Taiwan Accreditation Foundation
Best Practice Principles for Ethical Management

Adopted by the 8th Joint Meeting of the 5th Session of TAF's Directors and Supervisors Meeting on July 23, 2019

Article 1 Purpose and Basis

To establish corporate culture and sound development of ethical management, these Principles are formulated by TAF to provide for the best ethical management practices pursuant to the provisions of Article 24 Paragraph 2 of the Foundations Act, and the Guiding Principles of Ethical Management for Corporation Managed by the MOEA.

Article 2 Prohibition of Unethical Conduct

The directors, supervisors, chief executive officer of the TAF and those in similar positions and all other employees (hereinafter referred to as TAF personnel), during the process of implementing TAF's business operations, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor conduct any other unethical acts including unlawful acts, breach of fiduciary duties or other similar behaviors.

The term “benefits", as used in the preceding paragraph, refers to anything of value, including money, gifts, commissions, positions, services, preferential treatments, rebates in any form or name. However, this rule does not apply when such action is acceptable social etiquette, is occasional and does not affect the specific rights and obligations of TAF.

Article 3 Conflicts of Interest Avoidance

The TAF personnel or other interested parties, who have conflicts of interest concerning the proposals as listed in board of directors meetings, shall state the critical contents of the said proposals when presenting such, or attending the meetings.

The above mentioned personnel shall excuse themselves from such meetings, when the said proposals are in discussion or put to a vote, and shall not represent other relevant board directors. Directors should exercise self-discipline, and shall not engage in improper mutual support.

The conflicts of interest, as referred to in the first paragraph, refers to situations in which the TAF personnel, or other interested parties, enable themselves or their associates to directly or indirectly gain benefits, due to their action or inaction.

Article 4 Behavior Guidelines

When conducting business, TAF personnel shall comply with relevant laws including, but not limited to, the Labor Standards Act, the Tax Collection Act, and the Foundations Act, and shall perform such business in accordance with the principles of TAF's Objectives: impartiality, independence and transparency.

Article 5 Prohibition of Giving and Receiving Bribes

The TAF personnel shall not give or receive bribes.

If TAF personnel offer, or promise to offer, a facilitation payment as the result of threats or intimidations, they should record the process and report the event to their supervisor, as soon as possible, and notify the TAF's Auditor-in-Charge.

Upon receiving a notification concerning an event as described in the preceding paragraph, the TAF's Auditor-in-Charge shall immediately take charge of the case and review the relevant circumstances to help reduce the risk of recurrence, in addition to initiating the relevant operating mechanism applicable to the circumstances.

Article 6 Prohibition on Providing Political Contributions

TAF personnel shall not provide any political contributions.

Article 7 Prohibition of Improper Charitable Donations or Sponsorships

If the charity donation, or sponsorship, is provided by TAF, it shall be formally approved by the supervisor and implemented in accordance with the following regulations:

1. The provisions of such donations or sponsorships must also comply with the laws and regulations of the country and the organization where the beneficiary is located.
2. These donations must not become bribes.
3. Even if the feedback that can be obtained from the sponsorship is clear and reasonable, it shall not benefit a party with whom TAF has business dealings, or those who have association stakes with TAF personnel.
4. With charitable donations and sponsorships, attention should be paid to confirming that the end usage of the money is consistent with the intended purpose of the donation.

Article 8 Prohibition of Providing or Accepting Improper Benefits

Except in scenarios as described in the provisions of Article 2, Paragraph 2, if an individual directly or indirectly offers or promises to offer, including but not limited to, money, gifts, commissions, positions, services, preferential treatment, rebates or other improper benefits to

TAF personnel, the matter shall be processed according to the following procedures:

1. If the individual, who offers or promises to offer improper benefits, has no conflicts of interest involving their job duties with the affected TAF personnel, then within three days from the date of receiving the benefits in question, the TAF personnel shall report the event to their supervisor and, when deemed necessary, notify TAF's Auditor-in-Charge.
2. If the individual, who offers or promises to offer improper benefits, has conflicts of interest involving their job duties with the affected TAF personnel, the benefits in question shall be returned or rejected, and the event shall be reported to their supervisor, as well as TAF's Auditor-in-Charge; if such benefits cannot be returned, they shall be submitted to TAF's Auditor-in-Charge within three days from the date of receipt.

A conflict of interest involving job duties, as referred to in the preceding paragraph, refers to any individual involved in any one of the following situations:

1. Having an involvement in a relationship of business dealings, command and supervision, or fee subsidies (rewards);
2. Seeking, entering, or having entered into a contract, sales or other contractual relationship;
3. Having advantage or disadvantage impacts resulting from a TAF resolution, its execution or non-execution.

Based on the nature and value of the object as mentioned in the first paragraph, TAF's Auditor-in-Charge shall make proposals whether to return, accept and make payment, turn over to the public, donate to charity organizations, or make any other appropriate suggestions, and then shall implement the action after reporting to and obtaining approval from their supervisor.

Article 9 The prohibition on Intellectual Property Infringement

TAF personnel shall abide by the regulations relevant to intellectual property, and by the internal operation procedures of TAF and relevant contract provisions. TAF personnel shall not use, leak, dispose of, damage, or otherwise infringe upon the intellectual property rights of others, without the direct consent of the owner of such property.

If TAF personnel infringe on the intellectual property rights of others, reviews and other relevant operating mechanisms will be initiated according to the circumstances of the event.

Article 10 Procedures for Violation of Ethical Management Best Practice Principles

When TAF finds or receives reports of unethical conduct involving TAF personnel, it shall immediately investigate all the relevant facts. If it is confirmed that there is a violation of relevant laws, or TAF's ethical management best practice policy and provisions, then TAF shall immediately request that the actor stop the relevant offenses, and then implement

appropriate disposals and disciplines. If necessary, TAF will also petition for damage compensation through legal proceedings, so as to safeguard TAF's reputation and interests.

For confirmed events of unethical conduct, TAF shall review and improve the relevant mechanisms in order to avoid a repeat of such behavior.

Article 11 Reporting

Anyone who finds that TAF personnel are involved in any unethical conduct while performing business duties, may report to TAF's Auditor-in-Charge, including information, such as: the time, facts or other evidence of the discovery, and your identity, in writing, by phone, by email, or by other available formats.

TAF shall keep the identity of the informant and the contents of the report confidential.

Article 12 Appeals

Personnel, who have been disciplined as a result of violating ethical management best practice principles and who believe that they have received improper punishment, may file an appeal with the Personnel staff at the Department of Administration.

Article 13 Reporting to the Board of Directors

TAF's Auditor-in-Charge shall provide a report to the Board of Directors at the end of each year, concerning the status of the implementation of these Principles, and the handling methods, as well as review and improvement measures relevant to unethical conduct.

Article 14 Education and Training

The Department of Administration of TAF shall organize the education and training, and promotion of ethical management tenets to TAF personnel in a timely manner, so that they can fully appreciate and understand TAF's determination, policies of ethical management implementation, and prevention measures, as well as the negative results of unethical conduct.

Article 15 Implementation

These best practice principles will be implemented after the ratification by the chairman of the board of directors and the approval of the Board of Directors. The same procedure applies to when these Principles are amended.