



# Pou Chen Corporation

## Sustainable Development Code of Practice

Approved by the Board of Directors on December 26, 2022

### Chapter 1 General Principles

Article 1            In order to fulfill corporate social responsibility initiatives and to promote economic, environmental and social progress, and achieve the goal of sustainable development, the company formulates the company's sustainable development code of practice with reference to the "Sustainable Development Best Practice for TWSE/GTSM-Listed Companies" (hereinafter referred to as "the Code") to manage economic, environmental and social risks and impacts.

Article 2            In the course of business operations, the company actively practices sustainable development to comply with international development trends, and through the promotion of corporate citizenship-related issues, directly or indirectly improves the quality of life of employees, communities and society and enhance competitive edges built on sustainable development.

Article 3            In promoting sustainable development, the company should pay attention to the rights and interests of the interested parties while pursuing sustainable operation and profitability, pay attention to the factors of environment, society and corporate governance, and incorporate them into the company's management policy and operating activities.

                         In accordance with the materiality principle, the company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations, and formulates relevant risk management policies or strategies.

Article 4            The Company's practice of sustainable development is based on the following principles:

1. Exercise corporate governance.
2. Develop a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of sustainable development information.



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Article 5           The Company take into consideration the development of domestic and international sustainability issues trend and the relevance of the core business of the enterprise, the impact of the company itself and the overall operating activities of the group on stakeholders, etc., formulate sustainable development policies, systems or related management guidelines and specific promotion plans, and report regularly to the board of directors.

### **Chapter 2 Exercising Corporate Governance**

Article 6           The Company follows the Code of Practice for TWSE/GTSM-Listed Companies, the Code of Integrity Management for TWSE/GTSM-Listed Companies, and the reference examples of ethical code of conduct for TWSE/GTSM-Listed Companies, and establishes an effective corporate governance structure and related ethical standards and matters to improve corporate governance.

Article 7           When the company promotes its sustainable development goals, the board of directors of the company should fully consider the interests of stakeholders including the following matters:

1. Propose the sustainable development mission or vision, and formulate sustainable development policies, systems or related management guidelines.
2. Incorporate sustainable development into the company's operating activities and development direction, and approve specific promotion plans for sustainable development.
3. Ensure the timeliness and correctness of the disclosure of sustainable development-related information.
4. Review and supervise the implementation and results of sustainable development works, in order to comply with the management principles and governance framework formulated by the company for sustainable development affairs.

For economic, environmental and social issues arising from operational activities, the board of directors shall authorize the senior



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management to handle, and report the handling situation to the board of directors. The operation handling procedures and the relevant personnel shall be clearly defined.

Article 8           The Company regularly organizes education and training on promoting sustainable development, including publicizing the preceding items.

Article 9           For the purpose of strengthening sustainable development management, the company establishes the Sustainable Development Department as a full-time unit to promote sustainable development, responsible for sustainable development policies, systems or relevant management guidelines and specific promotion plans proposal and implementation. The unit that promotes sustainable development shall report to the board of directors on a regular basis.

Article 10          The company shall respect the rights and interests of any interested parties, identify the interested parties of the company and set up their own area on the company website; through proper communication and the participation of interested parties, understand reasonable expectations and demands of such parties and shall adequately respond to the important sustainable development issues which such parties are concerned about.

### **Chapter 3 Develop a Sustainable Environment**

Article 11          The Company shall follow environmental related laws and regulations and related international standards to properly protect the natural environment and commit to achieving the goal of environmental sustainability when engaging in business activities and internal management.



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Article 12           Committ to using energy efficiently and utilizing renewable materials which have lower impacts on the environment to improve sustainability of natural resources.

Article 13           Establish an appropriate environmental management system according to the characteristics of the industry, which includes the following items:

1. Collect and evaluate adequate and timely information on the impact of operational activities on the natural environment.
2. Establish measurable environmental sustainability goals, and regularly review the sustainability and relevance of its development.
3. Formulate specific plans or action plans and other implementation measures, and regularly review the effectiveness of the operation.

Article 14           The Company's environmental management unit, the Sustainable Development Department, is to formulate, promote and maintain related to the environmental management system and specific action plans, and should hold environment education courses for their managerial officers and other employees.

Article 15           Take into account the operational impact on ecological efficiency, promote and educate the concept of sustainable consumption, and conduct research and development, purchase, production, operation and services in accordance with the following principles to reduce the impact on the natural environment from their business operations:

1. Reduce resource and energy consumption of products and services.
2. Reduce emission of pollutants, toxins and waste, and proper dispose of waste.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.



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Article 16 To improve water use efficiency, the company shall properly and sustainably use water resources and establish relevant management measures. The Company shall construct and strengthen relevant environmental protection treatment facilities to avoid polluting water, air and land in the course of their business operations; and make every effort to reduce the adverse impact on human health and the environment, adopt the best available pollution prevention and control technology measures.

Article 17 Assess the current and future potential risks and opportunities of climate change on the company, and take relevant response measures.

Adopt the standards or guidelines commonly used at domestic and abroad to carry out corporate GHG inventory and disclose them. The scope should include:

1. Direct greenhouse gas emissions: The source of greenhouse gas emissions is owned or controlled by the company.
2. Indirect greenhouse gas emissions: those generated from the utilization of energy such as imported electricity, heat or steam.
3. Other indirect greenhouse gas emissions : Emissions from company activities that are not classified as energy indirect emissions. Emissions from sources owned or controlled by other companies.

The company shall calculate greenhouse gas emissions, water usage, waste weight and implement energy saving, greenhouse gas and water reduction, or other waste management policies to reduce climate change impacts.

### **Chapter 4 Safeguarding Public Welfare**

Article 18 The Company shall abide by relevant laws and regulations and abide by international human rights conventions, such as gender equity, the right to work and the prohibition of discrimination.

To fulfill the responsibility to protect human rights, relevant management policies and procedures should be established, including:

1. Propose the company's human rights policy or statement.



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2. Assess the impact of the company's operational activities and internal management on human rights, and formulate corresponding handling procedures.
3. Regularly review the effectiveness of corporate human rights policies or statements.
4. When human rights violations are involved, the procedures for handling the stakeholders involved shall be disclosed.

The company shall abide by internationally recognized labor rights, such as freedom of association, right to collective bargaining, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, elimination and discrimination of employment, etc., and confirm that there is no discrimination in terms of gender, race, socioeconomic class, age, marital and family status, etc. in the human resource utilization policy, so as to implement equality and fairness in employment, employment conditions, remuneration, benefits, training, evaluation and promotion opportunities.

For situations that endanger labor rights and interests, an effective and appropriate grievance mechanism shall be provided to ensure the equality and transparency of the grievance process. The grievance channel shall be concise, convenient and unobstructed, and the employee's grievance shall be properly responded to.

Article 19            The Company shall provide information for their employees so that the employees have knowledge of their rights under the labor laws of the countries where the companies have business operations.

Article 20            Provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees safety and health, to prevent occupational accidents.

The Company shall organize training on safety and health for their employees on a regular basis.

Article 21            Create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.



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In addition, the company will formulate and implement reasonable employee benefit measures (including salary, leave and other benefits, etc.), and appropriately reflect operation performance of the company to the employee compensation policy to ensure the recruitment, retention and encouragement of human resources and achieve the goal of sustainable operation.

Article 22           The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

Article 23           Evaluate the environmental and social impact of purchasing behavior on the supply source community, and cooperate with suppliers to jointly implement corporate social responsibility.

The company shall formulate supplier management policies requiring suppliers to follow relevant standards on issues such as environmental protection, occupational safety and health, or labor rights. Before doing business, the company shall evaluate whether the supplier has a record of impacting the environment and society, and avoid transactions with those who violate the corporate social responsibility policy.

When signing a contract with a major supplier, the content should include compliance with the corporate social responsibility policies of both parties, and if the supplier is involved in violating the policy and has a significant impact on the environment and society of the source community, the contract may be terminated or terminated at any time.

Article 24           The Company evaluates the impact of their business operations on the community and appropriately employs the manpower where the company operates to enhance community recognition.

Through equity investments, business activities, donations, corporate volunteer service or other public welfare professional services, etc., dedicate resources to organizations that address social and environmental issues through business models, or participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.



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### **Chapter 5 Enhancing Disclosure of Sustainable Development Information**

Article 25           The Company shall disclose information according to relevant laws and regulations and the Corporate Governance Best Practice Principles of the Company and shall fully disclose relevant and reliable sustainable development information to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes:

1. Sustainable development policy, system or related management policies and specific promotion plans approved by the Board of Directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, developing a sustainable environment and preserving social public welfare.
3. The goals, measures, and performance of the company's sustainable development.
4. Main interested parties and their concerns.
5. Disclosure of management and performance information of major suppliers on major environmental and social issues.
6. Other information relating to sustainable development.

Article 26           The Company should adopt internationally recognized standards or guidelines for the establishment of sustainable development reports, disclosing the promotion status of sustainable development. The reports include:

1. Implement sustainable development policies, systems or related management guidelines and specific promotion plans.
2. Major interested parties and their concerns.
3. The company's performance and review in the implementation of corporate governance, the development of a sustainable environment, the maintenance of social welfare and the promotion of economic development.





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4. Future improvements and goals.

## Chapter 6 Supplementary Provisions

Article 27            The Company should always pay attention to the development of domestic and foreign sustainable development-related standards and changes in the corporate environment, so as to review and improve the sustainable development system established by the company to enhance the performance of sustainable development.

Article 28            The Code shall be implemented after being approved by the Board of Directors and the same shall apply when it is amended.

A handwritten signature in black ink, consisting of three distinct characters, positioned above a horizontal line.

Chan, Lu-Min

Chairman of Pou Chen Corporation