



TEST RITE International Co., Ltd.
Procedures for Ethical Management and Guidelines for Conduct
Reference Table for Revised Clauses

1. Purpose of adoption and scope of application

The group and its organizations engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where the group and its organizations and organizations operate, with a view to providing all personnel of the group and its organizations with clear directions for the performance of their duties.

2. Scope

- 2.1 Scope of application: The group and its organizations and its business groups and organizations
- 2.2 Applicable object: The personnel of the group and its organizations.

3. Definition of terms

- 3.1 **【The company】** TEST-RITE International Co., Ltd.
- 3.2 **【The group and its organizations】** The company, which comprise its subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").
- 3.3 **【The personnel of the group and its organizations】** Directors, supervisors, managers, employees, and mandataries of the group and its organizations or persons having substantial control over such companies
- 3.4 **【The substantial controller】** A person having substantial control, of this Corporation or its group enterprises and organizations.

4. Content

4.1 Unethical conduct and Applicable subjects

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the group and its organizations, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties

4.2 Types of benefits

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

4.3 Responsible unit



The group and its organizations shall designate the HR department as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and shall avail itself of adequate resources and staff itself with competent personnel, in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation.

The responsible unit shall be in charge of the following matters and also submit regular reports (annually) to the board of directors.

- (1) Assisting in incorporating ethics and moral values into the group and its organizations' business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- (2) Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
- (3) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- (4) Promoting and coordinating awareness and educational activities with respect to ethics policy.
- (5) Developing a whistle-blowing system and ensuring its operating effectiveness.
- (6) Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
- (7) Production and retaining of documents related to ethical management policies, compliance statements, fulfillment, and implementation.

4.4 Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the group and its organizations shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for the Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out.

- (1). The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- (2). The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- (3). Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- (4). Attendance at folk festivals that are open to and invite the attendance of the general public.
- (5). Rewards, emergency assistance, condolence payments, or honorariums from the



management.

- (6). Other conduct that complies with the rules of the group and its organizations.

4.5 Procedures for handling the acceptance of improper benefits

Except under any of the circumstances set forth in the preceding article, when any personnel of the group and its organizations are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

- (1). If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
- (2). If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the group and its organizations' personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- (1). When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- (2). When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- (3). Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

4.6 Prohibition of and handling procedure for facilitating payments

The group and its organizations shall neither provide nor promise any facilitating payment.

If any personnel of the group and its organizations provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

4.7 Procedures for handling political contributions

Political contributions by the group and its organizations shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit.

4.8 Procedures for handling charitable donations or sponsorships

Charitable donations or sponsorships by the group and its organizations shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit.

- (1). It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
- (2). A written record of the decision making process shall be kept.

- (3). A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- (4). The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the group and its organizations' commercial dealings or a party with which any personnel of the group and its organizations has a relationship of interest.

4.9 Recusal

When the group and its organizations' director, supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the group and its organizations would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Spouses, parents, children of director, or relationships with companies substantially controlled by director will be considered a stake of the director in aforementioned meeting.

If in the course of conducting the group and its organizations' business, any personnel of the group and its organizations discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the group and its organizations may use company resources on commercial activities other than those of the group and its organizations, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the group and its organizations.

4.10 Special unit in charge of confidentiality regime and its responsibilities

The group and its organizations shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the group and its organizations' trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures. All personnel of the group and its organizations shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the group and its organizations of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the group and its organizations unrelated to their individual duties.

4.11 Prohibition against disclosure of confidential information

The group and its organizations shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

4.12 Prohibition against insider trading



The group and its organizations shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The group and its organizations shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that the group and its organizations' products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall recall those products or suspend the services at once, verify the facts and present a review and improvement plan.

The responsible unit of the group and its organizations shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

4.13 Prohibition of internal trading

Any organization or person shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organizations or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

4.14 Adherence and announcement of policy of ethical management to outside parties

The group and its organizations expects director and senior management to abide by the policies of ethical management, and the adherence of the policies be conditions for new employees in the employment process.

The group and its organizations shall disclose its policy of ethical management in its internal rules, annual reports, on the group and its organizations' websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

4.15 Ethical management evaluation prior to development of commercial relationships

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the group and its organizations shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

4.16 Statement of ethical management policy to counterparties in commercial dealings



Any personnel of the group and its organizations, when engaging in commercial activities, shall make a statement to the trading counterparty about the group and its organizations' ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

4.17 Avoidance of commercial dealings with unethical operators

All personnel of the group and its organizations shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the group and its organizations' ethical management policy.

4.18 Stipulation of terms of ethical management in contracts

Before entering into a contract with another party, the group and its organizations shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the group and its organizations part of the terms and conditions of the contract, stipulating at the least the following matters:

(1) When the group and its organizations to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.

(2) Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.

(3) Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

4.19 Handling of unethical conduct by personnel of the group and its organizations

(1) As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, and insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

The Company personnel handling whistle-blowing matters shall undertake to protect the whistleblowers from improper treatment due to their whistle-blowing.

(2) The group and its organizations shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for the group and its organizations insiders and outsiders to submit reports.

(3) A whistleblower shall at least furnish the following information:

A. the whistleblower's name (and an undertaking regarding anonymous reporting) and I.D. number, and an address, telephone number and email address where it can be reached.

B. the informed party's name or other information sufficient to distinguish its identifying features.

C. specific facts available for investigation.

(4) The reporting matters are registered and managed by the Internal auditing unit, and the "Reporting and Investigation Operation Process" is also formulated and processed



according to the following procedures:

- A. An information shall be reported to the CEO (above) if involving the rank and file and to an independent director or supervisor.
- B. The audit team of the group and its organizations and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the compliance and legal department or other related department.
- C. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the group and its organizations' policy and regulations of ethical management, the group and its organizations shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the group and its organizations will report to regulatory authorities and institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
- D. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- E. With respect to a confirmed information, the group and its organizations shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
- F. The audit team of the group and its organizations shall submit to the chairman and board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

4.20 Handling of unethical conduct by others

The personnel of the group's enterprise organization encounter other people's misconducts in the organization of the group enterprise. If the behavior of the group is involved in illegal activities, the group enterprise organization shall notify the judicial and procuratorial organs of relevant facts; if there is a public service organization or public servant, notify the government's integrity.

4.21 Establishment of a system for internal education, rewards, penalties, and complaints, and related disciplinary measures

The responsible unit of the group and its organizations shall organize awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

The group and its organizations shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

This Corporation shall disclose on its intranet information the content and the actions taken in response.

4.22 Enforcement

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion



before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

These Procedures and Guidelines are maintained by the human resources unit.

It, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting. These Procedures and Guidelines for the conduct of the supervisor are applied to the Audit Committee.