

# **Formosa Laboratories, Inc.**

## **Code of Practice for Sustainable Development**

### Chapter 1. General Provisions

#### Article 1.

In order to implement corporate social responsibility and promote economic, environmental, and social progress to achieve the goal of sustainable development, this code is formulated with reference to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" to manage the Company's economic, environmental, and social risks and impacts.

#### Article 2.

This code applies to the overall operational activities of the Company and its group enterprises.

While engaging in business operations, the Company actively implements sustainable development to comply with international development trends and through corporate citizenship, enhance contribution to the national economy, improve the quality of life for employees, communities, and society, and to promote sustainable development as a competitive advantage.

#### Article 3.

When fulfilling sustainable development, the Company should pay attention to the rights and interests of stakeholders. While pursuing sustainable operation and profit, it should pay attention to environmental, social, and corporate governance factors and incorporate them into company management policies and operating activities.

The Company should conduct risk assessments on environmental, social, and corporate governance issues related to corporate operations in accordance with the principle of materiality and formulate relevant risk management policies or strategies.

#### Article 4.

The Company should adhere to the following principles in carrying out sustainable development:

- I. Implement corporate governance
- II. Develop a sustainable environment
- III. Maintain social welfare
- IV. Strengthen the disclosure of information related to corporate sustainable development.

#### Article 5.

The Company should consider sustainable development trends both domestically and internationally, the correlation between sustainable development and enterprise core business, as well as the impact of overall operational activities on stakeholders. Based on

this, establish sustainable development policies, regulations or related management guidelines, and specific implementation plans.

When shareholders propose resolutions related to sustainable development, the company's Board of Directors should consider including them as agenda items for the shareholders' meeting.

## Chapter 2. Implement corporate governance

### Article 6.

The Company should follow the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies to establish an effective governance framework and related ethical standards, thereby strengthening corporate governance.

### Article 7.

The directors of the Company should fulfill their duty of care as prudent managers, supervise the implementation of sustainable development by the enterprise, and constantly review its effectiveness and make continuous improvements to ensure the implementation of sustainable development policies.

When the Company's Board of Directors fulfills its sustainable development goals, it should fully consider stakeholders' interests and include the following items:

- I. Propose a sustainable development mission or vision, and formulate sustainable development policies, systems, or related management guidelines.
- II. Integrate sustainable development into corporate business operations and development direction, and approve specific implementation plans for sustainable development.
- III. Ensure the timeliness and accuracy of the disclosure of information related to sustainable development.

The Company should address economic, environmental, and social issues arising from its business activities through the Board of Directors authorizing senior management to handle these issues. The senior management should report the status to the Board of Directors, and the operating procedures and responsibilities of relevant personnel should be clearly defined.

### Article 8.

The Company should regularly hold educational training sessions to promote sustainable development, including promoting matters such as those mentioned in the second item of the preceding article.

### Article 9.

In order to strengthen the management of sustainable development, the Company should establish a governance structure for promoting sustainable development. The dedicated (or part-time) unit responsible for sustainable development should propose and implement

sustainable development policies, systems, or related management guidelines as well as specific implementation plans and should regularly report to the Board of Directors.

The Company should establish a reasonable compensation policy to ensure that compensation planning aligns with the organization's strategic goals and the interests of stakeholders.

The employee performance evaluation system should be integrated with the sustainable development policy, and clear and effective incentive and disciplinary mechanisms should be established.

#### Article 10.

The Company should respect the rights and interests of stakeholders, identify who the stakeholders are, and set up a dedicated section for stakeholders on the company website. Through appropriate communication channels, should understand stakeholders reasonable expectations and needs and respond appropriately to the important sustainable development issues they care about.

### Chapter 3. Develop a sustainable environment

#### Article 11. Articles

The Company should comply with environmental regulations and relevant international standards, properly protect the natural environment, and strive to achieve environmental sustainability goals when carrying out business activities and internal management.

#### Article 12.

The Company should strive to improve energy efficiency and use recycled materials with low impact on the environment so that the earth's resources can be used sustainably.

#### Article 13.

The Company should establish an appropriate environmental management system according to industry characteristics. The system should include the following items:

- I. Collect and assess in a sufficient and timely manner information with respect to the impact of operational activities on the natural environment.
- II. Establish measurable environmental sustainability goals and regularly review the sustainability and relevance of their development.
- III. Establish specific plans or action plans and other implementation measures, and regularly review the effectiveness of their operations.

#### Article 14.

The Company should establish a dedicated unit or personnel for environmental management 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 its operations on ecological benefits, promote and advocate the concept of sustainable consumption, and engage in research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact of company operations on human beings and the natural environment:

- I. Reduce resource and energy consumption of products and services.
- II. Reduce contaminants, toxic substances, and waste emissions, and properly dispose of waste.
- III. Improve the recyclability and reusability of materials or products.
- IV. Maximize the sustainable use of renewable resources.
- V. Extend product durability.
- VI. Increase the effectiveness of products and services.

#### Article 16.

In order to improve the efficiency of water resource utilization, the Company should properly and sustainably use water resources and establish related management measures. The Company should construct and strengthen relevant environmental protection treatment facilities to prevent water, air, and soil pollution, make every effort to minimize adverse effects on human health and the environment and adopt the best feasible measures for pollution prevention and control techniques.

#### Article 17.

The Company should assess potential risks and opportunities of climate change to its present and future business operations and adopt relevant response measures.

The Company should adopt domestic and international common standards or guidelines to carry out enterprise greenhouse gas inventory and disclose accordingly, the scope of which should include:

- I. Direct greenhouse gas emissions: greenhouse gas emissions from sources owned or controlled by the company.
- II. Indirect greenhouse gas emissions: emissions generated from energy inputs such as electricity, heat, or steam.
- III. Other indirect emissions: emissions generated by company activities that are not energy-related but from emission sources owned or controlled by other companies.

The Company should calculate its greenhouse gas emissions, water usage, and total waste weight and establish policies for energy conservation, carbon reduction, reducing water usage, or other waste management. The acquisition of carbon credits should be included in the corporate carbon reduction strategy plan and used to promote the reduction of the impact of corporate operational activities on climate change.

#### Article 18.

The Company should comply with relevant laws and regulations and follow international human rights conventions, such as gender equality, labor rights, and the prohibition of discrimination.

To fulfill its responsibility to protect human rights, the Company should establish relevant management policies and procedures, which include:

- I. Formulate a corporate human rights policy or statement.
- II. Evaluate the impact of corporate operations and internal management on human rights and establish corresponding response procedures.
- III. Regularly review the effectiveness of corporate human rights policy or statement.
- IV. When human rights violations are implicated, the procedures for dealing with the relevant stakeholders should be disclosed.

The Company should adhere to internationally recognized labor rights, such as freedom of association, collective bargaining, care for vulnerable groups, prohibition of child labor, elimination of forced labor in all its forms, and elimination of discrimination in employment and occupation based on race, gender, social class, age, marital and family status, and confirm that its human resource policies do not have discriminatory practices regarding employment conditions, compensation, benefits, training, performance evaluation, and promotion opportunities, to ensure equality and fairness.

The Company should provide effective and appropriate complaint mechanisms for issues that may harm workers' rights, ensuring equal and transparent complaint procedures. Channels for complaints should be clear, convenient, and unobstructed, and appropriate responses should be provided with respect to employees' complaints.

#### Article 19.

The Company should provide employees with information to ensure an understanding of the labor laws in the country where the operations are conducted and the rights entitled to.

#### Article 20.

The Company should provide a safe and healthy working environment for employees, including necessary health and emergency facilities, and strive to reduce hazardous factors that may affect employees' safety and health in order to prevent occupational accidents.

The Company should regularly implement safety and health education training for employees.

#### Article 21.

The Company should create a favorable environment for employees' career development and establish effective career development and training programs.

The Company should establish and implement reasonable employee welfare measures (including salary, leave, and other benefits) and appropriately reflect the company's operational performance or achievements in the employee compensation policy to ensure the recruitment, retention, and motivation of human resources, thus achieving the goal of sustainable operation.

#### Article 22.

The Company should establish a channel for regular communication and dialogue with employees, allowing the right to obtain information and express opinions on corporate management activities and decisions.

The Company should respect the right of employee representatives to negotiate working conditions and provide the necessary information and hardware facilities in order to facilitate communication and cooperation between the employer, employees, and employee representatives.

The Company should notify employees in a reasonable manner of significant operational changes that may be of impact.

#### Article 22-1.

The Company should treat customers or consumers of its products or services in a fair and reasonable manner. This includes principles such as fair and honest contracting, paying attention to and fulfilling loyalty obligations, truthful advertising and solicitation, product or service suitability, notification and disclosure, balanced compensation and performance, complaint protection, and the professionalism of business personnel. The company should also establish relevant implementation strategies and concrete measures.

#### Article 23.

The Company should be responsible for its products and services and value marketing ethics. The Company's research and development, procurement, production, operation, and service processes should ensure transparency and safety of product and service information, establish and disclose consumer rights policies, and implement them in business operations to prevent products or services from harming consumer rights, health, and safety.

#### Article 24.

The Company should ensure product and service quality in accordance with governing laws and regulations and relevant industry norms.

The Company should comply with relevant laws and regulations and international standards regarding the marketing and labeling of products and services and should not engage in any deceptive, misleading, fraudulent, or other activities that would harm consumer rights or trust.

#### Article 25.

The Company should assess and manage various risks that may cause operational disruptions and reduce the impact on consumers and society.

The Company should provide transparent and effective consumer complaint procedures for its products and services, handle consumer complaints fairly and promptly, and comply with relevant laws and regulations such as the Personal Data Protection Act to respect consumers' privacy rights and protect personal data provided by consumers.

#### Article 26.

The Company should evaluate the environmental and social impact of procurement activities on the supplying communities and work with suppliers to implement corporate social responsibility.

The Company should establish a supplier management policy, requiring suppliers to comply with relevant regulations on environmental protection, occupational safety, health, or labor rights. Before conducting business, the company should assess whether suppliers have records of environmental and social impact in order to avoid transactions with those who conflict with its corporate social responsibility policy.

When the Company signs a contract with its major suppliers, the content should include compliance with both parties' corporate social responsibility policies, as well as provisions for terminating or dissolving the contract if the supplier is found to be in violation of the policy and causing a significant environmental or social impact on the sourcing community.

#### Article 27.

The Company shall assess the impact of operations on the community and appropriately hire the local workforce where the company operates in order to enhance community recognition. The Company should, through business activities, in-kind donations, corporate volunteering, or other professional public services, participate in community development and education, as well as activities of citizen organizations, charitable foundations, and local government agencies in order to promote community development.

### Chapter 5. Enhance Disclosure of Information on Sustainable Development

#### Article 28.

The Company should disclose information per relevant laws and regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed companies and fully disclose relevant and reliable information related to sustainable development to enhance information transparency.

The Company discloses the following information related to sustainable development:

- I. Sustainable development policies, systems, or related management guidelines and specific implementation plans approved by the Board of Directors.
- II. Risks and impacts of implementing corporate governance, developing a sustainable environment, and maintaining social welfare on the company's operations and financial status.
- III. The company's goals, measures, and performance in promoting sustainable development.
- IV. Key stakeholders and their concerns.
- V. Disclosure of information on key suppliers' management and performance on environmental and social issues.
- VI. Other information related to sustainable development.

#### Article 29.

If the Company prepares a corporate social responsibility report, it should adopt internationally recognized standards or guidelines to disclose the progress of sustainable development and should obtain third-party assurance or guarantees to enhance information reliability. Its content should include:

- I. Implementation of sustainable development policies, systems, or relevant management guidelines, and specific implementation plans should be included.
- II. Key stakeholders and their concerns.
- III. Performance and review of the company in implementing corporate governance, developing sustainable environment, maintaining social welfare, and promoting economic development.
- IV. Future improvement directions and goals.

Article 30.

The Company should constantly heed the development of domestic and international sustainable development related guidelines and the changes in the corporate environment, review and improve the established sustainable development system, and enhance the effectiveness of promoting sustainable development.

Article 31.

The Company's Code of Practice for Sustainable Development shall be implemented upon approval by the Board of Directors, and any revisions shall also require the same approval. This Code was enacted on May 12, 2016. The first amendment was made on May 12, 2022.