporate Governance Best Practice Principles” when the need to understand the Company's financial operations arises.					
			3. Assisting the proceedings of Board of Directors' meetings and shareholders' meetings, and legal compliance of resolutions					
			4. Drawing up the agendas of the Board of Directors and notifying the Directors 7					

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			<p>days in advance, convening meetings and providing meeting information, sending out reminders regarding agendas that require recusal, and completing the minutes within 20 days after the meeting.</p> <p>5. Registering the date of the shareholders' meeting in accordance with the regulation, preparing meeting notices, manuals, and proceedings, etc. within the statutory period.</p>	
5. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Has a stakeholders’ area been set up on the Company website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	V		<p>(1) The Company instructs the President Office to communicate with stakeholders depending on the situation. A spokesperson and a deputy spokesperson have been appointed as the external communication channel.</p> <p>(2) The Company set up the stakeholder area on the Company website to provide detailed contact information for the dedicated personnel, including phone number and e-mail, as the channels for the stakeholders to communicate with the Company.</p> <p>(3) The Company responds to stakeholders' issues of concern at the appropriate time through the following channels:</p> <p>a. Shareholders: Shareholders' meetings are held annually and shareholders can fully exercise their voting rights through electronic means. In addition, the annual report of the shareholders' meeting, the monthly revenue and the quarterly self-closing profit and loss are issued to facilitate shareholders' understanding of the Company's operating conditions.</p> <p>b. Employees: mainly concerned with workplace safety, employee welfare, human rights protection, labor and employment issues, etc. Communication with employees can be conducted through trade unions, factory (office) meetings, etc.</p> <p>c. Suppliers and Contractors: mainly concerned with procurement and contracting policy. The Company adheres to the principle of sustainable management and fair trade and is committed to working with manufacturers that comply with environmental protection, safety, and human rights standards. Open tenders are held through the Formosa Plastics electronic trading platform, and regular briefings are held to strengthen two-way communication and advocacy.</p> <p>d. Customer: mainly concerned with after-sales service and customer relationship. Issues including product quality and after-sales service that</p>	In compliance with Article 47 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

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			customers care about can be addressed through customer visits, participating in exhibitions, product briefings, customer satisfaction surveys, etc. The website also lists the sales service line and e-mail address. Customer complaints are handled through the "Customer Response Form" and the "Customer Complaint Handling Form."	
6. Does the Company appoint a professional shareholder services agency to deal with shareholder affairs?		V	The shareholders' meeting of the Company is currently handled by itself, but the relevant procedures are handled by the designated share unit, the legal office, and the President Office in accordance with rigorous regulations, so that the shareholders' meeting will be convened in a legal, effective, and safe context to ensure shareholders' rights.	Although it does not meet the requirements of Article 7-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, it does not impair the operational efficiency of the shareholders' meeting.
7. Information disclosure (1) Did the Company establish a website to disclose information on financial operations and corporate governance?	V		(1) The Company has set up a website in Chinese and English with disclosed relevant financial business and corporate governance information under “Investor Relations Section”. The Company's website is: www.npc.com.tw.	In compliance with Article 57 and Article 59 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Did the Company have other information disclosure channels (such as establishing an English language website, delegating a professional to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		(2) The Company has a spokesperson and a deputy spokesperson. A dedicated person has been appointed in the President Office to collect and disclose Company information, as well as providing the spokespersons and relevant business departments with answers to stakeholders, investors, and authorities.	In compliance with Article 55-3 and Article 56 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

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(3) Did the Company register and announce the annual financial reports within 2 months after the end of every fiscal year? Besides, did the Company announce and register financial reports of first, second and third quarter and the operating status of each month before the prescribed period?		V	(3) The Company announces and registers operating status of the previous month on the 6th of each month, announces the unaudited financial data of the previous quarter on the first 10 days of each quarter and announces and registers the financial reports before the prescribed period. Although the Company does not announce the financial reports within 2 months after the end of every fiscal year due to the CPA audit procedures, it has announced the unaudited annual financial reports of the previous year in advance to help investors understand the operating status of the Company.	Although it does not meet the requirements of Article 55-2 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company has announced the unaudited annual financial reports in advance.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to employee's rights, employee wellness, investor relations, supplier relations, stakeholders' rights, Directors and Supervisors training records, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the Directors and Supervisors of the Company)?	V		<p>(1) Employees' rights: The Company strives to pursue a harmonious labor-management relationship and attaches importance to the right of employees to express their opinions. We have set up physical suggestion boxes at the places where employees have easy access to, as well as an online suggestion box in the Company information system. Each suggestion box is appointed to dedicated personnel for replying, in order to facilitate communication. An "inspection method" that establishes the internal whistle-blower channel and protection system has also been set up. In the meantime, Board of Supervisors and labor-management meetings are held by the unions regularly. The heads of relevant departments attend the meetings to fully communicate with the labor representatives. On major labor issues, the Company gives higher priority to the opinions of the unions, and the top leaders consult with the unions to reach a consensus and ensure the harmonious labor-management relationship as well as the sustainable development of the Company.</p> <p>(2) Employee wellness: In order to take care of employees' physical and mental health, the Company has budgeted annual health checks at Chang Gung Memorial Hospital. In addition to the items required by the law, the Company has added cancer screening programs such as A-type fetal protein and cancer embryo antigen which are inspection items without law required. The goal is to ensure the employees understand and improve their health status, therefore to love and strength their body health. In terms of the employees' diet, the Company follows health regulations concerning food source, acceptance and storage, water safety and hygiene, food staff and kitchen cleaning operations, and food and tableware cleaning inspections to ensure the health and</p>	<p>In compliance with Articles 51 to Articles 54 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

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			<p>safety of employees' diet. For the relevant welfare measures, please refer to “5.5 Labor Relations” of “V. Operations Overview” of the annual report.</p> <p>(3) Investor Relations: The Company uses the President Office and the shareholding department as a bridge between the Company and its shareholders. In terms of corporate information transparency, the Company's website has an "Investor Relations Section" to provide investors with relevant information. In order to maintain a good relationship with investors, the Company has set up a spokesperson system to provide a means of contact with shareholders and corporate investment institutions. In addition to participating in investment forums held by domestic and foreign brokerage firms, the Company holds meetings with both domestic and international investors on irregular basis.</p> <p>(4) Supplier Relations: The Company's procurement and contracting operations are mainly aimed at creating a level playing field by looking for good manufacturers that can provide suitable and appropriate equipment, materials or projects at reasonable prices to meet the needs of expansion or operation of various departments in a timely manner.</p> <p>a. Open and fair procurement and contracting mechanism: The Company uses the "open tender" method to purchase and distribute the contracting system through the Formosa Plastics electronic trading platform. It provides functions such as inquiry, quotation, bargaining, order, delivery, payment progress inquiry, etc. All information is encrypted by electronic voucher and firewall control to ensure the security of all incoming and outgoing data. Vendors can access the inquiry case and make quotations anytime and anywhere through the Internet without time and space restrictions, which greatly improves the efficiency of operations, saves time and money, and reduces operating costs to increase profits. After all the inquiry cases have been launched electronically, the manufacturers with the lowest quotation, fastest delivery time, and best quality are chosen so that both the buyer and the seller can reasonably achieve the goals in a harmonious atmosphere.</p>	

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			<p>b. Sound vendor management: In order to stabilize the quality and delivery of materials and ensure the quality and progress of construction, the Company has conducted evaluation and ranking of all manufacturers through the sound management and evaluation of the manufacturers. In the case of overdue delivery of the products (engineering), poor quality, or violation of the safety regulations, the event will be automatically included in the assessment record in order to replace unqualified manufacturers, and cultivate excellent manufacturers to achieve good relations as well as long-term cooperation between the two sides.</p> <p>c. Electronic trading for a win-win situation: The Company combines the comprehensive ERP computer management system and the digital, open, and transparent online procurement and delivery mechanism to build a high-quality, safe, convenient and fast electronic trading environment. The Company has further extended the same system vertically and horizontally to the rest of the industry, sharing the e-generation "Formosa Plastic experience" with all enterprises. At present, combined with the Company's upstream and downstream supply chain systems, with more than 10,000 suppliers and third-party suppliers, this electronic trading platform shares the business opportunities and economic benefits brought about by open trading.</p> <p>(5) Stakeholders' Rights In addition to continuing to improve in the industry, the Company pursues good business performance and strives to achieve the mission of “caring for the employees, serving the customers, and rewarding the shareholders.” Therefore, it is committed to caring for the shareholders, customers, suppliers, employees, and society. In addition to complying with laws and business ethics, the Company is in line with international standards in enhancing competitiveness, create shareholders' benefits, as well as providing supplies of stable, high-quality and low-cost products. With industrial and environmental protection as a priority, the Company will develop towards eco-industrial areas and promote green building and green energy conservation, raw materials procurement, actively planting forests, paying attention to various social issues, investing in community and social welfare undertakings suitable for enterprises to contribute to the society.</p>	

Evaluation Item	Implementation Status (Note)						Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons		
	Yes	No	Summary						
			(6) Director Training Records				In compliance with Article 40 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.		
			Title	Name	Course Date	Organizer		Program	Hours
			Chairman	Chia-Chau Wu	2019.11.15	Dharma Drum Mountain Humanities and Social Improvement Foundation		Innovation of enterprise value	3
			Managing Director	Wen-Yuan Wong, Wen-Chiao Wang, Ruey-Yu Wang	2019.11.15				
			Managing Director (Independent Director)	Chih-Kang Wang, Yi-Fu Lin					
			Director	Ming-Jen Tzou, Shen-Yi Lee, Kuei-Yung Wang, Fong-Chin Lin, Zo-Chun Jen, Sin-Yi Huang, Ching-Cheng Chang	2019.11.15	Securities and Futures Institute		Avoiding contravening Securities and Exchange Act – Discussing from false financial statement and insider trading	3
			Independent Director	Yi-Fu Lin	2019.03.29	Taiwan Corporate Governance Association	The Amendment of Company Law and Corresponding Analysis of Shareholders' Meeting	3	
					2019.04.18	Taiwan Corporate Governance Association	The new regulations of The International Tax Co-Operation Economic and the way companies respond to the risks and prevent	3	

Evaluation Item	Implementation Status (Note)							Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons		
	Yes	No	Summary							
			Title	Name	Course Date	Organizer	Program	Hours		
					2019.08.12	Taiwan Corporate Governance Association	money laundering The practice of share transfer and tax planning for directors, supervisors and accounting supervisors	3		
			Independent Director	Yun-Peng Chu	2019.08.28	Chung-Hua Finance and Economic Development Association	New challenges of legal issues in business operations	3		
					2019.10.30	Chung-Hua Finance and Economic Development Association	Discussion in employee reward strategies and tools manipulation	3		
			Director	Cheng-Chung Lee	2019.07.30 2019.07.31	Securities and Futures Institute	Directors and supervisors (including independent) and corporate governance executives practical workshops	12		
			(7) The situation in which the Company purchased liability insurance for the Directors: The Company has purchased liability insurance for all Directors, and the insured amount is US\$ 30 million (Around NT\$ 900 million). The above insurance period							In compliance with Article 39 of the Corporate Governance Best Practice Principles for

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>is from August 1st, 2019 to February 1st, 2021. The scope of insurance coverage is when a Director, major employee or employer duties commit a mistake and a third party suffers losses as a result and shall be responsible for the compensation according to the law, during the insurance period the insurance company should be liable for providing the first compensation claim according to the contract. The Board of Directors has been informed of the status on November 8th, 2019.</p> <p>(8) Implementation and policies of risk management: The Company established risk management policies to identify, evaluate, supervise and control risk from every aspect, enhance the risk awareness of employees and make sure all potential risks that might happen are endurable, thus, can the Company execute the optimal strategy to rationalize the balance between profits and risks, please refer to “6.Risk Management” of “VII. Financial Status, Operating Results and Risk Management” of the annual report for further disclosure of risk management policies of the Company.</p> <p>(9) Implementation of customer policy: Customers are the cornerstone of the Company's existence. The goal is to quickly supply the requested products and achieve stable and adequate supply so that customers can continue operate.</p> <p>a. Creating a stable supply and demand The Company and its customers have an important relationship of interdependence, coexistence, and co-prosperity. Therefore, building a stable supply and demand relationship is an issue that every sustainable company must pay attention to. Focusing on the long-term development of the industries in Taiwan, the Company actively invests in the production of chemicals, plastic, and fiber raw materials to provide customers with a stable source of materials and lay a solid foundation for related industries. The solid long-term cooperation has allowed the customers to show steady growth.</p> <p>b. Improving raw material self-sufficiency rate The completion of the sixth naphtha cracker has greatly eased the problem of long-term raw material shortage in Taiwan and reduced the degree of dependence on foreign countries. For example, the petrochemical raw materials of the Company have greatly improved the competitiveness of the overall industry due to the sufficient raw material supply of sixth naphtha cracker.</p>	<p>TWSE/TPEX Listed Companies.</p> <p>In compliance with Article 16 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			<p>c. Enhancing the competitiveness of midstream and downstream manufacturers In order to improve the management capabilities of the middle and lower suppliers of the plastic industry, the founders set up a series of management courses at the early stage, and actively shared the Company's system and experience with the industry. The Company has received positive feedback while strengthening the competitiveness of customers. So far, if other companies come visit, we are willing to share. From a management point of view, the Company has always believed that by taking customer interests into account, the Company will also benefit from it. In addition, in order to cooperate with customers to expand the market, the Company also actively supports customers and provides after-sales service.</p> <p>d. E-commerce saves costs and improves efficiency In order to improve the efficiency of the transaction process with the customer, the customer can get instant information and respond quickly when placing orders, order progress inquiries, receipts and payments, the Company officially established the Formosa Plastics E-Commerce Center in January 2001. This B2B online trading portal imports the e-commerce trading system, coordinates the management of internal resources and strengths, and integrates upstream and downstream supply chain systems and customer business relationships.</p>	

9. Please specify the Company's measures to improve the items listed in the corporate governance review result by Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be completed.

a. The Stock Exchange's Corporate Governance Center released the results of the 5th corporate governance assessment in 2018. NPC listed the top 6%~20% of the listed; among the capitalization more than NT\$ 10 billion, NPC listed the top 11%~20% of Non-financial electronic category. Companies and the priority measures for assessing un-scored issues in the 5th Corporate Governance are as follows:

b.

Number	Evaluation Index	Improvement
1.11	Whether the Company uploads update the English version annual report 7 days before shareholders meeting?	The Company has updated the English version of annual report to the information report system assigned by competent authority for securities 7 days before 2019 shareholders meeting.
2.13	Whether the Remuneration Committee arranges at least 2 meetings in 1 year and the all the members attend at least 2 times.	The Company's Remuneration Committee has arranged 3 meetings in 2019, and the 3 members attended all the meetings.
2.21	Whether the Company sets up corporate governance officer to in charge of the matters of corporate governance?	The Company has made a resolution in the Board of Directors on May 10, 2019 that we would set up a corporate governance officer.

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No	Summary							
<p>b. The Stock Exchange's Corporate Governance Center released the results of the 6th corporate governance assessment in 2019. NPC listed the top 6%~20% of the listed; among the market capitalization more than NT\$ 10 billion, NPC listed the top 11%~20% of Non-financial electronic category. Companies and the priority measures for assessing un-scored issues in the 5th Corporate Governance are as follows:</p> <table border="1"> <thead> <tr> <th>Number</th> <th>Evaluation Index</th> <th>Improvement</th> </tr> </thead> <tbody> <tr> <td>2.22</td> <td>Has the Company's performance evaluation method for the Board of Directors been approved by the Board of Directors? Will the self-evaluation be carried out at least once a year, and will the evaluation results be disclosed on the Company's website or annual report?</td> <td>The Company will hold the evaluation of Board of Directors' performance start from 2020.</td> </tr> </tbody> </table>					Number	Evaluation Index	Improvement	2.22	Has the Company's performance evaluation method for the Board of Directors been approved by the Board of Directors? Will the self-evaluation be carried out at least once a year, and will the evaluation results be disclosed on the Company's website or annual report?	The Company will hold the evaluation of Board of Directors' performance start from 2020.
Number	Evaluation Index	Improvement								
2.22	Has the Company's performance evaluation method for the Board of Directors been approved by the Board of Directors? Will the self-evaluation be carried out at least once a year, and will the evaluation results be disclosed on the Company's website or annual report?	The Company will hold the evaluation of Board of Directors' performance start from 2020.								

Note: Regardless of the answer, "Yes" or "No", descriptions need to be provided in the summary column