Ching Feng Home Fashions Co., Ltd.
Sustainable Development Best Practice Principles

Chapter I General Principles

Article 1 The Company has promulgated its own sustainable development principles in accordance with the Sustainable Development Best Practice Principles Companies Listed on the Taiwan Stock Exchange Corporation ("TWSE") and Taipei Exchange ("TPEx") to manage its environmental and social risks and impacts.

Article 2 The Principles apply to the Company, including the entire operations of the Company and its business group.

The Principles encourage the Company to actively fulfill sustainable development in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

Article 3 In promoting sustainable development initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4 To implement sustainable development initiatives, the Company is advised to follow the principles below:

1.Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4.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 individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter 2 Exercising Corporate Governance

Article 6 The directors of the Company shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The board of directors of the Company is advised to fulfill sustainable development from the following aspects:

1. Making sustainable development the guiding principle of the Company's operations and development;
2. Identifying the Company's sustainable development mission or vision, and declaring its sustainable development policy; and
3. Ensuring the disclosure of sustainable development-related information.

Article 7 For the purpose of managing sustainable development initiatives, the companies are advised to create a governance structure for promotion of sustainable development, and establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

Article 8 The companies 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.

Article 9 The Company is advised to follow the Company's Corporate Governance Best Practice Principles and the Company's Rules for Ethical Conduct for Directors and Managerial Officers, and to establish an effective corporate governance framework and relevant ethical standards and matters to strengthen corporate governance.

Article 10 In conducting its business operations, the Company shall comply with relevant laws and regulations and implement the following matters to create a fair competitive environment:

1. Avoiding conduct that violates fair competition.
2. Duly fulfilling its tax obligations.
3. Combating bribery and corruption and establishing appropriate management systems.
4. Ensuring that corporate donations comply with internal operating procedures.

Article 11 The Company is advised to regularly conduct corporate ethics education and training and promote the matters set forth in the preceding Article for directors, supervisors, and employees, and to incorporate such matters into the employee performance evaluation system and establish clear and effective reward and disciplinary systems.

Chapter 3 Fostering a Sustainable Environment

Article 12 The companies shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 13 The companies are advised to endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 14 The companies are advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. 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 regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 15 The companies are advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.

Article 16 The companies are advised to 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 on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.
7. Enhance the conservation of marine and terrestrial biodiversity and ecosystems, promote the sustainable use of resources, and ensure fair and equitable benefits.

Article 17 To improve water use efficiency, the companies shall properly and sustainably use water resources and establish relevant management measures.

The companies shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 18 The companies are advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.

The companies are advised to adopt standards or 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:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the utilization of energy such as imported electricity, heating, or steam.
3. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the company.

The companies are advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy

conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

Chapter 4 Preserving Public Welfare

Article 19 The listed companies 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.

The company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes.

Article 20 The companies 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 21 The companies are advised to provide safe and healthful work environments for their 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 companies are advised to organize training on safety and health for their employees on a regular basis.

Article 22 The companies are advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

It is advisable for the companies to establish placement programs to cultivate future industry talents.

The companies shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and 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 23 The companies 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.

Article 24 The companies shall take responsibility for their products and services, and take marketing ethics seriously.

Article 25 The listed companies shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The companies shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, 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 26 The companies are advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, 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 27 The companies are advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Article 28 The companies shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company may participate in activities related to community development and community education organized by civic organizations, charitable and public welfare organizations, and local government agencies through business activities, in-kind donations, corporate volunteer services, or other pro bono professional services, so as to promote community development.

Article 28-1 The companies are advised to dedicate resources to cultural and art activities or the cultural and creative industry constantly through endowments, sponsorships, investments, procurements, strategic cooperation, volunteering technical services of enterprises, or other forms of support, to promote cultural development.

Chapter 5 Enhancing Disclosure of Sustainable Development Information

Article 29 The companies shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for the Companies and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the companies shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to sustainable development initiatives.

Article 30 The companies shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the status of their implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter 6 Supplementary Provisions

Article 31 The companies 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 their established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.

Article 32 The Sustainable Development Best Practice Principles shall be implemented upon approval by the Board of Directors. The same procedure shall apply to any amendments.

These Principles were approved by the Board of Directors on March 27, 2017.

These Principles were amended on April 12, 2024.

These Principles were amended on November 11, 2025.