

Implementation Principles and Structure of Corporate Governance

A. Implementation Principles

The Company attaches great importance to corporate governance and proceeds in accordance with the following principles in hope to carry out corporate governance by the highest international standards:

1. Timely disclosure of material information and the establishment of investor as well as investor relations sections on the corporate website to service the shareholders.
2. Promotion of positive interaction and balance of power between the Board of Directors and the management team.
3. Appointment of independent directors to ensure the independence and fairness of the Board of Directors.
4. Assessment of certified public accountants (CPAs) and have them issue a statement of independence to ensure their independence and fairness.
5. Establishment of the Remuneration Committee to strengthen corporate governance and improve the remuneration system of the Company's directors and management.
6. Explicit and specific dividend policy.
7. Proposals of shareholders' meeting are resolved by voting on a proposal-by-proposal basis and the Company adopts electronic voting for shareholders to fully exercise their rights.
8. Compliance with the corporate governance rules, upholding of the business ethics principles and implementation of internal audit mechanisms.

B. Implementation of Corporate Governance

The Company has established functional committees under its corporate governance structure. At present, there are the "Audit Committee" and the "Remuneration Committee."

1. Audit Committee:

Accton's Audit Committee is composed of all independent directors, and designed to assist the Board of Directors in monitoring the company and improvement of corporate governance efficiency.

Its powers include:

- (1) Formulation of or amendment to internal control system.
- (2) Assessment on the effect of internal control system.
- (3) Formulation of or amendment to the procedures for acquiring or disposing assets, engaging in derivative commodity transactions, lending funds to others, endorsing for others or providing guarantee and other major financial and business activities.
- (4) Matters involving director's own interests.
- (5) Major assets or derivative commodity trading.
- (6) Major funds lending, endorsement or provision of guarantee.
- (7) Raising, issuance or private offer of securities with equity nature.
- (8) Appointment, dismissal, and remuneration of CPAs.
- (9) Appointment and dismissal of finance manager, accounting manager, and head of internal audit.
- (10) Annual and semi-annual financial reports.
- (11) Major matters stipulated by Accton or competent authorities.

The Audit Committee holds regular meetings every quarter, and requires the managers of relevant departments, internal auditors, accountants, legal counsel or other personnel to attend and provide relevant necessary information within the scope of its power.

2. Remuneration Committee

To improve corporate governance and strengthen the remuneration management function of the Board of Directors, assist in the implementation and evaluation of Accton's overall remuneration and benefits policies, as well as the remuneration of Directors and senior managers, Accton established the Remuneration Committee in 2011, consisting of all Independent Directors. Meetings are held at least three times a year and are convened as necessary at any time to provide recommendations to the Board for reference in decision-making.

A. The power of Accton's Remuneration Committee:

- (1) Establish and periodically review the performance evaluation and remuneration policy, system, standards and structure for Directors and managers.
- (2) Regular assessment and determination of remuneration of Directors and managers.

B. The Remuneration Committee shall perform its functions according to the following standards:

- (1) The performance evaluation and remuneration of Directors and managers shall be given with reference to the prevailing standards of the industry and taken into account the reasonableness of the correlation between the company's business performance and future risks.
- (2) The Directors and managers shall not be guided to involve in the actions that exceed Accton's risk appetite for remuneration.
- (3) The proportion of remuneration for the short-term performance of Directors and senior managers, as well as the time of payment of partial changed remuneration shall be determined in consideration of the industry characteristics and the nature of Accton's business.

C. Information Disclosure System

The Company currently has a comprehensive information disclosure system to ensure that shareholders can obtain the Company's latest and most accurate information as their investment reference. Adhering to the principles of accuracy, integrity and fairness, the Company discloses a variety of information concerning operation, finance, Board resolutions, President's philosophy and guiding principles, etc.