

# Chung Hwa Pulp Corporation

## Sustainability and Corporate Social Responsibility Principles

Approved by the Board of Directors on November 8, 2018

- Article 1 In order to fulfill corporate social responsibility initiatives and to promote economic, environmental and social advancement for purposes of sustainable development, the Company adopt the Sustainability and Corporate Social Responsibility Principles (hereinafter called “the Principles”).
- Article 2 The Principles apply to the Company and its subsidiaries listed in consolidated income statement (hereinafter called “the Company and its subsidiaries”).
- Article 3 In managing and operating business, the Company and its subsidiaries, in addition to pursue economic benefits for shareholders, shall take into consideration and safeguard the rights and interests of stakeholders, put emphasis on positive influence on the society from corporate activities and reduce energy consumption in a reasonable manner.
- Article 4 “Sustainability and corporate social responsibility” in the Principles include the following matters:
- I. Implementation of corporate governance.
  - II. Protection of stakeholders and social benefit.
  - III. Reasonable reduction in environmental impact.
  - IV. Full disclosure of corporate social responsibility information.
- Article 5 The Company shall set up an office dedicated to sustainability and tasked with proposing policies and management systems regarding corporate social responsibility and implementing activities to promote sustainability of employees, the community and the environment.
- Article 6 The board of directors shall supervise the enforcement of the Principles by the management team which shall regularly report to the board of directors on its exercise of social corporate responsibility. Philosophy of sustainability and social corporate responsibility shall be integrated into education and training for employees to ensure continuous implementation.
- The aforementioned report shall include the following matters:
- I. The Company's corporate social responsibility mission and vision.
  - II. Specific promotion plans and results of implementation.
  - III. Disclosure of corporate social responsibility information.
- Article 7 The Company shall promote and communicate fully the philosophy of sustainability and social corporate responsibility, concrete promotion plans and implantation results to its stakeholders.
- The Company establishes a stakeholders section on its website for stakeholders to express opinions about expectations and requests for the Company; the Company shall properly respond to stakeholders' opinions.
- Article 8 When engaging in business operations and internal management, the Company and its subsidiaries shall take into consideration their influence on the environment and follow relevant environmental laws and regulations of the territory where the Companies and its subsidiaries have business operations, and refer to international standards in order to improve their practices.
- Article 9 To reduce the impact on the natural environment from the Company's business operations, the Company shall:
- I. Collect sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
  - II. Establish measurable goals for environmental sustainability, and review and adjust the goals regularly.
  - III. Adopt concrete plans or action plans, and examine the results of their operation on a regular basis.
- Article 10 In conducting research and development, procurement, production, operations and services, the Company is advised to:
- I. Foster durability of products through using materials and manufacturing based on concepts of circular economy.
  - II. Reduce resources and energy consumption.

III. Reduce emission of waste and dispose of waste properly.

Article 11 The Company shall set up a task force to promote environmental sustainability with authority and responsibility shown as below:

I. Integrate energy and resource management.

II. Enhance energy and resource efficiency.

III. Promote circular utilization of regenerated materials.

Article 12 The Company adopts standards and guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.

II. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating or steam.

The task force to promote environmental sustainability shall establish strategies for energy conservation and carbon and greenhouse gas reduction based upon the Company's operations and the result of a greenhouse gas inventory so as to minimize the impact of its operations on climate change.

Article 13 The Company shall set up a task force to promote environmental sustainability with authority and responsibility shown as below:

I. Establish and implement policies regarding water resources.

II. Treat effluent properly to reduce its impact on the natural environment.

III. Improve efficiency of water resources and promote water recycling and reuse.

Article 14 The Company and its subsidiaries shall comply with relevant laws and regulations of the territory where the Companies and its subsidiaries have business operations and take into account of internationally recognized human rights of labor to formulate management policies in accordance with international standards of human rights.

The Company and its subsidiaries shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic 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 and its subsidiaries shall provide an effective and appropriate grievance mechanism in order to ensure equality and transparency of the grievance process and shall respond to any employee's grievance in an appropriate manner.

Article 15 The Company and its subsidiaries shall adopt reasonable remuneration policies to ensure that remuneration arrangements support the strategic aims of the organization and align with the interests of stakeholders.

The Company and its subsidiaries shall appropriately reflect the corporate business performance or achievements in the employee remuneration policy to ensure the recruitment, retention and motivation of human resources.

Article 16 The Company and its subsidiaries shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 17 The Company shall set up an occupational safety and health center that is dedicated to providing safe and healthful work environments for employees, reducing elements hazardous to employees' safety and health and offering regular education and training on safety to curb dangers to employees' safety and health and to prevent occupational accidents.

Article 18 The Company and its subsidiaries shall create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

Article 19 The Company and its subsidiaries shall establish channels of communication with employees for the

employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company and its subsidiaries shall respect the employee representatives' rights 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.

The Company and its subsidiaries shall notify employees on changes in business operation likely to impose major impact on employees in a reasonable manner.

Article 20 The Company and its subsidiaries shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards and treat their customers fairly and reasonably.

The Company and its subsidiaries prevent damages to customers' rights and interests, health and safety by their 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 21 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.

Article 22 The Company and its subsidiaries shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

The Company and its subsidiaries shall avoid conducting transactions with those against corporate social responsibility policy. When entering into a contract with any of their major suppliers, the content shall include terms stipulating mutual compliance with corporate social responsibility policy as necessary.

Article 23 The Company shall promote positive effects of their business operations on the community, establish communication channels with the community, lower negative impacts on the community and adequately employ personnel from the location of the Company's business operations.

The Company provide resources for the community through business activities, donation, volunteering and other charity events to promote the prosperity of both the Company and the community.

Article 24 The Company shall disclose information according to relevant laws and regulations and internal rules and procedures and shall fully disclose relevant and reliable information regarding their corporate social responsibility initiatives.

Article 25 The Company shall adopt internationally recognized standards or guidelines when producing corporate social responsibility reports to disclose the status of their implementation of the corporate social responsibility policy. It is advisable to obtain a third-party assurance or verification for the reports.

Article 26 The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework.

Article 27 These Principles, and any amendments hereto, shall be implemented after approval by the Audit Committee and the board of directors and reported to the shareholders' meetings.