

2022

Powertech Technology Inc.

Human Rights Due Diligence Report



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Preface

Powertech Technology Inc. (PTI) recognizes the importance of human rights to an enterprise's ability to prosper, and therefore, we endeavor to create work environments in which our employees can work with dignity. To fulfill corporate social responsibility and to protect human rights, PTI has established a human rights due diligence procedure, in which human rights risks are identified and evaluated, along with a means of management and risk mitigation to enhance performance and effectively diminish the impact of human rights risks.



01



Commitment and Human Rights Compliance

| Human Rights Policies and Commitment

PTI is committed to the prohibition of slavery, child labor, human trafficking, forced labor. We supports and abides by international labor human rights regulations, including the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights (UNGPs), International Labour Organization (ILO) pact and the Organisation for Economic Cooperation and Development (OECD), etc. PTI complies with local regulations and regularly reviews its human rights policies, management and practices by joining the Responsible Business Alliance (RBA) member and passing the SA8000 Social Accountability Standards certification audit.

● Human Rights Policies

Policy	Content
 <p>Responsible Business Alliance (RBA) Code of Conduct Policy</p>	<p>We Commit to:</p> <ul style="list-style-type: none"> • Complying with customer's requirement, applicable laws and regulations to respect and support the fundamental human rights of employees. • Adopting the highest standards of code of business conduct and ethics as our business operation and employee guidelines. • Establishing a safe and healthy working environment to achieve the ultimate target of zero accident. • Fulfilling the environmental protection policy to meet the goal of sustainable development. • Designing and implementing the management system in accordance with the legal regulation and customer's requirement to reduce the risks and achieve continuous improvement.
 <p>Labor Policy</p>	<ul style="list-style-type: none"> • Don't use child labor, and don't use forced, bonded or involuntary labor. • Work and rest periods in line with the Labor Standards Act. • Do follow the applicable laws for employee compensation and benefits. • Do fair treatment and respect for each employee; prohibit any form of harassments and inhumane treatments, including corporal punishment, threatening, abuse, slavery. • Provide equal opportunities to work. Do not discriminate employees or job applicants because of race, color, age, gender, sex orientation, disability, nationality, pregnancy, religion, political affiliation, union membership, marriage condition, or any other personal characteristic protected by laws. • Do respect and protect employees' rights of freedom of speech and freedom of assembly and association. Do protect employees from retaliation and threats. • Do comply with local labor laws, customers' related requirements, and international standards.

Policy	Content
 <p>Conflict-Free Minerals Policy</p>	<p>PTI fulfills social responsibility, respect for human rights, and sustained attention to the conflict minerals issue, we avoid conflict mineral(s) that directly or indirectly finance or benefit armed groups from conflict-affected regions. PTI related business transactions in accordance with RBA. To ensure that metals of gold, tantalum, tin and tungsten are not excavated from conflict affected and high risk areas (CAHRAs) such as Democratic Republic of Congo, “Conflict-Free Minerals Policy” practices are follows:</p> <ul style="list-style-type: none"> • Exercise due diligence with relevant suppliers consistent with the OCED Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and encourage our suppliers to do likewise with their suppliers. • RMI “Conflict Metal Reporting Template (CMRT)”, “Extended Mineral Reporting Template (EMRT)” are used for investigation on suppliers conflict metal. PTI also requests suppliers to commit to the prevention over the use of metals from CAHRAs. • Require suppliers to trace the source of metals, confirm the RMAP Conformant Smelters & Refiners in our supply-chain to meet conflict-free. • Immediately discontinue engagement with suppliers who pose a reasonable risk to be supporting conflict.
 <p>Environment, Safety, Health and Energy Policy</p>	<ul style="list-style-type: none"> • Notify employees, customers and related parties with environment, safety, health and energy policy. • Comply with the legislations of environmental protection, safety, health, energy and customer requests. • Consult and participate in prevention of injury, illness, accident and lost control by the workers and workers’ representatives. • Accommodate international environmental protection trend and context to drive energy-saving and waste-minimizing activities actively. • Review and improve constantly the environmental, safety, health and energy management system to promote the objectives and whole performance. • Support the procurement of products and services that affect energy performance.

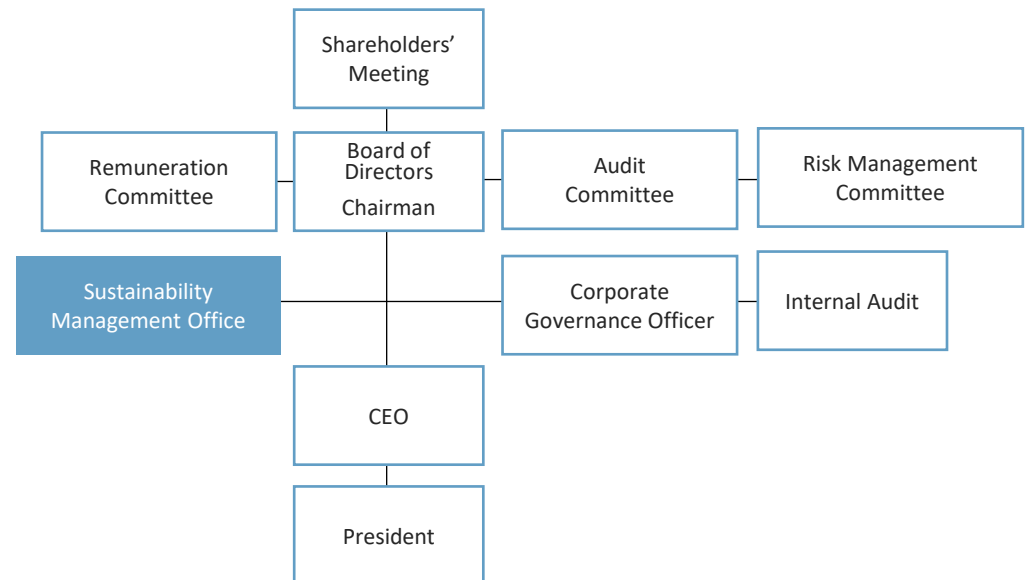
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Human Rights Governance and Training

| Human Rights Governance Organization

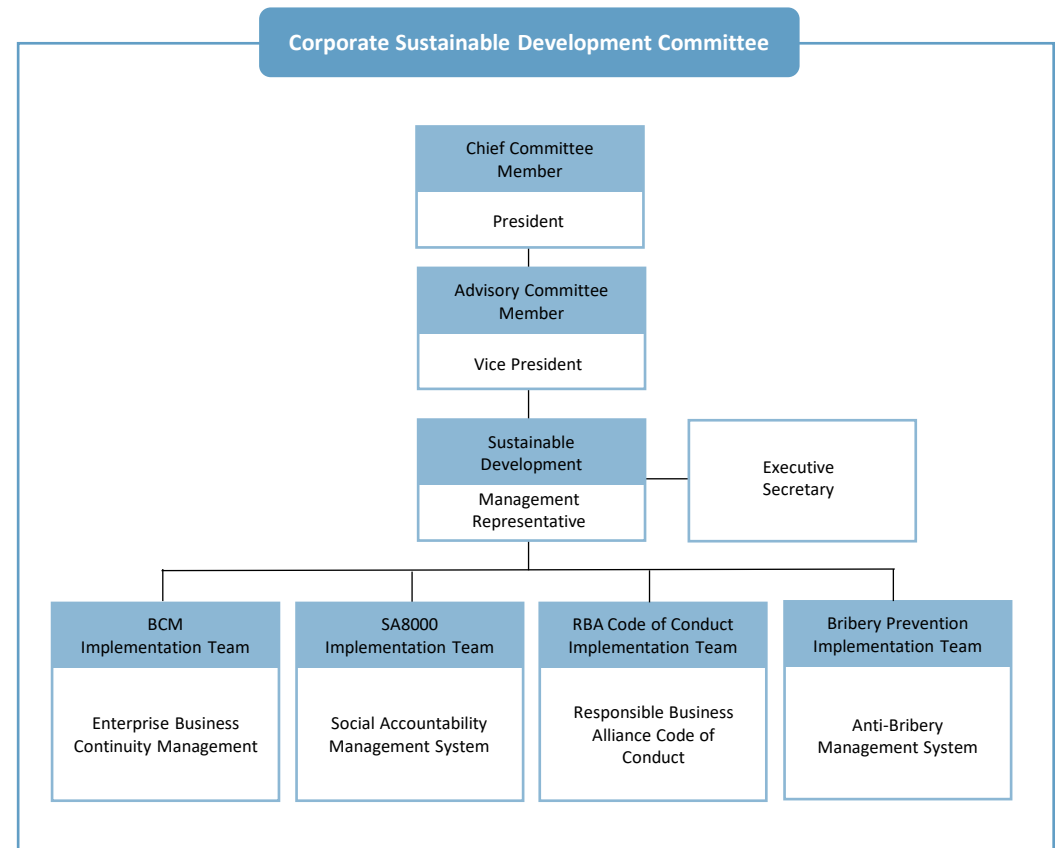
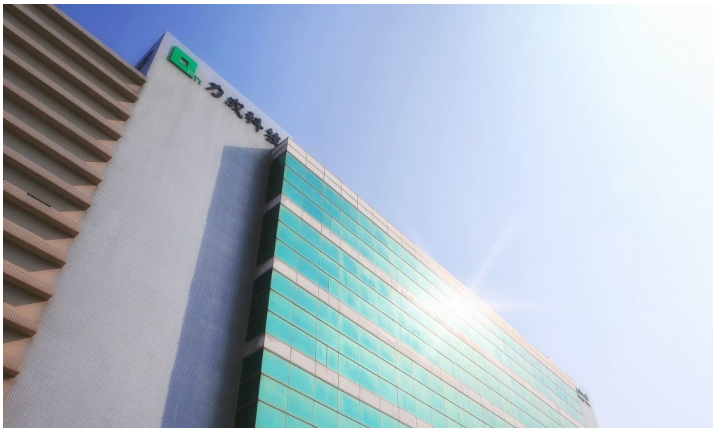
- Established “Sustainability Management Office”

In response to the human rights issues faced in the course of operations, PTI has set up a Sustainability Management Office, which is responsible for stipulating policies and systems, introducing and implementing related management policies, which directly reports to the Board of Directors yearly on the ESG strategy, human rights policy and implementation efficacy.



● Establishment of “Corporate Sustainable Development Committee”

PTI established the Corporate Sustainable Development Committee (ESG Committee) with 4 subcommittees: the RBA (Responsible Business Alliance) Code of Conduct Implementation Team, the SA8000 (Social Accountability Management System) Implementation Team, the BCM (Business Continuity Management) Implementation Team and the Bribery Prevention Implementation Team. The Corporate Sustainable Development Committee coordinates the implementation of various sustainable development plans and human rights management and practices, and ensures that corporate sustainability policies and objectives are in line with organizational planning. Regular quarterly meetings are held to review the implementation of various sustainable development, social responsibility and human rights management systems.



RBA Code of Conduct and SA8000 Human Rights Mechanisms

Through the formulation of management regulations and the execution of internal audits in conjunction with the Responsible Business Alliance Code of Conduct and SA8000 Social Accountability International Standards as the management framework. PTI has implemented internal audits and external third-party verification of various factories. Moreover, the relevant performance indicators and improvement progress are reported at the annual management review meeting to ensure the protection of human rights.

● The Assessment of PTI Taiwan's Main Operating Sites in 2022

	Hsinpu Plant (P1)	Hukou Plant (P2)	Datong Plant (3A)	Datong Plant (3C)	Datong Plant (3D)	Hsinchu Science Park Plant 1 (P8)	Wenhua Plant 1 (P9)	Xinxing Plant (P10)	Hsinchu Science Park Plant 2 (11A)
SAQ (2022)	●	●	●	●	●	●	●	●	●
VAP (2021)	200	-	-	-	-	200	200	200	-
VAP (2022)	-	200	200	200	200	-	-	-	196.5

Note: • SAQ: Self Assessment Questionnaire VAP: Validated Assessment Program

• SAQ Assessment Score: Full Score 100 ● Low Risk (≥ 85) ● Medium Risk (≥ 65 and < 85) ● High Risk (< 65)

• VAP Score: Full Score 200 ● Conducted in 2021 ● Conducted in 2022

● SA8000 Surveillance Audit Execution Status in 2022

	Hsinpu Plant (P1)	Hukou Plant (P2)	Datong Plant (3A)	Datong Plant (3C)	Datong Plant (3D)	Hsinchu Science Park Plant 1 (P8)	Wenhua Plant 1 (P9)	Xinxing Plant (P10)	Hsinchu Science Park Plant 2 (11A)
SA8000	●	●	●	●	●	●	●	●	●

Note: Frequency - surveillance audit every half a year; renewal audit every three years

| Human Rights Training for Employees (including Contract Workers)

We organize regular human rights training on the basic concepts of laws and regulations to strengthen employees' knowledge and awareness of laws and policies, creating a workplace culture of respect for human rights.

● Human Rights Courses in 2022

Training Course	Total Hours	Number of People
Introduction to the differences in RBA Code of Conduct and SA8000	10,118	19,958
Employee Management Regulations	402	402
General Educational Training for New Employees (RBA Code of Conduct, Employee Ethics, and SA8000)	1,156	1,726
Introduction and Risk Assessment of Workplace Abuse	54	54
Guidelines for Foreign Workers in Taiwan	1,408.5	2817
Total	13,138.5	24,957



03

Effective Implementation of Human Rights Due Diligence

Human Rights Due Diligence Process Every year as part of our due diligence process, PTI identifies human rights issues, assesses risks, takes action, reviews effectiveness, and communicates externally to reinforce our commitment and responsibility to uphold human rights.

	Identify Issues	Risk Assessment	Take Action	Review Effectiveness	External Communication
Content	Collect, identify human rights-related issues such as basic human rights, safe and healthy work environment, etc.	Focus on various human rights issues, identify the risk level through the risk assessment tool every year.	Develop mitigation or remediation measures for relevant human rights projects in the value chain.	Evaluate the effectiveness of the corrective measures and follow up on the results.	Keeping stakeholders informed of measures and policies adopted.
Criteria for Compliance	<ul style="list-style-type: none"> Reference to domestic regulations and international standards Identification and determination of relevant human rights issues 	<ul style="list-style-type: none"> Establishment of self-assessment checklist Implementing Human Rights Due Diligence and Risk Assessment 	<ul style="list-style-type: none"> Adoption of appropriate countermeasures 	<ul style="list-style-type: none"> Evaluation of validity Results of the review 	<ul style="list-style-type: none"> Public disclosure of results Comments and feedback

Identify and Assess Human Rights Risks

PTI collects human rights issues with reference to domestic and international regulations and international standards. In 2022, PTI identified six major human rights risk issues, including "Child Labor", "Working Hours", "Discrimination / Harassment", "Forced Labor", "The Rights of Migrant Workers", and "Occupational Health and Safety". The human rights risk assessment results of PTI in 2022 were low-risk.

Human Rights Risk Issues	Issues Description	Risk Assessment Tool	Risk Level
Child Labor	<ul style="list-style-type: none"> The hiring of child labor resulted from failure to check the age of the new employees. 	<ul style="list-style-type: none"> RBA Code of Conduct self-assessment questionnaire RBA Code of Conduct, SA8000 internal and external audit Annual workplace abuse risk assessment (Note) Annual labor and ethics risk assessment Customer's RBA Code of Conduct audit Employee interviews 	Low
Working Hours	<ul style="list-style-type: none"> Failure to comply with working hour-related regulations. For example, employees who work for 6 consecutive days without taking one day off, or hours of overtime exceed the requirements of working hour regulation. 		Low
Discrimination / Harassment	<ul style="list-style-type: none"> Employees are faced with actions such as threats, abuse, exploitation, discrimination or sexual harassment. 		Low
Forced Labor	<ul style="list-style-type: none"> Forced labor includes being forced to work, restricting employee leaves, and forced overtime. Violence, threat, or false imprisonment methods such as paying deposits during employment and withholding identity documents. Conflict minerals issues. 		Low

Human Rights Risk Issues	Issues Description	Risk Assessment Tool	Risk Level
The Rights of Migrant Workers	<ul style="list-style-type: none"> • Migrant workers being charged unreasonable fees in the recruitment process. • Seizure of identification/personal documents and restriction of liberty. • Forced / bonded labor. 	<ul style="list-style-type: none"> • Implementation of “Worker Journey Map” identification • Supplier’s RBA Code of Conduct audit • Interviews with migrant workers 	Low
Occupational Health and Safety	<ul style="list-style-type: none"> • A health hazard occurs to employees in workplace, resulting in the need for treatment to recover health fully or partially. For instance: Work injuries, occupational disease, use of hazardous substances, working in a dangerous environment, etc. 	<ul style="list-style-type: none"> • ISO 45001 audit • RBA Code of Conduct self-assessment questionnaire • RBA Code of Conduct, SA8000 internal and external audit • Annual workplace abuse risk assessment (Note) • Customer’s RBA Code of Conduct audit • Legal review and compliance • Employee health examination 	Low

Note:

Workplace Abuse Risk Assessment: In order to prevent employees from experiencing internal and external workplace violence, we have established the Prevention and Management of Unlawful Infringement in the Performance of Duties as a measure to prevent and to deal with workplace violence, having explicitly declared a zero-tolerance of all kinds of physical, verbal, psychological, and sexual harassment in order to ensure the physical and mental health of our employees.

Prevent and Mitigate Adverse Human Rights Impacts

To address the human rights risk factors, we have drawn up mitigation and remedial measures, regularly reviewing the human rights control mechanism to assess the effectiveness of the improvement of the relevant measures and report the results of the human rights due diligence to the management for effective control. Every year, PTI regularly performs human rights due diligence to identify potential risks and actual impacts, which serves as a reference for continuous improvement of human rights issues and assesses the impacts of the corrections made, in order to effectively implement human rights protection in the workplace.

Corresponding Risk Value Chain	Human Rights Risk Issues	Mitigation Measures	Remedial Measures
PTI	Working Hours	Activate the work hour control mechanism and issue regular work hour alert notices.	<ul style="list-style-type: none"> Formulate and implement company policies and systems. Good production scheduling planning, reasonable task arrangement replenish sufficient manpower to avoid manpower shortage. Overtime pay or leave must be provided.
	Child Labor	All hiring is conducted under the law and hiring of child labor is prohibited.	<ul style="list-style-type: none"> Child labor remedial measures.
	Discrimination / Harassment	Improve internal complaint communication channels and implement related education and training.	<ul style="list-style-type: none"> Take an appropriate immediate corrective action and impose reasonable disciplinary measures against offenders. Appropriate protection measures for complainants to prevent them from being subject to retaliation or unfair treatment.
	Forced Labor	<ul style="list-style-type: none"> Formulate regulation documents to serve as guidelines. Suppliers' Conflict-Free Minerals Management 	<ul style="list-style-type: none"> Take an appropriate and immediate corrective action to the violators. trainings and awareness raising advocacy.
	Occupational Health and Safety	Regularly perform risk identification, implement maternal care and employee assistance programs, provide regular health check-ups for employees, and implement workplace environment monitoring and elimination of workplace hazards.	<ul style="list-style-type: none"> Provide sufficient medical assistance and care. Provide comprehensive occupational health and safety training. Employee leave is given according to the law.
	The Rights of Migrant Workers	Formulate and implement the code of practice.	<ul style="list-style-type: none"> Take an appropriate and immediate corrective action to the violators. Conduct trainings and awareness raising advocacy to the labor agents.

Corresponding Risk Value Chain	Human Rights Risk Issues	Mitigation Measures	Remedial Measures
Suppliers	<ul style="list-style-type: none"> • Working Hours • Child Labor • Discrimination / Harassment • Forced Labor • Occupational Health and Safety 	<ul style="list-style-type: none"> • Annual Supplier Social Responsibility Forum • Require suppliers to sign a Code of Conduct Declaration to ensure compliance with relevant legislation and the RBA Code of Conduct. 	<ul style="list-style-type: none"> • If any non-conformity is found in the audit, the supplier will be requested to make improvement within a period of time; in serious cases, the cooperation will be terminated.

External Communication

PTI has established an open and transparent channel for stakeholders to provide feedback or complaints on human rights issues and raise questions in a confidential manner; PTI reveals public information related to human rights governance on open platforms such as the ESG report and the company's website, so that stakeholders can understand their needs and expectations on human rights issues

Comprehensive Communication Channels

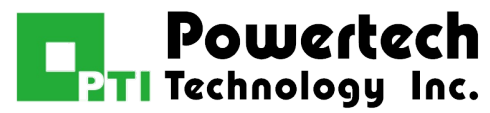


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Conclusion

Under the wave of ESG, human rights protection has become an issue of concern for corporations. PTI is committed to eliminating any human rights violations and violations through annual due diligence on human rights risks. We continue to pay attention to global human rights trends, the development of domestic and foreign corporate human rights policies, and changes in the business environment, review and improve accordingly. Maintain positive communication and interaction with stakeholders.





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