

Corporate Governance Implementation Status

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has established "Corporate Governance Practical Rules" based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." These practices are being implemented in compliance with laws with information properly disclosed in the best interests of investors, stakeholders and employees.	None
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(1) The company has appointed a spokesperson and a deputy spokesperson to handle shareholders' suggestions and disputes. (2) The company's major shareholders are mostly comprised of the management team and long-term shareholders. The company constantly monitors shareholding positions of its directors and major shareholders. Changes in shareholding positions among directors, managers and shareholders with more than a 10% holding are reported regularly to the competent authority. (3) The company and each of its affiliated enterprises operate independently from each other. The subsidiaries are governed by the internal control system, the "Finance and Business Policy for Group Members and Related Parties," and the "Subsidiary Management Policy." (4) The company has established "Procedures for Handling Material Inside Information and	None

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			Avoiding Insiders Trading" against insiders trading with undisclosed information.	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p>	✓		<p>(1) The company has established "Corporate Governance Practical Rules" to formulate the diversification of the Board members. The board is comprised of members from a variety of backgrounds, gender and skills. Members have been chosen based on the development needs of the company. All directors and independent directors have the academic background and experience necessary to enable the board's decision and supervisory capacity.</p> <p>(2) The company does not establish other functional committees in addition to the Remuneration Committee and the Audit Committee.</p> <p>(3) The company has regulated the “Self-Evaluation of the Board of Director” about the members of the Board to assess their entire operations. It shall specifically conduct external evaluation on performance at least every three years in Article 3. The criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 	None

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(4) Does the company regularly evaluate the independence of CPAs?			<p>3. Composition and structure of the board of directors;</p> <p>4. Election and continuing education of the directors;</p> <p>5. Internal control.</p> <p>The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:</p> <ol style="list-style-type: none"> 1. Familiarity with the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; 6. Internal control. <p>The internal appraisal of the Board in 2015 has been conducted by the Financial Division. Further, it has been reported in the Board meeting on January 6, 2015. It shows good performances of the entire Board and individual member of Board, which have been revealed the appraisal result on the website of the company.</p> <p>(4) The Board of the company regulates the independence of the certified accountant assigned to do the appraisal according to No. 10. Integrity, Objectivity and Independence, The Norm of Professional Ethics for Certified Public Accountants of the People’s Republic of China,</p>	

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			<p>which stipulates (a) whether the certified accountant, the spouse, minor children or others hold 1% of shares; (b) whether the certified accountant is the spouse or has relations up to the second degree of consanguinity with other directors; (c) whether the certified accountant is the relative of someone holding a post with significant impact such as a manager or financial and accounting supervisors; (d) whether the certified accountant takes a rigid and serious attitude towards his/her performance of his/her professional service; (e) whether the certified accountant received any gift with considerable values from directors, managers; (f) whether a collaborative practicing accountant quited within one year and took charge of the directors, supervisors manger and post with significant impact on auditing cases of audited clients. It shall be confirmed by the Board that the certified accountant has no other financial interest and business relations in addition to governing auditing certification and cost of tax, and the family members of the certified accountant do not violate the requirement of independence meeting with the standard of independence on evaluation. In the case of meeting with all requirements mentioned above that is qualified certified accountant for governing auditing and certification for the company.</p>	

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4. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>(1) The company set up stakeholder zones official sites including employee zone, client zone, supplier zone, investor’s zone, service zone and environmental safety and health zone with respective specific contact windows respectively by characteristic of stakeholder.</p> <p>(2) The company has a spokesperson, a deputy spokesperson and a contact mailbox in place to facilitate communication with shareholders.</p> <p>(3) The company has established different kinds of meetings to encourage an open exchange of opinions between employees and management. An employee mailbox and whistle-blower system has also been made available on the company's website (under the HR section), through which employees may reflect their opinions and offer suggestions.</p> <p>(4) The company has a contact mailbox and an audit committee's mailbox to serve as a means of communication with stakeholders.</p>	None
5. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates KGI Securities Registry and Transfer Department to deal with shareholder affairs.	None
<p>6. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information</p>	✓		<p>(1) The company has an official website (http://www.acter.com.tw) that regularly updates the company's financial performance and discloses corporate governance information.</p> <p>(2) The company has appointed dedicated personnel to gather and disclose information in a timely and appropriate manner.</p>	None

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collection and disclosure, creating a spokesman system, webcasting investor conferences)?			<p>A. The company has implemented a spokesperson and a deputy spokesperson system, and disclosed their names and contact methods on the company's website.</p> <p>B. Information on investor seminars is disclosed on the company's website as it becomes available.</p> <p>C. The Company has already set up its English website to keep foreign investors informed of its financial and business standings.</p>	
<p>7. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p> <p>Below is a summary of steps taken by the management to ensure sound corporate governance:</p> <p>(1) The company has a set of work rules in place that protect employees' interests. Under these rules, employees, irrespective of rank, gender or nationality, are provided with benefits such as insurance, training, health checkups and retirement plans superior to legal requirements. In addition, the company's Employee Welfare Committee introduces welfare packages that aim to create a harmonious workplace and to enrich employees' lifestyles. The company is ISO 14001 and OHSAS 18001-certified for the purpose of ensuring proper management over workplace safety and health. It has an Environmental Safety Department that is dedicated to promoting and supervising workplace safety; meanwhile, an employee opinion mailbox has been made available on the company's website (under the HR section) to facilitate direct communication between employees and the company.</p> <p>(2) Investor relations, supplier relations and stakeholders' rights: as part of its goal of information transparency, the company discloses financial and business information in a timely and appropriate manner in compliance with related laws. It has contact windows and mailboxes that investors, suppliers and stakeholders can use to leave messages and give opinions. Apart from making regular financial and business disclosures, the company has also created a corporate governance section on its website in both Chinese and English, so as to protect the interests of local and foreign investors. The company establishes trade arrangements and issues purchase orders to suppliers in compliance with the principle of equality. These agreements clearly outline the rights and obligations between the two parties, and work to secure both parties' legal interests.</p> <p>(3) Status of the Continuing Education of Directors and Supervisors: all directors and supervisors of the company have completed the mandatory courses stipulated under "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."</p>				

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<p>For details regarding these courses, please refer to page 70 ~ page 76 of the annual report, titled "x. Status of the Continuing Education of Directors and Supervisors.”</p> <p>(4) Risk management policy and risk assessment standards: the company is focused on its primary business. It has risk management guidelines and policies in place to avoid or minimize risks that may jeopardize the company's interests, while in the meantime ensure employees' safety. All major operating policies, investments, asset acquisitions and disposals, corporate guarantees and endorsements are subjected to thorough analysis before they are proposed for the board's resolution. The Audit Office develops annual audit plans based on assessed risks and executes accordingly as a means of risk supervision.</p> <p>(5) Customer policy: The company has a Sales Department and a Construction Department responsible for engaging customers in timely communications, responding to customization needs, providing excellent services and resolving any issues that might arise. Besides, the General Administration Division conducts customer satisfaction survey from time to time and keeps all channels open for bilateral communication with customers.</p> <p>(6) Insurance against directors' and supervisors' liabilities: the company has taken out liabilities insurance for its directors and supervisors.</p>				
<p>8. Has the company implemented a self-evaluation report ² on corporate governance or has it authorized any other professional organization to conduct such evaluation? If so, please describe the opinion from the Board, the result of self or authorized evaluation, the major deficiencies, suggestions, or improvements.</p> <p>The self assessment report of the company established scope of appraisal information and appraisal index through Company governance appraisal system and most of the self assessment results conforms with the norms of company governance. As for the second governance appraisal result, the company is ranked as top 5 % of listed companies.</p>				