

Improvement Proposal Regulations

- Article 1 Objective:
These Regulations are established to encourage employees to propose policies for improving operational performance, addressing climate change, reducing GHG emissions, reducing costs, and enhancing overall quality with their innovative and creative thinking, in order to pursue corporate sustainable development.
- Article 2 Scope:
These Regulations shall apply to all proposals made by employees of the Company regardless of their duties and functions.
- Article 3 Responsibility and authority:
- I. Operation Control Department: Responsible for proposals from all works.
 - II. Administration Division: Responsible for proposals from headquarters and report proposals, their performance, and reward proposals every quarter.
 - III. Research & Technical Development Department: Review outstanding proposals.
 - IV. CDA: Creative Development Activity (CDA) refers to the voluntary activities of employees in all three works through a CDA circle formed by at least two members to effectively solve specific problems and complete the proposed activity through the QC approach.
 - V. Nominated Unit: The unit that implements a proposal and reports its outcome.
- Article 4 Acceptable Proposals:
- I. Improvement of management methods.
 - II. Reduction of costs.
 - III. Enhancement and improvement of quality.
 - IV. Improvement of manufacturing technology, operating methods, operating procedures, and machinery/equipment.
 - V. Development of new products.
 - VI. Conservation of energy and materials, and waste recycling for reuse.
 - VII. Climate change-related policies, GHG reduction.
 - VIII. Safety improvement of the workplace environment and operation.
 - IX. Other improvements for boosting operational performance.

- Article 5 Unacceptable Proposals:
- I. Unconstructive comments or complaints.
 - II. Proposals lacking concrete contents.
 - III. Proposals similar to accepted proposals.
 - IV. Proposals against the law or harmful to the corporate image.
 - V. Proposals on employee benefits, salary, and working hours.
 - VI. Proposals with contents that cannot be completed within one year.
 - VII. Meeting resolutions or instructions from the superior.
 - VIII. Other Unacceptable Proposals.

- Article 6 Workflow (Annex 1):
- I. Proposal making: The person making the proposal fills in the “Proposal Form” (Form 1) and submits it to the responsible unit.
 - II. Proposal review: Review according to the “Proposal Review Form” (Form 2) is completed.
 - III. Proposal implementation: Implemented by the target unit, and the “Proposal Outcome Report” (Form 3) is filled in within three months of implementation and submitted to the responsible unit.
 - IV. Numbering: The responsible unit shall number each proposal form with a seven-character code, e.g. P110001: P represents headquarters, and K, H, and U represent each works; the first three numbers represents the year, and the last three numbers the serial number.

Article 7 Proposal approval: Subject to the “Review Criteria Table” in the “Proposal Review Form”.

Procedure Works	Approval	Review	First Review
Headquarters	President	Administration Division	Administration Division
Works	General Manager	Deputy General	Operation Control Department

- Article 8 Reward:
- I. Proposal reward: Approved according to the “Review Criteria Table” in the “Proposal Review Form”.

- II. Achievement reward implementation: After proposal implementation is completed and the evaluation by units at all levels in the "Proposal Closure Review Form" (Form 4), approved according to the "Review Criteria Table" (as in Form 4). If the target unit and the (co)proposer are not the same section (team), the target unit may share one third of the reward.
- III. Outstanding proposal: If a proposal helps create net profit over NT\$2.5 million/year after having been implemented for one year, the tier-1 target unit shall submit all outcomes to apply for the reward within three months (Form 5). After the evaluation of the Research & Technical Development Department, the review by the executive vice president, and approval of the president, each proposal will be rewarded with 3% of the net profit it creates, with a maximum of NT\$500,000, and a trophy.

Article 8-1 Resources Sharing:

For proposals approved with a reward of over NT\$4,000, the proposing works shall share the topic and achievements of the proposer within the works.

Article 9 Every quarter, the Administration Division shall consolidate the proposal rewards and reward cases to the president for review and approval.

Article 10 Related Documents/Forms:

- I. Workflow (Annex 1).
- II. Proposal Form (Form 1).
- III. Proposal Review Form (Form 2).
- IV. Proposal Outcome Report (Form 3).
- V. Proposal Closure Review Form (Form 4).
- VI. Outstanding Proposal Reward Application Form (Form 5).

Article 11 These Regulations shall take effect after the announcement and approval of the president. The same shall apply to amendments thereof.

Article 12 Announced and implemented on July 1, 1999.
The 4th amendment was made on November 21, 2005.
The 5th amendment was made on March 3, 2021.