

Internal Control System

I. Organization

Innodisk Corporation established the auditing office under the Board of Directors. The appointment or dismissal of the Chief Internal Auditor shall be approved by the Audit Committee and submitted to the Board of Directors for resolution. The appointment, dismissal, evaluation, salary and compensation of internal auditors are conducted in accordance with the Corporate Governance Practice Principles and are signed by the Chief Internal Auditor and submitted to the Chairman for approval.

II. Function

Key functions of the auditing office is to assess the internal control system and evaluate the effectiveness and compliance of the Company' s policies and procedures. Hence, assisting the Board of Directors and management team to examine and review flaws of internal control system, and evaluate the effectiveness and efficiency of business operations. The internal audit report is handed to the independent directors on a monthly basis to communicate the results. The Chief Internal Auditor will attend the Audit Committee and Board meetings to report the status and scope of internal audit.

1. Establishment, amendment, and execution of internal audit implementation rules for the Company and subsidiaries.
2. Planning, execution, and tracking on annual audit or special audit plan.
3. Establishment, tracking, audit, organizing and reporting of the internal control and self-assessments for the Company and its subsidiaries.
4. Tracking, review, and suggestion for various abnormal cases.