

TECO Electric & Machinery Co., Ltd.
Procedures for Ethical Management and Guidelines for Conduct

Article 1 (Purpose of adoption and scope of application)

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2 (Applicable subjects)

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.**Article 3 (Unethical conduct)**

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4 (Types of benefits)

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 (Responsible unit)

This Corporation here designates the Legal & Compliance Division under the board of directors as the solely responsible unit (hereinafter, "responsible unit") in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports. The Corporation shall avail responsible unit of adequate resources and staff itself with competent personnel. The Internal Audit Division is responsible for supervising the implementation and reporting to the board of directors once a year. The responsible unit shall be in charge of the following matters:

1. Assisting in incorporating ethics and moral values into this Corporation'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.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
3. 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.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. 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

7. Production and retaining of documents related to ethical management policies, compliance statements, fulfillment, and implementation.

Article 6 (General code of conduct)

This Corporation complies with the laws, terms, and regulations of the Republic of China relating to the Corporation and its personnel. Personnel of this Corporation shall not engage in alleged illegal activities or breach the law while conducting corporate businesses during working hours. Any detection of such violations should be immediately reported to the relevant corporate department.

Article 7 (Corporate image)

All Personnel of this Corporation, whether on or off duty, contributes to Corporate image. Personnel in uniform or with corporate identification should be more vigilant in regards to conduct. The Corporation hopes all personnel bear in mind the highest pursuit of business goals at all times.

Article 8 (Customer relations and other relationships)

All personnel of this Corporation shall conform to relevant corporate regulations, and uphold the professional attitude of good faith, reason, firm to conduct business with clients and suppliers in fair and transparent way.

This Corporation does not hold interests and bias towards clients. All products and services purchased should be relatively competitive on the market. Personnel personal interests and relationship should not interfere any relationship between this Corporation and other companies which providing of corporate services, interests, and rights. Objectivity and judgement of all personnel while conducting official duty must not be affected by interests towards organizations or other relationships.

Under special circumstances, this Corporation may need to sign contracts or agreements with personnel or companies owned by personnel. If this situation arises, personnel of this Corporation should report to the chairman and seek approval.

Article 9 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Corporation's Ethical Corporate Management Best Practice Principles for and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local

courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.

2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Money, property, or other benefits with a market value of NT\$3,000 or less offered to or accepted from a person other than relatives or friends; or gifts of property with a total market value of NT\$20,000 or less given by another party to the majority of the personnel of the same department of this Corporation, provided that the total market value of the property offered to the same counterparty or coming from the same source within a single fiscal year shall be limited to NT\$30,000.
7. Other conduct that complies with the rules of this Corporation.

Personnel of this Corporation providing gifts to conduct business should use Corporate-branded gifts when possible.

Article 10 (Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the

acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by the chairman.

Article 11 (Prohibition of and handling procedure for facilitating payments)

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 12 (Procedures for handling political contributions)

This Corporation shall not provide political contributions.

Personnel of this Corporation shall not provide political contributions on behalf of the Corporation or any of its ancillary establishments. The Corporation does not object to personnel providing political contributions on a personal level.

In situations where personnel of this Corporation provides political contributions on a personal level, commercial activities, permit applications and other activities with Corporate interests with the relevant government department should be avoided.

Article 13 (Procedures for handling charitable donations or sponsorships)

Charitable donations or sponsorships over NT\$50,000 by this Corporation shall be provided in accordance with the following provisions and reported to the chairman for approval, and a notification shall be given to the responsible unit. Significant donations or sponsorships with related parties or substantial donations or sponsorships to unrelated parties, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. A written record of the decision making process shall be kept.
3. The use and purpose of the charitable donations or sponsorship should be confirmed before providing charitable donations or sponsorships. The charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. 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 this Corporation's commercial dealings or a party with which any personnel of this Corporation has a stake in the relationship.
5. 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 14 (Recusal)

When a Company director, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Spouses, parents, children of director, or relationships with companies substantially controlled by director will be considered a stake of the director in aforementioned meeting.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the

immediate supervisor shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

Article 15 (Special unit in charge of confidentiality regime and its responsibilities)

The Legal & Compliance Division under the board of directors is charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

Article 16 (Ban on unfair competing business)

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, 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 17 (Preventing the products and services from damaging stakeholders)

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or

other stakeholders, this Corporation shall, within 60 days, recall those products or suspend the services, verify the facts and present a review and improvement plan.

Each group of this Corporation shall inform the responsible unit and report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 18 (Non-disclosure agreement and Prohibition against insider trading)

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

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

Article 19 (Concurrent employment)

All personnel of this Corporation should maintain the highest loyalty.

This Corporation does not completely prohibit concurrency in employment. The concurrent employment must be outside work hours, deemed side occupation, and setup to avoid conflicts to avoid conflicts with employment with the Corporation, and the effects of substantial employment hours to the quality and efficiency of work. In cases where overwork may be of concern, the concurrent employment shall be terminated.

All personnel of this Corporation shall not engage in concurrent employment where the objectivity, behavior, or job ability of the personnel is affected. In instances where the nature of concurrent employment is similar to the employment at the Corporation, the concurrent employment shall be subject for approval due to its effects on the job and the interests of the Corporation.

Any concurrent employment of personnel who has the chance to get the business intelligence of this Corporation or related ancillary establishments should report to the Corporation.

Article 20 (Illegal drugs/alcohol)

Possession, consumption, influence of alcohol or alcoholic beverages while conducting

official duties is prohibited. This Corporation strongly prohibits personnel alcohol and alcoholic beverage consumption during work hours, lunchtime, other rest times, and overtimes.

Personnel consumption of illegal drugs such as marijuana, cocaine, opium, and amphetamine is strictly prohibited.

The above mentioned drugs and alcohol are considered Prohibited Items.

Article 21 (Dangerous goods)

This Corporation prohibits personnel from carrying firearms, ammunition, knives and weapons at work.

Article 22 (Demeanor)

All personnel of this Corporation while at work or conducting official duties, shall not threaten, intimidate, coerce, or use inappropriate language or disrespectful behavior towards colleagues, clients or other personnel.

All personnel of this Corporation shall not disseminate untruthful, wrong, or malicious information regarding the Corporation, colleagues, or customers.

All personnel of this corporation shall not engage in fights and disorderly behavior at work or when out.

All personnel of this corporation shall not engage in unauthorized use of corporate equipment, asset, or other systems.

Article 23 (Adherence and announcement of policy of ethical management to outside parties)

This corporation shall ask director and senior management to sign the statement of abiding by the policies of ethical management, and the adherence of the above policies shall be written in the employment conditions.

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 24 (Ethical management evaluation prior to development of commercial relationships)

Before developing a commercial relationship with another party, such as an agent, supplier,

customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Corporation carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 25 (Statement of ethical management policy to counterparties in commercial dealings)

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

Article 26 (Avoidance of commercial dealings with unethical operators)

All personnel of this Corporation 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 interaction in order to effectively implement this Corporation's ethical management policy.

Article 27 (Stipulation of terms of ethical management in contracts)

Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim damages, and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 28 (Handling of unethical conduct by personnel of this Corporation)

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct or unfair treatment at work or violation of this Procedures for Ethical Management and Guidelines for Conduct, this Corporation will grant an appropriate reward depending on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:

1. the whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.
2. the informed party's name or other information sufficient to distinguish its identifying features.
3. specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The Internal Audit Division of this Corporation shall observe the following procedure:

1. An information shall be reported to the department head if involving the rank and file and to the chairman and an independent director if involving a director or a senior executive.
2. The Internal Audit Division of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the Legal & Compliance Division or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will report to regulatory authorities or transfer to the judiciary to investigate or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The Internal Audit Division of this Corporation shall submit to the chairman and board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 29 (Actions upon event of unethical conduct by others towards this Corporation)

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

Article 30 (Establishment of a system for internal education, rewards, penalties, and complaints, and related disciplinary measures)

The responsible unit of this Corporation shall organize awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 31 (Enforcement)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to audit committee and reported to the shareholders meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Article 32 (Supplementary Information)

The Procedures for Ethical Management and Guidelines for Conduct was established on 16 November 2017.

The first amendment on 17 March 2020.