

Implementation of ethical corporate management, differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item for evaluation	Implementation (Note 1)			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and programs				
(I) Does the Company establish ethical corporate management policies that are adopted by the Board of Directors and explicitly state such policies and the practice thereof in its Articles of Incorporation and external documents? Do the Board of Directors and top management actively fulfill their commitments to implementing the management policies?	V		(I) 1. The Company established the “Ethical Management Best Practice Principles” at the 17th meeting of the 19th Board of Directors, and then disclosed the same on the Company's website and MOPS after the Principles were adopted at the annual meeting of shareholders in 2011. The Company amended the provisions of the Principles at the 6th meeting of the 21st Board of Directors in accordance with regulations and submitted the amended provisions to the annual meeting of shareholders in 2015. On July 5, 2019, the amended provisions were adopted at the 20th of the 22nd Board of Directors and submitted to the annual meeting of shareholders in 2020 for reporting.	No difference

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(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM	V		<p>2. We report the implementation of ethical management and reaffirm our determination to conduct “ethical management” and implement “corporate governance” to the Board of Directors on an irregular basis (at least once a year).</p> <p>3. When signing contracts with customers, the Company informs them they are required to observe the “honesty and integrity” agreement.</p> <p>(II) We have formulated in our “Ethical Management Best Practice Principles” the preventive measures against the business activities specified in Article7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” or those within their business scope which are at a higher risk of being involved in unethical conduct. In addition, we have established an effective accounting system and internal control system, and</p>	No difference

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<p>Listed Companies”?</p> <p>(III) Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and</p>	V		<p>reviewed them irregularly to ensure the effectiveness of these systems. To actively prevent unethical conduct, the Company formulated the “Report and Complaint System for Violation of Ethical Management” on January 15, 2015, and resolved at the 19th meeting of the 22nd Board of Directors on June 13, 2019 to establish the “Procedures for Ethical Management and Behavior Guidelines” pursuant to the relevant regulation of the Company's Ethical Management Best Practice Principles to provide the Company's directors, managerial officers, employees and substantial controllers with clear directions for the performance of their duties. The Guidelines have been announced and given effect.</p> <p>(III) The Company formulated the “Report and Complaint System for Violation of Ethical Management” on January 15, 2015, resolved at the 19th meeting of the 22nd Board of Directors on June</p>	No difference

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implement the program accordingly? Does the Company regular review and modify the program mentioned above?			13, 2019 to establish the “Procedures for Ethical Management and Behavior Guidelines,” and disclosed the relevant regulations on the Company’s website and MOPS. The management has also been clearly informed that if there is any decision or transaction that is likely to involve a conflict of interest of directors or managerial officers, such director or managerial officer shall not participate in the process of the decision or voting.	
II. Implementation of ethical management				
(I) Does the Company have the integrity record of the trading counterparty assessed and the clauses of ethical conduct expressed in the contract signed between them?	V		(I) Prior to any business transactions, the Company shall take into consideration the legality of the counterparts and whether they have any record of unethical conduct, and shall avoid any dealings with persons so involved. All important contracts between the Company and others shall include ethical management policies.	No difference
(II) Does the Company establish a specific unit for the Board of Directors to promote	V		(II) To achieve sound ethical corporate management, the Secretariat Office, Board of	No difference The Company has disclosed the

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<p>corporate ethical management and regularly (at least once a year) report the ethical management policy, prevention program of unethical conduct and implementation status of supervision to the Board of Directors?</p> <p>(III) Does the Company have policies against conflicts of interest, provide appropriate reporting channels, and implement them?</p>	V		<p>Directors, a specific unit for the Board of Directors, shall be responsible for establishing ethical management policies and prevention programs and supervising the implementation thereof together with the Human Resources Department and Legal Affairs Department. The Secretariat Office, Board of Directors shall report the implementation status of ethical management, including the relevant training and guidance of regulations, to the Board of Directors irregularly (at least once) every year. (The implementation status was reported to directors at the 6th, 7th, and 8th meetings of the 23rd Board of Directors.)</p> <p>(III) All important contracts between the Company and others shall include ethical management policies. If the trading counterpart is discovered to be engaged in unethical conduct, the Company may terminate or rescind the contract at any time. A system for avoidance of conflict of interest of</p>	<p>organizational structure and functional operation of the ethical management on the website.</p> <p>No difference</p>

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(IV) Does the Company establish an effective accounting system and internal control system to implement ethical management? Does the internal audit unit draft relevant audit plans based on the results of the unethical conduct risk assessment? Is the compliance of the prevention program for the unethical conduct audited accordingly by the internal audit unit or committed accountants?	V		<p>directors has been specified in our Rules and Procedures of Board of Directors Meetings.</p> <p>(IV) We have established effective systems for accounting and internal control. The auditors of the Company have examined the compliance with these systems. The “Regulations on Risk Management Policies and Procedures of Taiwan Tea Corporation” was established in 2020 and then submitted to the 8th meeting of the 23rd Board of Directors on November 12, 2020 for adoption to strengthen the audits and prevent unethical conduct. In addition, the implementation status of the risk management in 2020 was reported to directors at the 9th meeting of the 23rd Board of Directors on January 21, 2021.</p>	No difference
(V) Does the Company regularly organize internal and external training regarding ethical management?	V		<p>(V) We have regularly organized internal and external training regarding ethical management since 2014. Moreover, we have collaborated with the Intellectual Property Right Protection Service Team of</p>	No difference

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			<p>the Ministry of Economic Affairs since 2018 for three consecutive years to invite Attorney Ruey-Sen Tsai of Lee and Li, Attorneys-at-Law and Professor Fa-Chang Cheng of a national university of science and technology to give lectures on the topic of “Trading Secrets and Trademarks” in order to help our employees understand more about the regulations on the protection of intellectual property rights. To enhance corporate information safety and reinforce risk management in response to the policy of the competent authority, an investigator from the Taipei City Field Division, Minister of Justice Investigation Bureau, was invited to be the speaker of the lecture on “Corporate Anti-Corruption” to share actual cases and provide our employees with correct actions for information safety protection so as to ensure the confidentiality of our data and the protection of personal data. In 2020, we organized internal and external training</p>	

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			<p>courses (including insider trading prevention, ethical management legal compliance, food safety and health management and inspection, accounting system, labor laws and regulations, and internal control) in relation to ethical management; a total of 136 people participated in these courses, totaling 410.5 hours. We also convey the importance of ethical management to our employees and management in internal training on an irregular basis.</p>	
<p>III. Operation of the Company's whistleblowing system</p> <p>(I) Does the Company establish a specific whistleblowing and rewarding system, and provide convenient reporting channels, and have competent personnel assigned to deal with such issues?</p>	V		<p>(I) We established the "Report and Complaint System for Violation of Ethical Management" on January 15, 2015. Personnel have been assigned to deal with reported matters according to the level to which the matter belongs. If the matter reported by the whistleblower is found to be true during the investigation and the whistleblowing has a great contribution to the Company, the whistleblowing will be reported to the</p>	No difference

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(II) Does the Company establish standard operating procedures for investigation of matters reported by whistleblowers, measures to be taken following the conclusion of the investigation, and relevant mechanisms for confidentiality?	V		Chairman and rewards may be granted to the whistleblower. (II) The Company has specified in the “Report and Complaint System for Violation of Ethical Management” the investigation procedures classified as Level A, B and C and confidentiality mechanisms.	No difference
(III) Does the Company take any measures to protect whistleblowers from improper treatment as a result of their whistleblowing?	V		(III) We have taken protection measures for whistleblowers and allowed anonymous reporting to prevent them from being treated improperly as a result of whistleblowing.	No difference
IV. Enhancing information disclosure Does the Company have the contents of its ethical management best practice principles and the implementation thereof disclosed on its website and MOPS?	V		We have disclosed our “Ethical Management Best Practice Principles” on our website at https://www.ttch.com.tw/zh/governance/governance and on the MOPS.	No difference
V. If the Company has established its own ethical management best practice principles based on the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any difference between the implementation and its ethical management best practice principles: None.				
VI. Other important information useful to the understanding of the Company's implementation of ethical				

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management: (e.g. the Company's review and amendment of the ethical management best practice principles established thereby)				
(I) We amended the provisions of the “Ethical Management Best Practice Principles” according to the Letter Tai-Zheng-Zhi-Li-Zi No.1030022825 issued by the Taiwan Stock Exchange. The amended provisions were adopted at the 6th meeting of the 21st Board of Directors and reported at the annual meeting of shareholders in 2015. On July 5, 2019, the provisions amended pursuant to the Letter Tai-Zheng-Zhi-Li-Zi No.1080008378 were adopted at the 20th of the 22nd Board of Directors and then reported at the annual meeting of shareholders in 2020.				
(II) To implement ethical management policies and actively prevent unethical conduct, the “Procedures for Ethical Management and Behavior Guidelines” were adopted at the 19th meeting of the 22nd Board of Directors on June 13, 2019 to provide the Company's directors, managerial officers, employees and substantial controllers with clear directions for the performance of their duties.				
(III) The Company has internal control and audit systems in place, fulfills requirements in relation to corporate governance, strengthens the function of the Board of Directors, allows independent directors to exert their functions, improves information transparency, and maintains shareholders’ equity. Our employees, managerial officers and directors are also required to follow our ethical management policies.				
(IV) Each of our employees has signed an “employee employment contract” with the Company. With respect to ethical management, the regulations to prohibit receiving endowments, rebates or commissions have been specified in the contract. We have also established the “Code of Conduct or Ethics for Employees” and “Code of Conduct for Directors and Managerial Officers.”				
(V) In addition to the “Guidelines for Supplier Management,” when signing a contract with a supplier, we also attach the “Honesty and Integrity Agreement of Taiwan Tea Corporation” specifying that our employees and the supplier shall maintain a high standard of self-discipline and integrity and observe the ethical management policies when doing business.				