

Execution of integrity management and the variation from the “Integrity Management Principles for Listed/OTC Companies” and the root cause:

Item	Status of implementation			The variation from the “Integrity Management Principles for Listed/OTC Companies” and the root cause
	<u>Yes</u>	<u>No</u>	Summary	
<p>I. Defining integrity management policies and programs.</p> <p>(1) Has the company formulated the integrity management policy approved by the board of directors, and stated in the regulations and external documents the policies and practices of integrity management; also, the Board of Directors and the management commit to actively implement integrity management?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of</p>	✓		<p>(1) The Company passed the resolution of the board of directors on November 8, 2018 to formulate the "Integrity Management Code" as the basis for implementing integrity management, and formulates relevant operational practices (such as: ethical code of conduct, personnel management methods, etc.), including avoidance of conflicts of interest, prohibition of bribery and gifts and business hospitality and other regulations. Meanwhile, the Company will also ask suppliers to sign the "written undertaking of integrity" to maintain both parties' interest and right and comply with the Company's ethical management policy. Each year, the audit unit regularly checks each procedure and reports to the board of directors, and the board of directors make recommendations and track improvements for the missing items.</p> <p>(2) The Company regularly reviews the design of the internal control</p>	None

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<p>dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent dishonesty, and at least covers the " Integrity Management Principles for Listed/OTC Companies " Article 7, Paragraph 2, Prevention Measures?</p> <p>(3) Does the company clearly specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>	✓		<p>system and incorporates an assessment of the risk of dishonesty, based on which to evaluate whether the "Code of Integrity Management" is revised. Directors, managers and employees who engage in any dishonesty will be punished in accordance with the Company's internal regulations. If there is evidence of fraudulent employment fraud, acceptance of bribes or commissions, theft, misappropriation or embezzlement of public funds and public property, which results in the loss of company property or reputation, the personnel will be dismissed. If the supplier violates the promise of integrity and integrity, the Company will cancel the supplier's qualification and order.</p> <p>(3) The Company has set up the "ethical code of conduct", "whistleblower reporting and protection system management measures" and other related codes of conduct, and published the prementioned specifications on the Company's internal website for colleagues to inquire at any time, thereby enhancing all employees' awareness of law compliance and professional ethics. The Company also regularly reviews and revises relevant norms with reference to relevant laws and</p>	

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			<p>practical operations.</p> <p>In addition, this Company has established the “5186 Whistleblowing Box”.</p> <p>This whistleblowing box is under direct supervision of the Audit Office of the Board of Director by special personnel. After receiving a report, the investigation will begin immediately in an impartial, independent, and objective manner, and the information of informers/informants will be kept confidential in every case. Either insiders or outsiders can report any corruption or misconduct or potential hazards of organizational interests via e-mail to the 5186@lungyengroup.com.tw. Make sure that only signed report with information of the fact and supporting details will be accepted.</p>	
II. Implementation of integrity management (1) Does the company assess if trading counterparts involved in any unfair and unethical business operations and include the fair and ethical business operations clause in	✓		(1) Suppliers are being requested to enter into an “Honesty Contract” to maintain the interests and rights of both parties; they shall not bribe political parties or candidates; if there are any such incidents, suppliers shall report such incidents to the Company immediately.	None

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<p>the transaction agreement signed with them?</p> <p>(2) Has the company established a dedicated (concurrent) unit directly under the board to promote fair and ethical business operations and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonesty and supervise implementation?</p>	✓		<p>(2) The Company has the secretary of the Board, which leads a corporate governance implementing group, responsible for protecting shareholders’ equity, strengthening the Board, assisting directors with informations and latest regulation. Each year the Company at least twice discusses the reports on important matters such as the implementation of the resolutions of the last meetings, internal audit, operating performance, ethical management and funds utilization at the meetings of the Board of Directors, Audit Committee and Remuneration Committee so that such directors and members of committees can particularly and immediately understand the Company’s corporate goals, financial and operating situation to enable them to effectively master and supervise the achievement of corporate governance and operating goals. The Company’s implementation of the integrity management policy of 2020 is as below:</p> <p>i. Education and training: In the year of 2020, the internal and external education training (including corporate governance, integrity</p>	

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(3) Does the company defines interest prevention policy of conflicts, establishes appropriate reporting channel, and actually implements?	✓		<p>management, corporate culture and other related courses) related to the integrity management issue was held total of 116 people, 531 hours, and introduced and conducted in the new employee training. Test.</p> <p>ii. Communication channels: Employees can respond to various management and human resources department through multiple channels, and proactively declare honest business policies and implement integrity management on external activities such as websites, annual reports and other external documents and investor meetings.</p> <p>iii. The law compliance and the whistle-blower system. The Secretary of the Board promotes the education for all colleagues. Through the quarterly corporate-wide quarterly meetings, the Code of Integrity and the important internal information processing standards are collected through video and case studies to help colleagues be aware of when conducting business.</p> <p>(3) The company provides multiple reporting channels, including suppliers</p>	

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(4) Has the Company established effective accounting policy and internal control policy, and conduct regular audit by internal auditing units or external CPAs?	✓		<p>ethical grievance hotline; employee grievance reporting channel, employee consultation mailbox, etc., for reporting any breach of business ethics committed by the employees.</p> <p>(4) The Company’s Audit Office has conducted onsite audit or book review with the consideration of risk factor in accordance with the Company’s annual audit plan approved by the Board of Directors in order to help the Board of Directors and the management reasonably ensure the continuing effective implementation of the internal control system, including the achievement in the company’s operational effectiveness and efficiency, reliability of financial reports, and the compliance of law and regulations.</p>	
(5) Does the company arrange regular internal/external training/education for fair and ethical business operations?	✓		<p>(5) In the year 2020, the Company held internal and external education training (including corporate governance, integrity management, corporate culture and other related courses) related to the integrity management issue, which was totaled about 116 people, 531 hours, and introduced and tested in the new employee training. The Company posts the relevant specifications on the company's internal website for</p>	

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			colleagues to inquire at any time, thereby enhancing the awareness of all employees and the ethics of their work. Irregular letters from Chairman and predisent for all employees to announce the concept of the company's integrity management are to strengthen the company's determination to implement ethical values and integrity management.	
III. The operation of the Company's reporting channel (1) Does the company establish a practical whistleblowing and reward system and channels to facilitate the reporting of unfair and unethical business operations and assign appropriate personnel to handle a reported case?	✓		(1) According to the " Procedures for Whistleblower Reporting and Protection System " , the Company has established the “5186 Whistleblowing Box” under direct supervision of the Audit Office of the Board of Director by special personnel. Anyone who has been investigated to confirm that the accused person has violated the integrity of the business or has committed the wrongful act shall be punished in accordance with the relevant provisions of the personnel management measures. Anyone who has investigated and be confirmed that the reporter is true will be rewarded by the board of directors or the general manager for the degree of contribution to the company or the actual situation of the case.	None

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(2) Does the company establish a SOP and a non-disclosure mechanism of relevant investigations?	✓		(2) According to the “Procedures for Whistleblower Reporting and Protection System” set by the Company, the Board of Directors shall instruct the Audit Office to accept the relevant matters, and report the case to the independent directors and directors within 15 business days from the date of acceptance, including investigation situation, treatment process and results and subsequent improvement and response measures. The relevant personnel of the audit office shall ensure the identity of the prosecutor and the content of the report when accepting, investigating and closing the case, so as to protect the prosecutor from any improper damage or disposal due to the report.	
(3) Does the company establish and implement an informer protection policy to ensure no informer will receive indecent treatment?			(3) According to the "Procedures of Whistleblower Reporting and Protection System" set by the Company, for the discovery of corruption, unlawful and improper behavior, such as bribes, coercion, and instructions, etc., protection shall include, but is not limited to, the following items, but the whistleblower shall not apply if it is reported anonymously. i. Do not adversely treat the position and salary of the	

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			<p>whistleblower.</p> <p>ii. No termination or change to the ongoing contract</p> <p>iii. Do not commit acts of coercion, insult or harassment to ensure the safety of life, work and economic rights of the whistleblower</p> <p>If there is a leakage of whistleblower identity, those who are not intentional shall be punished in accordance with the personnel management measures and shall be responsible for all laws and damages. Those who are intentional should be punished more seriously.</p>	
IV. Enhancing information disclosure (1) Does the company disclose the information of integrity management on its corporate website and MOPS?	✓		The Company discloses its integrated operation and implementation in the annual report, and discloses the content of Ethical Corporate Management Best Practice Principles on MOPS.	None
5. If the Company has established its own ethical business principles based on "Ethical Business Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: The Company has a "Code of Integrity Management" and "Code of Ethical Conduct", and the Company's operation is not substantially different from the "Integrity Management Principles for Listed/OTC Companies".				
6. Other information that helps understand the practice of integrity management (such as, the Company reviews and revises the its integrity management code): An honest service attitude is the most important management style of this company, helping strengthen the leading role of this company in the funeral industry,				

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				<p>and receiving the respect and trust of families, shareholders, employees and society. The Company respects and maintains democracy and the rule of law, complies with standards mutually agreed by law and industry, while seeking a high standard of operations.</p> <p>To ensure legal compliance, this Company has established the Code of Conduct for Directors, Managers and Employees. This code of conduct is introduced to new employees and test will be implemented afterwards. Relevant regulations are posted on the intranet for employees to read at any time to raise the compliance awareness and professional ethics of employees.</p>