

TSC Auto ID Technology Co., Ltd.

Corporate Social Responsibility Best Practice Principles

Chapter I General Provisions

Article 1. In order to fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company has established these principles by referring to the Sustainable Development Best Practice Principles and relevant laws to be followed.

Article 2. The Principles apply to the Company, including the entire operations of the Company and its business group.

Article 3. In fulfilling sustainable development, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4. To implement sustainable development initiatives, the Company is advised to follow the principles below:

- I. Exercise corporate governance.
- II. Foster a sustainable environment.
- III. Preserve public welfare.
- IV. Enhance disclosure of sustainable development information.

Article 5. The Company shall take into consideration the correlation between the development of domestic and international sustainable development principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the Board of Directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, the Company's Board of Directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter II Exercise corporate governance

Article 6. The Company is advised to follow the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies to establish an effective governance framework and relevant ethical standards to improve corporate governance.

Article 7 The Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The Board of Directors of the Company shall consider its stakeholders' interests and shall include the following matters in the Company's performance of its sustainable development initiatives:

- I. Identifying the Company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines.
- II. Making sustainable development the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives.
- III. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The Board of Directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8. The Company is advised to, on a regular basis, organize education and training on the implementation of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

Article 9. For the purpose of managing sustainable development initiatives, the Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

The Company is advised to adopt reasonable remuneration policies, to ensure

that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

Article 10. The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

Chapter III Foster a sustainable environment

Article 11. The Company shall comply with environmental laws and regulations and relevant international standards to appropriately protect the natural environment, and shall strive to achieve the goal of environmental sustainability in the implementation of business activities and internal management.

Article 12. The Company is advised to endeavor in utilizing energy use efficiency and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13. The Company is advised to establish proper environmental management systems based on the characteristics of its industries. Such systems shall include the following tasks:

- I. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
- II. Establishing measurable goals for environmental sustainability, and regularly review the performance and relevance of their development.
- III. Adopting enforcement measures such as concrete plans or action plans, and regularly reviewing the results.

Article 14. The Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and shall hold environmental education courses for its managerial officers and other employees on a periodic basis.

Article 15. The Company is advised to take into account the effect of business operations on the environment, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations,

and services in accordance with the following principles:

- I. Reduce resource and energy consumption in its processes and services.
- II. Reduce emissions of pollutants, toxins and waste, and dispose of waste properly.
- III. Improve recyclability and reusability of raw materials or products.
- IV. Maximize the sustainability of renewable resources.
- V. Enhance the durability of products.
- VI. Improve efficiency of products and services.

Article 16. In order to improve the efficiency of water use, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and try its best to reduce adverse impacts on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17. The Company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures. The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

- I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
- II. Indirect greenhouse gas emissions: emissions resulting from the generation of imported electricity, heating, or steam.
- III. Other Indirect Emissions: Emissions resulting from the Company's activities that are not indirect emissions from energy sources, but are from sources that are owned or controlled by other companies.

The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. the Company's carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

Chapter IV Preserve public welfare

Article 18. The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

- I. Presenting a corporate policy or statement on human rights.
- II. Evaluating the impact of the Company's business operations and internal management on human rights, and adopting corresponding handling processes.
- III. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
- IV. In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibition of the use of child labor, elimination of all forms of forced labor, elimination of recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, employment conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.

Article 19. The Company shall provide information for its employees so that they have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

Article 20. The Company is advised to provide safe and healthy work environments for its employees, including necessary health and first-aid facilities, and shall endeavor to mitigate the hazardous factors to employees' safety and health and to prevent occupational accidents.

The Company is advised to conduct safety and health education training for the employees on a regular basis.

Article 21. The Company is advised to create an environment conducive to *the* development of its employees' careers and establish effective training programs to foster career

skills.

The Company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in employee remuneration, to ensure the recruitment, retention, and motivation of exceptional talents, and achieve the objective of sustainable operation.

Article 22. The Company shall establish a platform to facilitate regular two-way communication between the management and the employees to share relevant information and express opinions on the Company's operations, management and decisions.

The Company shall respect the employee representatives' rights to request changes to working conditions, and shall provide the employees with necessary information and facilities to improve the negotiation and cooperation among employers, employees and employees' representatives.

The Company shall, by reasonable means, inform employees of operational changes that might have material impacts.

Article 23. The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, based on the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons, etc. The Company shall also develop the relevant strategies and specific measures for implementation.

Article 24. The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of its products and services. It shall also establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 25. The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of its industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of its products and services, and shall not deceive,

mislead, defraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 26. The Company is advised to evaluate and manage all types of risks that could cause interruptions to operations, so as to reduce the impact on consumers and society.

The Company is advised to provide a clear and effective procedure for accepting consumer complaints so they may be handled timely and fairly, comply with laws and regulations related to the Personal Data Protection Act for respecting consumers' rights of privacy, and protect personal data provided by consumers.

Article 27. The Company is advised to assess the impact its procurement has on society as well as the environment of the community from which it is procuring, and shall cooperate with its suppliers to jointly implement the corporate social responsibility initiative.

The Company is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those whose actions undermine corporate social responsibility policy.

When the Company enters into a contract with any of its major suppliers, the contents shall include terms stipulating mutual compliance with the corporate social responsibility policy, and that the contract may be terminated or rescinded at any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 28. The Company shall evaluate the impact of its business operations on the community, and adequately employ locals, so as to enhance community acceptance.

The Company is advised to, through equity investment, commercial activities, endowments, volunteer services or other charitable professional services, dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter V Enhance disclosure of sustainable development information.

Article 29 The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes:

- I. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the Board of Directors.
- II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
- III. Goals and measures for realizing the sustainable development initiatives established by the companies, and performance in implementation.
- IV. Major stakeholders and their concerns.
- V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
- VI. Other information relating to sustainable development initiatives.

Article 30. The Company shall adopt internationally widely recognized standards or guidelines when producing sustainable development reports, to disclose the status of their implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

- I. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
- II. Major stakeholders and their concerns.
- III. Implementation performance and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
- IV. Future improvements and goals.

Chapter VI Supplementary Provisions

Article 31. The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve their established sustainable development framework and to obtain better results from the implementation of the sustainable development policy.

Article 32. The Principles, and the amendments hereto, shall be implemented after the approval from the Board of Directors.

Article 33. These Principles were established on March 17, 2017.
The first amendment was made on March 22, 2021.
The second amendment was made on March 28, 2022.