

Chlitina Holding Limited

Code of Practice for Sustainable Development

Chapter 1: General Principles

Article 1

To fulfill corporate social responsibility and promote the balance and sustainable development of the economy, society, and environmental ecology, these guidelines are established by referring to the Sample Guidelines for Sustainable Development jointly formulated by the Taiwan Stock Exchange Corporation (hereinafter referred to as the “TWSE”) and the Taipei Exchange (hereinafter referred to as the “TPEx”). These Guidelines form the basis for the Company’s corporate social responsibility code to manage its environmental and social risks and impacts.

Article 2

These Guidelines apply to listed and OTC-listed companies, covering the overall business activities of the company and its group enterprises.

The Guidelines encourage companies to actively practice sustainable development in its operations, in line with international trends that balance environmental, social, and corporate governance development. Through corporate citizenship, the Company aims to enhance its contribution to the national economy, improve the quality of life for employees, communities, and society, and foster competitive advantages based on sustainability.

Article 3

In promoting sustainable development, the company shall uphold social ethics and respect the rights and interests of stakeholders. While pursuing sustainable operations and profitability, it shall also value environmental, social, and governance (ESG) factors, incorporating them into corporate management policies and operational activities.

The Company shall assess ESG-related risks associated with its operations based on the principle of materiality and establish corresponding risk management policies or strategies.

Article 4

The Company shall implement sustainable development in accordance with the following principles:

1. Exercising corporate governance;
2. Fostering a sustainable environment;
3. Preserving social welfare;
4. Enhancing disclosure of corporate sustainable development information.

Article 5

The Company shall comply with relevant laws and regulations, its Articles of Incorporation, contracts entered into with the TWSE or TPEx, and relevant standards. It shall also consider trends in domestic and international sustainability issues, as well as its own and group enterprises' overall business activities, when formulating CSR policies, systems, or management frameworks, subject to board approval.

When shareholders propose motions related to sustainable development, the Board of Directors should consider including them as meeting agenda items.

Chapter 2: Exercising Corporate Governance

Article 6

The Board of Directors shall exercise the duty of care of a good administrator to ensure the implementation of sustainable development and continuously review and improve its effectiveness.

When promoting sustainable development goals, the board shall consider stakeholder interests and include the following:

1. Integrate sustainable development into corporate operations and strategic direction;
2. Formulate a mission (or vision, values) and establish policies, systems, or related management frameworks for sustainable development;
3. Ensure timely and accurate disclosure of relevant sustainability information.

Article 7

To establish sound sustainable development management, the Company shall establish a governance structure for promoting sustainable development. It shall also set up a dedicated or concurrent unit responsible for proposing and executing policies,

systems, and specific programs for sustainable development. The unit shall regularly report to the Board of Directors.

Article 8

The company shall respect stakeholders' rights, identify them, and, through appropriate communication and engagement mechanisms, shall understand their reasonable expectations and needs. It shall also respond appropriately to material sustainability issues raised by stakeholders.

Article 9

The company shall follow the Corporate Governance Best Practice Principles and refer to the Ethical Corporate Management Best Practice Principles for Listed and OTC-listed Companies to establish an effective corporate governance structure and related ethical standards.

Article 10

In conducting business operations, the company shall comply with relevant regulations and implement the following to foster a fair competitive environment:

1. Avoid unfair competition;
2. Fulfill tax obligations;
3. Prevent bribery and corruption through appropriate management systems;
4. Ensure corporate donations follow internal procedures.

Article 11

The company shall regularly conduct ethical education and training for directors and employees and promote the matters mentioned in the preceding article. The training should be integrated with the performance evaluation system and include clear and effective incentives and disciplinary measures.

Chapter 3: Fostering a Sustainable Environment

Article 12

The company shall comply with environmental laws and international standards and appropriately protect the natural environment. It shall strive to achieve environmental sustainability in its business operations.

Article 13

The company shall enhance energy efficiency and prioritize the use of renewable materials with low environmental impact, enabling sustainable use of global resources.

Article 14

The company shall establish an environmental management system appropriate to its industry characteristics. The system shall include:

1. Timely and sufficient information collection and evaluation of the impact of operations on the natural environment;
2. Measurable targets with regular review of their continuity and relevance;
3. Periodic reviews of progress toward environmental sustainability goals.

Article 15

The company shall designate a responsible unit or personnel for environmental management, maintain relevant systems, and regularly conduct environmental education for management and employees.

Article 16

The company shall consider ecological benefits and educate consumers on sustainable consumption. It shall conduct R&D, production, and service activities under the following principles to minimize the impact of its operations on the natural environment, organisms, and humans:

1. Reduce resources and energy consumption of products and services;
2. Reduce emissions of pollutants, toxic substances, and waste, and handle waste disposal properly;
3. Improve recyclability and reuse of raw materials and products;
4. Maximize sustainable use of renewable resources;
5. Extend product durability;
6. Increase product and service efficiency.

7. Enhance conservation of marine and terrestrial biodiversity, ecosystems, sustainable resource utilization, and fair benefits.

Article 17

To improve water resource efficiency, the Company shall use water properly and sustainably and establish relevant management measures.

The Company shall avoid pollution of water, air, and land during operations. Where unavoidable, it shall strive to minimize adverse impacts on human health and the environment by adopting the best available pollution prevention and control technologies, considering cost-effectiveness and feasibility.

Article 18

The Company shall assess potential risks and opportunities posed by climate change and take relevant response measures.

It shall adopt widely accepted domestic or international standards or guidelines to conduct and disclose greenhouse gas inventories, covering:

1. Direct greenhouse gas emissions: emissions from sources owned or controlled by the company;
2. Indirect greenhouse gas emissions: emissions from purchased electricity, heat, or steam;
3. Other indirect emissions: emissions resulting from company activities, not classified under energy-related indirect emissions, but from sources owned or controlled by other entities.

The Company shall track greenhouse gas emissions, water usage, and total waste generation. It shall formulate policies for energy conservation, greenhouse gas reduction, water conservation, or waste management, and include carbon credit acquisition in its carbon reduction strategy to reduce environmental impact.

Chapter 4: Preserving Social Welfare

Article 19

The Company shall comply with labor laws, protect employees' lawful rights, and respect internationally recognized fundamental labor rights, including freedom of

association, collective bargaining rights, care for disadvantaged groups, prohibition of child labor, elimination of all forms of forced labor, and prevention of employment discrimination. It must not engage in actions that undermine basic labor rights.

The Company's human resource policies shall uphold labor rights and establish appropriate management methods and procedures.

The Company shall ensure its employment policies do not discriminate based on gender, race, age, marital or family status, and shall implement equality in remuneration, employment conditions, training, and promotion opportunities.

Article 20

The Company shall provide employees with information about their rights under local labor laws in their operating locations.

Article 21

The Company shall provide a safe and healthy work environment, including necessary health and first-aid facilities, and mitigate health and safety hazards to prevent occupational accidents.

It shall regularly provide safety and health education to employees.

Article 22

The Company shall foster career development and establish effective training programs for employee skill advancement.

The Company shall implement reasonable employee welfare measures (including compensation, leave, and other benefits) and reflect business performance in employee compensation to attract, retain, and motivate talent for sustainable operations.

Article 23

The Company shall establish regular communication channels, giving employees access to information and the right to express opinions on management and decisions.

It shall respect employees' right to negotiate working conditions and provide necessary information and facilities to promote employer-employee cooperation.

The Company shall reasonably notify employees of significant operational changes that may affect them.

Article 24

The Company shall uphold product responsibility and marketing ethics, establish and publish consumer rights policies, and ensure their effective implementation.

Article 24-1

The Company shall treat all customers or consumers of its products or services fairly and reasonably, including principles of good faith in contracting, duty of care and loyalty, truthful advertising, suitability, transparency and disclosure, balanced compensation, complaint resolution, and professional conduct. It shall develop implementation strategies and concrete measures accordingly.

Article 25

The Company shall ensure product and service quality in accordance with government laws and industry standards.

It shall comply with government regulations and international norms related to consumer health and safety, privacy, marketing, and advertising. It must not engage in fraud, misleading practices, or any actions that damage consumer trust or rights.

Article 26

The Company shall establish a transparent and effective consumer complaint mechanism, handle complaints fairly and promptly, respect consumer privacy, and protect personal data in accordance with relevant laws,.

Article 27

The Company shall assess the environmental and social impacts of its procurement practices on supplier communities and collaborate with suppliers to promote corporate social responsibility.

The Company shall establish a supplier management policy requiring suppliers to comply with environmental, occupational safety, and labor standards. Prior to engaging in business, the Company shall assess supplier records on environmental and social impact to avoid conflicts with its CSR policy.

Contracts with key suppliers should include clauses requiring compliance with CSR policies and allow for termination at any time if suppliers violate such policies and significantly impact the environment or society.

Article 28

The Company shall evaluate and manage its operational impacts on communities and employ suitable personnel to strengthen community engagement.

It may contribute to solving social or environmental issues through equity investment, business activities, in-kind donations, volunteer services, or pro bono support. It may also participate in civic, charitable, or local government activities related to community development or education.

Chapter 5: Enhancing Disclosure of Sustainable Development Information

Article 29

The company shall disclose information in accordance with applicable laws and the Corporate Governance Best Practice Principles for listed and OTC-listed companies. It shall fully disclose material and reliable sustainability information to enhance transparency, including:

1. Board-approved sustainability governance structures, strategies, policies, and management principles;
2. Risks and impacts on the Company's operations and finances related to corporate governance, sustainable environmental development, and social welfare;
3. Goals and actions formulated for sustainability;
4. Performance in implementing sustainability initiatives;
5. Other relevant sustainability information.

Article 30

The Company shall prepare a sustainability report disclosing its sustainability practices, which should include the following:

1. Institutional frameworks, policies, and action plans for sustainability;
2. Key stakeholders and their areas of concern;
3. Performance and review of corporate governance, environmental sustainability, and social welfare;
4. Future improvement directions and goals.

Chapter 6: Supplementary Provisions

Article 31

The Company shall continuously monitor domestic and international developments in sustainability and changes in the business environment to review and improve its sustainability systems and enhance implementation effectiveness.

Article 32

These Guidelines shall take effect upon approval by the Board of Directors; amendments shall follow the same procedure.

Article 33

- Date of initial adoption: March 29, 2013
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