

NAN	PAO	Nan Pao Resins Chemical Co., Ltd.	Issue No.	
Edition	1.2	Corporate Sustainable Development Best Practice Principles	Issued on	
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1. Purpose: To fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company establishes the Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
2. Scope: The Principles applies to the entire operations of the Company and its business group.
3. Definition: The Principles encourages the Company to actively fulfill its corporate sustainable development in the course of its business operations so as to follow the international development trend of balancing the environment, the society, and the development of corporate governance. By acting as responsible corporate citizens, the Company also contributes to the economic development of the country, improves the quality of life of employees, the community, and society, and enhances competitive edges built on corporate sustainable development.
4. Authority and responsibility: The Company's Corporate Sustainability Development Promotion Committee is a dedicated unit to promote and supervise sustainable development.
5. Content:
 - 5.1. In fulfilling promote sustainable development initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society, and corporate governance.
The company shall, in accordance with the principle of materiality, conduct risk assessment of environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies.
 - 5.2. To implement sustainable development initiatives, the Company is advised to follow the principles below:
 - I. Exercise corporate governance.
 - II. Foster a sustainable environment.
 - III. Preserve public welfare.
 - IV. Enhance disclosure of corporate sustainable development information.
 - 5.3. The company shall take into consideration the correlation between the development of domestic and international corporate sustainable development principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate sustainable development programs, which shall be approved by the board of directors.
 - 5.4. Exercising Corporate Governance
 - 5.4.1. The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, review the results of the implementation thereof from time to time, and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

Approved by	Wu, Cheng-Hsien	Reviewed by	Hsu, Ming-Hsien	Drafted by	Hung, Feng-Wen
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- 5.4.2. The board of directors of the company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its sustainable development initiatives:
- I. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;
 - II. Making corporate sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
 - III. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.
- 5.4.3. The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.
- 5.4.4. For the purpose of sound management of sustainable development, and to promote and supervise the sustainable development policies, the "Corporate Sustainable Development Promotion Committee" is established. Implementation of these responsibilities is carried out by the "Corporate Sustainable Development Working Team", which is divided into various working groups, including the Corporate Governance Group, Environmental Group, Green Products Group, Employee and Social Relations Group. It is responsible for the implementation of sustainable development policies and reports to the Board of Directors on a regular basis.
- 5.4.5. The Company shall, based on respect for the rights and interests of stakeholders, identify the stakeholders of the Company, and understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.
- 5.4.6. The Company has stipulated "Corporate Governance Code of Practice", "Code of Ethical Conduct", and "Procedures for Ethical Management and Guidelines for Conduct" to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.
- 5.4.7. The Company shall comply with relevant laws and regulations and observe the following guidelines to maintain a fair competition environment:
- I. Avoid engaging in unfair competition.
 - II. Faithfully fulfill tax obligations.
 - III. Not tolerate bribery or corruption and establish an appropriate management system.
 - IV. Corporate endowments shall be made in accordance with the Company's internal procedures.

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5.4.8. The company should adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with corporate sustainable development policies, and that a clear and effective incentive and discipline system be established.

5.5. Fostering a Sustainable Environment

5.5.1. The Company follows relevant environmental laws, regulations, and international standards to properly protect the environment and endeavors to promote a sustainable environment when engaging in business operations and internal management.

5.5.2. The Company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment to improve the sustainability of natural resources.

5.5.3. The Company establishes a proper environment management system. Such systems shall include the following tasks:

I. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.

II. Establishing measurable goals for environmental sustainability and examining whether the development of such goals is maintained and whether it is still relevant on a regular basis.

III. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

5.5.4. The Company establishes a dedicated unit or assigns dedicated personnel for maintaining relevant environment management systems and holds environment education courses for the management and employees on a periodic basis.

5.5.5. The Company takes into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conducts research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from the business operations:

I. Reduce resource and energy consumption of products and services.

II. Reduce the emission of pollutants, toxins, and waste, and dispose of waste properly.

III. Improve the recyclability and reusability of raw materials or products.

IV. Maximize the sustainability of renewable resources.

V. Enhance the durability of products.

VI. Improve efficiency of products and services.

5.5.6. To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures. The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air, and land and make their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

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5.5.7. The company should assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.

The company should adopt domestic and international standards or guidelines to conduct corporate greenhouse gas inventory and expose them.

I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.

II. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

III. Other indirect emissions: Emissions from company activities that are not indirect emissions from energy sources but originate from sources owned or controlled by other companies.

5.5.8. The company should make statistics on greenhouse gas emissions, water consumption, and total waste weight, and formulate company policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction or other waste management, and incorporate the acquisition of carbon rights into the company's carbon reduction strategy plan In order to reduce the impact of the company's operating activities on climate change.

5.6. Preserving Public Welfare

5.6.1. The company shall comply with relevant laws and regulations, and the International Bill of Human Rights. In order to fulfill its responsibility to protect human rights, it shall adopt relevant management policies and procedures.

For situations that endanger labor rights, the company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

5.6.2. The Company shall provide information for employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

5.6.3. The Company provides safe and healthful work environments for employees, including necessary health and first-aid facilities, and endeavors to curb dangers to employees' safety and health and to prevent occupational accidents. The Company organizes training on safety and health for employees on a regular basis.

5.6.4. The Company creates an environment conducive to the development of employees' careers and establishes effective training programs to foster career skills.

The company should formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and reflect the results of operating performance in employee compensation to ensure the recruitment, retention and encouragement of human resources to achieve the goal of sustainable operation.

5.6.5. The Company provides a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, and respects consumers' rights of privacy and protects personal data provided by consumers.

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5.6.6. The Company shall take responsibility for providing their products and services, and take marketing ethics seriously. In order to prevent the products or services from adversely impacting the rights, interests, health, or safety of clients.

5.6.7. The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray client's trust or damage client's rights or interests.

5.6.8. The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on clients and society.

The Company is advised to provide a clear and effective procedure for accepting client complaints to fairly and timely handle client complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting client's rights of privacy and shall protect personal data provided by clients.

5.6.9. The Company provides a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, and respects consumers' rights of privacy and protects personal data provided by consumers.

5.6.10. The company should formulate supplier management policies and require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights. Prior to business dealings, they should assess whether their suppliers have a record of affecting the environment and society, and avoid contact with the company. Those who violate the sustainable development policy will conduct transactions.

When the company signs a contract with a major supplier, the content should include compliance with the sustainable development policies of both parties, and if the supplier violates the policy and has a significant impact on the environment and society of the source community, the contract may be terminated or cancelled at any time The terms.

5.6.11. The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company are advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

5.7. Enhancing Disclosure of Corporate Sustainable Development Information

5.7.1. The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for the Company and shall fully disclose relevant and reliable information relating to their corporate sustainable development initiatives to improve information transparency. Relevant information relating to corporate sustainable development which the Company shall disclose includes:

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- I. The policy for corporate s sustainable development initiatives, as resolved by the Board of Directors.
- II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment, and preserving social public welfare.
- III. Goals and measures for realizing the corporate sustainable development initiatives established by the companies, and performance in implementation.
- IV. Major stakeholders and their concerns.
- V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
- VI. Other information relating to corporate sustainable development initiatives.

5.7.2. The Company shall adopt internationally widely recognized standards or guidelines when producing corporate sustainable development reports, to disclose the status of their implementation of the corporate sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

- I. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate sustainable development initiatives.
- II. Major stakeholders and their concerns.
- III. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
- IV. Future improvements and goals.

5.8. The Company shall at all times monitor the development of domestic and foreign corporate sustainable development standards and the change of business environment so as to examine and improve their established corporate sustainable development framework and to obtain better results from the implementation of the corporate sustainable development policy.

5.9. The Corporate Sustainable Development Best Practice Principles of the Company shall be implemented after the Board of Directors grants the approval. The same procedure shall be followed when the principles are amended.

6. Related Document: None.

7. Reference Document: None.

8. Amendment Record:

8.1. Edition 1.0 approved and issued by the Board of Directors on April 5, 2017

8.2. Edition 1.1 approved and issued by the Board of Directors on March 25, 2021

8.3. Edition 1.2 approved and issued by the Board of Directors on May 11, 2022,
and revised to " Corporate Sustainable Development Best Practice Principles ".