

Corporate Social Responsibility Practice Guidelines

I. General Principles

A. Purposes

1. In order to practice and fulfill the corporate social responsibility, and to promote economic, environmental and social development to achieve the sustainability, Powertech Technology Inc. (the “Company”) hereby promulgate this Corporate Social Responsibility Practice Guidelines (the Guidelines) in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” and related laws and regulations for the purpose to manage the risk and impact on economic, environment and society.
2. The Company shall actively fulfill its corporate social responsibility in the course of business operations so as to follow the international trend 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 corporate social responsibility.
3. In fulfilling corporate social responsibility initiatives, the Company shall give due consideration to the rights and interests of the stakeholders. While pursuing sustainable operations and profits, the Company shall give due consideration to the environment, society and corporate governance, and shall incorporate such policies into its corporate guidelines and operation activities.
4. To implement corporate social responsibility initiatives, the Company will follow the below guidelines:
 - 1.1 Implement corporate governance.
 - 1.2 Develop sustainable environment.
 - 1.3 Preserve public welfare
 - 1.4 Enhance disclosure of corporate social responsibility information.
5. The Company shall take into consideration the development of domestic and international corporate social responsibility principles and their relation with the core operation of the Company, and the impact to the stakeholders caused by the operation of the Company and the business operation of the Company affiliates as a whole in establishing the policies, systems or relevant management protocols and implementation plans for corporate social responsibility programs, which shall be approved by the Board of Directors. When a shareholder makes any proposal related to corporate social responsibility, the Board of Directors shall consider to have such proposal listed as a resolution to be discussed and resolved by the Shareholders’ Meeting.

B. Scope

The Guidelines apply to the entire operations of the Company and its subsidiaries.

C. Responsible Unit

For the purpose of managing corporate social responsibility initiatives, the Company will establish and dedicate the “Corporate Social Responsibility Office” as the responsible unit, directly under and reporting to the Board of Directors, in charge of proposing and enforcing the corporate social responsibility policies, systems or relevant management guidelines and implementation plan of the Company and to report on the same to the Board of Directors on a periodic basis.

II. Contents

A. Implementation of Corporate Governance

1. The Company shall follow the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM listed Companies to establish effective corporate governance framework and relevant ethical standards so as to enhance corporate governance.
2. The Board of Directors of the Company shall exercise the due care of good administrators to supervise the Company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make improvements so as to ensure the thorough implementation of its corporate social responsibility policies. The Board of Directors may give full consideration to the interests of stakeholders, including the following when the Company is implementing its corporate social responsibilities:
 - 2.1 Propose the Company's corporate social responsibility mission or vision; establish corporate social responsibility policy, system or related management guidelines;
 - 2.2 Incorporate corporate social responsibility into the Company's operation activities and future development, and to approve the actual implementation plan for corporate social responsibility; and
 - 2.3 Enhance the disclosure of corporate social responsibility information in a timely and accurate manner.
3. If there are any economic, environmental and social issues created by the operation of the Company, the Board of Directors should authorize the top managerial to take care of such issues and report the status to the Board of Directors, and the handling procedures and each in-charge personnel should be clearly identified.
4. The Company will, on a regular basis, organize education training courses on corporate social responsibility stated in the Guidelines.
5. The Company shall establish reasonable salary and compensation policy to ensure the compensation plan will be in line with the organizational strategies and the stakeholders' interests. The employee performance evaluation will be integrated with corporate social responsibility policy and should clearly establish effective award and violation warning system.

6. The Company shall respect the rights and interests of any stakeholder, identify such stakeholders and establish a website dedicated to the stakeholders to understand the reasonable expectations and demands of the stakeholders through proper communications and to adequately respond to the important corporate social responsibility issues raised by such stakeholders.

B. Development of Sustainable Environment

1. The Company shall follow relevant environmental laws and regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operation activities and internal management and to devote to achieve the goal of developing sustainable environment.
2. The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.
3. The Company will establish proper environment management systems based on the characteristics of their industries, and such environment management systems shall include the following tasks:
 - 3.1 Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment;
 - 3.2 Establishing measurable environmental sustainability goals and regularly examining whether such goals is sustainable and whether they are relevant; and
 - 3.3 Proposing concrete implementation measures or action plan, and regularly examining the effectiveness of such implementation.
4. The Company will take into account the effect on ecological efficiency caused by operation, and will promote and educate the concept of sustainable consumption, and conduct research and development, procurement, production, operation and services in accordance with the following principles to reduce the impact on the natural environment and human beings from the business operations:
 - 4.1 Reduce resource and energy consumption of their products and services.
 - 4.2 Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
 - 4.3 Improve recyclability and reusability of raw materials or products.
 - 4.4 Maximize the sustainability of renewable resources.
 - 4.5 Enhance the durability of products.
 - 4.6 Improve efficiency of products and services.
5. To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures. The Company shall further establish and strengthen relevant environmental protection measures to avoid polluting water, air and land in the course of their business operations, and shall use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

6. The Company will at its best efforts monitor the impact of climate change on their operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon their operations and the result of a greenhouse gas volume check. Such strategies should include obtaining carbon credits to promote and minimize the impact of their business operations on the climate change. The Company further will adopt the domestic or international commonly used standard or index to implement the greenhouse gas check and disclose such result, and the scope will cover the following:
 - 6.1 Direct greenhouse gas emissions: the source of greenhouse gas emissions is owned or controlled by the Company.
 - 6.2 Indirect greenhouse gas emissions: generated by the use of energy such as electricity, heat or steam.
7. The “Industrial Safety & Environmental Protection Department” of the Company is dedicated as the responsible unit in charge of proposing, promoting and maintaining the environment management system and concrete implementation plan and responsible for any related affairs of “Development of Sustainable Environment” as stated in the Guidelines, and should hold environment education courses for the managerial personnel and employees on a periodic basis.

C. Preservation of Public Welfare

1. Human Rights of Employees
 - 1.1 The Company shall comply with relevant laws and regulations and international human rights treaties, such as sex equality act, anti-discrimination etc.
 - 1.2 To protect the human rights, the Company shall establish and implement relevant management policies and procedures, including:
 - 1.2.1 Propose the human right policy and declaration;
 - 1.2.2 Evaluate the impact to the human rights caused by business operation and internal management, and establish the relevant handling procedures;
 - 1.2.3 Examine on a regular basis the effect of the human right policy and declaration; and
 - 1.2.4 Disclose the handling procedures to the involved stakeholders when dealing a claim involving the human right issues.
 - 1.3 The Company shall comply with internationally recognized principles of the labor force's human rights, including the freedom of association, the right of collective bargaining, caring vulnerable groups, forbidding child labors, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, etc., and shall ensure the human resource policy has no different treatment or discrimination based on gender, race, social classes, age, marital status or family conditions to implement the equal employment opportunity in recruitment, compensation, benefits, training, performance evaluation and promotion.

- 1.4 The Company shall provide effective and appropriate claim and complaint channels to ensure the equality and transparency in the complaint procedures, and provide a simplified, easy and unconstrained communication channel, and make appropriate responses to the complaints claimed by employees.
 - 1.5 The Company shall provide information to the employees so that the employees have knowledge of their rights under the labor laws of the countries where the Company has business operations.
 - 1.6 The Company will provide safe and healthful work environments to the 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 Company will organize training on safety and health for the employees on a regular basis.
 - 1.7 The Company will create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills. The Company shall appropriately reflect its business operation performance or result in the employees' compensation policy to ensure human resource recruitment, retention and promotion to achieve the goal of business continuity.
 - 1.8 The Company 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.
 - 1.9 The Company 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.
 - 1.10 The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.
2. Green Products
- 2.1 The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.
 - 2.2 The Company shall ensure the quality of the products and services in accordance with the laws and regulations of the government and relevant standards in the industries. The Company shall pay attention to marketing integrity, and the process of research & development, procurement, manufacturing, operation and services to ensure the transparency and safety of the products and services, and shall implement such in its business operation to avoid its products or services from damaging the rights and benefits of its customers.

- 2.3 When marketing and labeling the products and services, the Company shall comply with relevant laws and regulations of the government and relevant international guidelines, and shall not deceive, mislead, commit fraud or engage in any other acts which would deceive the trust of customers or damage the rights or interests of customers.
- 2.4 The Company shall evaluate and manage the various risks that might cause the interruption of business operation on a regular basis to reduce the potential impact upon the customers and the society.
- 2.5 The Company shall provide a clear and effective procedure for accepting customer complaints to fairly and timely handle such complaints, and shall comply with Personal Information Protection Act and relevant laws and regulations for respecting customers rights and shall protect personal data provided by customers.
- 2.6 The Company shall assess and evaluate the impact the procurement has on society as well as the impact on environment and the community caused by the source of procurement on a regular basis, and shall collaborate with the suppliers to implement corporate social responsibility.
- 2.7 Before involving any business relationship, the Company shall evaluate the supplier record related to its impact to the environment and society to avoid any dealing or transaction that will contradict against the corporate social responsibility policy.
- 2.8 When the Company signs the contracts with the major suppliers, the agreements shall include the provisions to comply with the corporate social responsibility. If the supplier breaches the agreement and the source of supply has caused a significant impact upon environment and society, the Company may terminate the contract at any time.

3. Social Participation

- 3.1 The Company will evaluate the impact of the business operations on the community and employ personnel from the place of business operation to enhance community acceptance.
- 3.2 The Company will through equity investment, commercial activities, non-cash property endowments, volunteering service or other public welfare services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

D. Enhancement of Disclosure of Corporate Social Responsibility Information

1. The Company shall disclose information according to relevant laws and regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility the Company shall disclose includes the following:

- 1.1 The policy, systems and related management guidelines, and concrete implementation plan for corporate social responsibility initiatives resolved and approved by the Board of Directors.
 - 1.2 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.
 - 1.3 The goals, measures and implementation status proposed by the Company to implement the corporate social responsibility.
 - 1.4 The issued concerned by the stakeholders.
 - 1.5 The major suppliers' disclosure of information related to its management and implementation status related to significant impact to environment and society.
 - 1.6 Other information relating to corporate social responsibility initiatives °
2. The Company shall provide annual corporate social responsibility report adopted the nationally recognized principles or guidelines to disclose the status of the implementation of the corporate social responsibility policy, and such annual report shall be certified or guaranteed by a third party to ensure the accuracy of disclosed information. The annual reports will include the following:
- 2.1 The policy, systems or related management guidelines and concrete implementation plan for implementing corporate social responsibility.
 - 2.2 The major stakeholders and the issues concerned by the stakeholders.
 - 2.3 The results and evaluation of the implementation of corporate governance, development of sustainable environment, preservation of public welfare and promotion of economic development.
 - 2.4 Future improvements and goals.

III. Reference Documents

- A. Sources of relevant laws & regulations
 1. Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
- B. Relevant internal rules of the Company
 1. Code of Business Conduct and Ethics

IV. Enforcement

- A. The company shall at all times monitor the related development of domestic and international corporate social responsibility guidelines and the change of business environment so as to examine and improve the established corporate social responsibility framework and to improve the implementation result of the corporate social responsibility policy.
- B. The Guidelines and any amendments hereto shall be implemented after adoption by resolution of the Board of Directors. The matters not specified in the Guidelines shall follow the relevant laws and regulations.
- C. The Guidelines are implemented after the resolution passed by the Board of Directors on November 8, 2013.

The first amendment to the Guidelines is implemented after the resolution passed by the Board of Directors on February 9, 2015.

The second amendment to the Guidelines is implemented after the resolution passed by the Board of Directors on November 4, 2016.