



Taiwan Hon Chuan Enterprise Co., Ltd

Sustainability and Risk Management Committee Charter

Adopted by the board meeting on May 9, 2025

First revision by the board meeting on May 8, 2026

Article 1 Basis of Adoption

To fulfill the sustainable development objectives of Taiwan Hon Chuan Enterprise Co., Ltd. (the “Company”) and to strengthen sustainability governance and risk management framework, the Company has established the Sustainability and Risk Management Committee (the “Committee”) in accordance with:

- Article 27 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
- Article 9 of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
- The Risk Management Best Practice Principles for TWSE/TPEX Listed Companies
- The Company’s internal policies, including the Sustainable Development Best Practice Principles and Risk Management Policies and Procedures, and adopts this Charter

This Charter is hereby adopted to govern the operation of the Committee.

Article 2 Scope of Application

Unless otherwise provided by applicable laws and regulations or the Company’s Articles of Incorporation, the composition, size, term of office, responsibilities, meeting procedures, and resources required for the operation of the Committee shall be subject to this Charter.

Article 3 Purpose

The purposes of the Committee are as follows:

- (1) To integrate the Company’s overall sustainability strategy and enterprise risk management (ERM) framework.
- (2) To strengthen the implementation and oversight of Environmental, Social, and Governance (ESG) practices.
- (3) To ensure effective identification, assessment, monitoring, and disclosure of risks.
- (4) To promote transparency of information and enhance stakeholder communication.



Article 4 Composition, Size and Term of Office

- (1) Members of the Committee shall be appointed by the Board of Directors. The Committee shall consist of no fewer than three members, and a majority of whom shall be independent directors.
- (2) At least one member shall possess expertise in sustainability or risk management. The Committee shall elect a chairperson from among its members, who shall preside over meetings.
- (3) The term of office of Committee members shall coincide with that of the directors and may be renewed. Any changes shall be disclosed in accordance with applicable laws and regulations.
- (4) If a vacancy results in an insufficient number of members, the Board of Directors shall promptly appoint replacements.
- (5) The Committee shall establish a dedicated unit, the “Sustainability Development Department,” and the Chairperson shall appoint a senior manager as the Chief Sustainability Officer. Depending on the needs of each department, cross-functional task forces shall be established (as set out in the organizational chart) to carry out sustainability-related initiatives.

The responsibilities of each task force are as follows:

1. **Corporate Governance Task Force:** Responsible for corporate governance compliance, remuneration policies, performance evaluation systems, training programs, and stakeholder engagement.
2. **Environmental Sustainability Task Force:** Responsible for environmental management systems, compliance with environmental laws and international standards, resource efficiency, climate change response, and sustainability transition.
3. **Social Inclusion Task Force:** Responsible for human rights policies, regulatory compliance, stakeholder communication across employees, subsidiaries, and value chain partners, and social impact initiatives.



4. **Product and Service Task Force:** Responsible for green product development, circular economy initiatives (e.g., rPET), product quality and food safety, eco-friendly printing, and low-carbon packaging.
5. **Risk Management Task Force:** Responsible for implementation of the enterprise risk management (ERM) framework, identification and assessment of major risks (including operational, financial, information security, and climate risks), and crisis management planning.
6. **Sustainability Information Disclosure Task Force:** Responsible for sustainability data governance, compliance with disclosure standards, and ensuring transparent and reliable sustainability reporting.

Article 5 Duties and Responsibilities

The Committee, under the authorization of the Board of Directors, shall promote corporate sustainability and risk management to support sustainable operations. The Committee shall perform its fiduciary duties of care and loyalty and report to the Board of Directors on a regular basis.

The duties and responsibilities of the Committee are as follows:

- (1) Review and recommend the Company's sustainability and risk management policies, strategies, and management frameworks.
- (2) Oversee the implementation and effectiveness of sustainability policies and systems, and review material ESG matters, including operational performance, ethical management, climate change, information security, products and customer services, social responsibility, and human rights.
- (3) Ensure the timeliness, accuracy, and completeness of sustainability-related disclosures.
- (4) Oversee stakeholder engagement, identify key stakeholder concerns, and review corresponding response strategies.
- (5) Review and approve the Company's risk management policies, procedures, and framework, and monitor the effectiveness of risk management strategies.



- (6) Approve the identification of major risks and the qualitative and quantitative definition of risk appetite, and periodically review its alignment with corporate strategy and the appropriateness of resource allocation.
- (7) Oversee the operation of risk management and control mechanisms, determine priorities, and review contingency and mitigation measures.
- (8) Perform other sustainability and risk-related duties as assigned by the Board of Directors.

Article 6 Meetings

- (1) The Committee shall meet at least twice a year and may convene ad hoc meetings when necessary.
- (2) The Chair shall convene and preside over meetings. If the Chair is unable to attend, another member designated by the Chair shall act as chairperson.
- (3) Notice of meetings shall be given at least seven days in advance and may be delivered in writing, electronically, or by fax.

Article 7 Meeting Procedures

- (1) The meeting agenda shall be determined by the Chair. Members may propose additional items for discussion.
- (2) Members shall attend meetings in person. If unable to attend, a member may appoint another member as proxy. Each member may act as proxy for only one other member.
- (3) A quorum shall consist of at least two-thirds of the members. Resolutions shall be duly adopted by a majority vote of the members present.
- (4) Internal management or external experts may be invited to attend meetings, as necessary, to provide information or professional advice.

Article 8 Minutes

- (1) Minutes shall record the date, time, venue, chairperson, attendees, key deliberations, and resolutions adopted
- (2) Minutes shall be signed by the chairperson and the minute taker, circulated to all members within 20 days after the meeting, and retained in accordance with applicable laws and regulations.
- (3) The attendance sign-in records and any audio and/or video recordings shall form part of the minutes.



Article 9 Conflict of Interest and Recusal

If a Committee member has a direct or indirect conflict of interest in any matter under consideration, the member shall disclose the nature and extent of such interest at the meeting.

Where such interest may prejudice the interests of the Company, the member shall abstain from discussion and voting and shall recuse themselves from the relevant proceedings.

Such member shall not act as proxy for any other member in respect of such matter.

Article 10 Professional Advice

The Committee may, upon approval, engage independent external professional advisors to provide professional advice. The fees and expenses incurred shall be borne by the Company.

Article 11 Implementation and Amendments

This Charter shall take effect upon approval by the Board of Directors. The same shall apply to any amendments.



Governance Structure-Sustainability and Risk Management Committee

