



Business Integrity Code of Conduct

Established during the board of directors' meeting dated March 2011
Amended during the board of directors' meeting dated February 2015
Amended during the board of directors' meeting dated July 2019

Article 1 (Purpose and applicability)

This Code of Conduct has been created to support a corporate culture of integrity, business growth, and provide a framework for good commercial conduct for Taiwan Tea Corporation.

The Code of Conduct should be developed in line with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and shall apply to all subsidiaries, non-profit organizations that the Company has funded directly or indirectly for more than 50%, and any entities that the Company has substantive control over (collectively referred to as Group Affiliates below).

Article 2 (Prohibition against dishonest conduct)

Directors, supervisors, managerial officers, employees, agents, and any empowered personnel of the Company (collectively referred to as “Controllers” below) are prohibited from offering, committing, requesting, or accepting any illegitimate benefit, or involved in any conduct that would be construed as dishonest, illegal, or in breach of trust (collectively referred to as Dishonest Conduct below) in an attempt to obtain or maintain gains, whether directly or indirectly, when carrying out business activities.

Counterparties of the Dishonest Conduct described above include government officials, election candidates, political parties or members thereof, and directors, supervisors, managerial officers, employees, Controllers, or any state-owned or private institution stakeholder.

Article 3 (Forms of benefit)

The term “benefits” mentioned in the Code of Conduct shall refer to anything of value, including money, gifts, commissions, positions, services, privileges, and kickbacks of any form and purpose. However,

benefits received or given occasionally in accordance with acceptable social customs and do not influence exercising of authority and obligations can be excluded.

Article 4 (Compliance)

The Company is bound to comply with The Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, and any laws that pertain to business conduct of TWSE/TPEX listed companies. These regulations shall provide the foundation for the Company's integrity management.

Article 5 (Policy)

The Company shall manage its businesses in the utmost prudence, transparency, and accountability, and implement policies of integrity with the approval of the board of directors. The Company shall also develop robust corporate governance and risk management practices to ensure the sustainability of business activities.

Article 6 (Preventions)

The Company's business integrity policies shall clearly and thoroughly outline integrity practices and preventive solutions against dishonest conduct (collectively referred to as Preventions below), including operating procedures, behavioral guidelines, and training programs.

The Company's Preventions shall comply with the laws of the company and Group Affiliates' locations.

The Company should communicate with employees, unions, key business counterparties, or other stakeholders when establishing Preventions.

Article 7 (Scope of Preventions)

The Company shall implement an integrity risk assessment system, identify and assess business activities that present high risks of dishonest conduct, and adopt preventive measures with appropriateness and

effectiveness reviewed on a regular basis.

Preventions should be developed based on common local/foreign standards or guidelines. Preventions adopted by the Company shall prevent at least the following misconduct:

1. Offering and acceptance of bribe.
2. Offering of illegal political donations.
3. Inappropriate donation or sponsorship.
4. Offering or acceptance of inappropriate gift, treatment, or benefit.
5. Infringement of business secret, trademark, patent, copyright, and other intellectual property rights.
6. Engagement in unfair competition.
7. Direct or indirect damage to consumers' or stakeholders' interest, health, or safety during research, development, procurement, manufacturing, offering, or sale of products and services.

Article 8 (Commitments and execution)

The Company shall request its directors and senior management to issue a statement of commitment for compliance with the integrity policy, and state in the term of employment that all employees are bound to comply with the integrity policy.

The Company and Group Affiliates shall state explicitly in policies, external documents, and websites their commitments to business integrity, as well as the board of directors' and senior management's commitment to enforcing integrity policies. These commitments must be reflected accordingly in internal management practices and external commercial activities.

The Company shall produce and maintain documents on the integrity policies, statements, and commitments mentioned in Paragraphs 1 and 2 and maintain records on the implementation progress.

Article 9 (Integrity in commercial activities)

The Company shall adhere to integrity principles and conduct all commercial activities in a fair and transparent manner.

Prior to engaging in commercial transactions, the Company is

required to evaluate the legitimacy of its distributors, suppliers, customers, and counterparties, and investigate whether they were previously involved in dishonest conduct. The Company should avoid dealing with entities that demonstrate poor integrity.

Contracts signed by the Company with distributors, suppliers, customers, or other counterparties shall include an integrity clause that not only requires counterparties to comply with integrity policy, but also gives the Company the right to terminate the contract at any time if the counterparty is found to have involved in dishonest conduct.

Article 10 (Prohibition against bribery)

The Company and its directors, supervisors, managerial officers, employees, agents, and Controllers may not offer, guarantee, request, or accept any form of illegitimate benefit with customers, distributors, contractors, suppliers, government officials, or stakeholders, whether directly or indirectly, when carrying out business activities.

Article 11 (Prohibition against illegal political donations)

Any donations made directly or indirectly to political parties, campaigns, or individuals by the Company and its directors, supervisors, managerial officers, employees, agents, and Controllers must comply with the Political Donations Act and the Company's internal procedures. These donations can not be exploited as means of obtaining commercial interest or advantage.

Article 12 (Prohibition against improper donations or sponsorships)

Any donations or sponsorships made by the Company and its directors, supervisors, managerial officers, employees, agents, and Controllers to charity organizations must comply with relevant laws and the Company's internal procedures. These donations and sponsorships can not be exploited as means of bribery.

Article 13 (Prohibition against inappropriate gifts, treatments, and illegitimate benefits)

The Company and its directors, supervisors, managerial officers,

employees, agents, and Controllers may not offer or accept inappropriate gifts, treatments, or benefits, whether directly or indirectly, as a means to establish commercial relationships or affect commercial outcomes.

Article 14 (Prohibition against infringement of intellectual property rights)

The Company and its directors, supervisors, managerial officers, employees, agents, and Controllers shall comply strictly with intellectual property laws, internal procedures, and contract terms. Except with the consent of the intellectual property rights owner, the Company may not use, disclose, dispose of, destroy, or commit any action that constitutes an infringement of intellectual property rights.

Article 15 (Prohibition against unfair competition)

The Company shall comply with competition laws when engaging in business activities. It must avoid actions that may be construed as an attempt to undermine market competition, such as: price fixing, bid rigging, use of output restriction or quota, or share or divide market by allocating customers, suppliers, territories, or business activities.

Article 16 (Preventing product or service damage to stakeholders)

The Company and its directors, supervisors, managerial officers, employees, agents, and Controllers shall comply with laws and international standards when researching, developing, procuring, manufacturing, supplying, and selling products and services. The Company shall also ensure the transparency of product/service information and the safety of products/services offered, and implement and publish policies for protecting the interests of consumers and stakeholders. The above requirements must be duly enforced in all aspects of business operation to prevent products/services from causing direct or indirect damage to consumers or compromising other stakeholders' interests, health, and safety. As a principle, the Company shall recover its product or cease service if there is any evidence to suggest that the product or service poses a concern to the safety and health of consumers or other stakeholders.

Article 17 (Organization and responsibilities)

The Company's directors, supervisors, managerial officers, employees, agents, and Controllers shall exercise the duty of care as prudent managerial officers to supervise and prevent dishonest conduct, while constantly reviewing performance to ensure ongoing improvement and sound execution of integrity policy.

To ensure proper integrity management, the Company shall create a Secretary Office directly under the board of directors that specializes in the establishment of Business Integrity Code of Conduct and Preventions and coordinates with the Legal Affairs Department in the co-supervision and co-execution of such measures. The Secretary Office is primarily responsible for the following duties and shall report to the board of directors on a regular basis (at least once a year):

1. Incorporating integrity and moral values into the Company's operating strategies, and establishment of integrity assurance and fraud prevention measures in accordance with laws.
2. Regular analysis and assessment on business activities that are prone to the risk of dishonest conduct, and implementation of measures against dishonest conduct, including standard operating procedures and behavioral guidelines.
3. Planning of internal organization and duties, and implementation of check and balance for business activities that present a higher risk of dishonest conduct.
4. Coordination of integrity policy awareness and training programs.
5. Establishment of a whistleblowing system and ensuring the effectiveness of its execution.
6. Assist the board of directors and the management in assessing the effectiveness of existing integrity practices and preventions, assess compliance of business procedures, and make regular reports to the board of directors.

Article 18 (Compliance of business dealings)

Directors, supervisors, managerial officers, employees, agents, and

Controllers of the Company are bound to comply with laws and Regulations when conducting business activities.

Article 19 (Avoidance of conflicting interests)

The Company shall implement a conflicting interest policy to identify, supervise, and manage potential conflicts of interest that may lead to dishonest behaviors. It will also implement channels for directors, supervisors, managerial officers, stakeholders, and board meeting participants to state their conflicting interests with the Company.

If a director, supervisor, managerial officers, board meeting participant, or any of the corporate entities they represent is considered a stakeholder to a topic discussed in the board meeting, the party must state the stakes involved during the current meeting session and shall disassociate from all discussions and voting if the stakes are in conflict against the Company's interests. In addition, the concerned party may not exercise voting rights on behalf of other directors. Directors must also exercise self-discipline and refrain from backing up each other in inappropriate ways.

The Company's directors, supervisors, managerial officers, employees, agents, and Controllers must not exploit their vested authorities or influences for improper gains, whether for themselves or a spouse, parents, children, or any other parties.

Article 20 (Accounting and internal control)

The Company shall implement effective accounting and internal control systems for business activities that are prone to risks of integrity. The Company must not maintain secret accounts and shall perform regular reviews to ensure the effectiveness of its existing policies.

The internal audit unit has the duty to devise audit plans targeting specific subjects, scope, activities, and frequency based on its integrity risk assessment outcomes and audit employees' compliance with the Regulations. The internal audit unit may also engage CPAs to perform an audit, and seek help from professionals if necessary.

Audit findings from the above Paragraph shall be reported to the senior management and the integrity management team, and presented to the board of directors in the form of an audit report.

Article 21 (Operating procedures and behavioral guidelines)

The Company shall establish operating procedures and behavioral guidelines based on Article 6 to outline certain issues that directors, supervisors, managerial officers, employees, and Controllers must take note of when performing duties, including:

1. Definitions for offering/acceptance of improper gains.
2. Procedures for offering legitimate political donations.
3. Procedures for offering legitimate donations or sponsorships, and limits.
4. Rules against conflict of interest, including reporting and handling procedures.
5. Confidentiality rules for secrets and sensitive information obtained through business activity.
6. Rules and procedures for suppliers, customers, and business counterparties involved in dishonest conduct.
7. Procedures for handling violations against the Business Integrity Code of Conduct.
8. Disciplinary actions against violators.

Article 22 (Training and evaluation)

Chairman, President, and senior managers shall constantly convey the importance of integrity with directors, employees, and agents.

The Company shall organize regular training and promote awareness among directors, supervisors, managerial officers, employees, agents, and Controllers on the subject of integrity. Business counterparties should also be invited to participate, so that they are made fully aware of the Company's commitment as well as policies, Preventions and disciplinary measures imposed to enforce business integrity.

The Company shall integrate its integrity policy with employee performance evaluation and human resource policies in order to develop a clear and effective reward/disciplinary system.

Article 23 (Whistleblower system)

The Company shall develop and implement a whistleblower system that encompasses at least the following:

1. Misconduct reporting channels available to insiders and outsiders, including mailboxes and hotlines operated by the Company or by independent third-party institutions.
2. Personnel or unit assigned specifically to handle reported misconduct, along with classification criteria and standard operating procedures for reported misconduct. Misconduct reports involving directors or the senior management are to be escalated to independent directors and supervisors.
3. Subsequent measures are to be undertaken depending on the severity of the case involved and the outcome of an investigation. Misconduct reports may be escalated to the authority or the judicial department if necessary.
4. Procedures for acceptance and investigation of reported misconduct, and documentation and preservation of investigation outcome.
5. Protection for whistleblower's identity and details of reported misconduct, and tolerance for anonymous reporting.
6. Protection for informants against retaliation.
7. Whistleblowing incentives.

The unit or personnel responsible for handling whistleblowing will be required to file a report and notify independent directors and supervisors in writing upon discovery of any major violation or any occurrence that has the potential to cause significant damage to the Company.

Article 24 (Discipline and grievance system)

The Company shall establish a system that facilitates the reporting and discipline of conduct that violate the integrity policy. Any personnel who commit a violation will have their names, titles, misconduct, date of violation, and disciplinary actions disclosed immediately on the Company's Intranet.

Article 25 (Information disclosure)

The Company shall develop quantitative measurements for business integrity and use them to analyze the performance of the integrity policy on an ongoing basis. The Company shall also disclose the progress of its integrity efforts along with the measures taken and quantitative data described above on its website, annual report, and prospectus, and terms of the Business Integrity Code of Conduct on the Market Observation Post System.

Article 26 (Review and amendment of Business Integrity Code of Conduct and measures)

The Company shall pay constant attention to local and foreign integrity guidelines and encourage directors, supervisors, managerial officers, and employees to make recommendations that would help improve the Business Integrity Code of Conduct and its implementation, and thereby enhance integrity performance.

Article 27 (Implementation)

This Business Integrity Code of Conduct shall be implemented upon approval of the board of directors, and presented for acknowledgment by supervisors and during shareholder meetings. The same applies to subsequent amendments.

Independent directors' opinions must be fully taken into consideration when the Business Integrity Code of Conduct is raised for discussion among the board of directors. All objections and reservations expressed by independent directors must be detailed in the board of directors' meeting minutes. If the independent director is unable to express objections or reservations in person during a board meeting, the opinion shall be expressed in writing in advance and recorded in board meeting minutes unless there is a justifiable reason not to do so.

If the Company has assembled an Audit Committee, the code of conduct mentioned herein concerning supervisors shall apply to the Audit Committee.