

Test Rite International Co., Ltd.

Ethical Corporate Management Best Practice Principles

1. Purpose of enactment

- I. **The Ethical Corporate Management Best Practice Principles ("Principles")** is promulgated to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

2. Applicable scope

- I. **Scope of application : Scope of application: The corporation and its business groups and organizations**
- II. **Applicable object: The personnel of the corporation and its business group.**

3. Terms used in these Regulations are defined as follows:

- I. **【The Company】** Test Rite International Co., Ltd.
- II. **【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").
- III. **【The personnel of the group and its organization】** The board of directors, supervisors, managers, employees, and mandataries of the company or persons having substantial control over such companies.
- IV. **【Substantial Controllers】** Persons having substantial control over the Company
- V. **【Prevention Program】** The Company shall establish the prevention program.

4. Contents

I. Prohibition of Unethical Conduct

- i. When engaging in commercial activities, the personnel of the group and its organization shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- ii. The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or Substantial Controllers or other

interested parties.

II. The types of Benefits

The "Benefits" mentioned in the Principles means any valuable things. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

III. Legal compliance

The groups and its organizations shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

IV. Policy

The group and its organizations shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

V. Prevention Program

- i. The groups and its organizations are advised to, in accordance with the operational philosophies and policies prescribed in the preceding article, establish in their own ethical corporate management best practice principle comprehensive programs to forestall unethical conduct ("prevention program"), including operational procedures, guidelines, and training.
- ii. When establishing the prevention program, the groups and its organizations shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

VI. Extent of the prevention program

The group and its organizations shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

The Company refers to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

- i. Offering and acceptance of bribes.
- ii. Illegal political donations.

- iii. Improper charitable donations or sponsorship.
- iv. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
- v. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- vi. Engaging in unfair competitive practices.
- vii. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

VII. Commitment and implementation

The Company and their respective business group shall clearly specify ethical corporate management policies in their rules and external documents. The board of directors and the management level shall undertake to rigorously and thoroughly enforce such policies for internal management and external commercial activities.

- i. The group and its organizations shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.
- ii. The group and its organizations shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.
- iii. The group and its organizations shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

VIII. Ethical Management of Commercial Activities

- i. The group and its organizations shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.
- ii. Prior to any commercial transactions, the group and its organizations shall take into consideration the legality of its agents, suppliers, clients or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.
- iii. When entering into contracts with its agents, suppliers, clients, or other trading counterparties, it is advisable the group and its organizations shall include in such contracts provisions requiring compliance with ethical corporate

management policy and that in the event the trading counterparties are involved in unethical conduct, the group and its organizations may at any time terminate or cancel the contracts.

IX. Prohibition of offering and accepting bribes

When conducting business, the group and its organization and their directors, supervisors, managers, employees and substantial controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the companies operate permit so.

X. Prohibition of offering illegal political donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the group and its organization and their directors, supervisors, managers, employees and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

XI. Prohibition of improper charitable donations or sponsorship

When making or offering donations and sponsorship, the group and its organization and their directors, supervisors, managers, employees and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

XII. Prohibition of unjustifiable presents, hospitality or other improper benefits

The group and its organization and their directors, supervisors, managers, employees and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

XIII. Prohibition of violation of intellectual property rights

The group and its organizations and persons shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

XIV. 4.14 Prohibition of Engaging in acts of unfair competition

The group and its organizations shall engage in business activities in accordance with applicable competition laws and regulations, 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.

XV.4.15 To prevent the products and services from directly or indirectly damaging stakeholders

The group and its organizations and persons shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

XVI. Organization and responsibility

- i. The group and its organizations' person shall exercise the due care of good administrators to urge the group and its organizations to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.
- ii. To achieve sound ethical corporate management, the group and its organizations are advised to form a dedicated unit, that is avail itself of adequate resources and staff itself with competent personnel, to be in charge of establishing and enforcing the ethical corporate management policies and prevention program and reporting to the board of directors on a regular basis (at least once a year):
 - (a) Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
 - (b) Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
 - (c) Planning the internal organizations, 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.

- (d) Promoting and coordinating awareness and educational activities with respect to ethics policy.
- (e) Developing a whistle-blowing system and ensuring its operating effectiveness.
- (f) 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.

XVII. Legal compliance for business operation

The group and its organizations' persons shall comply with laws and regulations and the Prevention Program when conducting business.

XVIII. The avoidance of conflicts of interest of directors and managers

- i. The group and its organizations shall establish policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors and managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the group and its organizations.
- ii. The group and its organizations' directors shall exercise a high degree of self-discipline. A director may present his opinion and answer relevant questions but is prohibited from participating in voting on any proposals where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the group and its organizations; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall exercise self-discipline and should not support one another in improper ways.
- iii. The group and its organizations' persons shall not take advantage of their positions in the company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

XIX. Accounting and internal control

- i. The group and its organizations shall establish effective accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.
- ii. Internal auditors of the group and its organizations shall based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, including auditees, audit scope, audit items, audit frequency, etc., and

examine accordingly the compliance with the prevention programs. The company's inhouse auditors should produce auditing reports for submission to the board of directors, and appoint CPA to certify. The professional should be appointed to assist if necessary.

- iii. The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.

XX. Operational procedures and guidelines

The operational procedures and guidelines established by the Company for the prevention of Unethical Conduct, which have specifically specified the rules of business conduct for the group and its organization's directors, managers, employees, and Substantial Controllers, shall contain the following:

1. Standards for determining whether improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of Unethical Conduct.
7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

XXI. Education training and reviews

- i. The group and its organization shall periodically organize training and awareness programs for its directors, managers, employees, and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and related policies, Prevention Program and the consequences of committing Unethical Conduct.
- ii. The group and its organization shall combine the Principles with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

XXII. Report and discipline

- i. The group and its organization shall have in place a formal channel for

receiving reports on unethical conduct and keep the reporter's identity and content of the report confidential, and an undertaking regarding anonymous reporting.

- ii. The group and its organization shall establish a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules, and disclose on the company's internal website the date the violation was committed, violating act and how the matter was handled.
- iii. Follow-up measures to be adopted by the group and its organizations depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.

XXIII. Disclosure of Information

The group and its organizations shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

XXIV. Review and Amendment to the Principles

The group and its organizations shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

5. Issuance

- I. The Ethical Corporate Management Best Practice Principles of the Company is maintained by HR department, approval is granted by the board of directors, and shall be submitted to the shareholders' meeting. The same shall apply to any amendment thereto.
- II. Where the position of independent director has been created, when a matter is submitted for discussion by the board of directors pursuant to the procedure, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
- III. These Procedures and Guidelines for the conduct of the supervisor are applied to the Audit Committee
- IV. The Principle was adopted on November 11, 2012.
The 1st revision was adopted on December 16, 2016.
The second amendment was on November 9, 2018.
The third amendment was on March 25, 2020.