

GROUNDHOG INC.
SUSTAINABLE DEVELOPMENT
BEST PRACTICE PRINCIPLES

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Notice To Readers

This English version is a machine-translated of Chinese version and is not an official document of Groundhog Inc. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Article 1

To practice corporate social responsibility and promote progress in the economic, environmental, and social aspects, in order to achieve the goal of sustainable development, this principle is established in accordance with the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" for compliance.

Article 2

While engaging in business operations, the company actively practices sustainable development to align with international development trends. Through corporate citizenship, it contributes to the national economy, improves the quality of life for employees, communities, and society, and enhances competitive advantages based on sustainable development.

Article 3

In promoting sustainable development, the company should pay attention to the interests of stakeholders. While pursuing sustainable operation and profitability, it places importance on environmental, social, and corporate governance factors and incorporates them into the company's management policies and operational activities. The company should assess and establish risk management policies or strategies related to environmental, social, and corporate governance issues relevant to its operations based on the principle of materiality.

Article 4

The company should adhere to the following principles in its practice of sustainable development:

1. Implement corporate governance.
2. Develop a sustainable environment.

3. Maintain social welfare.
4. Enhance the disclosure of information related to corporate sustainable development.

Article 5

The company should consider the development trends of domestic and international sustainability issues, the relevance to its core business, the impact of its operations on stakeholders, etc., to formulate sustainable development policies, systems, or related management policies and specific implementation plans. These should be approved by the board of directors and reported to shareholders. When shareholders propose sustainability-related matters, the board of directors should consider including them in the shareholder meeting agenda.

Article 6

The company should follow the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," "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 structure and relevant ethical standards for sound corporate governance.

Article 7

Directors shall exercise their duty of care in good faith, urging the company to practice sustainable development, regularly reviewing the effectiveness of its implementation, and continuously improving to ensure the realization of sustainable development policies.

When the Board of Directors promotes sustainable development goals within the company, it should fully consider the interests of stakeholders and include the following:

1. Establish a sustainable development mission or vision, formulate sustainable development policies, systems, or related management guidelines.
2. Incorporate sustainability into the company's operational activities and development direction and approve specific action plans for sustainable development.
3. Ensure the timeliness and accuracy of disclosure of sustainability-related information.

Issues related to economic, environmental, and social aspects arising from operational activities shall be delegated to senior management for handling, and they shall report the handling situation to the Board of Directors. The operational processing procedures and the individuals responsible for each relevant aspect should be clearly defined.

Article 8

The company should regularly conduct education and training to promote sustainable development, including promoting the items mentioned in the second article.

Article 9

To establish effective governance for promoting sustainable development, the company should set up a governance structure for sustainable development and establish dedicated (or concurrent) units responsible for proposing and implementing sustainable development policies, systems, relevant management guidelines, and specific implementation plans. These units should report regularly to the board of directors. The company should formulate a reasonable compensation policy to ensure that compensation planning aligns with organizational strategic goals and stakeholder interests. The employee performance evaluation system should be aligned with the sustainable development policy, and a clear and effective reward

and penalty system should be established.

Article 10

The company should respect the rights of stakeholders, identify its stakeholders, and establish a stakeholder section on its website. Through appropriate communication, the company should understand the reasonable expectations and needs of stakeholders and respond appropriately to important sustainable development issues that concern them.

Article 11

The company should adhere to environmental laws and relevant international standards and strive to protect the natural environment appropriately. In carrying out its business activities and internal management, it should work towards achieving environmental sustainability goals.

Article 12

The company shall strive to improve energy efficiency and use low-impact renewable materials to ensure the sustainable utilization of Earth's resources.

Article 13

The company shall establish an appropriate environmental management system based on its industry characteristics. This system should include the following elements:

1. Collecting and assessing timely and comprehensive information on the environmental impacts of operational activities.
2. Establishing measurable environmental sustainability objectives and regularly reviewing their ongoing relevance and sustainability.

3. Developing specific plans or action measures and regularly reviewing their effectiveness in operation.

Article 14

The company shall establish an environmental management unit or designate personnel responsible for formulating, promoting, and maintaining relevant environmental management systems and specific action plans. Furthermore, the company shall regularly conduct environmental education courses for management and employees.

Article 15

The company shall consider the ecological impact of its operations, promote the concept of sustainable consumption, and engage in research, procurement, production, operations, and services with the following principles to reduce the company's impact on the natural environment and human beings:

1. Reduce resource and energy consumption of products and services.
2. Minimize emissions of pollutants, toxins, and waste, and ensure proper waste disposal.
3. Enhance recyclability and reusability of raw materials or products.
4. Maximize the sustainable use of renewable resources.
5. Extend the durability of products.
6. Improve the efficiency of products and services.

Article 16

To enhance water resource efficiency, the company should properly use and sustainably manage water resources, and establish related management measures. The company should strengthen its environmental protection facilities to prevent water, air, and land pollution, and make maximum efforts to reduce adverse impacts on human health and the environment,

adopting the best available pollution prevention and control technologies.

Article 17

The company shall assess potential risks and opportunities related to climate change for its present and future operations and take appropriate measures. The company shall adopt internationally recognized standards or guidelines for conducting corporate greenhouse gas inventories and disclose them, which should include:

1. Direct greenhouse gas emissions: Emissions from sources owned or controlled by the company.
2. Indirect greenhouse gas emissions: Emissions resulting from the use of purchased electricity, heat, or steam.
3. Other indirect emissions: Emissions from company activities that are not energy-related but come from sources owned or controlled by other companies.

The company should track greenhouse gas emissions, water use, and total waste weight, formulate policies for energy and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management, and include carbon credits in its carbon reduction strategy, using it as a driver to reduce the company's impact on climate change.

Article 18

The company shall comply with relevant regulations and adhere to international human rights conventions, such as gender equality, labor rights, and non-discrimination. To fulfill its responsibility to safeguard human rights, the company shall establish relevant management policies and procedures, including:

1. Formulating a human rights policy or statement for the company.
2. Assessing the impact of the company's operational activities and internal management on human rights and establishing appropriate

handling procedures.

3. Periodically reviewing the effectiveness of the corporate human rights policy or statement.
4. When human rights violations occur, disclose the handling procedures to relevant stakeholders.

The company shall adhere to internationally recognized labor rights, such as freedom of association, collective bargaining rights, support for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, and non-discrimination in employment and working conditions. The company should ensure that its human resource policies do not discriminate based on gender, race, socio-economic status, age, marital status, and family circumstances to promote equality and fairness in employment, remuneration, benefits, training, evaluation, and promotion opportunities.

In cases of harm to labor rights, the company should provide an effective and appropriate complaint mechanism, ensuring the process is fair and transparent. The complaint channel should be clear, convenient, and accessible, and the company should respond appropriately to employee complaints.

Article 19

The company shall provide employees with information to help them understand the labor laws of the country in which they operate and their rights under those laws.

Article 20

The company should provide a safe and healthy working environment for its employees, including the provision of necessary health and first-aid facilities, and should strive to reduce factors that may pose risks to the safety and health of employees in order to prevent occupational accidents.

The company should conduct regular safety and health education and training for its employees.

Article 21

The company should create a favorable environment for the career development of its employees and establish effective career development and training programs. The company should formulate and implement reasonable employee benefit measures (including compensation, leave, and other benefits), and should appropriately reflect operational performance or results in employee compensation to ensure recruitment, retention, and motivation of human resources, thereby achieving sustainable operation objectives.

Article 22

The company should establish channels for regular communication and dialogue with its employees, granting them the right to access information and express their opinions about the company's business management activities and decisions. The company should respect employee representatives' exercise of negotiation power regarding working conditions and provide employees with necessary information and physical facilities to facilitate negotiation and cooperation between the employer and employees and employee representatives. The company should reasonably inform employees of significant operational changes that may affect them.

Article 23

The company should treat its customers or consumers fairly and reasonably with regard to its products or services. This includes principles such as fair and honest contracting, attention to and fulfillment of fiduciary duties, truthful advertising and solicitation, suitability of products or services, disclosure and transparency, compensation and performance balance,

complaint protection, and professionalism of sales personnel. The company should develop relevant implementation strategies and specific measures.

Article 24

The company should take responsibility for its products and services and emphasize marketing ethics. Its research and development, procurement, production, operations, and service processes should ensure transparency and safety of product and service information, establish and disclose consumer rights policies, and implement them in operational activities to prevent harm to consumer rights, health, and safety.

Article 25

The company should ensure the quality of its products and services in accordance with government regulations and industry-related standards. The company should follow relevant laws and international guidelines concerning customer health and safety, customer privacy, marketing, and labeling, and should refrain from engaging in deceptive, misleading, fraudulent, or any other actions that may undermine consumer trust and harm consumer rights.

Article 26

The company should assess and manage various risks that may cause operational disruptions, reducing their impact on consumers and society. The company should provide transparent and effective consumer complaint procedures for its products and services, promptly and fairly handling consumer complaints, and should comply with relevant laws and regulations, respecting consumer privacy and protecting personal information provided by consumers.

Article 27

The company should assess the environmental and social impacts of its procurement practices on the source communities and should collaborate with its suppliers to jointly implement corporate social responsibility. The company should establish a supplier management policy that requires suppliers to adhere to relevant standards on environmental protection, occupational health and safety, or labor rights issues. Before engaging in business transactions, the company should assess whether its suppliers have a record of affecting the environment and society, avoiding transactions with suppliers that conflict with the company's social responsibility policy. When the company signs contracts with its primary suppliers, the content of the contracts should include compliance with both parties' corporate social responsibility policies, and terms allowing the company to terminate or cancel the contract at any time if the supplier significantly impacts the environment and society of the source community.

Article 28

The company should assess the impact of its business operations on the community and should employ local labor where appropriate to enhance community identification. The company should invest resources in organizations that address social or environmental issues through business models, or participate in activities related to community development, community education, and related events organized by civic organizations, charitable organizations, and government agencies through equity investments, business activities, donations, corporate volunteer services, or other charitable professional services, promoting community development.

Article 29

The company shall disclose relevant and reliable sustainability-related information in accordance with relevant regulations and the "Practical

Corporate Governance Principles for Listed and OTC Companies" to enhance information transparency. The disclosed sustainability-related information by the company includes the following:

1. Sustainable development policies, systems, or related management policies approved by the board of directors and specific implementation plans.
2. Risks and impacts on the company's operations and financial condition arising from the implementation of corporate governance, sustainable environmental development, and social welfare.
3. Goals, measures, and performance achieved in the implementation of sustainable development by the company.
4. Key stakeholders and issues of concern.
5. Disclosure of environmental and social major issue management and performance information by major suppliers.
6. Other sustainability-related information.

Article 30

The company shall prepare a sustainability report using internationally recognized standards or guidelines to disclose the progress of sustainable development, and it is advisable to obtain third-party assurance or certification to enhance information reliability. The contents of the report should include:

1. Implementation of sustainable development policies, systems, or related management policies, and specific implementation plans.
2. Key stakeholders and issues of concern.
3. Performance and review of the company in implementing corporate governance, sustainable environmental development, social welfare, and promoting economic development.
4. Future improvement directions and objectives.

Article 31

The company should constantly monitor the development of domestic and international sustainability-related guidelines and changes in the corporate environment and use this information to review and improve the sustainability development system established by the company to enhance the effectiveness of promoting sustainable development.

Article 32

This principle shall be implemented after being approved by the board of directors and reported to the shareholders' meeting, and the same applies when it is amended.