

### **3. Disciplinary Regulations**

#### **(1) Rules of Employment for Disciplinary Action suggested by the Ministry of Employment and Labor**

##### **Article 7 Retirement, Dismissal, etc.**

###### **Article 44 (Retirement & Date of Retirement)**

① The company may have an employee retire in any of the following cases:

1. If an employee wishes to retire;
2. If an employee has died;
3. If an employee has reached the mandatory retirement age;
4. If the employment contract has expired; or
5. If the decision of dismissal has been made.

② Retirements as stated in paragraph (1) shall take effect on the following dates:

1. If the employee has submitted his/her letter of resignation in which the date of retirement is specified, and the letter of resignation is accepted thereafter, then the retirement shall take effect on the specified date;
2. If the employee has submitted his/her letter of resignation in which the date of retirement is not specified, then the retirement shall take effect on the date the letter of resignation is accepted. However, the company may change the date of resignation to a later date, that is within 30 days of the date on which the letter of resignation was submitted, for the effective transfer of roles and responsibilities;
3. Date of death;
4. Date on which the employee has reached his/her mandatory retirement age;
5. Date on which the employment contract has expired; or
6. If the decision of dismissal has been made and notified, then the retirement shall take effect on the date of dismissal.

###### **Article 45 (Dismissal) Employees can be dismissed in any of the following cases:**

1. If the employee is declared legally incompetent or quasi-incompetent;
2. If the employee is sentenced to imprisonment without labor or a heavier punishment;

3. If the employee is deemed incapable of performing his/her responsibilities due to a physical or mental disorder (limited to cases where the doctor's medical opinion is available);
4. If an employee on leave has failed to file for reinstatement without any justifiable cause within 7 days of the date on which the leave period has expired;
5. If the decision to dismiss the employee has been made by the Disciplinary Committee; or
6. In any other cases equivalent thereto.

**Article 46** (Restrictions on Dismissal)

- ① Employees shall not be dismissed from their jobs during the period of convalescence following a work-related injury or illness and the 30 days thereafter unless the employees have received a lump sum compensation pursuant to Article 84 of the Labor Standards Act.
- ② Female employees who are expected to give or have given childbirth shall not be dismissed from their jobs during the period of leave and the 30 days thereafter pursuant to the Labor Standard Act.
- ③ Notwithstanding paragraphs (1) and (2), employees may be dismissed from their jobs if the business can no longer be sustained.

**Article 47** (Notice of Dismissal)

- ① The company shall give an employee who is to be dismissed a written notice stating the grounds and date of dismissal.
- ② The company shall notify employees of their dismissal as specified in paragraph (1) at least 30 days prior to the date of dismissal or otherwise pay the employees 30 days of ordinary wage.

**Article 48** (Exceptions to Advance Notice of Dismissal) The company is not obligated to give an advance notice of dismissal to an employee to whom any of the following subparagraphs apply:

1. A daily employee who has worked continuously for less than 3 months;
2. An employee under a probationary period (3 months or less);
3. An employee who has willfully inflicted considerable damage or financial loss on the company and meets the criteria set forth in the Ordinance of the Ministry of Labor.

## Chapter 9 Commendations & Disciplinary Action

**Article 52** (Commendations) ① The company may commend an employee to whom any of the following subparagraphs apply:

1. An employee who has been recognized for his/her contribution to the significant improvement of the company's work efficiency;
2. An employee who has made a significant contribution to the company's sales activities;
3. An employee with an excellent job performance record; or
4. Any other employee who is deemed worthy of a commendation.

② The employees eligible for commendation and the method thereof shall be determined by the Committee.

**Article 53** (Disciplinary Action) The company may take disciplinary action against an employee to whom any of the following subparagraphs apply after the decision is made by the Disciplinary Committee:

1. An employee who has been employed by wrongful or false means;
2. An employee who has inflicted damage on the company by leaking trade secrets or confidential information;
3. An employee who has tarnished the integrity or credibility of the company;
4. An employee whose words and actions interfere with the company's business operations;
5. An employee who has disrupted order by failing to follow company rules and reasonable orders from his/her supervisor;
6. An employee who has taken goods or money from the company without justifiable cause;
7. An employee who has made illicit gains by taking advantage of his/her position;
8. An employee who has violated the service regulations prescribed by the company;
9. An employee who has committed sexual harassment at the workplace; or
10. Any other employee who has caused disorder at the workplace through an equivalent act.

**Article 54** (Types of Disciplinary Action) The types of disciplinary actions are as follows:

1. Reprimand: An employee who has given reason for disciplinary action shall submit a written statement and be reprimanded in writing.
2. Pay cut (pay reduction): An employee is subject to a pay cut of one-half of the daily average wage on a one-time basis, with the total pay cut limited to one-tenth of the total monthly wage.
3. Suspension: An employee who has given reason for serious disciplinary action is

suspended without pay for no more than 3 months during which the employee is not allowed to work.

4. Dismissal: The employment contract is terminated.

**Article 55** (Consideration of Disciplinary Actions)

- ① The chairman of the Disciplinary Committee shall notify its members of the time, place, agenda, etc. of a disciplinary meeting, 7 days prior to the date of such meeting, and give the employee a notice to appear as shown in Schedule 3.
- ② The Disciplinary Committee shall gather and fairly consider sufficient evidence including documents on the investigation into the grounds for disciplinary action, supporting material and statements by the employee. In this case, if the employee is unwilling to appear before the Disciplinary Committee or has made a written statement, then a waiver of right to make a statement as shown in Schedule 3 or a written statement as set forth in Schedule 4 shall be appended to the record and disciplinary action shall be decided through the review of documents alone.
- ③ If a member of the Disciplinary Committee is related to the employee or involved in the grounds for disciplinary action, such member is prohibited from taking part in the voting on that matter.
- ④ The Disciplinary Committee shall provide the employee an opportunity to defend him/herself before deciding on the matter.
- ⑤ If the employee fails twice to appear before the Disciplinary Committee or refuses to defend him/herself or expresses his/her intention to forfeit to right to defend him/herself, the Disciplinary Committee may decide on the matter without listening to the defense.
- ⑥ The secretary shall attend the disciplinary meetings to record and keep the minutes of the meetings.

**Article 56** (Notification of Disciplinary Action Result) The employee shall be notified of the results of the disciplinary action in accordance with the explanatory note on the grounds for disciplinary action as shown in Schedule 6.