

NAN	PAO	Nan Pao Resins Chemical Co., Ltd.		Issue No.	
Edition	1.3	Sustainable Development Best Practice Principles		Issued on	
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<p>1. Purpose: To fulfill the corporate social responsibility initiatives and to promote environmental, and social progress to achieve the goal of sustainable development, the Company establishes the Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p> <p>2. Scope: The Principles applies to the entire operations of the Company and its business group.</p> <p>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. 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.</p> <p>4. Authority and responsibility: The Company's Sustainability Development Committee is a dedicated unit to promote and supervise group's sustainable development.</p> <p>5. Content:</p> <p>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.</p> <p>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.</p> <p>5.2. To implement sustainable development initiatives, the Company is advised to follow the principles below:</p> <p>A. Exercise corporate governance.</p> <p>B. Foster a sustainable environment.</p> <p>C. Preserve public welfare.</p> <p>D. Enhance disclosure of corporate sustainable development information.</p> <p>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.</p> <p>5.4. Exercising Corporate Governance</p> <p>5.4.1. The company has established an effective corporate governance structure and formulated the "Corporate Governance Code of Practice," "Code of Ethical Conduct," and "Integrity Operation Procedures and Behavior Guidelines" as the ethical standards to follow, in order to strengthen corporate governance.</p>					
Approved by	Wu, Cheng-Hsien		Reviewed by	Hsu, Ming-Hsien	Drafted by Hung, Feng-Wen

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<p>5.4.2. 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.</p> <p>5.4.3. 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:</p> <p>A. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;</p> <p>B. Making corporate sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and</p> <p>C. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.</p> <p>5.4.4. 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.</p> <p>5.4.5. The Company should regularly organize educational training to promote sustainable development, including the promotion of matters related to Article 5.4.2.</p> <p>5.4.6. In order to strengthen the management of sustainable development, the company has established a governance framework for promoting sustainable development and set up a "Sustainability Development Office" as a dedicated unit responsible for proposing and implementing sustainability policies, systems, related management guidelines, and specific promotion plans, and reports regularly to the Board of Directors.</p> <p>5.4.7. The Company should establish a reasonable compensation policy to ensure that the salary planning aligns with organizational strategic goals and the interests of stakeholders. The Company's employee performance evaluation system should be integrated with the sustainability development policy and include a clear and effective reward and disciplinary system.</p> <p>5.4.8. The Company should, based on respecting the interests of stakeholders, identify its stakeholders and set up a dedicated section for stakeholders on the company website. Through appropriate communication channels, the Company should understand the reasonable expectations and needs of stakeholders and appropriately respond to important sustainability issues they are concerned about.</p>				

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<p>5.5. Fostering a Sustainable Environment</p> <p>5.5.1. The Company should follow 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.</p> <p>5.5.2. The Company should endeavor to utilize all resources more efficiently and using recycled materials with low environmental impact to ensure the sustainable use of Earth's resources.</p> <p>5.5.3. The Company should establish an appropriate environmental management system. Such systems shall include the following tasks:</p> <p>A. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.</p> <p>B. 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.</p> <p>C. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.</p> <p>5.5.4. The Company should establish a dedicated unit or personnel for environmental management to develop, promote, and maintain relevant environmental management systems and specific action plans, and regularly organize environmental education programs for management and employees.</p> <p>5.5.5. The Company should 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:</p> <p>A. Reduce resource and energy consumption of products and services.</p> <p>B. Reduce the emission of pollutants, toxins, and waste, and dispose of waste properly.</p> <p>C. Improve the recyclability and reusability of raw materials or products.</p> <p>D. Maximize the sustainability of renewable resources.</p> <p>E. Enhance the durability of products.</p> <p>F. Improve efficiency of products and services.</p> <p>5.5.6. To improve the efficiency of water resource use, the company should properly manage and sustainably utilize water resources, and establish relevant management measures.</p> <p>The Company should build and enhance environmental protection facilities to prevent pollution of water, air, and land; and make every effort to reduce adverse impacts on human health and the environment by implementing the best available pollution prevention and control technologies.</p> <p>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.</p>				

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<p>5.5.8. The company should adopt domestic and international standards or guidelines to conduct corporate greenhouse gas inventory and expose them.</p> <p>A. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.</p> <p>B. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.</p> <p>C. 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.</p> <p>5.5.9. 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.</p> <p>5.6. Preserving Public Welfare</p> <p>5.6.1. The company should comply with relevant regulations and adhere to international human rights conventions, such as gender equality, the right to work, and the prohibition of discrimination.</p> <p>5.6.2. In order to fulfill its responsibility for safeguarding human rights, the company should establish relevant management policies and procedures, which include:</p> <p>A. Issuing the company's human rights policy or statement.</p> <p>B. Assessing the impact of the company's operations and internal management on human rights, and establishing corresponding handling procedures.</p> <p>C. Regularly reviewing the effectiveness of the company's human rights policy or statement.</p> <p>D. In cases of human rights violations, disclosing the handling procedures for the affected stakeholders.</p> <p>5.6.3. The Company should adhere to internationally recognized labor rights, such as freedom of association, the right to collective bargaining, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, and the elimination of employment and job discrimination. The company should also ensure that it's human resource policies are free from discrimination based on gender, race, socioeconomic status, age, marital or family status, and promote equality and fairness in employment, working conditions, compensation, benefits, training, performance evaluation, and promotion opportunities.</p> <p>5.6.4. 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.</p> <p>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.</p>				

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<p>5.6.5. 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.</p> <p>5.6.6. 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 should organize training on safety and health for employees on a regular basis.</p> <p>5.6.7. 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.</p> <p>5.6.8. 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.</p> <p>The company should respect the right of employee representatives to negotiate working conditions and provide the necessary information and facilities to employees in order to promote negotiation and cooperation between employers, employees, and employee representatives.</p> <p>The company should notify employees in a reasonable manner about operational changes that may have a significant impact on them.</p> <p>5.6.9. The Company should treat its customers or consumers in a fair and reasonable manner. This includes principles such as fair and honest contracting, duty of care and loyalty, truthful advertising, product or service suitability, information disclosure, fair compensation and performance metrics, complaint protection, and professionalism of sales personnel. The company should also establish relevant implementation strategies and specific measures to uphold these principles.</p> <p>5.6.10. The company should take responsibility for its products and services and emphasize marketing ethics. Its research and development, procurement, production, operations, and service processes should ensure the transparency and safety of product and service information. The company should establish and publicly disclose its consumer rights policy and implement it in business activities to prevent products or services from harming consumer rights, health, and safety.</p> <p>5.6.11. 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.</p> <p>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 consumer trust or damage consumer rights or interests.</p>				

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<p>5.6.12. 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 consumer and society.</p> <p>The Company should provide a transparent and effective consumer complaint process for its products and services, handling consumer complaints fairly and promptly. and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumer rights of privacy and shall protect personal data provided by consumer.</p> <p>5.6.13. The Company should assess the environmental and social impact of its procurement activities on the communities where its suppliers are located, and work collaboratively with its suppliers to implement corporate social responsibility.</p> <p>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 social responsibility policy will conduct transactions.</p> <p>When the company signs a contract with a major supplier, the content should include compliance with the social responsibility 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.</p> <p>5.6.14. 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.</p> <p>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.</p> <p>5.6.15. The Company should continuously allocate resources to cultural and artistic activities or the cultural and creative industries through donations, sponsorships, investments, procurement, strategic partnerships, corporate volunteer technical services, or other support models, in order to promote cultural development.</p> <p>5.7. Enhancing Disclosure of Corporate Sustainable Development Information</p> <p>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:</p>				

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<p>A. The policy for corporate s sustainable development initiatives, as resolved by the Board of Directors.</p> <p>B. 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.</p> <p>C. Goals and measures for realizing the corporate sustainable development initiatives established by the companies, and performance in implementation.</p> <p>D. Major stakeholders and their concerns.</p> <p>E. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</p> <p>F. Other information relating to corporate sustainable development initiatives.</p> <p>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:</p> <p>A. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate sustainable development initiatives.</p> <p>B. Major stakeholders and their concerns.</p> <p>C. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>D. Future improvements and goals.</p> <p>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.</p> <p>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.</p> <p>6. Related Document: None.</p> <p>7. Reference Document: None.</p> <p>8. Amendment Record:</p> <p>8.1. Edition 1.0 approved and issued by the Board of Directors on April 5, 2017</p> <p>8.2. Edition 1.1 approved and issued by the Board of Directors on March 25, 2021</p> <p>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 ".</p> <p>8.4. Edition 1.3 approved and issued by the Board of Directors on December 18, 2024, and revised to " Sustainable Development Best Practice Principles ".</p>				