

# **Coretronic Corporation**

## **Sustainable Development Best Practice Principles**

Amended on October 28, 2024

### **Chapter I: General Principles**

#### **Article 1**

Coretronic Corporation (hereinafter referred to as “the Company”) has established the Sustainable Development Best Practice Principles (hereinafter referred to as “the Principles”) in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies as well as relevant laws and regulations. The Principles serve as a basis for compliance in fulfilling the Company’s corporate social responsibility and promoting the advancement of economic, environmental, and social aspects with the aim of achieving sustainable development.

#### **Article 2**

The Principles apply to the Company, covering all of its operational activities. When the Company engages in business operations, it shall actively practice sustainable development to align with international trends; enhance its role as a responsible corporate citizen; contribute to strengthening the national economy; improve the quality of life for employees, communities, and society, and foster competitive advantages based on sustainability.

#### **Article 3**

The Company values corporate governance, environmental protection, and social engagement, incorporating these aspects into its management policies and operational activities. As the Company pursues sustainable operations and profitability, it also considers stakeholder interests and fulfills its corporate social responsibility.

In accordance with the principle of materiality, the Company shall conduct risk assessments on corporate governance, environmental, and social issues related to its operations and formulate corresponding risk management policies or strategies.

#### **Article 4**

The Company practices sustainable development by adhering to the following principles:

1. Implement corporate governance.
2. Foster environmental sustainability.
3. Uphold social welfare.
4. Enhance the disclosure of corporate sustainability information.

#### **Article 5**

In consideration of domestic and international sustainability trends, the relevance of such issues to the Company’s core business, and the impact of the Company’s overall operations on stakeholders, the Company has established the ESG Committee to strengthen management of sustainable development. This committee is responsible for the formulation and execution of sustainability-related policies, systems, management guidelines, and specific implementation plans, and it reports to the Board of Directors on a regular basis.

When shareholders propose resolutions related to sustainable development, the Board of Directors shall, in accordance with applicable laws and regulations, review and determine whether the proposals should be included on the agenda of the shareholders’ meeting.

## **Chapter II: Implementing Corporate Governance**

### **Article 6**

The Company adheres to the “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, and “Codes of Ethical Conduct” for TWSE/TPEX listed companies by establishing an effective governance framework and corresponding ethical standards to ensure sound corporate governance.

### **Article 7**

The Company’s directors shall perform their duties with the due care and diligence of prudent administrators. In overseeing the Company’s implementation of sustainable development, they should give full consideration to stakeholder interests, including taking the following measures:

1. Propose a mission or vision for sustainable development and formulating related policies, systems, or management guidelines.
2. Incorporate sustainable development into the Company’s operations and strategic direction, and approving concrete implementation plans.
3. Ensure the timeliness and accuracy of sustainability-related disclosures.

The Company has authorized senior management to handle economic, environmental, and social issues arising from its operational activities and to report on the handling status to the Board of Directors.

### **Article 8**

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

### **Article 9**

The Company shall establish a reasonable compensation policy to ensure that compensation planning aligns with the organization’s strategic objectives and stakeholder interests. Employee performance evaluation systems should be integrated with sustainability policies and supported by clear and effective incentive and disciplinary mechanisms.

### **Article 10**

The Company identifies its stakeholders to respect stakeholder rights and interests, and has established a dedicated stakeholder section on its official website. The Company utilizes appropriate communication channels to understand stakeholders’ reasonable expectations and needs, and it shall respond appropriately to material topics of stakeholder concern.

## **Chapter III: Fostering Environmental Sustainability**

### **Article 11**

The Company shall comply with applicable environmental regulations and relevant international standards to appropriately protect the natural environment. When conducting business operations and internal management, the Company shall strive to achieve the goal of environmental sustainability.

### **Article 12**

The Company strives to improve energy efficiency and increase its use of renewable energy. Furthermore, the Company utilizes sustainable raw materials with minimal environmental impact to ensure the sustainable use of the earth’s resources.

#### Article 13

Based on the characteristics of its industry, the Company shall establish appropriate environmental management systems and climate change response measures, including the following:

1. Support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD); adopt a climate change management framework; regularly identify climate-related risks and opportunities; conduct quantitative assessments of each identified risk or opportunity to determine potential financial impacts, severity, and likelihood of occurrence; develop corresponding response strategies.
2. Establish measurable short-, medium-, and long-term environmental sustainability goals, and regularly reviewing their relevance and continued viability.
3. Formulate specific projects or action plans and regularly evaluate their effectiveness.

#### Article 14

The Company has established the Environmental Protection Committee and the Sustainable Energy Committee, and designated environmental management units and personnel to develop, promote, and maintain relevant environmental management systems and action plans. The Company also conducts timely environmental education programs and awareness campaigns for management and employees.

#### Article 15

When engaging in research and development (R&D), procurement, production, operations, and service activities, the Company adheres to the following principles to develop green products that reduce environmental impact, improve energy efficiency, facilitate disassembly and recycling, lower carbon emissions, and are environmentally friendly, thereby minimizing the impact of its operations on the environment and human health:

1. Reduce carbon emissions and energy consumption of products and services.
2. Reduce emissions of pollutants, hazardous substances, waste, and ensure proper waste treatment.
3. Enhance recyclability and reuse of raw materials and products.
4. Maximize the sustainable use of renewable resources.
5. Extend product durability.
6. Improve the performance of products and services.

#### Article 16

To enhance the efficiency of water resource usage, the Company shall properly and sustainably utilize water resources and establish relevant management measures.

The Company shall construct and enhance environmental protection and treatment facilities in accordance with applicable laws and regulations to prevent the pollution of water, air, and soil. It shall also strive to minimize adverse impacts to human health and the environment by adopting the best available pollution prevention and control technologies.

#### Article 17

The Company assesses the potential risks and opportunities posed by climate change to its current and future operations and adopts appropriate response measures.

The Company performs an annual greenhouse gas (GHG) inventory using internationally or domestically recognized standards or guidelines and discloses the results after obtaining third-party assurance. The inventory should include the following emission scopes:

1. Direct GHG emissions: Emissions from sources owned or controlled by the Company.
  2. Indirect GHG emissions: Emissions arising from the use of purchased electricity, heat, or steam energy.
  3. Other indirect emissions: Emissions arising from the Company's activities that are not energy-related and originate from sources owned or controlled by other entities.
- The Company should pay close attention to the impact of climate change on its operations and takes appropriate measures based on its operational status and GHG inventory results.

## **Chapter IV: Upholding Social Welfare**

### **Article 18**

The Company complies with applicable laws and regulations and adheres to international human rights conventions, including those related to gender equality, the right to work, and the prohibition of discrimination.

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

1. Issue a corporate human rights policy or statement.
2. Conduct human rights education and training programs and require employees to sign a statement of human rights principles.
3. Assess the impact of business operations and internal management on human rights and formulate corresponding procedures.
4. Regularly review the effectiveness of the corporate human rights policy or statement.
5. When a human rights violation occurs, the Company shall disclose the handling procedures to affected stakeholders.

The Company shall uphold 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 elimination of employment and workplace discrimination. It shall ensure that its human resource policies are free from discriminatory treatment based on, including but not limited to, gender, race, socioeconomic status, age, marital status, or family status, and that equal and fair treatment is applied in employment, working conditions, compensation, benefits, training, evaluation, and promotion opportunities.

For incidents that harm labor rights, the Company shall provide effective and appropriate grievance mechanisms to ensure that the grievance process is fair and transparent. Grievance channels must be easy to understand, accessible, and responsive, and all employee complaints must be appropriately addressed.

### **Article 19**

The Company provides employees with information to help them understand the labor laws of the countries in which it operates and the rights they are entitled to under such laws.

### **Article 20**

The Company has adopted the occupational safety and health management system and regularly organize meetings of the Occupational Safety and Health Committee. It provides a safe and healthy working environment for employees, including the necessary health and first-aid facilities, and strives to reduce risk factors that endanger employee safety and health. The Company also conducts regular safety and health training programs to prevent occupational accidents.

#### Article 21

The Company fosters a positive environment for employee career development and establishes effective career capability development training programs.

The Company formulates and implements reasonable employee welfare measures (including compensation, leave, and other benefits) and links compensation to business performance or results to ensure the effective recruitment, retention, and motivation of talent, thereby achieving the goal of sustainable operations.

#### Article 22

The Company has established diverse communication channels to ensure that employees have the right to receive information and express their opinions regarding the Company's business operations and decision-making processes.

#### Article 23

The Company takes responsibility for its products and services and upholds ethical marketing practices. Throughout R&D, procurement, production, operations, and service processes, the Company ensures the safety of its products and services as well as the transparency of information pertaining thereto. Furthermore, the Company has formulated and disclosed a consumer rights policy and implements it throughout its operations.

#### Article 24

The Company shall adhere to government regulations and relevant industry standards to ensure the quality of its products and services.

The Company complies with applicable laws and international standards regarding customer health, safety, and privacy as well as the marketing and labeling of products and services. It must not engage in any deceptive, misleading, or fraudulent practices or in any actions that undermine consumer trust or harm consumer rights.

#### Article 25

The Company should evaluate and manage various risks that could disrupt its operational and minimizes their impact on consumers and society.

The Company establishes transparent and effective consumer complaint procedures, responds to consumer complaints fairly and promptly, and complies with data protection laws such as the Personal Data Protection Act to respect consumer privacy and safeguard personal information provided by consumers.

#### Article 26

The Company assesses the environmental and social impacts of its procurement practices on local supplier communities and collaborates with its suppliers to promote corporate social responsibility (CSR).

The Company should establish the Sustainable Supplier Management Regulations based on the Responsible Business Alliance (RBA) Code of Conduct and require suppliers to sign the Sustainability Commitment Statement to ensure compliance with relevant standards on environmental protection, occupational safety and health, and labor rights. Before engaging in business with a supplier, the Company should evaluate whether the supplier has a record of environmental or social impact that may conflict with the Company's CSR policies, and it avoids transactions when such conflicts exist.

When entering into contracts with key suppliers, the Company should include clauses requiring compliance with both parties' CSR policies. If a supplier is found to have violated these policies and caused significant environmental or social harm to the source community, the Company may terminate or rescind the contract at any time.

#### Article 27

The Company shall evaluate the impact of its operations on local communities and, where appropriate, hire locally to enhance community integration.

The Company actively engages in and promotes social welfare initiatives to foster community development. It participates in community development and educational activities through collaboration with civic organizations, charitable foundations, and government agencies in the form of business activities, donations, corporate volunteer services, or other public interest services.

#### Article 27-1

The Company should continuously invest resources into cultural and artistic activities or the cultural and creative industries through donations, sponsorships, investments, procurement, strategic partnerships, voluntary technical assistance, or other forms of support to promote cultural development.

### **Chapter V: Enhancing Disclosure of Corporate Sustainability Information**

#### Article 28

The Company discloses information in accordance with applicable laws and regulations as well as the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. It is committed to disclosing material and reliable sustainability related information to enhance transparency.

The Company discloses the following sustainability related information:

1. Sustainability goals, policies, systems or management guidelines, and concrete implementation plans
2. Risks and impacts of sustainability related issues on the Company's operations and financial condition
3. Objectives, measures, and performance results of sustainability initiatives
4. Stakeholders' areas of concern
5. Other sustainability related information

#### Article 29

The Company prepares its sustainability report in accordance with internationally recognized standards or guidelines to disclose its sustainability performance, and it should obtain third-party assurance or verification. The report should include the following information:

1. Implementation of sustainability policies, systems or management frameworks, and specific action plans to achieve short-, medium-, and long-term goals
2. Key stakeholders and their concerns
3. The Company's performance and review of its effort in corporate governance, environmental sustainability, social responsibility, and economic development
4. Future targets and directions for improvement

## **Chapter VI: Supplementary Provisions**

### **Article 30**

The Company stays informed about the development of sustainability-related standards and trends both domestically and internationally, as well as changes in the business environment. Based on these developments, the Company reviews and enhances its sustainability systems to improve the effectiveness of its sustainability practices.

### **Article 31**

The Principles shall take effect upon approval by the Board of Directors, and the same procedure shall apply to any amendments thereto.