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# Code of Practice for Sustainable Development



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Revise History				
Version	Owner	Review	Release Date	Release Explain
A	Huang Anbang	Chang, Sheng-Shih	140812	First Release
B	Li Yahui	Zhuang Yaling	170505	In line with the "Corporate Social Responsibility Code of Practice for Listed Companies", the content of corporate social responsibility in terms of environment, society and corporate governance has been revised.
C	Zhao Yanling	Chang, Sheng-Shih	200703	In line with the "Corporate Social Responsibility Code of Practice for Listed and OTC Companies", some provisions have been revised.
D	Li Yijing	Chang, Sheng-Shih	220225	Amended in accordance with the Taiwan Securities Exchange Commission's letter No. 11000715831 dated December 13, 2021



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## 1. Purpose :

To fulfill corporate social responsibility and promote balanced and sustainable economic, social, and environmental development, this Company has formulated this Code of Practice for Sustainable Development, based on the relevant provisions of the "Code of Practice for Sustainability of Listed and OTC Companies" established by the Taiwan Stock Exchange Corporation (hereinafter referred to as the Stock Exchange) and the GreTai Securities Market of the Republic of China (hereinafter referred to as the GreTai Securities Market). This Code aims to manage the Company's risks and impacts on the environment, society, and corporate governance.

## 2. Scope :

is Code applies to this Company and its subsidiaries and affiliates.

## 3. Rights and Responsibilities :

This Code is formulated and revised by the Secretariat of the Sustainability Committee in accordance with the "Code of Practice for Sustainability of Listed and OTC Companies."

## 4. Definition :

None.

## 5. Assignment Details :

- 5.1 The Company will actively practice sustainable development while engaging in business operations, in line with international trends that balance environmental, social, and corporate governance development. Through corporate citizenship, the Company will enhance its contribution to the national economy, improve the quality of life for its employees, the community, and society, and foster a competitive advantage based



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on corporate responsibility.

- 5.2 The Company will implement sustainable development based on respect for social ethics and consideration for the interests of other stakeholders. While pursuing sustainable operations and profitability, the Company will prioritize environmental, social, and corporate governance factors and incorporate them into its management and operations.
- 5.3 The Company will conduct risk assessments of environmental, social, and corporate governance issues related to its operations based on the principle of materiality and establish relevant risk management policies.
- 5.4 The Company will adhere to the following principles in its practice of sustainable development: :
- 5.4.1 Reduce environmental, social, and corporate governance risks.
- 5.4.2 Seize environmental, social, and corporate governance opportunities.
- 5.4.3 Implement and promote corporate governance.
- 5.4.4 Develop a sustainable environment.
- 5.4.5 Protect social welfare.
- 5.4.6 Enhance disclosure of sustainable development information.
- 5.4.7 Leverage value chain influence.
- 5.5 The Company shall comply with laws and regulations and its Articles of Association. It shall also consider domestic and international sustainability trends, as well as the overall operational activities of the Company and its subsidiaries and affiliated entities, to formulate sustainable development policies, systems, or related management systems, which shall be approved by the Board of Directors.
- 5.6 The Board of Directors, in accordance with the duty of care of a good manager, shall supervise and assist management in implementing corporate governance and urging the fulfillment of social responsibilities. It shall also regularly review the effectiveness of its implementation and promote continuous improvement to ensure the implementation of its sustainable development policies.



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- 5.6.1 When implementing the Company's sustainable development goals, the Board of Directors shall fully consider the interests of stakeholders, including the following :
- 5.6.1.1 Propose a sustainable development mission or vision, and formulate sustainable development policies, systems, or related management guidelines.
- 5.6.1.2 Integrate sustainable development into the Company's operations and development direction, and approve specific plans for promoting sustainable development.
- 5.6.1.3 Ensure the timeliness and accuracy of the Company's disclosure of information related to sustainable development.
- 5.6.2 The Board of Directors is ultimately responsible for the Company's overall risk management. To ensure the Company's sound operations and sustainable development, it shall strengthen the Company's risk management, including risk detection, identification, monitoring, and control. The Company's Sustainability Committee shall manage potential risks within acceptable limits.
- 5.6.2.1 Ensure that risks related to climate change, supply chain, patents, investments, and other issues are managed within acceptable limits.
- 5.6.2.2 The impact of changes in corporate image on the company's crisis management.
- 5.7 The Company adheres to the Sustainability Code for Listed and OTC Companies and the Code of Ethical Conduct established by listed and OTC companies, among other reference examples, to establish an effective corporate governance structure and relevant ethical standards and practices to strengthen corporate governance.
- 5.8 The Company values investors' right to know. In addition to strictly complying with relevant information disclosure regulations, the Company strives to ensure the completeness, timeliness, and fairness of information disclosed.
- 5.9 Based on respect for the interests of its stakeholders, the Company identifies its stakeholders and, through appropriate communication and stakeholder engagement, understands their reasonable expectations and needs, and appropriately addresses important sustainability issues of concern to its stakeholders.
- 5.10 The Company shall comply with relevant laws and regulations in its operations and implement the following



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matters to foster a fair competitive environment :

- 5.10.1 Avoid engaging in unfair competition.
- 5.10.2 sure compliance with tax obligations.
- 5.10.3 bat bribery and corruption and establish appropriate management systems.
- 5.10.4 rporate donations comply with internal operating procedures.
- 5.11 The Company complies with environmental laws and regulations and relevant international standards and norms, appropriately protects the natural environment, and strives for environmental sustainability in conducting its business activities.
- 5.12 The Company strives to improve the efficiency of resource utilization and use recycled materials with low environmental impact to ensure the sustainable use of Earth's resources.
- 5.13 The Company establishes an appropriate environmental management system based on the characteristics of its industry.
- 5.14 The Company's environmental management system shall include the following items :
  - 5.14.1 Collect and evaluate sufficient and timely information on the impact of its operations on the natural environment.
  - 5.14.2 Establish measurable goals and regularly review the sustainability and relevance of these goals.
  - 5.14.3 Regularly review progress towards environmental sustainability objectives or goals.
- 5.15 The Company regularly maintains its environmental management systems and conducts environmental education programs for employees and management. °
- 5.16 The Company considers the ecological impact of its operations, promotes and advocates the concept of sustainable consumption, and conducts its R&D, procurement, production, operations, and service operations in accordance with the following principles to minimize the impact of its operations on the natural



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environment :

- 5.16.1 Reduce resource and energy consumption in products and services.
- 5.16.2 Reduce emissions of pollutants, toxic substances, and waste, and properly dispose of waste.
- 5.16.3 Promote the recyclability and reuse of raw materials and products.
- 5.16.4 Maximize the sustainable use of renewable resources.
- 5.16.5 Extend the durability of products.
- 5.16.6 Increase the performance of products and services.
- 5.16.7 Utilize water resources appropriately and sustainably, and adopt the best available pollution prevention and control technologies to the greatest extent possible, and properly handle wastewater, waste gas, and waste generated during operations.
- 5.16.8 Be mindful of the impact of climate change on operations, formulate energy conservation and carbon reduction strategies, and strive to reduce greenhouse gas emissions.
- 5.17 The Company complies with relevant labor laws and regulations, protects the legitimate rights and interests of its employees, and respects internationally recognized fundamental labor rights. It will not infringe upon the fundamental rights of workers, will adopt the principle of equal treatment, and will establish appropriate management methods and procedures.
- 5.18 The Company provides employees with information to ensure they understand their rights under the labor laws of the countries in which it operates.
- 5.19 The Company provides employees with a safe and healthy working environment, including the provision of necessary health and first aid facilities, and strives to reduce hazards to employee safety and health to prevent occupational hazards.
- 5.20 The Company regularly provides safety and health education and training for its employees.
- 5.21 The Company creates a favorable environment for employees' career development and establishes effective





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career development and training programs.

- 5.22 The Company establishes and implements reasonable employee benefits (including compensation, leave, and other benefits) and appropriately reflects operational performance or results in employee compensation to ensure talent recruitment, retention, and motivation.
- 5.23 The Company establishes regular communication and dialogue channels for employees, ensuring that employees have the right to obtain information and express their opinions on the Company's management activities and decisions.
- 5.24 The Company respects the right of employee representatives to negotiate regarding working conditions and provides employees with the necessary information and facilities to facilitate negotiation and cooperation between employers, employees, and employee representatives.
- 5.25 The Company ensures the quality of its products and services in accordance with government regulations and relevant industry standards. The Company adheres to relevant laws and international standards regarding customer safety, privacy, marketing, and labeling of its products and services.
- 5.26 The Company assesses the environmental and social impacts of its procurement practices on the communities where its suppliers are sourced and has developed a "Supplier Sustainability Guideline" requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, and labor rights.
- 5.27 The Company shall assess its impact on the community and appropriately engage local personnel in the locations where it operates to enhance community recognition. It is recommended that resources be invested in organizations that address social or environmental issues through their business models, through equity investment, commercial activities, donations, corporate volunteer work, or other public service initiatives. Alternatively, the Company may participate in community development and education activities organized





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by civic organizations, charitable organizations, and local government agencies to promote community development.

5.28 The Company shall disclose information in accordance with relevant laws and regulations and the Code of Corporate Governance for OTC Markets, and shall fully disclose relevant and reliable information related to sustainable development to enhance transparency.

5.29 The Company may disclose the following information related to sustainable development :

5.29.1 The governance mechanism, strategies, policies, and management guidelines for sustainable development as directed or approved by management.

5.29.2 Opportunities and risks arising from issues related to sustainable development for the Company.

5.29.3 The Company's implementation goals and measures for sustainable development.

5.29.4 Performance of sustainable development implementation.

5.29.5 Disclosure of information on the management and performance of major suppliers on environmental and social issues.

5.29.6 Key stakeholders and their concerns.

5.29.7 Other information related to sustainable development.

5.30 The Company shall prepare an annual sustainability report, which shall adopt internationally recognized standards or guidelines, disclose its progress in promoting sustainable development, and preferably obtain third-party assurance or guarantee to enhance the reliability of the information. The report shall include the following :

5.30.1 The institutional framework, policies, and action plans for implementing sustainable development.

5.30.2 Key Stakeholders and Issues of Concern.

5.30.3 The Company's Implementation Performance and Review of Sustainable Development.

5.30.4 Future Improvement Directions and Goals.

5.31 The Company will closely monitor the development of domestic and international sustainability standards



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and changes in the business environment, and will review and improve its established sustainability systems accordingly to enhance its effectiveness in implementing sustainable development.

- 5.32 To strengthen the overall management of sustainable development, the Company has established a "Sustainability Committee" under the Board of Directors to review the sustainability policies of the Company and its subsidiaries and affiliated companies and oversee their implementation. This Committee shall regularly review sustainability and risk-related matters and submit them to the Board of Directors for revision. The Sustainable Development Committee established in the preceding paragraph may establish specialized subcommittees as necessary. The Committee's establishment regulations authorize the Chairman to approve and implement these committees, including any revisions.
- 5.33 The Company's responsible departments for sustainable development shall regularly report to the Board of Directors on the effectiveness of sustainable development implementation.
- 5.34 This Code shall come into effect upon approval by the Board of Directors, including any amendments.

## 6. Reference Documents :

- 6.1 Code of Practice for Sustainable Development of Listed and OTC Companies
- 6.2 Code of Practice for Sustainable Development of Listed and OTC Companies

## 7. Related Forms: None

## 8. Attachments: None