

Shinkong Synthetic Fibers Corporation

Sustainable Development Best Practice Principles

Approved by the Board of Directors on March 13, 2023

## Chapter I General Provisions

### Article 1

In order to fulfill corporate social responsibility and promote economic, environmental, and social progress to achieve the goal of sustainable development, Shinkong Synthetic Fibers Corporation hereby formulates these Principles with reference to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” in order to manage the Company’s economic, environmental, and social risks and impacts.

### Article 2

These Principles apply to the overall operational activities of the Company and its subsidiaries.

While engaging in corporate operations, the Company actively practices sustainable development to align with international development trends, enhance national economic contributions through corporate citizenship, improve the quality of life of employees, communities, and society, and foster competitive advantages based on sustainable development.

### Article 3

In promoting sustainable development, the Company shall pay attention to the rights and interests of stakeholders, and while pursuing sustainable operations and profitability, shall emphasize environmental, social, and corporate governance factors and incorporate them into corporate management policies and operational activities.

The Company shall, based on the principle of materiality, conduct risk assessments on environmental, social, and corporate governance issues related to its operations, and establish corresponding risk management policies or strategies.

## Article 4

In practicing sustainable development, the Company shall adhere to the following principles:

1. Implement sound corporate governance.
2. Develop a sustainable environment.
3. Safeguard social welfare.
4. Strengthen disclosure of sustainable development information.

## Article 5

The Company shall consider domestic and international trends in sustainable development issues, the relevance to its core business, and the impact of the overall operational activities of the Company and its subsidiaries on stakeholders, and shall formulate sustainable development policies, systems, or related management guidelines and specific implementation plans.

Where shareholders propose agenda items relating to sustainable development, the Board of Directors should consider listing such items as proposals for shareholders' meetings.

## Chapter II Implementation of Corporate Governance

### Article 6

The Company should follow the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Code of Ethical Conduct, and reference examples for formulating Codes of Ethical Conduct, in order to establish an effective governance structure and relevant ethical standards to strengthen corporate governance.

### Article 7

The Company's directors shall exercise the duty of care of a good administrator, supervise the Company's implementation of sustainable development, regularly review the effectiveness of implementation, and continuously improve such implementation to ensure the realization of sustainable development policies.

When promoting sustainable development objectives, the Board of Directors should fully consider stakeholders' interests, including the following matters:

1. Proposing a sustainable development mission or vision, and formulating sustainable development policies, systems, or related management guidelines.
2. Incorporating sustainable development into the Company's operational activities and development directions, and approving specific sustainable development implementation plans.
3. Ensuring the timeliness and accuracy of disclosure of sustainable development-related information.

With respect to economic, environmental, and social issues arising from operational activities, TWSE/TPEX listed companies shall authorize senior management to handle such matters and report the handling status to the Board of Directors. The operational procedures and responsible personnel shall be clearly defined.

#### Article 8

The Company should regularly conduct education and training programs on promoting sustainable development, including the matters set forth in Paragraph 2 of the preceding article.

#### Article 9

To strengthen sustainable development management, the Company should establish a governance structure for promoting sustainable development and set up a dedicated (full-time or part-time) unit responsible for proposing and implementing sustainable development policies, systems, or related management guidelines and specific implementation plans, and regularly report to the Board of Directors.

The Company should formulate reasonable remuneration policies to ensure that remuneration planning aligns with organizational strategic objectives and stakeholders' interests.

Employee performance evaluation systems should be integrated with sustainable development policies, and clear and effective reward and disciplinary mechanisms should be established.

#### Article 10

Based on respect for stakeholders' rights and interests, the Company shall identify its stakeholders and establish a stakeholder section on its website. Through appropriate communication methods, the Company shall understand stakeholders' reasonable expectations and needs and appropriately respond to important sustainable development issues of concern.

### Chapter III Development of a Sustainable Environment

#### Article 11

The Company shall comply with environmental laws and regulations and relevant international standards, appropriately protect the natural environment, and endeavor to achieve environmental sustainability goals in operational activities and internal management.

#### Article 12

The Company should endeavor to improve energy efficiency and use renewable materials with lower environmental impact, so that global resources may be used sustainably.

#### Article 13

Based on its industry characteristics, the Company should establish an appropriate environmental management system, which shall include the following:

1. Collecting and evaluating sufficient and timely information on the impact of operational activities on the natural environment.
2. Establishing measurable environmental sustainability objectives and periodically reviewing their sustainability and relevance.
3. Formulating specific plans or action programs and periodically reviewing their effectiveness.

#### Article 14

The Company should establish a dedicated environmental management unit or personnel to formulate, promote, and maintain relevant environmental management systems and

specific action plans, and regularly conduct environmental education courses for management and employees.

## Article 15

The Company should consider the impact of its operations on ecological benefits, promote and advocate sustainable consumption concepts, and engage in research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact of operations on the natural environment and humanity:

1. Reducing consumption of resources and energy in products and services.
2. Reducing emissions of pollutants, toxic substances, and waste, and properly handling waste.
3. Enhancing recyclability and reuse of raw materials or products.
4. Maximizing sustainable use of renewable resources.
5. Extending product durability.
6. Increasing the efficiency of products and services.

## Article 16

To enhance water resource efficiency, the Company shall properly manage and sustainably use water resources and establish relevant management measures.

The Company shall establish and strengthen environmental protection treatment facilities to prevent pollution of water, air, and land, minimize adverse impacts on human health and the environment, and adopt best available pollution prevention and control technologies.

## Article 17

The Company should assess potential risks and opportunities of climate change on its current and future operations and adopt relevant response measures.

The Company should adopt commonly used domestic and international standards or guidelines to conduct greenhouse gas inventories and disclose the results, including the following scopes:

1. Direct greenhouse gas emissions: emissions from sources owned or controlled by the Company.

2. Indirect greenhouse gas emissions: emissions from consumption of purchased electricity, heat, or steam.

3. Other indirect emissions: emissions resulting from the Company's activities that are not energy indirect emissions but originate from sources owned or controlled by other companies.

The Company should compile statistics on greenhouse gas emissions, water usage, and total waste weight, formulate energy conservation and carbon reduction policies, greenhouse gas reduction, water reduction, or other waste management policies, and incorporate acquisition of carbon credits into carbon reduction strategy planning, and implement such measures to reduce the impact of operations on climate change.

## Chapter IV Protection of Social Welfare

### Article 18

The Company shall comply with relevant laws and regulations and international human rights conventions, such as gender equality, the right to work, and prohibition of discrimination.

To fulfill its responsibility to protect human rights, the Company shall establish relevant management policies and procedures, including:

1. Issuing corporate human rights policies or statements.
2. Assessing the impact of operations and internal management on human rights and formulating corresponding handling procedures.
3. Periodically reviewing the effectiveness of corporate human rights policies or statements.
4. Disclosing handling procedures for stakeholders involved in human rights violations.

The Company shall follow internationally recognized labor human rights, including freedom of association, the right to collective bargaining, care for vulnerable groups, prohibition of child labor, elimination of forced labor, and elimination of discrimination in employment and occupation, and shall ensure that human resource policies do not discriminate based on gender, race, socio-economic status, age, marital or family status, and shall implement equality and fairness in employment, working conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

For circumstances harming labor rights, TWSE/TPEX listed companies shall provide effective and appropriate complaint mechanisms to ensure fairness and transparency of

complaint processes, with clear, convenient, and accessible channels, and shall appropriately respond to employee complaints.

#### Article 19

The Company shall provide employees with information to enable them to understand labor laws of the countries where operations are located and their rights thereunder.

#### Article 20

The Company should provide employees with safe and healthy working environments, including necessary health and first aid facilities, and endeavor to reduce factors harmful to employee safety and health to prevent occupational hazards.

The Company should regularly conduct safety and health education and training for employees.

#### Article 21

The Company should create a favorable environment for employees' career development and establish effective career capability development and training programs.

The Company shall establish and implement reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflect operating performance or results in employee compensation to ensure recruitment, retention, and motivation of human resources to achieve sustainable operations.

#### Article 22

The Company shall establish regular communication and dialogue channels with employees, enabling employees to obtain information and express opinions regarding corporate management activities and decisions.

The Company shall respect the rights of employee representatives to exercise negotiation regarding working conditions and provide necessary information and facilities to promote negotiation and cooperation among employers, employees, and employee representatives.

The Company shall reasonably notify employees of operational changes that may have a significant impact on employees.

## Article 22-1

With respect to customers or consumers of the Company's products or services, the Company should treat them fairly and reasonably, including principles of fair and honest contracting, duty of care and loyalty, truthful advertising, product or service suitability, notification and disclosure, balanced remuneration and performance, complaint protection, and professionalism of sales personnel, and shall formulate relevant implementation strategies and specific measures.

## Article 23

The Company shall be responsible for its products and services and emphasize marketing ethics. Its research and development, procurement, production, operations, and service processes shall ensure transparency and safety of product and service information, formulate and publicly disclose consumer rights policies, and implement such policies in operations to prevent products or services from harming consumer rights, health, or safety.

## Article 24

The Company shall ensure product and service quality in accordance with government regulations and industry standards.

With respect to customer health and safety, customer privacy, marketing, and labeling, the Company shall comply with relevant laws and international standards and shall not engage in deception, misleading practices, fraud, or any other conduct that undermines consumer trust or harms consumer rights.

## Article 25

The Company should assess and manage various risks that may cause operational disruptions and reduce their impact on consumers and society.

The Company should provide transparent and effective consumer complaint handling procedures, fairly and promptly address consumer complaints, comply with personal data protection laws, respect consumer privacy rights, and protect personal data provided by consumers.

## Article 26

The Company should assess and manage the environmental and social impacts of procurement activities on supplier communities and cooperate with suppliers to jointly fulfill corporate social responsibility.

The Company should establish supplier management policies requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights, and should assess suppliers' records regarding environmental and social impacts prior to business transactions, avoiding transactions with those conflicting with corporate social responsibility policies.

Contracts with major suppliers should include provisions requiring compliance with both parties' corporate social responsibility policies and allowing termination or rescission if suppliers violate such policies and cause significant environmental or social impacts on supplier communities.

## Article 27

The Company should assess the impact of operations on communities and appropriately hire local labor in operational locations to enhance community identification.

The Company should invest resources through equity investments, business activities, donations, corporate volunteer services, or other public welfare professional services into organizations that address social or environmental issues through business models, or participate in community development, education, charitable organizations, and government institutions to promote community development.

## Article 27-1

The Company should continuously invest resources into cultural and artistic activities or cultural and creative industries through donations, sponsorships, investments, procurement, strategic cooperation, corporate volunteer technical services, or other support models to promote cultural development.

## Chapter V Enhancement of Sustainable Development Information Disclosure

## Article 28

The Company shall disclose information in accordance with relevant laws and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and shall

fully disclose relevant and reliable sustainable development information to enhance transparency.

The Company shall disclose the following sustainable development information:

1. Sustainable development policies, systems, or related management guidelines and specific implementation plans approved by the Board of Directors.
2. Risks and impacts of corporate governance implementation, sustainable environmental development, and protection of social welfare on operations and financial condition.
3. Sustainable development objectives, measures, and implementation performance.
4. Major stakeholders and issues of concern.
5. Disclosure of management and performance information of major suppliers on significant environmental and social issues.
6. Other sustainable development-related information.

## Article 29

When preparing sustainability reports, the Company shall adopt internationally recognized standards or guidelines to disclose sustainable development implementation and should obtain third-party assurance to enhance information reliability. The content should include:

1. Implementation of sustainable development policies, systems, or related management guidelines and specific plans.
2. Major stakeholders and issues of concern.
3. Performance and review of corporate governance, sustainable environmental development, protection of social welfare, and promotion of economic development.
4. Future improvement directions and objectives.

## Chapter VI Supplementary Provisions

### Article 30

The Company shall continuously monitor developments in domestic and international sustainable development standards and changes in the corporate environment, review and improve established sustainable development systems accordingly, and enhance effectiveness of sustainable development promotion.

## Article 31

These Principles shall be implemented upon approval by the Board of Directors and reported to the Shareholders' Meeting. The same shall apply to any amendments.

Originally formulated on January 18, 2017, first amended on March 24, 2020, second amended on December 14, 2022, and third amended on March 13, 2023.