

# **Tahsin Industrial Corporatoin**

## **Code of practice on Sustainable Growth**

### **Chapter 1      General provisions**

- Article 1      In order to build a sound system of corporate governance, practise the social responsibility of enterprise, promote the improvement in economy, environment and society, so as to achieve a goal of susutainable growth, the Company jointly formulated this Code making reference to the Taiwan Stock Exchange Co., Ltd. (hereinafter referred to as the Stock Exchange) and the Corporate Consortium Over-the-Counter Securities Exchange of the Republic of China (hereinafter referred to as the OTC market), hereby establishes "Tahsin Industrial Corporation's Code of Practice for Sustainable Growth", for compliance.
- Article 2      The scope of application of this Code includes the overall operating activities of the Company and its group enterprises. While engaging in business operation, the Company actively practices sustainable growth to comply with international development trends, and through bearing responsibility as a corporate citizen, enhance contribution to national economy, improve the quality of life of employees, communities and society, and promote the competitive advantage based on sustainable growth.
- Article 3      In promoting sustainable growth, the Company shall pay attention to the rights and interests of interested parties, place importance to the environmental, social and corporate governance factors while pursuing sustainable operation and profitability, and incorporate them into the company's management policies and operating activities. The company shall, in accordance with the principle of materiality, conduct risk assessment on environmental, social and corporate governance issues related to the Company's operation, and formulate relevant risk management policies or strategies.
- Article 4      The Company's practice of sustainable growth should adhere to the following principles:
- I.    Put corporate governance in practice.
  - II.   Develop sustainable environment.
  - III. Maintain public welfare of society
  - IV. Enhance the disclosure of information on the enterprise's sustainable growth.

Article 5      The company shall consider the relationship between the development trend of sustainability matters both at home and abroad and the core business of the enterprise, the impact of the overall operating activities of the Company and its group enterprises on interested parties, formulate sustainable growth policies, systems or relevant management guidelines and specific action plans, and submit a report to the shareholders' meeting after being approved by the board of directors. When shareholders put forward matters involving sustainable growth, Company's board of directors shall review and list in the shareholders' meeting agenda.

## **Chapter 2      Putting corporate governance in practice.**

Article 6      The Company should abide by the Listed and OTC companies' Code of practice on corporate governance and Code of operating in good faith, as well as making reference to the Code of Ethical Conduct formulated by the Listed and OTC companies, and establish an effective governance framework and related ethical standards, so as to consummate the corporate governance for the Company.

Article 7      The directors of the company should discharge the duty of care of virtuous managers, urging enterprises to practice sustainable growth, and at all times review its implementation effectiveness as well as continuous improvement, so as to ensure the practice of sustainable growth policy. When promoting the goal of sustainable growth, the board of directors of the company should fully consider the interests of interested parties and include the following matters:

- I. Put forward the mission or vision of sustainable growth, formulate sustainable growth policies, systems or relatd management guidelines.
- II. Incorporate sustainable growth into the Company's operating activities and development direction, and approve the specific promotion plan for sustainable growth.
- III. Ensure the timeliness and correctness of information disclsure related to sustainable growth.

The economic, environmental and social issues arising from Company's operating activities shall be handled by the senior management authorized by the board of directors, and the handling situation shall be reported to the board of directors. The operational process and relevant responsible personnel shall be specific and clear.

Article 8      This Company should regularly organize education and training to promote sustainable growth, including publicizing the matters referred to in paragraph 2 of the preceding article.

Article 9      In order to improve the management of sustainable growth, the Company should establish a governance framework to promote sustainable growth, and set up a full-time (part-time) unit to push forward sustainable growth,

responsible for the proposal and implementation of sustainable growth policies, systems or relevant management guidelines and specific promotion plans, and report to the board of directors regularly. The company should formulate a reasonable policy for wage, salary and remuneration to ensure that the salary planning can meet the strategic objective of the organization and satisfy the interests of interested parties. The employee performance appraisal system should be combined with the sustainable growth policy, a clear and effective reward and punishment system should also be set up.

- Article 10 The Company should respect the rights and interests of interested parties, identify the interested parties of the company, and set up a special area on the company's website for interested parties; understand the reasonable expectations and needs of interested parties through appropriate communication, and properly respond to their concerns on important sustainable growth issues.

### **Chapter 3 Development of sustainable environment**

- Article 11 The company should adhere to the relevant environmental laws and regulations as well as international standards, appropriately protect the natural environment, and strive to achieve the goal of environmental sustainability in the conduct of operational activities and internal management.
- Article 12 The company should strive to improve the efficiency of energy utilization and use renewable materials with low impact on the environment so that the resources on the earth are sustainable for future use.
- Article 13 The company should establish an appropriate environmental management system according to its industrial characteristics. The system should include the following items:
- I. Collect sufficient information and evaluate timely with regard to the impact of operating activities on the natural environment.
  - II. Establish measurable goals for environmental sustainability, and regularly reviews the sustainability and relevance of each of their development.
  - III. Formulate specific plans or action plans and other implementation measures, and regularly review the effectiveness of their operation.
- Article 14 The Company should set up a special (part-time) environmental management unit or engage a personnel to formulate, promote and maintain relevant environmental management systems and specific action plans, and regularly hold environmental education courses for management and employees.
- Article 15 The Company should consider the impact of operations on ecological efficiency, promote and publicize the concept of sustainable consumption, and conduct research and development, procurement, production, finished goods delivery, service and other operational activities in accordance with the following

principles, so as to reduce the impact of the Company's operations on the natural environment and human beings.

- I. Reduce resource and energy consumption of products and services.
- II. Reduce the discharge of pollutants, toxic substances and waste, and properly manage disposal of waste.
- III. Improve the recyclability and reuse of raw materials or products.
- IV. Maximize the sustainable use of renewable resources.
- V. Prolong the durability of products.
- VI. Increase the effectiveness of our products and services.

Article 16 In order to improve the efficiency of water usage, the Company shall properly and sustainably utilize water resources and formulate relevant management measures. The Company shall strengthen environmental protection and construct treatment facilities to avoid pollution on water, air and soil, and try every effort to reduce adverse impacts on human health and the environment, and adopt the best feasible measures and techniques to control and prevent pollution.

Article 17 The Company should assess the potential risks and opportunities of climate change to the enterprise now and in the future and undertake relevant countermeasures. The Company should adopt standards or guidelines commonly used at home and abroad, implement the corporate greenhouse gas inventory and disclosure, the scope of which shall include:

- I. Direct greenhouse gas emissions: The source of greenhouse gas emissions is owned or controlled by the company.
- II. Indirect greenhouse gas emissions: the result of the use of energy such as electricity, heat or steam.
- III. Other indirect emissions: Emissions from the company's activities, which are not indirect energy emissions, but come from sources owned or controlled by other companies.

The Company should compile statistics on greenhouse gas emissions, water consumption and total weight of wastes, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water usage reduction or other waste management, and incorporate rights for carbon requisition into the Company's carbon reduction strategy plan, and promote the strategy, in order to reduce the impact of the Company's operational activities on climate change.

## **Chapter 4 Maintain public welfare of society**

Article 18 The Company shall comply with relevant laws and regulations and adhere to the International Human Rights Conventions, such as gender equality, the

right to work and the prohibition of discrimination. In order to fulfill its responsibility to protect human rights, the Company shall formulate relevant management policies and procedures, including:

- I. Propose a corporate human rights policy or statement.
- II. To assess the impacts of the Company's operations and internal management on human rights, and to determine the corresponding procedures for handling them.
- III. Periodically review the effectiveness of the company's human rights policy or statement.
- IV. When human rights are violated, the procedures for dealing with the interested parties involved should be disclosed

The Company shall comply with internationally recognized labour human rights, such as freedom of association, the right to collective bargaining, care for the disadvantaged group, prohibition of child labor, elimination of all forms of forced labor, and elimination of employment discrimination, etc. The Company shall affirm that its human resources policies do not discriminate on the basis of gender, race, socio-economic class, age, marital and family status, in order to achieve equality and fairness in employment, working conditions, compensation, benefits, training, evaluation and promotion opportunities.

For matters that endanger the rights and interests of workers, the Company shall provide an effective and appropriate complaint mechanism to ensure that the process of filing a complaint is equal and transparent. The channels for appeal should be concise, convenient and smooth, and employees' complaints should be appropriately responded to.

- Article 19 The Company shall provide employees with information on the labor laws of the country in which it operates and their rights in the law.
- Article 20 The Company shall provide a safe and healthy working environment for its employees, including the provision of necessary health and first aid facilities, and shall endeavor to reduce hazards to employee safety and health in order to prevent occupational hazards. The Company is encouraged to implement safety and health education training for its employees on a regular basis.
- Article 21 The Company shall create a good environment for the career development of employees and establish an effective competency training and career development program. The Company shall establish and implement reasonable employee benefit measures (including salary, vacation and other benefits, etc.) and appropriately reflect operational performance or results in employee compensation to ensure the recruitment, retention and encouragement of human resources and to achieve the goal of sustainable operation.
- Article 22 The Company shall establish a channel for employees to communicate with each other regularly so that employees have the right to receive information and

express their opinions on the Company's business management activities and decisions. The Company shall respect the right of employee representatives to exercise consultation with respect to working conditions and provide employees with the necessary information and hardware facilities to facilitate consultation and cooperation between the employer and employees as well as employee representatives. The Company shall notify employees in a reasonable manner of changes in operations that may have a material impact on employees.

- Article 22-1 The Company shall treat customers or consumers of its products or services in a fair and reasonable manner, including the principles of fairness and honesty in contracting, duty of care and loyalty, truthfulness in advertising, suitability of products or services, notification and disclosure, correlation between compensation and performance, protection of complaints, and professionalism of business personnel, and shall formulate relevant implementation strategies and specific measures.
- Article 23 The Company shall be responsible for its products and services and pay attention to marketing ethics. Its research and development, procurement, production, operation and service processes shall ensure the transparency and security of product and service information, formulate and disclose its consumer rights policies, and implement them in its operations to prevent products or services from harming consumer rights, health and safety.
- Article 24 The Company shall ensure the quality of products and services in accordance with governmental regulations and relevant industry standards. The Company shall comply with relevant laws and regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and shall not deceive, mislead, defraud or any other actions that undermine consumer trust or harm the rights and interests of consumers.
- Article 25 The Company shall evaluate and manage all risks that may cause business interruption, to reduce the adverse impact on consumers and society. The Company shall provide transparent and effective consumer complaint procedures for its products and services, handle consumer complaints fairly and promptly, comply with the Personal Information Protection Act and other relevant laws and regulations, respect the privacy of consumers, and protect the personal data provided by consumers.
- Article 26 The Company is encouraged to assess the environmental and social impacts of its procurement practices on the communities from which it supplies, and to work with its suppliers to implement corporate social responsibility. The Company should formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor and human rights. Before

engaging in business, the Company should evaluate whether its suppliers have a record of environmental and social impacts and avoid transactions with those whose corporate social responsibility policies are in conflict. When the Company enters into a contract with its major suppliers, it is appropriate to include provisions for compliance with the Corporate Social Responsibility policies of both parties and for the supplier to terminate or cancel the contract at any time if the supplier is involved in a violation of the policy that has a significant impact on the environment and society in the community where the supply is sourced.

- Article 27 The Company shall evaluate the impact of the Company's operations on the community and appropriately employ manpower in the areas where the Company operates in order to enhance community recognition. Through equity investments, commercial activities, donations, corporate volunteer services or other public interest professional services, the Company may invest resources in organizations that solve social or environmental problems through a business model, or participate in community development and community education related activities of civic organizations, charitable and philanthropic groups and government agencies, in order to promote community development.

## **Chapter 5 Enhance disclosure of company's sustainable growth information**

- Article 28 The Company shall disclose information in accordance with relevant laws and regulations and the Code of Corporate Governance Practices for Listed and OTC Companies, and shall fully disclose relevant and reliable information related to sustainable growth in order to enhance information transparency.
- The Company discloses the followig information related to sustainable growth:
- I. Policies, systems or related management guidelines for sustainable growth and specific promotion plans approved by the Board of Directors.
  - II. The risks and impacts of implementing corporate governance, developing a sustainable environment, and safeguarding social welfare on the Company's operations and financial condition.
  - III. The Company's objectives, measures and implementation performance for sustainable growth.
  - IV. Major interested parties and issues of their concern.
  - V. Disclosure of information on the management and performance results of major environmental and social issues by key suppliers.
  - VI. Other informaton related to sustainable growth.
- Article 29 The Company shall adopt internationally recognized standards or guidelines for the preparation of sustainability reports to disclose the promotion of sustainable

growth, and it is advisable to obtain third-party confirmation or assurance to enhance the reliability of the information. Its content should include:

- I. Implement sustainable development policies, systems or related management guidelines and specific promotion plans.
- II. Major interested parties and issues of their concern.
- III. The company reviews and appraises the the implementation of corporate governance, the development of a sustainable environment, the maintenance of social welfare and the promotion of economic development.
- IV. Future improvement areas and goals.

## **Chapter 6      supplementary articles**

- Article 30      The Company shall pay attention to the development of domestic and international standards related to sustainable growth and changes in the corporate environment at all times, and review and improve the sustainable growth system established by the Company to enhance the effectiveness of promoting sustainable growth.
- Article 31      This Code was approved by the Board of Directors on March 25, 2022 and became effective for implementation, and was disclosed on the Market Observation Post System, as amended.