TECO Electric & Machinery Co., Ltd.

Implementation of Ethical Business Practices

TECO continues to strengthen anti-corruption management by promoting a culture of integrity through new employee training, annual integrity advocacy, risk assessment, and contract clauses with the supply chain. In 2025, the signing rate of integrity statements reached 100%, and anti-corruption course coverage continued to achieve the goal of training all personnel; anti-corruption education was also promoted among business partners to strengthen the overall integrity governance system.

All Incumbent Employees

In 2025, TECO strengthened its integrity management through comprehensive training and advocacy. All employees, including new hires and newly appointed managers, received education on ethical management, employee conflict of interest policies, trade secret protection, Fair Trade Act compliance, personal data management, and prevention of insider trading. A total of 2,437 participants completed over 1,567 hours of training.

TECO achieved a 100% Integrity Statement signing rate among employees and requires post-training assessments to evaluate learning effectiveness. Training materials and video recordings are uploaded to the internal portal, ensuring continuous learning and compliance with ethical and legal requirements.

TECO also complies with insider trading prevention regulations, ensuring at least one annual training session for relevant personnel. These efforts reflect TECO's commitment to embedding ethical practices into daily operations and governance.

Subsidiaries and joint ventures (including companies with an investment ratio/contribution amount of more than 10%)

All related companies have signed "Letter of Undertaking of ethical corporate management of TECO Groups" in order to achieve sustainable development and establishment of the corporate culture featuring ethical corporate management.

Suppliers

TECO enforces the Supplier Code of Conduct and requires the signing of a Human Rights and Environmental Sustainability Commitment Letter with procurement contracts. TECO also promotes anti-corruption education among business partners to enhance the overall integrity governance system.

In 2025, TECO promoted supply chain decarbonization through the Ministry of Economic Affairs' Net-Zero Transformation Program, establishing a "1+N Carbon Management Demonstration Team." The Company delivered carbon management training, guided carbon inventories for suppliers, conducted on-site assessments, identified emission reduction opportunities, and continuously shared ESG, energy-saving, and carbon reduction best practices.

The Company established the Corporate Governance and Sustainability Committee in August 2018. On August 13, 2018, the Board of Directors approved the Committee Charter, which was first amended on June 18, 2024. As resolved by the Board, the Committee consists of at least three directors, who elect one member from among themselves to serve as convener and meeting chair. The Committee meets at least twice a year and is responsible for monitoring the implementation and effectiveness of corporate governance, corporate social responsibility, and ethical corporate management.

The Company's Compliance and Legal Office is the dedicated unit responsible for formulating and implementing ethical corporate management policies and preventive measures. The 2025 work plan and implementation status were reported to the Corporate Governance and Sustainability Committee on January 22 and August 6, and subsequently to the Board of Directors on February 19 and August 13.

The specific measures adopted in 2025 to implement the ethical corporate management policy, prevent unethical conduct, and promote ethical corporate management were reported to the Board of Directors on December 12. A summary is provided below:

1. Compliance with the Ethical Corporate Management Policy and Execution of Declarations

All 307 new employees hired in 2025 signed an Integrity Declaration confirming their commitment to the principles of ethical corporate management, representing a 100% signature rate. Among new employees whose testing deadlines had expired, 90% passed the ethical corporate management assessment (254 of 287).

2. Regular Communication of Ethical Corporate Management Principles and Related Regulations

The Compliance and Legal Office prepares communications on the Company's Ethical Corporate Management Best Practice Principles and related regulations, distributes electronic newsletters twice each month, and organizes training programs. During Company-wide quarterly meetings, presentations and case studies are also used to communicate key requirements relating to integrity, sustainable development, and legal compliance, as well as matters employees should note when performing their duties.

(1) Ethical Corporate Management Awareness Programs

Two-hour briefings on ethical corporate management regulations were conducted for employees in separate sessions on February 13, February 25, and March 4, with 112, 9, and 55 participants, respectively. On October 30, the Company communicated its rules governing employees' concurrent employment to 282 employees during a quarterly Company-wide meeting.

(2) Training Programs

A one-hour Trade Secret Inventory Training session was held on September 17 for 20 participants. A three-hour Legal Compliance with the Fair Trade Act course was held on October 3 for 77 participants. A one-hour Personal Data Inventory Training session was held on October 7 for 46 participants.

3. Insider Trading Prevention Awareness and Training

In accordance with the Company's Regulations Governing the Prevention of Insider Trading, the Company provides directors, supervisors, managerial officers, and employees with training on insider trading prevention procedures and applicable laws at least once a year. Appropriate training is arranged for newly appointed directors, supervisors, and managerial officers, while newly hired employees receive relevant instruction from the Human Resources unit during orientation. In 2025, directors and insiders were notified by email 30 days before the announcement of annual financial reports and 15 days before the announcement of quarterly financial reports that they must not trade the Company's shares during the closed periods of 30 days before the annual financial report announcement and 15 days before each quarterly financial report announcement. The Company also regularly communicates applicable laws and procedures for preventing insider trading to directors, supervisors, managerial officers, and employees by email. In 2025, the Company offered a 0.5-hour online course entitled "Prevention of Insider Trading and Short-Swing Trading," completed by 1,836 participants, for a total of 918 training hours.

4. Continuing Education for Directors and Managerial Officers

Each year, the Company arranges continuing education programs in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE- and TPEx-Listed Companies, to ensure that all directors and managerial officers meet the recommended requirement of at least six hours of continuing education during each year of their term of office.

(1) August 13, 2025: "Smart Manufacturing Trends and the Application of Digital Technologies in Business Management (including communication of applicable insider trading prevention laws)" (3 hours). Lecturer: Dr. Chien-Chuan Wang, Vice President of the Chung-Hua Institution for Economic Research. Participants: 9 TECO directors and 44 senior executives.

(2) December 16, 2025: "Manufacturing Transformation and Directors' Governance Responsibilities in the AI Era (including gender equality awareness)" (3 hours). Lecturer: Mr. Jung-Kuei Chang, Chairman of Ai3 Co. Participants: 7 TECO directors and 43 senior executives.