

# **TECO Electric & Machinery Co., Ltd.**

## **Procedures for Handling Material Inside Information and Prevention of Insider Trading**

(Summary Translation) This English version is a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

### **Article 1: Purpose**

These Procedures are specially adopted to establish sound mechanisms for the handling and disclosure of material inside information by this Corporation, in order to prevent improper information disclosures and to ensure the consistency and accuracy of information released by this Corporation to the public.

### **Article 2: Legal Compliance**

This Corporation shall implement its handling and disclosure of material inside information in accordance with applicable laws and regulations, the rules and regulations of the Taiwan Stock Exchange Corporation (hereinafter referred to as TWSE), and these Procedures.

### **Article 3: Scope of Application**

These Procedures shall apply to the following individuals:

1. This Corporation's directors and managerial officers as well as any natural person designated to exercise powers as representative pursuant to Article 27, paragraph 1 of the Company Act.
2. Any shareholder who holding more than 10% of the shares of this Corporation.
3. The related parties of those who referred to in the preceding two paragraphs, i.e., their spouses and minor children holding the shares of this Corporation, including those held under the names of other parties.
4. Employees of this Corporation and any person who has learned the information of this Corporation by reason of his or her position, occupation, or controlling relationship.
5. Any person who lost his or her status as prescribed in the preceding four paragraphs within the last six months.
6. Any person who has learned the information of this Corporation from the persons listed in the preceding five paragraphs.

This Corporation shall ensure that the above-mentioned individuals comply with the provisions of these Procedures.

#### **Article 4: Scope of material inside information**

The scope of material inside information and prevention of insider trading as referred to in these Procedures is determined by the units responsible handling material inside information at this Corporation, and such information includes:

1. The material information stipulated by "TWSE Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities".
2. Provisions stipulated by "TWSE Rules Governing Information Filing by Companies with TSE Listed Securities and Offshore Fund Institutions with TSE Listed Offshore Exchange-Traded Funds".
3. Material Information referred to in the Securities and Exchange Act, other applicable laws and regulations, and the applicable rules.
4. Provisions stipulated pursuant to Article 10 of "Corporate Governance Best Practice Principles" of this Corporation.
5. Information and documents involving commercial secrets such as finance, research and development, manufacturing process, technology, and management.

#### **Article 5: Responsible unit**

This Corporation shall establish a dedicated unit for handling material inside information and prevention of insider trading, and the top executive of the Finance and Management Center serves as the convener and convening relevant departments with an adequate number of competent members, members shall be approved by the chairman, and responsible for:

1. Formulating the drafts of these Procedures and any amendments to them;
2. Receiving inquiries in connection with the methods of handling material inside information, and for consultation, review, and recommendations relating to these Procedures;
3. Receiving reports on unauthorized disclosures of material inside information and formulation of corresponding measures;
4. Designing the preservation system for all documents, archives, electronic records and other materials related to these Procedures, and be responsible for supervising the preservation operation; and
5. Other activities related to these Procedures.

## **Article 6: Confidentiality firewall operations - Personnel**

Such personnel of these Procedures shall:

1. Exercising the care and fiduciary duties of a good administrator and acting with integrity in the performance of their duties;
2. Do not disclose material inside information to others;
3. Do not inquire about or collect any non-public material inside information of this Corporation not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties; and
4. Comply with the relevant provisions on the prevention of insider trading stipulated in the first paragraph of Article 157-1 of the Securities Exchange Law.

## **Article 7: Confidentiality firewall operations - Documents and information**

The files and documents containing this Corporation's material inside information shall be handled in accordance with the following:

1. Proper protection of confidentiality shall be given when transmitted in written form;
2. When transmitted by e-mail or other electronic means, such files and documents must be processed with appropriate security technology such as encryption or electronic signatures; and
3. Shall be backed up and stored in a secure location.

## **Article 8: Operation of confidentiality firewalls**

This Corporation shall ensure that the firewalls specified in the preceding two articles are established, and take the following additional steps:

1. Adopt adequate control measures for the firewalls and perform periodic testing.
2. Enhance the management measures for custody, confidentiality, and decryption of files and documents containing non-public material inside information of this Corporation.

## **Article 9: Confidentiality obligations of outside organizations and persons**

Any organization or person outside of this Corporation that is involved in any corporate action of this Corporation relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of this Corporation's thus acquired.

## **Article 10: Principles of disclosure**

This Corporation shall comply with the following principles when making external disclosures of material inside information:

1. The information disclosed shall be accurate, complete, and timely;
2. There shall be a well-founded basis for the information disclosure; and
3. The information shall be disclosed fairly.

## **Article 11: Implementation of the spokesperson system**

1. Any disclosure of this Corporation's material inside information, except as otherwise provided by law or regulation, shall be made by this Corporation's spokesperson, or by a deputy spokesperson acting in such capacity in a confirmed sequential order, others are not allowed to speak externally, except for special and temporarily assigned events. When necessary, the disclosure may be made directly by a responsible person of this Corporation.
2. This Corporation's spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope authorized by this Corporation, and no personnel of this Corporation other than those serving as this Corporation's responsible person, spokesperson, deputy spokesperson, or project designation authorizer may disclose any material inside information of this Corporation to outside parties without authorization.

## **Article 12: Evaluation procedures of material information and preservation of submission records.**

Whenever this Corporation's important decisions or major events complies with the provisions of " TWSE Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities ", or after further evaluation of the materiality, the decision or event has a significant impact on this Corporation's finances, business, shareholders' rights and interests, and securities price; the

material information shall be released as soon as possible within the time limit prescribed by laws in accordance with the provisions of the preceding paragraph.

Attached Forms 1 and 2 to the application form for material information disclosure procedures and the announcements. If the Attached Forms need to be amended in the future, it should be proposed by the Responsible Unit and authorized the chairman to make a decision.

This Corporation shall keep records of the following in respect of any disclosure material information, and the relevant information shall be kept for at least five years.

1. The evaluation content;
2. Evaluation, inspection, signature or seal of the executive officer, date, and time;
3. Release of material information and applicable legal basis; and
4. Any other relevant details.

### **Article 13: Response to false media coverage**

If a media agency releases information that is in any respect inconsistent with material information disclosed by this Corporation, this Corporation shall promptly issue a clarification on the Market Observation Post System (MOPS) and request the media agency to correct the information.

### **Article 14: Reporting of unusual events**

1. Any director, managerial officer, or employee of this Corporation that becomes aware of any unauthorized disclosure of this Corporation's material inside information shall report to the responsible unit and the internal audit department of this Corporation as soon as practicable.
2. Upon receipt of a report made pursuant to the preceding paragraph, the responsible unit shall formulate corresponding measures. When necessary, it may invite members from the internal audit and other departments to meet for discussion of the measures, and shall keep a record of the results of the measures for future reference. The internal auditors shall also perform such audits as their duties may require.

### **Article 15: Disciplinary measures**

This Corporation shall take measures to discover those responsible and take

appropriate legal action against any personnel under either of the following circumstances:

1. Personnel of this Corporation disclose material inside information without authorization to any outside party, or otherwise violate these Procedures or any other applicable law or regulation;
2. A spokesperson or deputy spokesperson of this Corporation communicates to any outside party any information beyond the scope authorized by this Corporation, or otherwise violates these Procedures or any other applicable law or regulation; and
3. Any person outside this Corporation divulges any material inside information of this Corporation, thereby causing damage to any property or interest of this Corporation.

#### **Article 16: Prevention of insider trading**

1. The individuals subject to application of Article 3 of these Procedures, upon actually knowing of any information that will have a material impact on the price of the securities of this Corporation, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, shall not purchase or sell, in the person's own name or in the name of another, shares of this Corporation that are listed on an exchange or an over-the-counter market, or any other equity-type security of this Corporation.
2. To protect the rights and interests of shareholders and implement equal treatment for shareholders, this Corporation shall notify its directors of the board that they are suspended from trading of the securities of this Corporation within 30 days prior to the release of its annual financial statements and within 15 days prior to the release of its quarterly annual financial statements.

#### **Article 17: Internal controls**

These Procedures shall be incorporated into this Corporation's internal control system. The internal auditors shall keep themselves regularly informed of the status of compliance with these Procedures and shall prepare related audit reports, so as to ensure full implementation of the procedures for handling material inside information.

In addition to regularly checking compliance status, the internal auditors can also formulate annual audit plans and projects. If any abnormality or deficiency is

found, it needs to be stated in the audit reports, and it should be regularly tracked whether it has been improved or appropriate measures have been taken.

#### **Article 18: Awareness campaigns**

This Corporation shall conduct educational campaigns to promote awareness for the personnel of the Scope of Application with respect to these Procedures and related laws and regulations, and strengthen the awareness campaigns of handling material inside information and prevention of insider trading during the job training for new recruits.

#### **Article 19: Supplement**

These Procedures, and any amendments to them, shall be implemented upon approval by the board of directors.

These Procedures were approved by the board of directors on December 23, 2022.