

KENDA RUBBER IND. CO., LTD.

Sustainable Development Practice

Passed and adopted at the meeting of the Board of Directors on 17 January 2023

Chapter I General Provisions

- Article 1 In order to fulfil its corporate social responsibility initiatives and to promote economic, environmental and social advancement for the purpose of sustainable development, the Company has promulgated the Practice by reference to the rules of the Taiwan Stock Exchange Corporation ("TWSE") and Taipei Exchange ("TPEx").
- Article 2 The Company actively fulfils sustainable development in the course of its business operation in compliance with international development trends. Furthermore, it contributes to the economic development of the country and improves the quality of life of the employees, community and society by acting as a responsible corporate citizen, and to enhance competitive edges built on sustainable development.
- Article 3 The Company is in pursuit of sustainable development and gives due consideration to the rights and interests of stakeholders. While pursuing sustainable operation and profit, the Company also gives due consideration to the environment, society and corporate governance which are incorporated in its corporate management guidelines and business operations.
- Article 4 To implement sustainable development initiatives, the Company shall follow the principles below:
- I. Exercise corporate governance.
 - II. Foster a sustainable environment.
 - III. Preserve public welfare.
 - IV. Enhance disclosure of corporate sustainable development information.
- Article 5 The Company shall take into consideration the correlation between the development of domestic and international sustainable development issues and corporate core business operations, and the effect of the operation of the Company and of its group companies as a whole on stakeholders in establishing its policies, system or relevant management guidelines and concrete promotion plans for sustainable development programs, which shall be approved by the Board of Directors and then disclosed in the annual report.
- Chapter II Exercise corporate governance.
- Article 6 The Company shall 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 Code of Ethical Conduct for TWSE/TPEx Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7	<p>The Directors of the Company shall exercise the duty of care as good managers to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make improvement so as to ensure the thorough implementation of its sustainable development policies.</p>
	<p>In the furtherance of its corporate social responsibility initiatives, the Company shall give consideration to the following:</p>
	<ul style="list-style-type: none"> I. Identifying the sustainable development mission or vision and declaring its sustainable development policy, system or relevant management guidelines. II. Making sustainable development the guiding principle of the Company's operations and development roadmap, and ratifying concrete promotional plans for sustainable development initiatives. III. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.
Article 8	<p>The Company shall, on a periodic basis, organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in Paragraph 2 of the preceding Article.</p>
Article 9	<p>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, system or relevant management guidelines and concrete promotional plans and to report on the same to the Board of Directors on a periodic basis.</p>
	<p>The Company shall adopt reasonable remuneration policies to ensure that remuneration arrangements support the strategic aims of the organization and align with the interests of stakeholders.</p>
	<p>The employee performance evaluation system shall be combined with sustainable development policies and that a clear and effective incentive and discipline system shall be established.</p>
Article 10	<p>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.</p>
Chapter III Promote environmental sustainability	
Article 11	<p>The company shall follow relevant environmental laws, regulations and international standards to properly protect the natural environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.</p>
Article 12	<p>The Company shall endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of earth resources.</p>
Article 13	<p>The Company shall establish proper environment management system based on the characteristics of its industry. Such system shall include the following tasks:</p> <ul style="list-style-type: none"> I. Collecting sufficient and up-to-date information to evaluate the impact of the

- Company's business operations on the natural environment.
- II. 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 periodic basis.
 - III. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a periodic basis.
- Article 14** The Company shall establish a dedicated unit or assign dedicated personnel for drafting, promoting and maintaining relevant environment management system and concrete action plans, and hold environment education courses for its managerial officers and other employees on a periodic basis.
- Article 15** The Company 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 of the Company's business operations on the natural environment and human beings:
- I. Reduce resource and energy consumption of the products and services.
 - II. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
 - III. Improve recyclability and reusability of raw materials or products.
 - IV. Maximize the sustainability in the use of renewable resources.
 - V. Enhance the durability of products.
 - VI. Improve efficiency of products and services.
- Article 16** To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.
The Company shall construct and improve relevant environmental protection treatment facilities in accordance with ISO14000 standards to avoid polluting water, air and land; and use its 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 Company gives due consideration to the impact of climate change on its operating activities and formulates energy saving and carbon reduction strategies based on its operating conditions; and incorporates the acquisition of carbon credits into the Company's carbon reduction strategy planning and promotes it accordingly in order to reduce the impact of its operating activities on climate change.

Chapter IV Preserving public welfare

- Article 18** The Company 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.
To fulfil its responsibility to protect human rights, the Company shall adopt relevant management policies and processes, including:
- I. Presenting a corporate policy or statement on human rights.
 - II. Evaluating the impact of the Company's business operations and internal management on human rights, and adopting corresponding handling

processes.

- III. Reviewing the effectiveness of the corporate policy or statement on human rights on a periodic basis.
- IV. In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company 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 its human resource policies do not contain differential treatments based on gender, race, socio-economic 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 Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, so as to ensure equality and transparency of the grievance process.

Channels through which a grievance may be raised shall be clear, convenient and unobstructed and the Company shall respond to any employee's grievance in an appropriate manner.

Article 19

The Company shall provide information for its employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

Article 20

The Company shall provide a safe and healthy work environment for its 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 Company shall also organize safety and health education training and health checks for its employees on a periodic basis.

Article 21

The Company shall create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills. The Company shall appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention and motivation of human resources and achieve the objective of sustainable operations.

Article 22

The Company 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 Company's operations, management and decisions.

The Company shall respect the rights of the trade union representatives to bargain for the working conditions and shall provide the employees with necessary information and hardware equipment in order to improve the negotiation and cooperation among employers, employees and employee representatives.

Article 23

The Company shall take responsibility for its 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 information on its products and services. It shall also establish and disclose policies on consumer 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, health or safety of consumers.
Article 24	The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industry. The Company shall follow relevant laws, regulations and international guidelines in regard to marketing and labeling of its products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.
Article 25	The Company shall evaluate and manage all types of risks that could cause interruptions in operations so as to reduce the impact on consumers and society. The Company shall provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, and shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.
Article 26	The Company shall assess the impact of its procurement on the society and environment of the community where it sources from, and shall cooperate with its suppliers to jointly implement sustainable development initiatives. When the Company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with sustainable development 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 society and environment of the community where it sources from.
Article 27	The Company shall evaluate the impact of its business operations on the community and adequately employ personnel from the location of the business operations to enhance community acceptance. The Company shall, through commercial activities, gift of in-kind donation 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.
Article 27-1	The company should continue to provide resources into cultural and artistic activities or cultural and creative industries through donation, sponsorship, investment, procurement, strategic cooperation, corporate voluntary technical services or other support modes to promote cultural 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/TPEX Listed Companies and shall fully disclose relevant and reliable information relating to its sustainable development initiatives to improve information transparency. Relevant information relating to sustainable development to be disclosed includes: I. The policy, system or relevant management guidelines and concrete promotion plans for sustainable development initiatives as resolved by the Board of Directors.

- II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving public welfare.
- III. Goals and measures for implementing the sustainable development initiatives established by the Company and the performance in implementation.
- IV. Major stakeholders and their concerns.
- V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
- VI. Other information relating to sustainable development initiatives.

Article 29

The Company shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the status of its promotion of the sustainable development initiatives. It shall also obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports.

Through the Market Observation Post System, the Company's website and annual reports, information about the promotion of sustainable development initiatives is disclosed, including:

- I. The policy, system or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
- II. Major stakeholders and their concerns.
- III. Performance and review of the Company's exercise of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
- IV. Direction of future improvement 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 its established sustainable development framework and enhance and drive for the effectiveness of sustainable development.

Article 31

This Code shall be implemented after having been passed by the Board of Directors. Subsequent amendments thereto shall be effected in the same manner.