

TSC Auto ID Technology Co., Ltd.

Ethical Corporate Management Best Practice Principles

Article 1. Purpose of adoption and scope of application

These Principles are adopted to assist the Company to foster a corporate culture of ethical management and sound development.

The Principles are applicable to the business groups and organizations of the Company, which comprise the Company's subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juristic persons which are substantially controlled by the Company.

Article 2. Prohibition of unethical conduct

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") 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.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3. Types of benefits

"Benefits" referred to herein means anything of value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4. Compliance

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, 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.

Article 5. Policy

The Company 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 mechanisms so as to create an operational environment for sustainable development.

Article 6. Prevention program

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct (prevention programs), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its business group are operating.

In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7. Scope of prevention program

The Company shall establish a risk assessment mechanism against unethical conduct, regularly analyze and review on business activities within its 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.

It is advisable for the Company to refer 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.

Article 8. Commitment and Execution

The Company 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.

The Company shall clearly specify in its rules and external documents and on the Company's 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.

The Company 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.

Article 9. Prevention of supply or acceptance of unjustified benefit, and handling procedures

When conducting business, the Company and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits.

Upon awareness of the improper benefits offered or promised by another person, directly or indirectly, the Company's personnel shall return or reject any such benefit, and report it to their immediate supervisors.

Article 10. Prevention of illegal political donations and handling procedures

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

- I. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
- II. A written record of the decision-making process shall be kept.
- III. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- IV. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 11. Procedures for handling improper charitable donations or sponsorships

When making or offering donations and sponsorship, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and the following procedures, and shall not surreptitiously engage in bribery:

- I. It shall comply with the laws and regulations of the country where the Company is doing business.
- II. A written record of the decision-making process shall be kept.
- III. A charitable donation shall be given to a valid charitable institution. The Company shall not surreptitiously engage in bribery.
- IV. 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 Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
- V. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 12. Prohibition of unreasonable presents or hospitality, or other improper benefits.

The Company and its directors, supervisors, managers, employees, mandataries, 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.

Article 13. Prohibition of infringement upon intellectual property rights

The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operating 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.

Article 14. Prohibition of engagement in unfair competitive practices

The Company 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.

Article 15. Prevention of products or services impairing stakeholders

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe

applicable laws and regulations and international standards to ensure the transparency of information 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.

Article 16. Recusal

When a proposal at a given Board of Directors concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 17. Confidentiality of business secrets

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall strictly comply with the Company's requirements on business secrets and refrain from disclosing the Company's business secrets to another person or probing into or collecting the Company's business secrets unrelated to their individual duties.

Any organization or person outside of the Company 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 the Company 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 the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 18. Information disclosure and promotion of ethical management policy

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. It shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on their company websites, annual reports, and prospectuses, and shall disclose their ethical corporate management best practice principles on the Market Observation Post System. The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolution to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

Article 19. Avoidance of transactions with parties engaged in unethical management

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's 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.

The Company's personnel 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 interactions in order to effectively implement the Company's ethical management policy.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policies and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 20. Response to the unethical conduct of the Company's personnel

Upon discovery or receipt of a whistleblowing or complaint on the unethical conduct of the Company's personnel, the Company shall first verify related facts. If a person being informed on is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease such conduct and shall make an appropriate disposition. When necessary, the Company

will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

With respect to a confirmed information, the Company shall charge the relevant unit with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. The responsible unit shall submit to the Board of Directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures.

Article 21. Actions upon instances of unethical conduct by others towards the Company

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities. Where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 22. Organization and responsibility

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall exercise the due care of good administrators to urge the Company 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.

To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the Board of Directors and avail itself of adequate resources and staff itself with competent personnel, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the Board of Directors on a regular basis (at least once a year):

- I. 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.
- II. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting appropriate 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.
- III. 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.

- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Planning a whistle-blowing system and ensuring its operating effectiveness.
- VI. 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.

Article 23. Compliance when conducting business

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 24. Accounting and internal control

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The Company's internal audit unit shall, based on the assessment of the risk of involvement in unethical conduct, devise relevant audit plans including audit scope, audit items, audit frequency, etc., and examine compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examinations in the preceding paragraph shall be reported to senior management and the unit dedicated to ethical management and be recorded in the form of an audit report to be submitted to the Audit Committee and Board of Directors.

Article 25. Training and performance appraisal

The Company's Chairman, General Manager, or senior management shall communicate the importance of ethical management to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolution to implement ethical corporate management, the related

policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 26. Whistleblowing and discipline

The Company shall implement the whistle-blowing system precisely. The whistle-blowing system shall include at least the following:

- I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the Company to submit reports.
- II. A dedicated unit or dedicated personnel appointed to handle the whistle-blowing system. Any whistleblowing involving a director or senior management shall be reported to the Independent Directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
- III. Follow-up measures to be adopted 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.
- IV. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
- V. Confidentiality of the identity of whistle-blowers and the contents of reported cases, and an undertaking regarding anonymous reporting.
- VI. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
- VII. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the Independent Directors in written form.

The Company will discipline the personnel violating the ethical management requirements, subject to the circumstances, and shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 27. Review on and amendments to the ethical management policy and measures

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managers, and employees to make suggestions, based on which the

adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 28. Implementation and amendments

The Company's Ethical Management Best Practice Principles shall be implemented upon review by the Audit Committee and also approval per resolution of the Board of Directors, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

The Company has appointed Independent Directors. When the Company submits its Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration the opinion of each Independent Director. Any objections or reservations of an Independent Director shall be recorded in the minutes of the Board of Directors meeting. An Independent Director that cannot attend the Board of Directors' meeting in person to express objections or reservations shall provide a written opinion before the meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

These Principles were established on March 27, 2012.
The first amendment was made on November 10, 2020.