

Desiccant Technology Co., Ltd.

Sustainability Practice Guidelines

1. Purpose

To fulfill the responsibility of sustainable development and promote economic, environmental, and social progress to achieve sustainable development goals, this company's Sustainable Development Practices Guidelines (hereinafter referred to as "these Guidelines") are formulated in reference to the "Sustainable Development Practices Guidelines for Listed and OTC Companies" to manage its economic, environmental, and social risks and impacts.

2. Scope of Application

The scope of application includes the overall business operations of the company and its group enterprises.

3. Encouraging Sustainable Development Practices

Encouraging active practice of sustainable development while engaging in business operations to comply with international development trends, and through corporate citizenship, contribute to the national economy, improve the quality of life of employees, communities, and society, and promote competitive advantages based on sustainable development.

4. Fulfillment of Obligations of Sustainable Development

In fulfilling sustainable development, attention should be paid to the rights and interests of stakeholders. While pursuing sustainable operation and profits, environmental, social, and corporate governance factors should be valued and incorporated into the company's management policies and operational activities.

5. Principles of Sustainable Development Practices

The following principles should be followed in the practice of sustainable development :

- 5.1 Implement corporate governance.
- 5.2 Develop sustainable environment.
- 5.3 Maintain social welfare.
- 5.4 Strengthen disclosure of sustainable development information.

6. Establishment of Sustainable Development Policies, Systems, or Related Management Policies

- 6.1 Considering the domestic and international trends of sustainable development and the relevance of core business of the company and its group enterprises to stakeholders, formulate sustainable development policies, systems, or related management policies and specific promotion plans, which shall be approved by the board of directors and reported to the shareholders' meeting.
- 6.2 When shareholders propose relevant proposals related to sustainable development, the company's board of directors should consider including them in the agenda of the shareholders' meeting.

7. Establishing Governance Structure and Ethical Standards

Effective governance structure and related ethical standards should be established following the "Corporate Governance Guidelines for Listed and OTC Companies," "Integrity Guidelines for Listed and OTC Companies," and the reference examples of "Code of Conduct for Listed and OTC Companies" to enhance corporate governance.

8. Duties of Directors

- 8.1 The directors shall exercise the duty of care of a good manager and supervise the implementation of sustainable development in the company, and review its effectiveness and continuously improve it to ensure the implementation of sustainable development policies.
- 8.2 The board of directors, in fulfilling sustainable development in the company, should include the following:
 - 8.2.1 Propose a sustainable development mission or vision and formulate sustainable development policies, systems or related management guidelines.
 - 8.2.2 Incorporate sustainable development into the company's operations and development direction and approve specific promotion plans for sustainable development.
 - 8.2.3 Ensure the timeliness and accuracy of the disclosure of sustainable development-related information.
- 8.3 For the economic, environmental, and social issues generated by business operations, senior management authorized by the board of directors should handle it and report on the handling situation to the board of directors. The

operating process and responsible personnel should be specific and clear.

9. Regular Education and Training

Regular education and training should be held for sustainable development, including promotion of the matters in the previous clause.

10. Establishment of Special (Part-time) Positions and the Formulation of Reasonable Compensation and Reward Policies

10.1 To improve sustainable development management, it is appropriate to establish a special (part-time) position to promote sustainable development, formulate and execute sustainable development policies, systems or related management guidelines, and report to the board of directors regularly.

10.2 A reasonable compensation and reward policy should be formulated to ensure that salary planning is consistent with the organization's strategic objectives and the interests of stakeholders.

10.3 The employee performance assessment system should be combined with sustainable development policies and establish clear and effective reward and punishment systems.

11. Stakeholder Rights, Identification, and Appropriate Communication

To respect the rights and interests of stakeholders and identify the company's stakeholders, a stakeholder area should be set up on the company website; through appropriate communication methods, the company should understand the reasonable expectations and needs of stakeholders and respond appropriately to the important sustainable development issues they are concerned about.

12. Compliance with Relevant Laws and Regulations

Compliance with environmental-related laws and regulations and relevant international standards, properly protecting the natural environment, and striving to achieve environmental sustainability goals in the implementation of business operations and internal management.

13. Sustainable Use of Energy

Efforts should be made to improve the efficiency of energy use and use low-environmental-impact renewable materials to ensure the sustainable use of earth resources.

14. Items of Environmental Management System

Suitable environmental management systems should be established according to the characteristics of the industry, which should include the following items :

- 14.1 Collect and assess sufficient and timely information on the impact of operational activities on the natural environment.
- 14.2 Establish measurable environmental sustainability goals and regularly review their sustainability and relevance in development.
- 14.3 Develop specific plans or action plans as implementation measures and regularly review their effectiveness in operation.

15. Development, promotion, and maintenance of environmental management

It is advisable to establish a dedicated unit or personnel responsible for environmental management to develop, promote, and maintain relevant environmental management systems and specific action plans. Regular environmental education courses should be organized for management and employees.

16. Principles of environmental management

It is advisable to consider the impact of operations on ecological benefits, promote and advocate the concept of sustainable consumption, and engage in research and development, procurement, production, operations, and service activities in accordance with the following principles to reduce the company's impact on the natural environment and humanity :

- 16.1 Reduce the consumption of resources and energy in products and services.
- 16.2 Reduce the emission of pollutants, toxic substances, and waste and properly handle waste.
- 16.3 Improve the recyclability and reusability of raw materials or products.
- 16.4 Achieve sustainable use of renewable resources to the maximum extent.
- 16.5 Extend the durability of products.
- 16.6 Increase the efficiency of products and services.

17. Development of relevant environmental management measures and construction of strengthened environmental protection facilities

- 17.1 Proper and sustainable use of water resources to enhance water resource efficiency and develop relevant management measures.
- 17.2 Construct and strengthen relevant environmental protection facilities to avoid

pollution of water, air, and land. The best feasible measures for pollution prevention and control should be adopted to minimize adverse effects on human health and the environment.

18. Development of measures to address climate change and implementation of greenhouse gas inventory and disclosure

18.1 Evaluate the potential risks and opportunities of climate change to the company's present and future and take corresponding measures.

18.2 Adopt domestic and international standards or guidelines to conduct a greenhouse gas inventory for the company and disclose it, including:

18.2.1 Direct greenhouse gas emissions: greenhouse gas emissions from sources owned or controlled by the company.

18.2.2 Indirect greenhouse gas emissions: energy use such as external purchase of electricity, heat, or steam.

18.2.3 Other indirect emissions: emissions generated by company activities that are not energy-related but from sources owned or controlled by other companies.

18.3 Pay attention to the impact of climate change on business operations and develop company energy-saving, carbon reduction, and greenhouse gas reduction strategies based on business conditions and greenhouse gas inventory results. The acquisition of carbon credits should be included in the company's carbon reduction strategy planning to reduce the impact of business operations on climate change.

19. Management Policies and Procedures for Ensuring Human Rights

19.1 In order to fulfill its responsibility of safeguarding human rights, companies should comply with relevant laws and follow international human rights conventions, such as gender equality, the right to work, and the prohibition of discrimination. Relevant management policies and procedures should be developed, including:

19.1.1 Developing a human rights policy or statement for the company.

19.1.2 Evaluating the impact of the company's operations and internal management on human rights and developing corresponding processing procedures.

19.1.3 Regularly reviewing the effectiveness of the company's human rights policy or statement.

19.1.4 When it comes to human rights violations, the processing procedures

for the parties involved should be disclosed.

19.2 Companies should follow internationally recognized labor rights, such as freedom of association, collective bargaining rights, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, and eliminating discrimination in employment and hiring based on gender, race, socio-economic status, age, marital status, and family status. The company should ensure that its human resource policies do not differentiate in terms of equal employment conditions, salary, welfare, training, evaluation, and promotion opportunities based on these factors, to achieve equality and fairness.

19.3 For incidents that harm the rights and interests of workers, effective and appropriate complaint mechanisms should be provided to ensure equal and transparent complaint processes. The complaint channels should be clear, convenient, and unimpeded, and appropriate responses should be given to employees' complaints.

20. Providing information on employee rights and obligations

Provide employees with information to understand labor laws and their rights in the country where the company operates.

21. Providing a safe and healthy working environment and regular education and training

21.1 Provide employees with a safe and healthy working environment, including necessary health and emergency facilities, and strive to reduce hazards to their safety and health to prevent occupational accidents.

21.2 Conduct regular safety and health education and training for employees.

22. Creating a good career environment for employees

22.1 Create a good environment for employees' careers and establish effective career development training programs.

22.2 Develop and implement reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflect business performance or results in employee compensation to ensure the recruitment, retention, and motivation of human resources, and achieve sustainable development goals.

23. Establish channels for regular communication with employees

23.1 Establish channels for regular communication with employees, allowing them

the right to receive information and express opinions on the company's management activities and decisions.

23.2 Respect the right of employee representatives to negotiate on working conditions and provide necessary information and hardware facilities to promote cooperation and negotiation between employers, employees, and employee representatives.

23.3 Notify employees of significant operational changes that may have a major impact on them in a reasonable manner.

24. Take responsibility for products and services and protect consumer rights.

Give equal importance to marketing ethics. Ensure transparency and safety of product and service information throughout the research and development, procurement, production, operation, and service processes. Develop and publicly disclose consumer rights policies and implement them in business activities to prevent harm to consumer rights, health, and safety from products or services.

25. Ensure product and service quality.

25.1 Ensure product and service quality according to government regulations and relevant industry standards.

25.2 Comply with relevant laws and international standards regarding customer health and safety, customer privacy, marketing, and labeling. Do not engage in deceptive, misleading, fraudulent, or any other behaviors that undermine consumer trust and harm consumer rights.

26. Evaluating and managing various risks that may cause operational disruptions

26.1 It is advisable to evaluate and manage various risks that may cause operational disruptions in order to reduce their impact on consumers and society.

26.2 It is advisable to provide transparent and effective consumer complaint procedures for products and services, to handle consumer complaints fairly and in a timely manner, and to comply with relevant laws and regulations on personal data protection, respecting consumer privacy and protecting personal data provided by consumers.

27. Collaborating with suppliers to achieve sustainable development

27.1 It is advisable to evaluate the impact of procurement practices on the environmental and social aspects of the supply source community and to work

with suppliers to jointly promote sustainable development.

- 27.2 It is advisable to establish supplier management policies requiring suppliers to comply with relevant norms on environmental protection, occupational safety and health, or labor rights issues, and to evaluate whether their suppliers have records that affect the environment and society before conducting business deals to avoid conflicts with the company's sustainable development policies.
- 27.3 The content of the contract signed with major suppliers should include compliance with the sustainable development policies of both parties, and provisions allowing for the termination or dissolution of the contract if the supplier violates the policy and significantly affects the environmental and social aspects of the supply source community.

28. Evaluating the company's impact on the community and promoting community development

- 28.1 The company should evaluate the impact of its operations on the community and appropriately employ local manpower to enhance community identification.
- 28.2 The company should participate in activities related to community development and community education organized by civic organizations, charitable public welfare groups, and local government agencies through business activities, physical donations, corporate volunteer services, or other professional public welfare services to promote community development.
- 28.3 The company should continuously inject resources into cultural and artistic activities or the cultural and creative industry through donations, sponsorships, investments, procurement, strategic partnerships, voluntary technical services, or other support models, in order to promote cultural development.

29. Scope of disclosure of relevant information on sustainable development

- 29.1 Relevant information on sustainable development should be disclosed in accordance with relevant laws and regulations and the company's governance practices, and relevant and reliable information on sustainable development should be fully disclosed to enhance information transparency.
- 29.2 The disclosure of relevant information on sustainable development includes the following:
- 29.2.1 Policies, systems, or relevant management guidelines and specific promotion plans for sustainable development approved by the board of

directors.

29.2.2 Risks and impacts on the company's operations and financial status resulting from the implementation of corporate governance, sustainable environment development, and maintenance of social welfare.

29.2.3 Performance targets, measures, and implementation performance for sustainable development.

29.2.4 Key stakeholders and issues of concern.

29.2.5 The management and performance of major suppliers on environmental and social major issues.

29.3 Other sustainability-related information..

30. Preparation of sustainability report and its content scope

When preparing a sustainability report, internationally recognized standards or guidelines should be used to disclose the progress of promoting sustainable development. Third-party verification or assurance should be obtained to increase information reliability. The content should include:

30.1 Implementation of sustainable development policies, systems, or related management policies and specific promotion plans.

30.2 Key stakeholders and their concerns.

30.3 The company's performance and review in implementing corporate governance, developing a sustainable environment, maintaining social welfare, and promoting economic development.

30.4 Future improvement directions and goals.

31. Review and improve the sustainability development system

Pay attention to the development of domestic and international sustainability-related standards and changes in the corporate environment, and use them to review and improve the company's established sustainability development level to enhance the effectiveness of fulfilling sustainable development.

32. Implementation

The sustainability development practice guidelines are implemented after being approved by the audit committee and the board of directors and should be reported to the shareholders' meeting. The same applies to amendments.