

ENNOSTAR Inc. Sustainable Development Best Practice Principles

Approved by a resolution of the Board of Directors meeting on February 24, 2022.

Chapter I General Principles

Article 1 In order to fulfill their corporate social responsibility initiatives and to advance economic, environmental, and social advancement for purposes of sustainable development, the Company hereby adopts the Principles to manage the risk and influence of economic, environment and society.

Article 2 The Principles applies to the Company and its business conglomerate (hereinafter referred to as “the Group”).

While the Group engaged in the business operation, shall actively fulfill sustainable development in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

Article 3 In fulfilling sustainable development initiatives, the Group 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 Group should conduct a risk assessment of environmental, social and corporate governance issues related to the company's operations by the materiality principle, and should formulate relevant risk management policies or strategies.

Article 4 To practice sustainable development, the Group will follow the principles below:

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

Article 5 The Group shall take into consideration the correlation between the development of domestic and international 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 sustainable development programs, which shall be approved by the board of directors.

When a shareholder proposes a motion involving sustainable development, the Group's board of directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter II Exercising Corporate Governance

Article 6 The Group is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7 The directors of the Group 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.

The board of directors of the Group is advised to include the following matters in the Group's performance of its sustainable development initiatives:

1. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Group, 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.

Article 8 The Company would subsume education and training on the implementation of sustainable development initiatives, and promotion of sustainable development under the operation activity and development direction; in addition, the Company would approve the exact program of sustainable development.

Article 9 For the purpose of managing sustainable development initiatives, the Company shall establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

The Group shall 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 sustainable development policies, and that a clear and effective incentive and discipline system be established.

Article 10 The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; 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.

Chapter III Fostering a Sustainable Environment

Article 11 The Group shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12 The Group shall endeavor to utilize all energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13 The Group shall establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the Group's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 14 The Group shall establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for our managerial officers and other employees.

Article 15 The Group shall take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct 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 their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
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.

Article 16 To improve water use efficiency, the Group shall properly and sustainably use water resources and establish relevant management measures.

The Group shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17 The Group should assess the potential risks and opportunities of climate change for their businesses now and in the future, and take action against related issues.

The Group shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Group.

2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
3. Other indirect emissions: the origins of emissions owned or controlled by other companies resulting on the Group's operation, not the indirect emissions of energy.

The Group should calculate greenhouse gas emissions, water consumption and the total weight of waste, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water or other waste management, and incorporate the acquisition of carbon rights into the company's carbon reduction strategy plan. And it is promoted to reduce the impact of the company's operating activities on climate change.

Chapter IV Preserving Public Welfare

Article 18 The Group shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Group, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the Group's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the Group shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Group shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Group 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. The Company shall respond to any employee's grievance in an appropriate manner.

Article 19 The Group shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20 The Group shall 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 and to prevent occupational accidents.

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

Article 21 The Group shall create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills. The Group shall establish and implement reasonable employee welfare measures (including salary, vacation, and other benefits, etc.) and to appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22 The Group 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 Group's operations, management and decisions.

In order to improve the negotiation and cooperation with employees, the Group shall, by reasonable means, inform employees of operation changes that might have material impacts.

The Group should treat customers fairly and reasonably by means of entering fair and honest in contract engagement, duty of care loyalty, truthfulness in marketing and advertising, product or service suitability, notification and disclosure, balanced remuneration structures, customer rights and risk incurred by the Group and customers, customer complaint handling, professionalism of sales people; in addition, the Group should plan implementation and procedures.

- Article 23 The Group shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of our products and services. We further shall establish and disclose policies on customer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, or safety of customers.
- Article 24 The Group shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of our industries. The Group shall follow relevant laws, regulations and international guidelines when marketing or labeling their products and services to Customer health and safety, customer privacy and shall not deceive, mislead, commit fraud or engage in any other acts which would betray customers' trust or damage customers' rights or interests.
- Article 25 The Group shall evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on customers and society. The Group shall provide a clear and effective procedure for accepting complaints to fairly and timely handle customer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting customers' rights of privacy and shall protect data provided by customers.
- Article 26 The Group shall assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative. Supplier management policies should be formulated to require suppliers to follow relevant norms on issues such as environmental protection, occupational safety, and health, or labor rights prior to engaging in commercial dealings, The Group shall assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy. When the Group enter into a contract with any of our major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27 The Group shall evaluate the impact of our business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Group shall, through equity investment, commercial activities, non-cash property endowments, volunteering service or other charitable professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter V Enhancing Disclosure of Sustainable Development Information

Article 28 The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.

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

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. 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.
3. Goals and measures for pursuing the sustainable development initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

Article 29 The Company shall adopt internationally widely recognized standards or guidelines when producing sustainable development reports, to disclose the status of their implementation of the 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:

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

Chapter VI Supplementary Provisions

Article 30 The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve their established sustainable development framework and to obtain better results from the implementation of the sustainable development.

Article 31 This Principles enforce with approval after the resolution by the board of directors. And any amendments shall enter into force after resolution by the board of directors.