

# Voltronic Power 2021 ESG Report and TCFD Report Highlights

**E**nvironment

**S**ocial

**G**overnance

**S**upplier Management



## Table of Contents



### Environment

- Achievements
- Using climate-related scenario analysis
- Waste Management
- Water and Biodiversity



### Governance

#### Sustainability Management

- Sustainability Performance
- Awards and Recognitions
- Stakeholder Communication
- Commitment and Promotion
- Responding to UN SDGs

#### Corporate Governance

- Organizational profile
- Business Ethics
- External Initiatives
- Risk Governance



### Social

- Achievements
- Human Resource Recruitment
- Remuneration and Benefits
- Learning and Growth Plan
- Occupational Safety and Health
- Employees Human Rights



### Supplier Management

- Supplier's Compliance of High Standards
- Local Supply Chain Management
- Risk Management
- Sustainability Engagement



### Foreword

- Message from the Chairperson
- Sustainability Policies



## Foreword

### Message from the Chairperson

### Sustainability Policies

As the world's premier 100% ODM manufacturer in uninterruptible power supplies (UPS) and PV inverters, Voltronic Power continuously focuses on improving our products' energy efficiency and expanding the lines of green energy products.

Over the past two years, with COVID-19 impacts such as port congestion, materials shortages, and lockdown, Voltronic Power still generated 24% annual revenue growth in 2021.

Shipments of UPS and solar inverters grew, resulting in a 14% increase in emissions reduction compared to 2020 and a total decrease of 765,310 metric tons of carbon emissions in 2021, already 97% of the net zero emissions target.

Voltronic Power further developed residential and commercial energy storage systems, as well as new products in AC and DC EV chargers, so that Voltronic Power can continue to expand its contribution to the green energy environment.

Voltronic Power is responsible for joining hands with all value chain partners and stakeholders to continue taking positive actions on sustainable development issues (Environmental, Social, and Governance). We integrate sustainable development into the company's daily operations, aim at sustainable development, formulate management strategies, implement control and review action plans, and create a sustainable future.

I look forward to continuing to promote sustainable actions. In addition to publishing sustainability reports every year, this year, we also released the TCFD report for the first time and reviewed our strategies and actions actively to achieve the following carbon emission reduction goals:

- I . Net Zero Emissions in our operation by 2035.
- II . Net Zero Emissions in the value chain by 2050.

Sustainability is a continuous process. With the growth of the company, the responsibility has become increasingly substantial. We uphold the vision of sustainable development and move forward firmly. We will continue to uphold our ESG vision as we strive forward with steadfast resolve.



**Chairperson and ESG Executive Committee Chairperson**



Message from the

Sustainability

Voltronic Power Technology Corp. is the number One DMS for UPS; additionally, we offers DMS of power converters, AVR and PV inverter products. Our customers are over more than one hundred countries and regions around the world.

We uphold "Environmental Protection, Common Good, Integrity Governance" as our Sustainability Policies, and build well corporate governance and risk management mechanism to pursue a sustainable environment and fulfill our responsibility as a world citizen.



## Environmental Protection

Voltronic Power is committed to environmental factors such as waste water/exhaust gas/ noise generated in production and their discharge shall comply with national and local laws, regulations and other requirements; strengthen the management of resources and energy, actively promote energy conservation, consumption reduction and resource recovery activities; pollution prevention and reduction management of toxic, harmful and dangerous waste discharge; regular inspection of operation control and implement all staff's propaganda and training to enhance all staff's environmental awareness.



## Common Good

Under the "Strategic Goal of the Group's Sustainable Development", the "Group-Wide Strategic Goal", and the "Sustainable Development Goal of the United Nations Citizens" that to provide "Decent Work and Economic Growth", providing equal opportunities for work, equal remuneration and treatment, and "Gender Equality" with appropriate talents is also the "Strategic Goal of the Group's Sustainable Development", the "Group-Wide Strategic Goal", as well as the "Sustainable Development Goal of the United Nations Citizens".



## Integrity Governance

Voltronic Power believes in acting ethically and specify that when engaging in commercial activities, directors, supervisors, managers, employees, and mandatories of the business group or persons having substantial control over the business group as substantial controllers shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.



## **E**nvironment

- Achievements
- **Using climate-related scenario analysis**
- Waste Management
- Water and Biodiversity

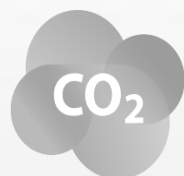
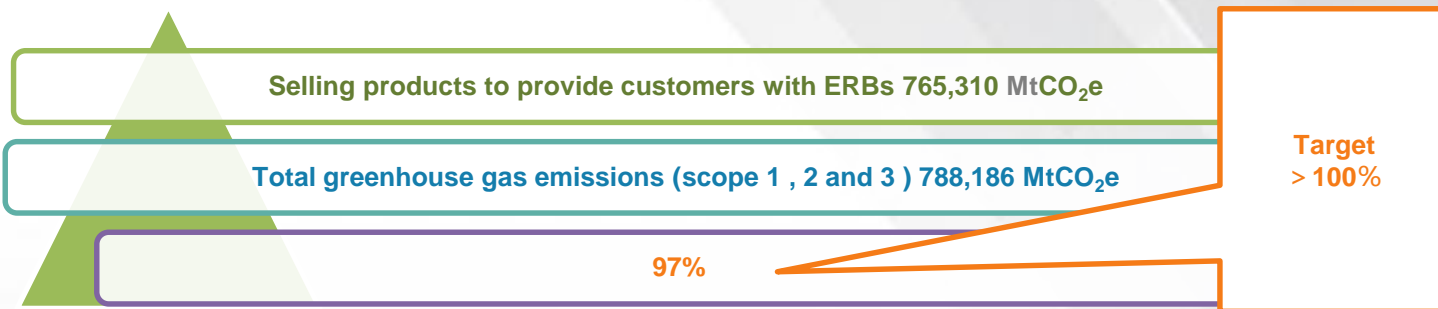
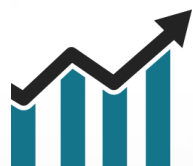






Environment

## Achievements



Company self-operating Carbon Intensity = SCOPE 1 and SCOPE 2 total MtCO<sub>2</sub>e / OPERATING REVENUE Million dollars = 31.52

<

31.7



Product Reuse Rate

>

80%

Product Recycling Rate

>

70%



**Board of Directors**

**Sustainability Committee**

**ESG Executive Committee**

**Climate Change Management Committee**

**Risk Management Committee**

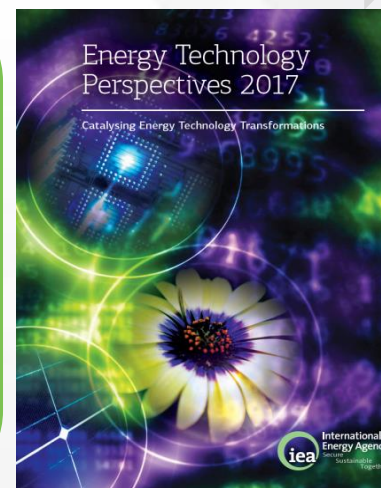
## Using climate-related scenario analysis

Developed a low-carbon transition plan

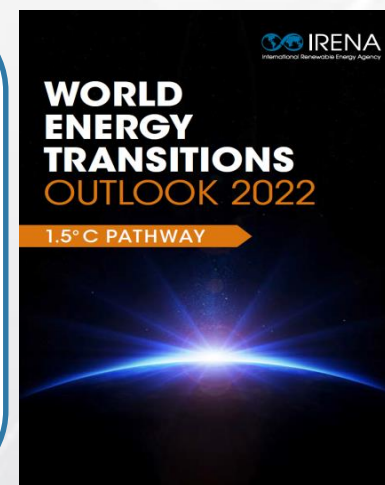
A plan on how to transition the company to a business model compatible with a net-zero carbon economy

Selection of applied climate related scenarios and models

Before 2021 :  
Energy Technology  
Perspectives 2017  
Catalysing Energy Technology Transformations



After 2022 :  
WORLD ENERGY TRANSITIONS OUTLOOK  
2022 1.5° C PATHWAY



## Using climate-related scenario analysis

### Risk Management Committee



Understand the contents of various international initiatives, reports and evaluation criteria related to climate change, and construct the implementation plan of the company to identify, assess and respond to climate related risks and opportunities.



Operate an Enterprise Risk Management program to integrate and manage the Transition Risks and Physical Risks of climate change that represent potential negative consequences to operations and financial results. Adopt a risk map for assessing the possibility, frequency, vulnerability and impact of major climate change risk events on operations, and defines the risk level and prioritization of risk controls as well as implementing risk management strategies that corresponds to the risk levels.

### ESG Executive Committee



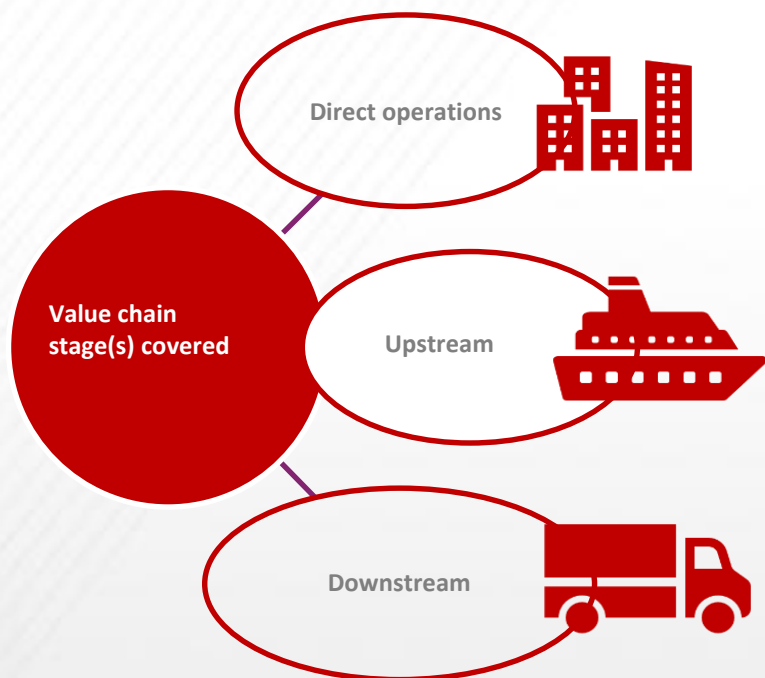
According to the implementation plan and the identified transformation risks, entity risks and risk management strategies of climate change proposed by Risk Management Committee, invite Risk Management Committee and Climate Change Management Committee to hold a cross-committee "Climate Change Risk and Opportunity identifying meeting" to identify the main short-term, medium-term and long-term risks and opportunities, and conduct corresponding strategies and financial impact assessment.



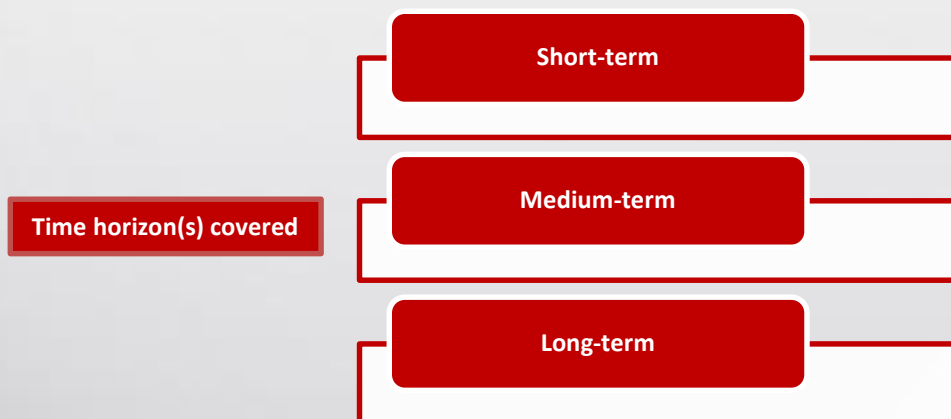
According to the contents of the "Climate Change Risk and Opportunity identifying meeting" to formulate and implement the company's short-term, medium-term and long-term climate change governance strategies and plans. Formulate the annual climate related risk and opportunity management strategy and plan objectives according to the climate change governance strategy and plan, and submit them to Climate Change Management Committee for implementation after being approved by the Board of Directors, is also responsible for supervising the implementation performance of the Climate Change Management Committee.



## Using climate-related scenario analysis



Integrated into multi-disciplinary company-wide risk management processes: a documented process where climate-related risks and opportunities are identified and assessed in an integrated way in the company's centralized enterprise risk management program covering all possible types/sources of risks and opportunities



ESG Executive Committee

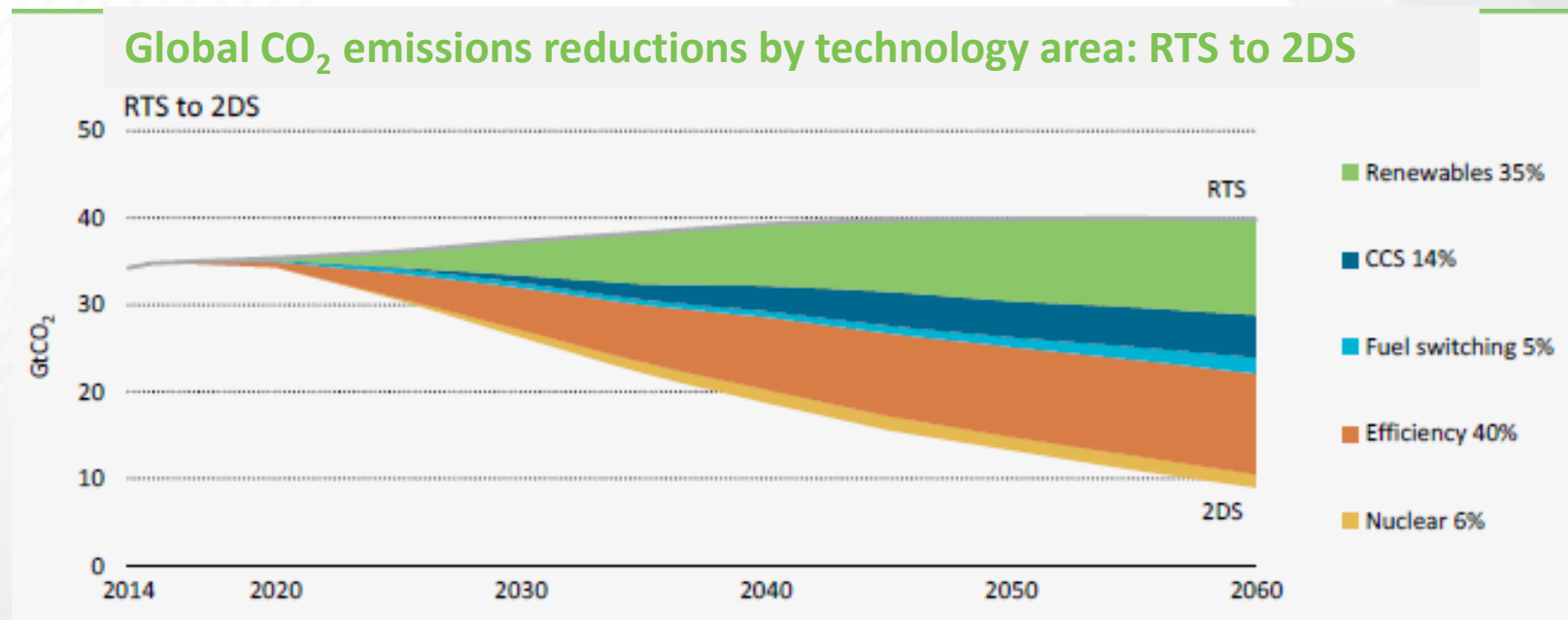


Risk Management Committee



Climate Change Management Committee

In the TCFD Report, we adopted the B2DS and 2DS scenario analysis of "Energy Technology Perspectives 2017 – Catalysing Energy Technology Transformations". According to the scenario analysis, by 2060, the Global CO<sub>2</sub> emissions reductions by technology area 40% will depend on Energy Efficiency and 35% on Renewables.



All products of Voltronic Power have Energy Efficiency ERBs, PV Inverter has Energy Efficiency and Renewables ERBs, called Sustainability products. Energy Storage System and EV Charger are emerging Sustainability products. Therefore, the climate related opportunities identified are "products and services" and "markets", that is, "expanding markets, selling products and services".

According to statistics, the products sold by Voltronic Power in 2021 are expected to provide Energy Efficiency 298,920 MtCO<sub>2</sub>e ERBs · Renewables 466,390 MtCO<sub>2</sub>e ERBs for product users, with a total 765,310 MtCO<sub>2</sub>e ERBs. In the same year, the total greenhouse gas emissions of Voltronic Power were 788,186 MtCO<sub>2</sub>e. All the above data have obtained the "Independent Auditor's Assurance Report on the Identified Sustainability and Climate-related Performance Information".

Selling products to provide customers with ERBs 765,310 MtCO<sub>2</sub>e / Total greenhouse gas emissions 788,186 MtCO<sub>2</sub>e = 97%, which achieving "> 100%" is our target.

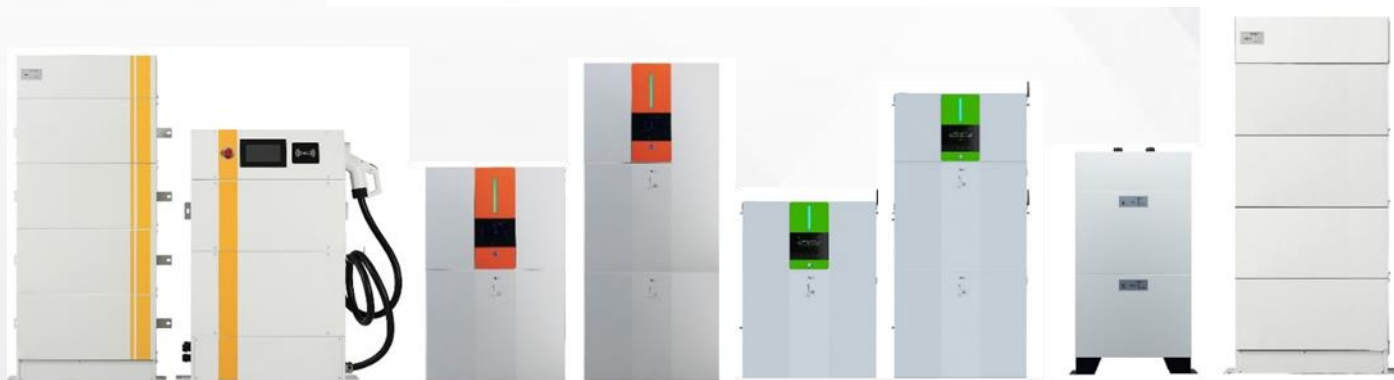
## EV charger

- AC EV charger 7kw – 21kw
- DC EV charger 20kw – 240kw



## Energy storage system

Integrated solar inverter and Lithium-ion battery into one unit



## Solar Inverter

- Hybrid inverter 3kw – 50kw
- Off-grid inverter 1kw – 11kw



## Using climate-related scenario analysis

**Risk : Emerging regulation ( policy developments that attempt to constrain actions that contribute to the adverse effects of climate change or policy developments that seek to promote adaptation to climate change )**

**Primary climate-related risk driver :**

- Increased pricing of GHG emissions
- Enhanced emissions-reporting obligations
- Mandates on and regulation of existing products and services

**Primary potential financial impact :**

- Increased operating costs (e.g., higher compliance costs, increased insurance premiums)
- Write-offs, asset impairment, and early retirement of existing assets due to policy changes

**In the value chain the risk driver occurs :**

- Direct operations
- Upstream
- Downstream

**Time horizon :**

- Short-term
- Medium-term
- Long-term

**Likelihood :**

- Virtually certain ( 99–100% )

**Magnitude of impact :**

- Low

**Relevance & inclusion**

- Relevant, always included

**Company - specific description :** Net zero emissions are the trend issue faced by global enterprises. The inventory, certification and / or assurance, reporting of GHG emissions, and the preparation, certification and / or assurance, announce and register of ESG Report and Climate-related Financial Disclosure report are the obligations of global enterprises. The net zero emissions of the value chain involves the risk driving of upstream, direct operation and downstream. Therefore, the complete inventory of GHG emissions and low-carbon intensity products of the value chain are the trend of regulatory requirements from now to the future.

**Is able to provide a potential financial impact figure?**

- Yes, an estimated range

**Potential financial impact figure (currency)**

- NT10 million to NT 20 million

**Type of financial impact**

- Increased indirect (operating) costs

**Explanation of financial impact figure :**

- the approach was employed to calculate the figure : see the following "Description of response and explanation of cost calculation"
- The figures used in calculation : Statistics of the actual expenses incurred in the year and be calculated according to the following assumptions.
- Any assumption the figure is dependent on : Assumed that the development trend of emerging regulation fees in the future is twice of the current.

**Cost of response to risk : NT10 million to NT 20 million**

**Description of response and explanation of cost calculation :** Not happened neither found there is of any event that may lead to the write-offs, asset impairment, and early retirement of existing assets due to the current and future emerging regulation, so there is no such financial impact. In addition, the company's primary business is professional DMS (Design & Manufacturing Service) , and its operating income is DMS income, there not happened neither found operating costs due to increased pricing of GHG emissions in the current and future emerging regulation. The possible costs are the above listed "Company - specific description" to enhance emissions-reporting obligations and the mandates on and regulation of existing products and services, which are summary statistics.

## Using climate-related scenario analysis

**Opportunity : Products and Services ( opportunities related to innovation and development of new low-emission and climate adaptation products and services. )**

**Primary climate-related opportunity driver :**

- Development and/or expansion of low emission goods and services
- Development of climate adaptation and insurance risk solutions
- Development of new products or services through R&D and innovation
- Ability to diversify business activities
- Shift in consumer preferences

**Primary potential financial impact :**

- Increased revenue through demand for lower emissions products and services
- Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)
- Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

**In the value chain the opportunity driver occurs :**

- Direct operations
- Downstream

**Time horizon :**

- Short-term
- Medium-term
- Long-term

**Likelihood :**

- Virtually certain ( 99–100% )

**Magnitude of impact :**

- high

**Relevance & inclusion**

- Relevant, always included

**Company - specific description :** All products have Energy Efficiency ERBs, PV Inverter has Energy Efficiency and Renewables ERBs, called Sustainability products. Energy Storage System and EV Charger are emerging Sustainability products. . Expanding the production and sale of these products is our most important goal.

**Is able to provide a potential financial impact figure? - Yes**

**Potential financial impact figure (currency)**

- annual OPERATING REVENUE will increase by 938 million (NT) in the future
- annual PROFIT FROM OPERATIONS will increase by 159 million (NT) in the future

**Explanation of financial impact figure (The approach was employed to calculate the figure, The figures used in calculation, Any assumption the figure is dependent on) :**

The growth rate of OPERATING REVENUE in each of the past four years was 12%, 13.39%, 5.53% and 24.20% respectively, of which the minimum 5.53% was taken as the growth rate of annual OPERATING REVENUE in the future. It is estimated that the annual OPERATING REVENUE will increase by 938 million (NT) in the future **(This figure is only for the purpose of “TCFD Report information” and not for the purpose of “Publication of Financial Forecasts information”, please read it carefully.)**





## Using climate-related scenario analysis

The PROFIT FROM OPERATIONS rate of each year in the past five years was 19%, 19%, 20%, 20% and 17% respectively, of which the minimum 17% was taken as the net PROFIT FROM OPERATIONS rate for the future years, multiplied by the estimated increase annual OPERATING REVENUE for the future years, the annual PROFIT FROM OPERATIONS will increase by 159 million (NT) in the future **(This figure is only for the purpose of “TCFD Report information” and not for the purpose of “Publication of Financial Forecasts information”, please read it carefully.)**

Cost to realize opportunity : The total annual OPERATING COSTS and OPERATING EXPENSES will increase by 779 million (NT) in the future **(This figure is only for the purpose of “TCFD Report information” and not for the purpose of “Publication of Financial Forecasts information”, please read it carefully.)**

Strategy to realize opportunity and explanation of cost calculation : The increase annual OPERATING COSTS and OPERATING EXPENSES in the future are calculated by deducting the increase annual PROFIT FROM OPERATIONS in the future from the increase annual OPERATING REVENUE in the future.



Analyze the company's financial statements for the last five years:

Item	2017	2018	2019	2020	2021
<b>OPERATING REVENUE</b>	NT9,862 Million	NT11,408 Million	NT12,936 Million	NT13,652 Million	NT16,957 Million
<b>OPERATING COSTS</b>	NT7,168 Million	NT8,303 Million	NT9,151 Million	NT9,634 Million	NT12,646 Million
<b>GROSS PROFIT ( % )</b>	NT2,695 Million ( 28% )	NT3,105 Million ( 27% )	NT3,785 Million ( 29% )	NT4,018 Million ( 29% )	NT4,311 Million ( 25% )
<b>PROFIT FROM OPERATIONS ( % )</b>	NT1,829 Million ( 19% )	NT2,117 Million ( 19% )	NT2,557 Million ( 20% )	NT2,730 Million ( 20% )	NT2,925 Million ( 17% )



## Waste Management

The offices of the Taiwan Region are located in the industrialized district. The offices and factories of China Region are also located in the industrialized zone. . The offices and factories of Vietnam Region are also located in the industrialized zone. Water consumption was only for drinking, and we do not consume water during production. The domestic water sources are all from the municipal water supply, in accordance with the relevant industrial district water supply contracts; therefore, we do not produce polluted water.

Voltronic Power carries out effective management and continues to achieve waste reduction goals. The removal, disposal, and recycling of waste, according to local regulations, adequately handled and recorded. According to the environmental protection law of the people's Republic of China and the applicable environmental protection laws and regulations, the industrial waste (liquid) formed in the production process of the company, shall not be arbitrarily discharged, discarded or transferred. It shall be disposed of in accordance with the laws. Voltronic Power entrusts a legitimate waste processing company that handles all industrial waste (liquid).

### The Obligations of Voltronic Power

All the industrial waste (liquid) formed in the process of production together with the packaging shall be disposed by the "legitimate professional institution which had signed contract" the legitimate professional institution ", and shall not be disposed by itself or by any other third party within the validity period of the contract. Voltronic Power shall be in advance by written to notice the legitimate professional institution of the specific collection time, place , collecting waste (liquid) specific quantities.

Voltronic Power shall store all kinds of industrial waste (liquid) by classification, do a good mark, cannot mixed with other debris, in order to the legitimate professional institution to dispose and ensure the safety of the disposal. The industrial waste (liquid) in bags or bottles shall be in accordance with the requirement of industrial waste (liquid) packaging, identification and storage technical codes to paste the labels.

Voltronic Power shall display that will be disposed industrial waste (liquid) in a centralized manner, and provide the necessary conditions for the legitimate professional institution to collect, including approach road, work space, loading machinery required for loading, in order to facilitate the legitimate professional institution for shipment.



## Environment

### EP - Waste

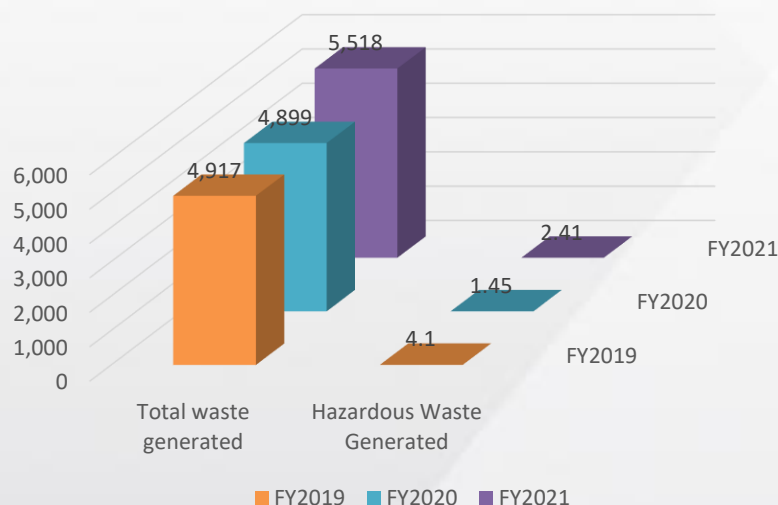
Waste disposed	Unit	FY2019	FY2020	FY2021
a) Total waste generated	metric tonnes	4,917	4,899	5,518
b) Total waste used/recycled/ sold	metric tonnes	4,425	4,409	4,966
TOTAL WASTE DISPOSED (A B)	metric tonnes	492	490	624
Data coverage (as % of denominator)	percentage of: operations	100%	100%	100%

### EP - Hazardous Waste

HAZARDOUS WASTE	Unit	FY2019	FY2020	FY2021
Hazardous Waste Generated	metric tonnes	4.10	1.45	2.41
Data coverage (as % of denominator)	percentage of: operations	100%	100%	100%

### Waste by type and disposal method

Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable(metric tons):



### Significant Spills

- Voltronic Power does not have any waste pollution incident.
- The products manufactured and shipped by Voltronic Power all meet the quality, safety, and environmental protection requirements of the corresponding regional laws and regulations as well as requirements from our customers.
- As a professional OEM/ODM manufacturer specializing in Uninterruptible Power Systems and Solar Inverters worldwide, our products not only meet customer requirements but also meet the quality standards, safety standards and environmental protection regulations of the corresponding regions, including EU RoHS directives, REACH regulations and WEEE directives.



## Environment

## Water and Biodiversity

### Water Management

The offices of the Taiwan Region are located in the industrialized district. The offices and factories of China Region are also located in the industrialized zone. The offices and factories of Vietnam Region are also located in the industrialized zone. Water consumption was only for drinking, and we do not consume water during production. However, the company still raises all employees' awareness of water conservations.

### EP - Water Consumption

Water Consumption	Unit	FY2019	FY2020	FY2021
A. Withdrawal: Total municipal water supplies (or from other water utilities)	Million cubic meters	0.104518	0.116858	0.169671
B. Withdrawal: Fresh surface water (lakes, rivers, etc.)	Million cubic meters	0	0	0
C. Withdrawal: Fresh groundwater	Million cubic meters	0	0	0
D. Discharge: Water returned to the source of extraction at similar or higher quality as raw water extracted	Million cubic meters	0	0	0
E. TOTAL NET FRESH WATER CONSUMPTION (A+B+C-D)	Million cubic meters	0.104518	0.116858	0.169671
Data Coverage (as % of denominator)	percentage of operations	100%	100%	100%



Biodiversity

- Biodiversity policy: operating locations should be located in commercial or industrial areas, and are strictly prohibited in protected areas or other areas of high biodiversity value or protected or restored habitats.
- Green policy: green drainage, green windbreak.
- Base water conservation policy: permeable pavement, landscape storage, seepage pool, storage, infiltration, opens space.
- Daily energy conservation policy: management of wind direction and airflow, air-conditioning and cooling systems, energy and light sources.
- Carbon dioxide reduction policy: simple architectural modeling and interior decoration, reasonable structure, system and structure lightweight.
- Waste reduction policy: earthwork balance, construction automation, dry compartment, air pollution prevention and control. Water resources policy: water saving equipment, rainwater reuse.
- Sewage and garbage improvement policy: rain diversion of sewage, garbage collection site improvement.
- Indoor health and environment policy: indoor pollution control, indoor air purification equipment, floor and basement moisture prevention, noise control and vibration sound control.



## Social

- Achievements
- Human Resource Recruitment
- Remuneration and Benefits
- Learning and Growth Plan
- Occupational Safety and Health
- Employees Human Rights







Social

## Achievements



**100%**

The Taiwan Region employees' health check in 2020, the completion rate: 100%



**1/3**

One-fourth or more of all Directors are females



The Lost-Time Injury Frequency Rate (LTIFR) and the Occupational Illness Frequency Rate (OIFR) of employees all

< **2 PER YEAR**



**0** child labor

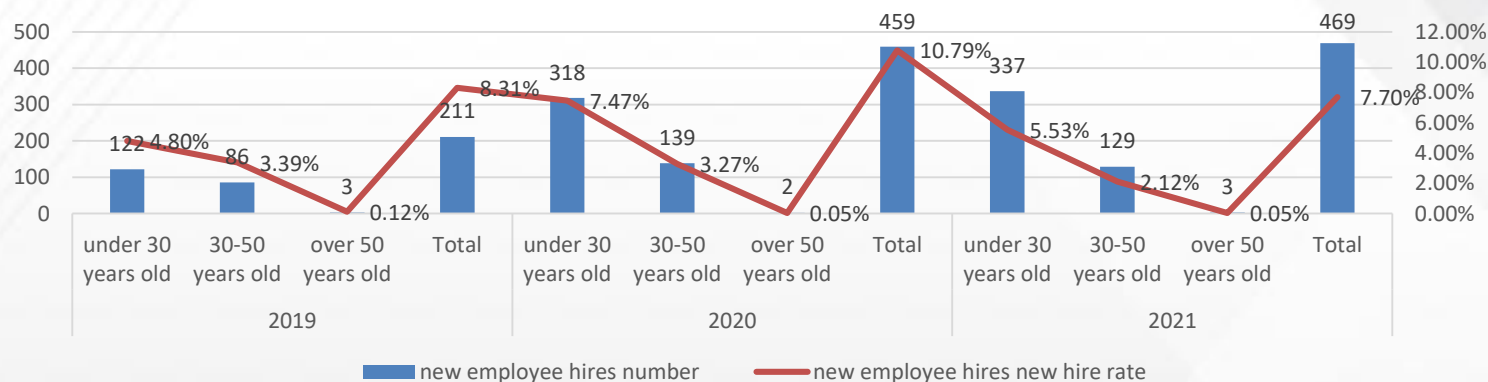
In 2019, 2020 and 2021 the number of child labor in each factory is nil



social

## Human Resource Recruitment

In 2018 ~ 2020 year, monthly average number and rates of new employee hires and employee turn-over of Voltronic Power's significant locations of operation by age group as follow :



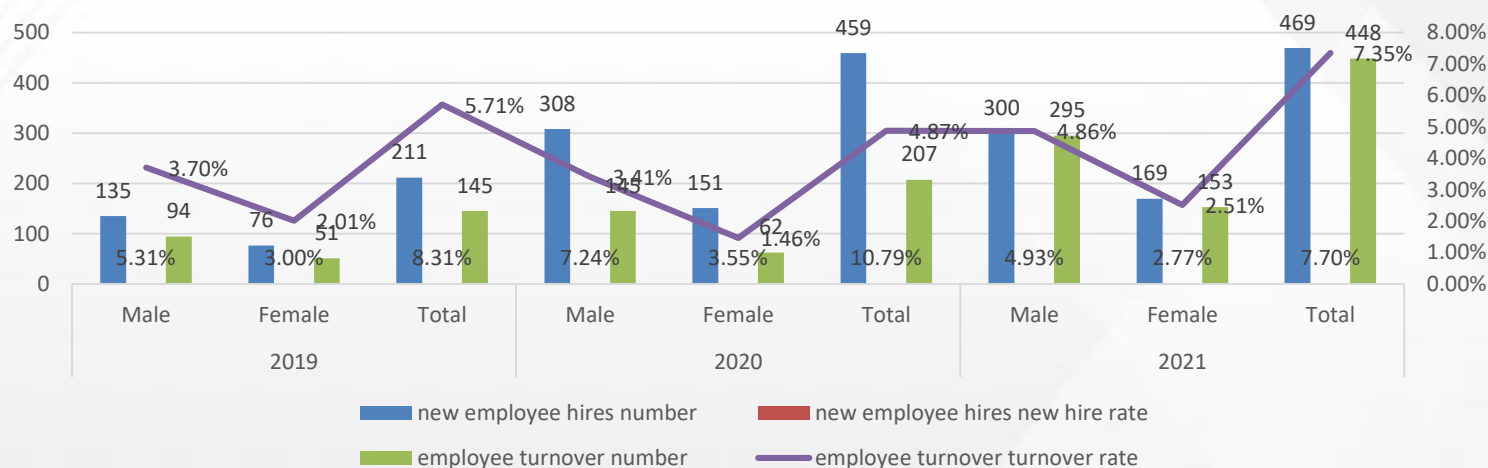
year	Age Group	new employee hires		employee turnover	
		number	new hire rate	number	new hire rate
2019	under 30 years old	122	4.80%	85	3.35%
	30-50 years old	86	3.39%	59	2.32%
	over 50 years old	3	0.12%	1	0.04%
	Total	211	8.31%	145	5.71%
2020	under 30 years old	318	7.47%	126	2.96%
	30-50 years old	139	3.27%	79	1.86%
	over 50 years old	2	0.05%	2	0.05%
	Total	459	10.79%	207	4.87%
2021	under 30 years old	337	5.53%	321	5.27%
	30-50 years old	129	2.12%	125	2.05%
	over 50 years old	3	0.05%	2	0.03%
	Total	469	7.70%	448	7.35%



social

## Human Resource Recruitment

In 2018~2020 year, monthly average number and rates of new employee hires and employee turnover of Voltronic Power's significant locations of operation by gender as follow :



year	Gender	new employee hires		employee turnover	
		number	new hire rate	number	turnover rate
2019	Male	135	5.31%	94	3.70%
	Female	76	3.00%	51	2.01%
	Total	211	8.31%	145	5.71%
2020	Male	308	7.24%	145	3.41%
	Female	151	3.55%	62	1.46%
	Total	459	10.79%	207	4.87%
2021	Male	300	4.93%	295	4.84%
	Female	169	2.77%	153	2.51%
	Total	469	7.70%	448	7.35%



Social

## Diversity of governance bodies and employees

### Workforce Breakdown: Gender

Diversity Indicator	Percentage (0-100%)
Share of women in total workforce (as % of total workforce)	39.67%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	32.73%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	34.52%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	19.56%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	80%
Share of women in STEM-related positions (as % of total STEM positions) STEM : Science 、 Technology 、 Engineering 、 Mathematics	4%

### Workforce Breakdown: Race/ Ethnicity & Nationality

Breakdown based on, please specify: nationality	Share in total workforce (as % of total workforce)	Share in all management positions, including junior, middle and senior management (as % of total management workforce)
Category name : Taiwan	4.66%	28.17%
Category name : China	86.25%	4.37%
Category name: Vietnam	9.09%	7.58%



## Social

### Employee Turnover Rate

Indicate company's total turnover( whether have left voluntarily or due to dismissal, retirement, or death in service) rates and voluntary turnover(employees who choose to leave)rates for the last three years as a percentage of total number of employees in the table below:

	2019	2020	2021
Total Employee Turnover Rate	4.96%	6.87%	14.70%
Voluntary Employee Turnover Rate	4.96%	6.62%	13.71%

### Employee Turnover Rate

In order to improve the company's performance and efficiency, we need to understand employee's engagement with the company. The line managers have to find management loopholes, reflecting the humanistic concern of the company and the employees. At the same time, to encourage employee engagement, create a satisfactory working environment and working atmosphere for employees; therefore, Voltronic Power Implement the Employee Engagement Survey every year. 15% of the employees in the company were randomly selected. The questionnaires were distributed anonymously, and 100% of valid inquiries were required to be returned.

The results of the Employee Engagement Survey for 2021 are as follows: 62% of employees actively participated in the survey, of which, 18% are very satisfied, 44% are more satisfied, 36% are generally satisfied, 2% are more dissatisfied, 0% are very dissatisfied.

Employee engagement	Unit	2019	2020	2021	What was target for FY2021?
Employee Engagement	% of actively engaged employees	67%	66%	62%	>60%
Data Coverage	% of total employees	10%	20%	15%	





## Social

# Remuneration and Benefits

Voltronic Power's employees remuneration policies are based according to industry competitions and the company's operating performance. Market benchmarks were considered in constructing the company pay level strategy, and according to the individual team and personal potential and performance, to conduct salary recommendations for the managerial level, to attract, retain and encourage outstanding employees. Their gender, race, nationality, age, and personal factors are not part of the consideration.

## Benefits provided to full-time employees

For the Taiwan Region : Social insurance and retirement benefits (including labor insurance, national health insurance, and labor pension), travel allowance, year-end party, year-end bonus, Labor Day gifts, the Mid-Autumn Festival gifts, weddings allowance, funerals allowance, hospitalization allowance, fertility allowance, emergency relief allowance, and family entertainment allowances. The Employee Welfare Committee was tasked to care for the employees and their families.

For the China Region: According to the provisions of the Social Security Bureau, full-time employees are entitled for - five social insurances and one housing fund for the urban household benefit (including endowment insurance, medical insurance, unemployment insurance, industrial injury insurance, maternity insurance, and housing provident fund); New Three Insurances for rural household (including pension insurance, medical insurance and industrial injury insurance). The Welfare Committee Management Guidelines were established to improve the quality of employees' livelihood and enhance affinity and team-building. Annual activities includes:

- a) Organization of community activities, and the allocation of funding allowance within budget
- b) For the year-end party
- c) Within the budget, plan the distribution of New Year gifts and bonuses
- d) The initiation and organization of employees' emergency cash relief
- e) Organizations and activities that contribute to employee solidarity

For the Vietnam Region:

Enjoy social security, medical insurance and unemployment insurance in accordance with local government laws.

## Ratio of Basic Salary and Remuneration from Women to Men

Voltronic Power's core employees remuneration policy, is "equal pay for equal work," regardless of gender. The ratios of the standard basic salary to the local legal minimum wage are 100%; the ratio of basic salary and remuneration of men to women is one to one.

In the Taiwan Region, under the provisions of Employment Gender Equality Act, gender discrimination is strictly prohibited. Male employees and female employees are hired with the same basic salary. In the China Region, following the provisions of Labor Law of the People's Republic of China, workers have the right to receive equal remuneration for work, in addition to meet the legal minimum salary provided by the local governments. Male employees and female employees are hired with the same basic salary.

At Executive level, the ratio of basic salary and remuneration of men to women is one to one, and the same goes for management and non-management level (production and administration). The same ratio applies for other cash incentives.



## Social

### Parental leave

For the Taiwan Region, under the Labor Standards Act, the Employment Gender Equality Act, Regulations for Implementing Unpaid Parental Leave for Raising Children, employees can request for maternity leave, paternity leave or parental leave.

For the China Region, female employees who meet the provisions of National Marriage and Family Planning laws can request maternity leave for childbirth, for a total of 98 days - 15 days before and 83 days after childbirth. Pregnant employees with early childbirth can combine the two without restriction. The days increase with a difficult birth or complication, increase maternity leave by another 30 days. Any additional childbirth afterward will add 15 extra days of vacation. If one were to meet the late childbirth policy, add 15 plus days. If one were to receive the Preferential Treatment For One Child status, within three months after the birth, the maternity leave would increase 35 days. The males can have paternity up to 25 days before and after the birth of their child/children. Salary will be compensated, as usual, but without the production performance bonus and environmental allowance.

For the Vietnam Region, according to the labor regulations of the local government, has allowed employees to apply for production leave, paternity leave and parental leave in accordance with the law.



Year	Item		Male	Female	Total
2019	A	The number of qualified to apply for parental leave in 2017	54	23	77
	B	The number of actually to apply for parental leave in 2017	0	0	0
	C	The number of returned to work after parental leave ended in 2017	0	0	0
2020	A	The number of qualified to apply for parental leave in 2018.	105	51	156
	B	The number of actually to apply for parental leave in 2018	0	0	0
	C	The number of returned to work after parental leave ended in 2018	0	0	0
2021	A	The number of qualified to apply for parental leave in 2019	47	68	115
	B	The number of actually to apply for parental leave in 2019	0	5	5
	C	The number of returned to work after parental leave ended in 2019	0	1	1

Note: The number of qualified to apply for parental leave, estimate by the number of who had applied maternity leave or paternity leave from 2019 to 2021.



Social

## Learning and Growth Plan

Voltronic Power has employee's education and training program, to further develop their knowledge and skills, to build up their professional abilities, and to increase the work efficiency and ensure work quality, to achieve the sustainable operation and development goals of Voltronic Power.

New employees training

Introduce the company profile, management rules and regulations, salary, welfare, advocacy of occupational safety and health and other relevant regulations and so on.

On-the-job training:

Invite professional consultants to the company every week, to give professional guidance on the hardware design of the product industry, the components, circuits, etc...

For the community to cultivate talent

from 2014, participate in the application to Ministry of the Interior Taiwan of Research and Development Substitute Services quota, to bear the construction of potential industrial research and development environment

### Employee Development Programs

Provide two employee development programs in company that have been developed to upgrade and improve employee skills:

Employee Development Program	Description of business benefits	Quantitative impact of business benefits	% of FTEs that participated in this program
Through regular meeting reviews and training, marketing department employees can develop business and maintain customer capabilities, and combine with key performance indicators of employees.	Increase revenue	Sales revenue grew by 24.20% in 2021.	FTEs in marketing departments: 100% Participation
Taiwan's R&D department: Invite professional consultants to the company every week, to give professional guidance on the hardware design of the product industry, the components, circuits, etc..."	Enhancing R&D capabilities	Continuous development of new products every year	FTEs in Taiwan R&D departments: 60% participation

### Human Capital Return on Investment

Employee Development Program	2019	2020	2021
a) Total Revenue Currency : NT	12,936,382	13,652,564	16,956,682
b) Total Operating Expenses Currency	10,386,279	10,922,090	14,032,118
c) Total employee related expenses	1,585,483	1,670,297	2,290,087
Resulting HC ROI (a - (b-c)) / c	261%	263%	228%
Total FTEs	2,580	2,975	3,048





Social

## Occupational Safety and Health

### Implement Employee Health Check and Management

**In Taiwan Region**, in accordance with the provisions of the Occupational Safety and Health Act, Voltronic Power through the holding employers and employees meeting, from the "prevention" to "treatment and follow-up" health care management as the basis, for employees to choose the quality health evaluation center. The Taiwan Region employees' health check in 2019, the completion rate: 100%



In Taiwan, annual fire drill in 2021.



Occupational safety education and training in Taiwan in 2021; The training time per capita is 1 hour



**In China Region**, also in accordance with relevant health laws and regulations, implement regular employees' health check.



In China, annual fire drill in 2021.





## Social

The health and safety related issues of Voltronic Power' employees, all operate according to related local laws and regulations. Provide the number of work-related fatalities for employees and contractors and company's lost-time injury frequency rate for employees (per one million hours worked):

Fatalities	2019	2020	2021	Explain trend
Employees	0	0	0	
Contractors	-	-	-	

LTIFR	Unit	2019	2020	2021
Employees	n/million work h	3.29	1.85	1.64
Data coverage	Employees	100%	100%	100%

LTIFR=(Number of lost-time injuries ) / (Total hours worked in accounting period) x 1'000'000

### Occupational Illness Frequency Rate (OIFR) - Employees

OIFR	Unit	2019	2020	2021
Employees	n/million work h	1.26	1.18	0.49
Data coverage	Employees	100%	100%	100%





## Employees Human Rights

### Responsibility Policy of Respecting Human Rights

Voltronic Power complies with the labor laws and regulations in various countries and regions, supporting and abiding by international human rights conventions. Such as the "International Bill of Human Rights", the Guiding Principles of Business and Human Rights of the United Nations and the "International Labor Organization's Declaration on Fundamental Principles and Rights at Work." We formulated the "Voltronic Power's Responsibility Policy of Respecting Human Rights", which guarantees the followings:

- a) Freedom of association and collective bargaining;
- b) Free choice of employment and prohibition of forced labor;
- c) Equal employment and equal remuneration for men and women for the same work;
- d) Prohibition of the use of child labor;
- e) Reasonable working conditions (including wages, working hours, recess, vacation, and occupational health and safety).

For suppliers and partners, the special section of "Labor Requirements" in the "Supplier Corporate Social Responsibility Management Agreement" requires that suppliers should implement social responsibility management in accordance with the SA8000 international standard of social responsibility:

- |   |   |
|---|---|
| (a) Respect for human rights                                      | (g) Labor contracts   |
| (b) Prohibit the use of child labor                               | (h) Protection of young workers and female workers                                |
| (c) Prohibit forced or compulsory labor                           | (i) Punishment measures   |
| (d) Working hours and rest  | (j) No discrimination behavior  |
| (e) Basic wage guarantee and social insurance                     | (k) Respect for employees' right to freedom of association and equal consultation |
| (f) Establish a system to protect employees 'rights and interests |   |

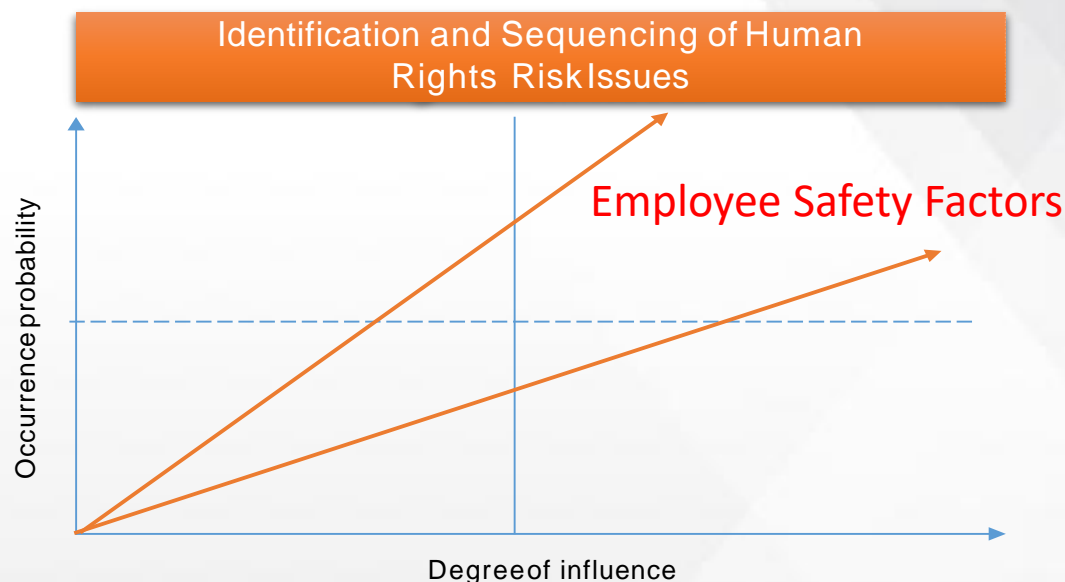
### Human Rights Risk Identification and Due Diligence Process

Issue Collection Channels: The trends of international human rights issues and reports, laws, regulations, complaints, and employee satisfaction surveys. This data includes fundamental human rights, working environment, health, and safety. Relevant issues were identified and link to possible "stakeholders" of human rights issues, including government agencies, investors, suppliers, employees, customers, etc. Discuss with the corresponding departments and stakeholders to identify human rights issues that have negative impacts on different stakeholders in the company. Particular attention should be paid to any specific human rights impact on individuals belonging to high-risk, vulnerable, or marginalized groups, as well as to the different risks faced by men and women.



Social

A risk map of human rights issues with significant negative impacts will be prepared on two axes: probability of occurrence and degree of impact.



Human rights due diligence is conducted on priority human rights risk issues. Identify that such human rights risks had occurred, are about to occur or may occur; and the causes and sources of such human rights risks that had been, are about to occur or may occur (whether the company causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship). Human rights risk identification and due diligence are carried out on a regular basis every year.

## The Channels for Employee Suggestions or Complaints

### Employee Opinion Box:

Using for who propose policy advices or advices on unfair phenomena etc., but do not expect to get direct answers to them, belong to anonymous suggestions. Such as dormitory environment, workshop discipline, work clothes and so on. The information in Employee Opinion Box belongs to anonymous suggestion; the human resources department will regularly open the Opinion Box (open once every two weeks). Reasonable and can be solved suggestions will be solved in time, and post the solved opinions on the bulletin board.

### Employee Complaint (Real Name Complaint):

The suggestions or complaints which are closely related to self-interests and expect to receive reply to them belong to real name complaints. Such as personal salaries, holidays, individuals considered unfair treatment, etc. The suggestions or complaints which urgent need for immediate settlement, using the real name complaint channel.



## Governance

### Sustainability Management

- Sustainability Performance
- Awards and Recognitions
- Stakeholder Communication
- Commitment and Promotion
- Responding to UN SDGs

### Corporate Governance

- Organizational profile
- Business Ethics
- External Initiatives
- Risk Governance





## Sustainability Performance



**765,000** Metric Tons  
CO<sub>2</sub> reduction



**8,900** Hours

**Safety training**  
Provide to all employees >8,900 hours



**1,102,080** kWh Saving  
Energy Recycle through CPFU



**90%**

**Corporate Actual Paper Recovery and Recyclable Rate**

**160,000** kWh Saving  
Induction Lighting for factory facility



## Awards and Recognitions



**FY2016, 2017, 2018, 2019 and 2021 top 5% ranking in Taiwan Corporate Governance Evaluation by Taiwan Stock Exchange**



**2014/3/31 Stock listed in Taiwan Stock Exchange. Included in the MSCI Global Small Cap Index**



**Ranked 13th among the top 50 companies in the survey of operating performance**



**Included in the FTSE TWSE Taiwan Mid-Cap 100 Index**





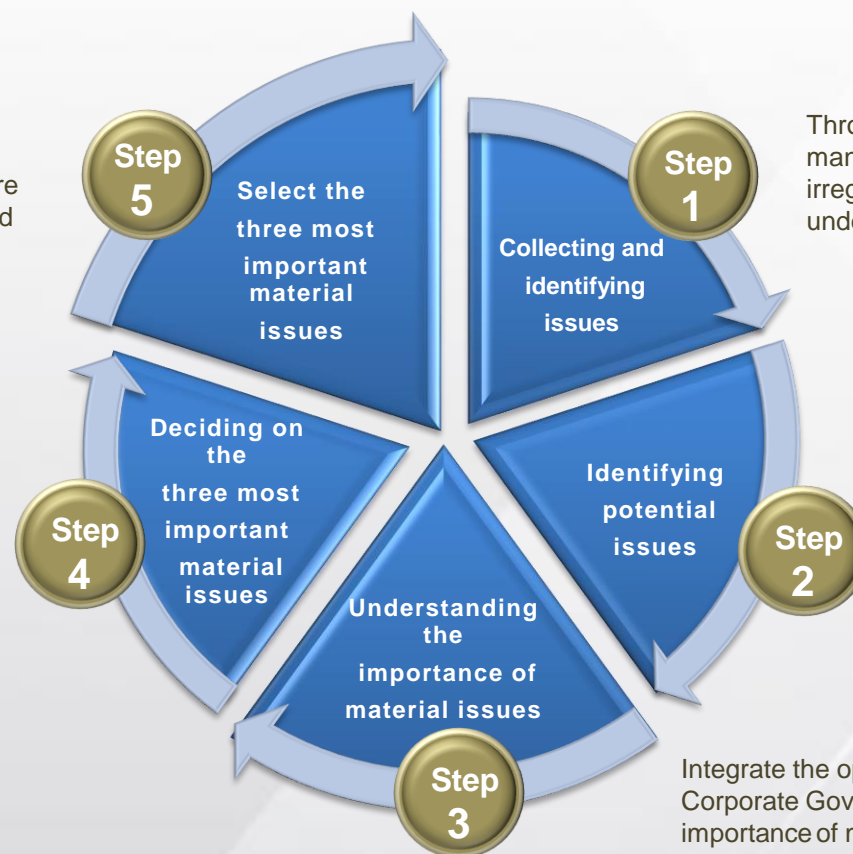
## Stakeholder Communication

### Materiality Analysis Process

Voltronic Power publicly discloses materiality analysis, including the most updated issues and a description of the process. Through a complete stakeholder management process, Voltronic Power regularly and irregularly negotiates with stakeholders to understand the problems of interest. We consult with CSR experts and follows global CSR norms and initiatives; integrates the views of management and those of Corporate Governance Units and Board of Directors. The Materiality issues of sustainable development of Voltronic Power were identified and reviewed on corporate operations, to create the long-term value of the company's sustainable development. The process of materiality analysis and the most updated issues are as follows:

Selecting the three most important material issues for Voltronic Power are Climate Strategy, Innovation, Risk and Crisis Management.

Integrate the opinions of management and Corporate Governance Units and Board of Directors: Deciding the three most importance of material issues.



Through a complete stakeholder management process, regularly and irregularly negotiates with stakeholders to understand the issues of interest.

Consults CSR experts and follows global CSR norms and initiatives.

Integrate the opinions of management and Corporate Governance Units to understand the importance of material issues.





## Materiality Analysis Process

# Importance for Stakeholders

- ✓ **Risk and Crisis management**
- ✓ **Climate Strategy**
- ✓ **Innovation**
- ✓ Market Presence
- ✓ Customer Privacy
- ✓ No Child Labor



- ✓ Supplier management
- ✓ Occupational Health and Safety
- ✓ Compliance Anti-corruption
- ✓ No Forced or Compulsory Labor
- ✓ Economic Performance



## Materiality Analysis and Value Creation

We have conducted a materiality analysis and provide the three most material issues that have the greatest impact on company's business and the generation of long-term value. We also indicate how these issues impact company's business and serve as sources of long term value creation for our company.

	Material Issue 1 Climate strategy	Material Issue 2 Innovation	Material Issue 3 Risk and crisis management
Brief rationale for why this issue is material to company's business	<p>In response to climate change, energy conservation and carbon reduction, the control of global average temperature rise in this century within 2 degrees Celsius, and the control of global temperature rise above the pre-industrial level of 1.5 degrees Celsius are the main objectives of the Paris Climate Change Agreement.</p> <p>In response to climate change, energy conservation and carbon reduction, Voltronic Power is committed to developing InfiniSolar for a long time, combining solar system, AC utility, and battery power source to supply continuous power, and prioritizing the use of the cheapest and most economical power supply to assist public utilities, enterprises of all types and family communities in various countries and regions to achieve</p>	<p>Although Voltronic Power has been devoting itself to the development of InfiniSolar for a long time since eight years ago, but it is necessary to make continuous R&amp;D and innovation every year. Therefore, Voltronic Power has set the goal that a new series of InfiniSolar must be developed every year so as to improve the storage capacity and operational convenience.</p>	<p>Because Voltronic Power's customers are located in 135 countries and regions around the world, the sales revenues are mostly in US dollars, while most of the raw materials are purchased in (RMB) from China, which all are different from the Reporting Currency (NT) of Voltronic Power. Therefore, the risk of exchange rate fluctuation is absolutely important to Voltronic Power.</p> <p>In additional, due to the continuous growth of Voltronic Power, the increasing amount of data and information, information security risks under the electronic processing system have absolute importance for Voltronic Power.</p>
Company's primary business strategies, initiatives or products that address this issue	<p>In response to climate change, energy conservation and carbon reduction, Voltronic Power's climate business strategy is committed to developing InfiniSolar for a long time, combining solar system, AC utility, and battery power source to supply continuous power, and prioritizing the use of the cheapest and most economical power supply to assist public utilities, enterprises of all types and family communities in various countries and regions to achieve the goal of energy conservation and carbon reduction.</p>	<p>A new series of InfiniSolar is developed every year to improve the storage capacity and operation convenience.</p>	<p>For exchange rate fluctuation risks, a quarterly sensitivity and stress test shall be conducted; if necessary, report to Board of Directors and to select appropriate hedging tools.</p> <p>Information systems build secure firewalls; backup databases to hard drives and tapes regularly; conduct simulation exercises irregularly; and ensure information security from time to time.</p>
Long-Term Target/Metric	<p>Sales revenue and sales volume from InfiniSolar will grow by an average of 5% annually over the next five years.</p>	<p>In the next five years, a new series of InfiniSolar which must meet the market demand, will be developed every year.</p>	<p>It's continuously going on every year.</p>
Target Year	<p>From the base period of 2018 to 2023, sales revenues and sales volume increased by 25% compared with 2018.</p>	<p>In the next five years, a new series of InfiniSolar which must meet the market demand, will be developed every year.</p>	<p>It's continuously going on every year.</p>
Executive Compensation	<p>This target is used as one of the KPIs to determine the various compensation of executive committee members. With a score of 1 to 5, the growth rate is 1% to 5%, with corresponding scores.</p>	<p>A new series of InfiniSolar which meets the market requirement is developed every year, with 5 points, otherwise is 0</p>	

## Stakeholder Engagement



Customers



Employees



Local communities



Shareholders and providers of capital



Suppliers

Key topics and concerns	Voltronic's responsibilities	Communication channels and response methods
<ul style="list-style-type: none"> <li>Market Presence</li> <li>Customer Privacy</li> <li>Non-discrimination</li> <li>No Child Labor</li> <li>Anti-corruption</li> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Provide high-quality products and services that are the best on the market.</li> <li>Improve level of customer satisfaction.</li> <li>Establish long-term close relationships with customers based on mutual trust and commercial partnership.</li> </ul>	<ul style="list-style-type: none"> <li>Cooperate with customers' production and environmental, requirements, responsibilities, and inspections. Assist with preventions and improvements.</li> <li>Train employees and enforce rules for information disclosure when facing the media.</li> <li>Annual report on corporate social responsibility</li> </ul>
<ul style="list-style-type: none"> <li>Market Presence</li> <li>Non-discrimination</li> <li>No Forced or Compulsory Labor</li> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Ensure and respect human rights.</li> <li>Personnel development.</li> <li>Legal and fair assessment and treatment.</li> <li>Safe and healthy working environment.</li> <li>Personnel welfare and health promotion.</li> </ul>	<ul style="list-style-type: none"> <li>Convene supervisor and supervisee communication meetings.</li> <li>Staff mailbox and message board.</li> <li>Provide free employee health check.</li> <li>Annual report on corporate social responsibility</li> </ul>
<ul style="list-style-type: none"> <li>Jobs and employment opportunities</li> <li>Local environmental protection</li> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Job creation and employment opportunities</li> <li>Compliance with environmental regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Give priority to local recruitment</li> <li>Compliance with environmental regulations</li> <li>Annual report on corporate social responsibility</li> <li>Convene supervisor and supervisee communication meetings.</li> </ul>
<ul style="list-style-type: none"> <li>Market Presence</li> <li>Economic Performance</li> <li>Investment</li> <li>Anti-corruption</li> <li>Labor/Management Relations</li> </ul>	<ul style="list-style-type: none"> <li>Comply with the most updated regulations and policies from competent authorities.</li> <li>Maintain a long-term and stable dividend policy. Provide appropriate investment returns.</li> </ul>	<ul style="list-style-type: none"> <li>Annual regular meeting of shareholders.</li> <li>Take part in Institutional Investor Conference (Take part in Institutional Investor Conference 12 times in 2021)</li> <li>Quarterly financial report and monthly operational information announcements.</li> <li>Annual report on corporate social responsibility</li> </ul>
<ul style="list-style-type: none"> <li>Market Presence</li> <li>Supplier Environmental Assessment</li> <li>Supplier Assessment for Labor Practices</li> </ul>	<ul style="list-style-type: none"> <li>Legal and fair transactions.</li> <li>Understanding of environmental safety and health considerations and specification details.</li> <li>Understand and assist Voltronic with implementation</li> </ul>	<ul style="list-style-type: none"> <li>Sign an environmental protection commitment letter.</li> <li>Request and audit suppliers' products, environment and responsibilities, and cooperate with preventive and continuous improvement.</li> <li>Annual report on corporate social responsibility</li> </ul>



## Commitment and Promotion

Voltronic Power observes international regulations as well as national and regional laws, creates values for sustainable development to protect the rights of interested parties, promotes good corporate governance, and abides by the policies. We make donations to charities from time to time with thoughtful care to support those in disaster rescue and assistance to the underprivileged and vulnerable groups. In 2017, the Company donated household fire alarm devices to the Fire Department of the local government in support of their effort to safeguard a secure living environment. We actively participate in the green energy exhibitions and lobbying for policy support for renewable energy in Taiwan and overseas. We participated in tradeshow such as CeBIT in Germany, Computex in Taipei, Renewable Energy India Expo, and Solar Energy Show in many countries. The Employee Benefits Committee offers subsidies to educational initiatives or health management efforts to the employees. The Company has voluntarily prepared CSR reports. In the Annual Report of 2017, we faithfully complied with the Global Reporting Initiative (GRI) 2016 standards promulgated by the Global Sustainability Standards Board(GSSB), focusing on the "Core option." We also supplement with "BLOOMBERG ESG SURVEY Disclosure Score" for additional disclosure toward the core standards. The contents of the 2018 to 2021 annual report are supplemented and disclosed respectively with reference to "Sam - Corporate Sustainability Assessment " and "S&P - Corporate Sustainability Assessment 2021".

In terms of SDG13 "Climate Action", in 2019 Voltronic Power signed a declaration in support of the Paris Agreement to achieve net zero carbon emissions by 2050. In order to fulfill the responsibilities and obligations of becoming major international customers' supplier, Voltronic Power added the following carbon emission reduction targets in 2020 :

By 2035, to be carbon-neutral and net zero emission in our operations

By 2050, to have a net-zero supply chain.

### Our commitments

01

Actualizing Corporate Governance , we made the "Best Practice Principles for CSR" to follow.

02

We have set up the Remuneration Committee, that will make both our employees' salaries and remuneration and our business operations grow together to be in compliance with CSR.

03

We focus on greenhouse gas management toward the targets of energy saving & carbon reduction with wholehearted efforts toward research & development energy conserving products.

04

Our company adheres to all the laws and regulations governing employment.

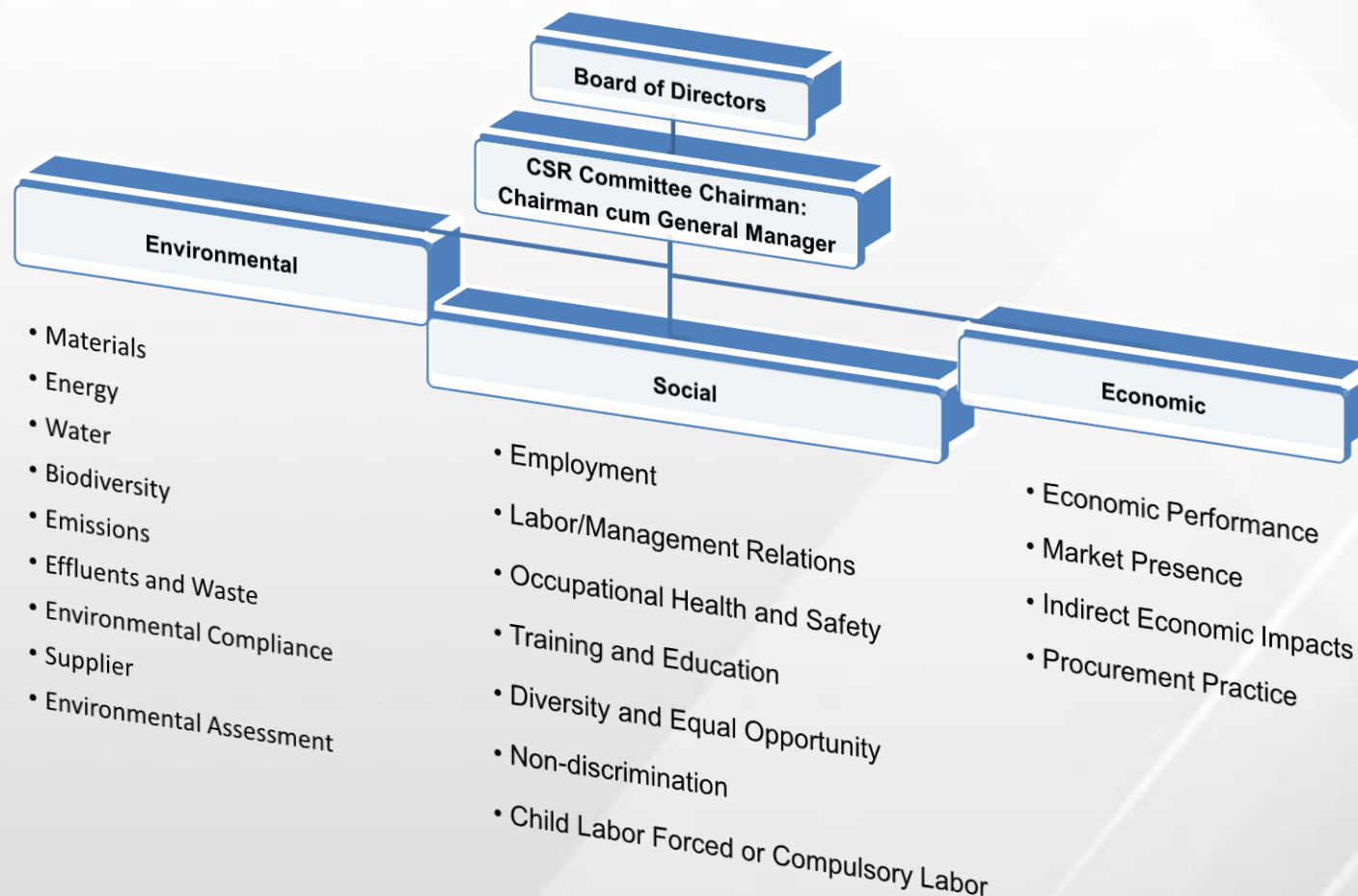
05

We pay attention to the health and safety of our employees and work environment.



## The Structure of CSR Committee

To promote the implementation of corporate social responsibility, Voltronic Power, according to the resolution of the Board of Directors, in November 2015 established the Corporate Social Responsibility Task Force and had since upgraded to the Advocacy for Corporate Social Responsibility Committee in 2017. The committee is under the supervision of the chairman (who is also the executive director), responsible for corporate social responsibility policy, system, and related management policy. To propose and implement specific action plans, regularly report to the Board of Directors, and publish corporate social responsibility reports regarding economic, environmental, and social issues arising from operating activities. The Board of Directors then authorized the general manager and the general manager's office to deal with and report to the Board with the outcomes.



## Responding to UN SDGs

The most relevant goal of the Voltronic Power Group-wide Strategy on the Sustainable Development of UN Citizens is to focus on the issue of global climate change. As a global professional ODM/OEM manufacturer of Uninterruptible Power Systems and Solar inverters, Voltronic Power has the right product portfolio that enables the user to save energy, increase efficiency, and reduce carbon emissions. In addition to formulating the climate change strategy and the action plan, in conjunction with the financial opportunities arising from implementing the program, it can provide decent work and economic growth, providing equal opportunities, fair remuneration and treatment, and gender equality.

### Material Goals of Voltronic Power

**Economic**

- Economic Performance
- Market Presence
- Indirect Economic Impacts
- Procurement Practice

**Social**

- Employment • Labor/Management Relations
- Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity
- Non-discrimination
- Child Labor Forced or Compulsory Labor

**Environmental**

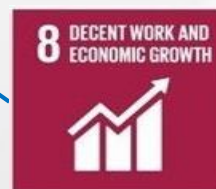
- Materials • Energy • Water
- Biodiversity • Emissions
- Effluents and Waste
- Environmental Compliance
- Supplier • Environmental Assessment

### Responding to UN SDGs



#### Achieve gender equality and empower all women and girls

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life .



#### Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high- value added and labour-intensive sectors.



#### Ensure Healthy Lives and Promote Well-Being for all at all ages

Covid-19 Implications



#### Take urgent action to combat climate change and its impacts

Integrate climate change measures into national policies, strategies and planning





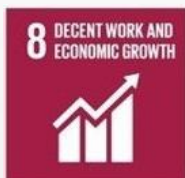
## SDGs Practice and Devp Goal



The company's organization consists of a large proportion of senior female directors and senior managers.

### Business/Social/Environmental Benefit Achievement

- A quarter or more of all directors are female (and at least one female non-independent director and one female independent director).
- Females in top management positions, i.e., maximum two levels away from the CEO or comparable post (as a percentage of total senior management positions), are one-third or more.



Continuous sales revenues growth and work opportunities.

### Business/Social/Environmental Benefit Achievement

- In 2021 sales revenue grew by 24.20%
- In 2021 employee salaries and benefits grew by 37.11%.



Continuous sales of high energy-saving carbon reduction products to assist users in energy-saving carbon reduction.

### Business/Social/Environmental Benefit Achievement

- In 2021 sales revenue grew by 24.20 %
- The products sold by Voltronic Power in 2021 are expected to provide Energy Efficiency 298,920 MtCO<sub>2</sub>e ERBs · Renewables 466,390 MtCO<sub>2</sub>e ERBs for product users, with a total 765,310 MtCO<sub>2</sub>e ERBs .



In response to the global spread of the COVID-19, "Good Health and Well-Being health and Public Health" is also the "Strategic Goal of the Group's Sustainable Development", the "Group-Wide Strategic Goal", as well as the "Sustainable Development Goal of the United Nations Citizens".

### Business/Social/Environmental Benefit Achievement

- COVID-19 is rampaging around the world. If employees are infected with the disease, it may cause a cluster infection of the company or factory workers. Besides the death of the infected workers, it may lead to the company and factory shutdown and the operation of the company is extremely serious.
- Cooperate with the local government's vaccine policy, strive to achieve more than 70% vaccination rate of all employees and zero death case of employees

## Organizational profile

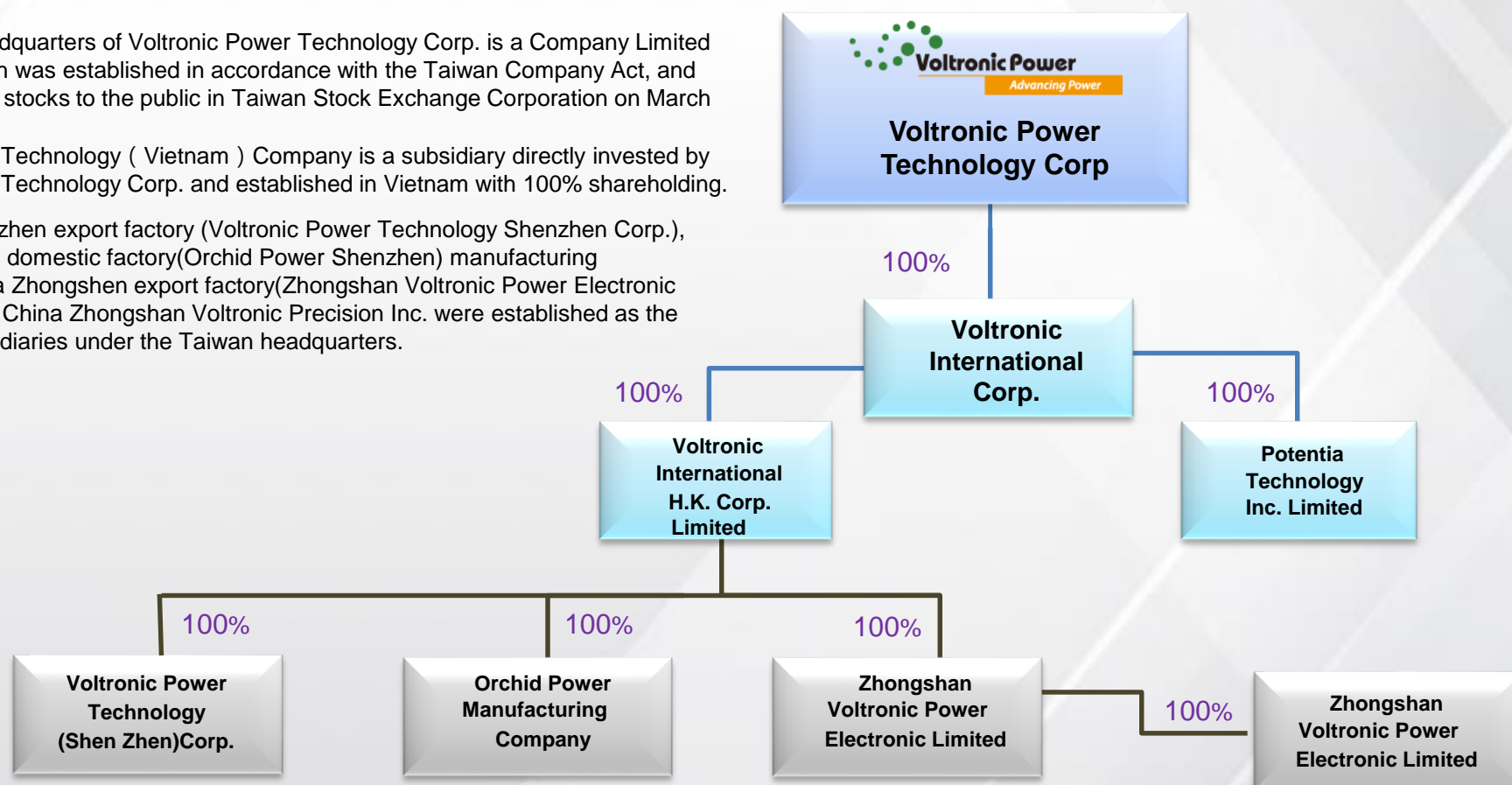


### Ownership

The Taiwan headquarters of Voltronic Power Technology Corp. is a Company Limited by Shares, which was established in accordance with the Taiwan Company Act, and was listed for its stocks to the public in Taiwan Stock Exchange Corporation on March 31, 2014.

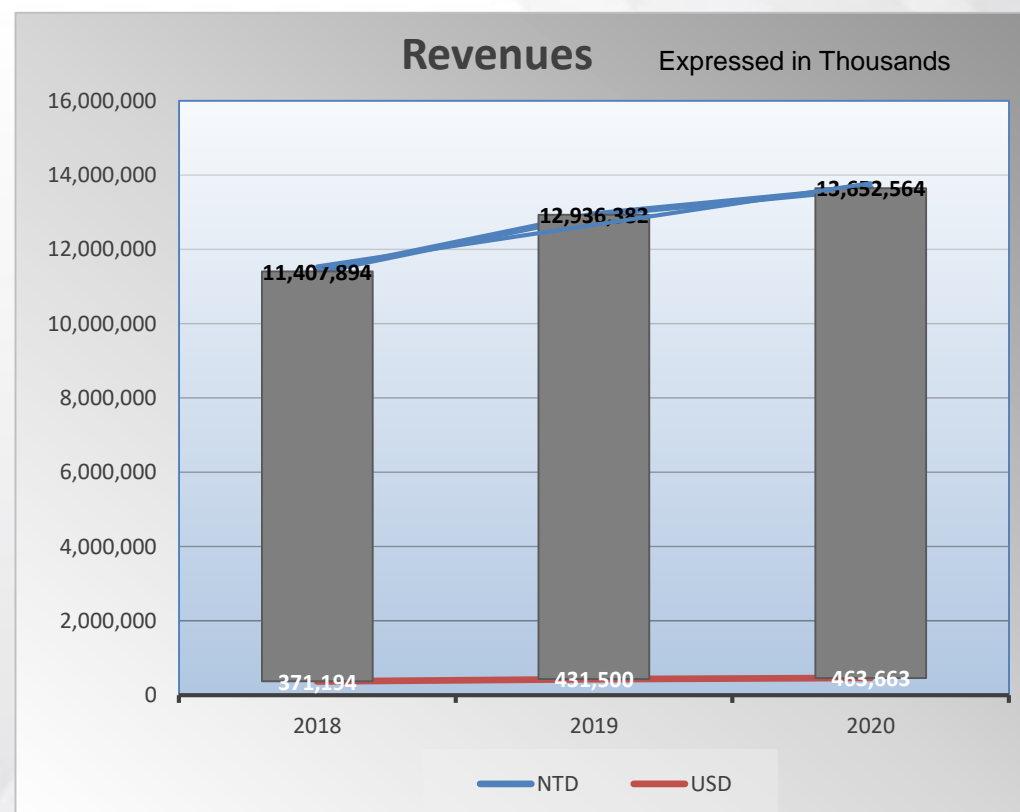
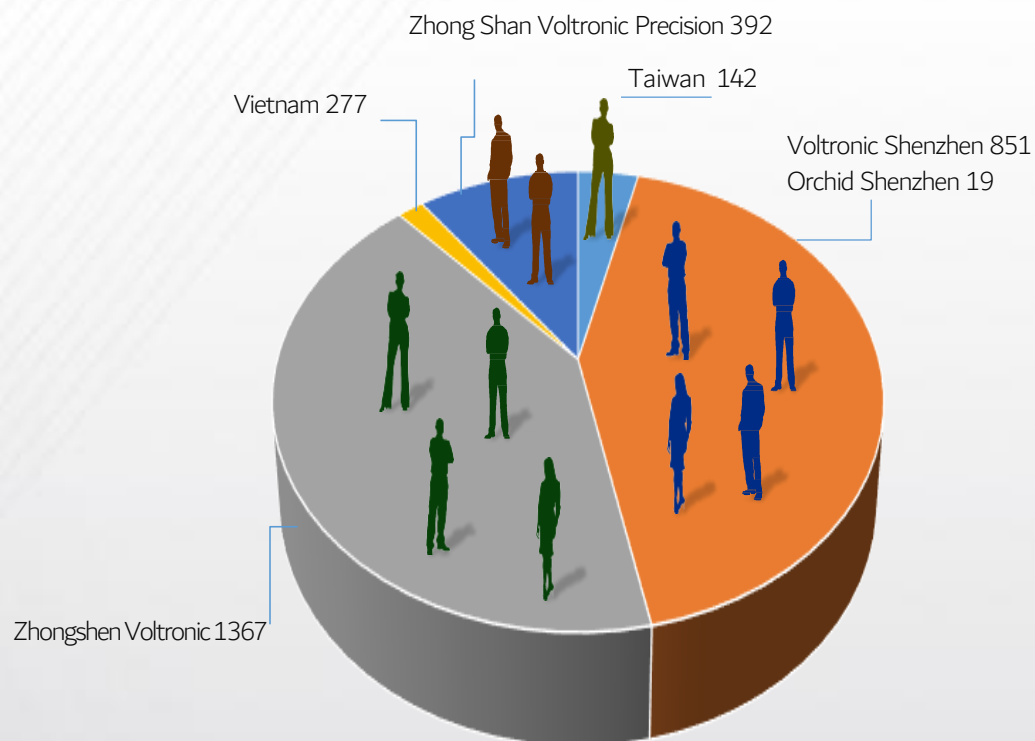
Voltronic Power Technology ( Vietnam ) Company is a subsidiary directly invested by Voltronic Power Technology Corp. and established in Vietnam with 100% shareholding.

The China Shenzhen export factory (Voltronic Power Technology Shenzhen Corp.), China Shenzhen domestic factory(Orchid Power Shenzhen) manufacturing company), China Zhongshan export factory(Zhongshan Voltronic Power Electronic Limited) and the China Zhongshan Voltronic Precision Inc. were established as the 100% held subsidiaries under the Taiwan headquarters.



## Organizational profile

**Total Employees: 3048**



## Organizational Profile

### Supply Chain Relationships

Voltronic Power receives clients' projects, specializing in the R&D, design, and product manufacturing services of UPS, and PV inverters. Our upstream components are batteries, transformer, semiconductor electronic components, cabinet, PCB, etc. Amongst these components, battery constitutes the highest proportion in terms of the dollar amount.

The Company carefully selected suppliers through a quality selection process. At present, we have excellent relationships with our suppliers; the supplies are stable without the risks of price fluctuation and supply shortage.

Voltronic Power also engages the mid-stream in the industrial supply chain, R&D products based on customer order requirements are value-added to end-users of downstream industries through customer orders. At present, Voltronic Power has over 350 clients worldwide; the portfolio is well-diversified, with relatively low risks.



In the downstream applications, there are IT communication industry, home appliance industry, the medical equipment industry, individual users, mass transportation equipment, and electrical equipment, etc. The applications are well-segmented with stable growth in each market; so far, there is no apparent operating risk. The figure depicts the product correlation amongst our company's up, mid, and downstream:



## Business Ethics

Voltronic Power requires all employees to conduct themselves with the utmost integrity, that ethical employment principles shall be abided by the employees.

We at Voltronic Power expect our customers, suppliers, business partners, and anyone or entity that have business contacts with us to support and adhere to the same principles.

Any possible violation of the ethical employment principles shall immediately report to the supervisors, if necessary, directly to the general manager. Employees who report breach violation of the ethical employment principles and consequently participate in the course of the investigation, the company shall provide due protection to avoid enduring unfair retaliation or treatment.



## Anti-corruption

Voltronic Power's employees understood that he or she would not engage, either directly or indirectly, in any activity (Conflict of Interest) which might adversely affect the Company or its affiliates, including ownership of a material interest in any supplier, contractor, distributor, subcontractor, customer or other entity with which the Company does business or accepting any tangible payment, service, loan, gift, trip, entertainment, or other favor from a supplier, contractor, distributor, subcontractor, customer or other entity with which the Company does business.

And that all employees will promptly inform the supervisors or general manager as to each offer received by any offender in any such activity. Employees further agree to disclose to the Company any other facts of which employee becomes aware, which might in employee's good faith judgment reasonably be expected to involve or give rise to a Conflict of Interest or potential Conflict of Interest.





Governance

## Business Ethics



### Governance structure

#### Board of Directors

The board of directors is one of the two core institutions in Voltronic Power's corporate governance organizational structure.

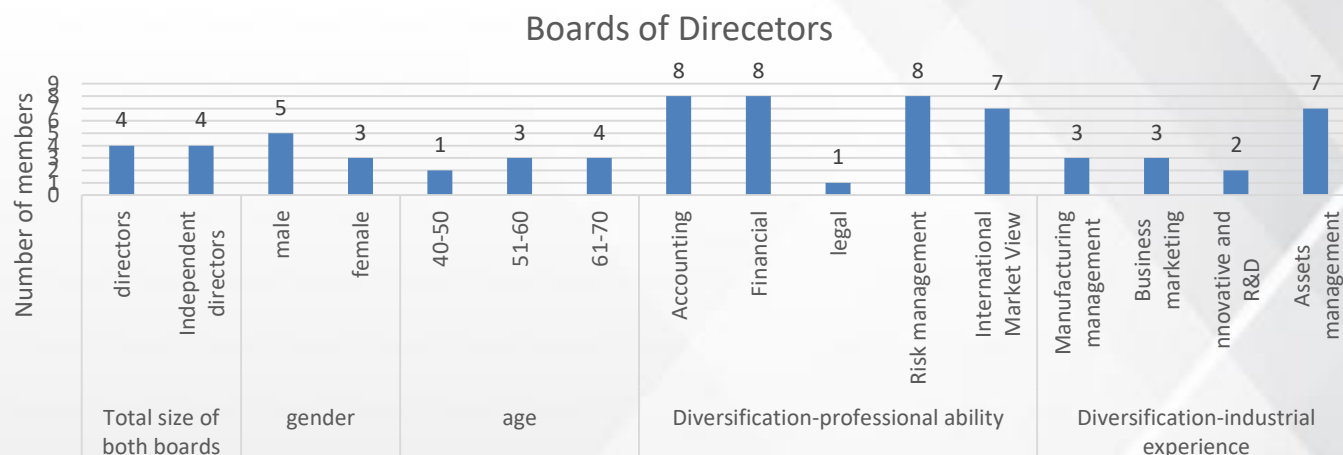
According to the Articles of Incorporation, is comprised of eight directors, four of which are independent. The shareholders' meeting elects them from among the candidates with disposing capacity.

A candidate nomination system was adopted (In the shareholders' meeting convened on May 24, 2016, with alterations to the Articles of Incorporation, the election of all directors including non-independent directors, shall be

shall be elected from the list of nominees). According to the Company Law and the Articles of Incorporation, the terms of all directors (including independent directors, non-independent directors, executive directors, non-executive directors), all are three years. Still, he/she may be eligible for re-election, there is no "Classified Board System".

The percentage of total registered shares owned by the directors and supervisors will be tallied according to the provisions of the securities regulatory authority. Liability insurance will be issued for all directors and supervisors and reporting to the Board. In 2021, there were eight directors, three were female directors and five were male directors.

Age of the Youngest Director is 37 years old, age of the Oldest Director is 74 years old, the Board average age is 58 years old. According to the provisions of the Taiwan Company Law of, the director must be at least 20 year of age and can make juridical decisions. There were four independent directors and two non-executive directors on the Board, the chairman of the Board was elected by the Board of Directors. The chairman of the Board shall internally preside the shareholders' meeting, the meeting of the Board of Directors, and shall externally represent the company. Because the chairman of the Board is also CEO in duality, so Voltronic Power voluntarily appoints four independent directors which are more than required by laws, and the Audit Committee was comprised entirely by independent directors.





## Introduction to Directors

Title	Name	(Selected Education, Past Positions & Current Positions at Non-profit Organizations)
Director	HsiehChuo-Ming	Education & Professional qualifications: Department of Business Management, Tatung University Current Position: Voltronic Power Technology Corp. - Chairman cum General Manager Voltronic International Corp., Voltronic International H.K. Corp. Limited, Potential Technology Inc. Limited – Director Zhongshan Voltronic Power Electronic Limited, Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company
Director	Open Great International Investment Limited Company representative: Chen Tsui-Fang	Education & Professional qualifications: Department of Public Finance and Taxation, Takming Junior College of Commerce Current Position: Voltronic Power Technology Corp. - Special Assistant of General Manager Open Great International Investment Limited Company – Chairman
Director	Passuello Fabio	Education & Professional qualifications: University degree in Electrical Engineering Current Position: Director and Manager Director of RPS SpA.
Director	Chuan Han Enterprise Co., Ltd. representative: Cheng Ya-Jen	Education & Professional qualifications: Tatung University Current Position: FSP Technology Inc. - Chairman 3Y POWER TECHNOLOGY INC. - Chairman 3Y POWER TECHNOLOGY INC. - Responsible person AMACROX TECHNOLOGY CO., LTD - Director AMACROX GMBH-responsible person FSP Technology Inc. (Wuxi Quanhan) - Director FSP TECHNOLOGY INC. (Wuxi Zhonghan) - Director FSP Technology Inc. (Shenzhen Zhonghan) - director FSP –Powerland Technology Inc. – Director FSP Generation Technology Inc. (Jiangsu) - – Director FSP TECHNOLOGY USA INC. - Responsible person Haohan Electronic Technology Inc.-(Ji'an)- Director LeadSolar Energy Co. Ltd - Director



## Governance

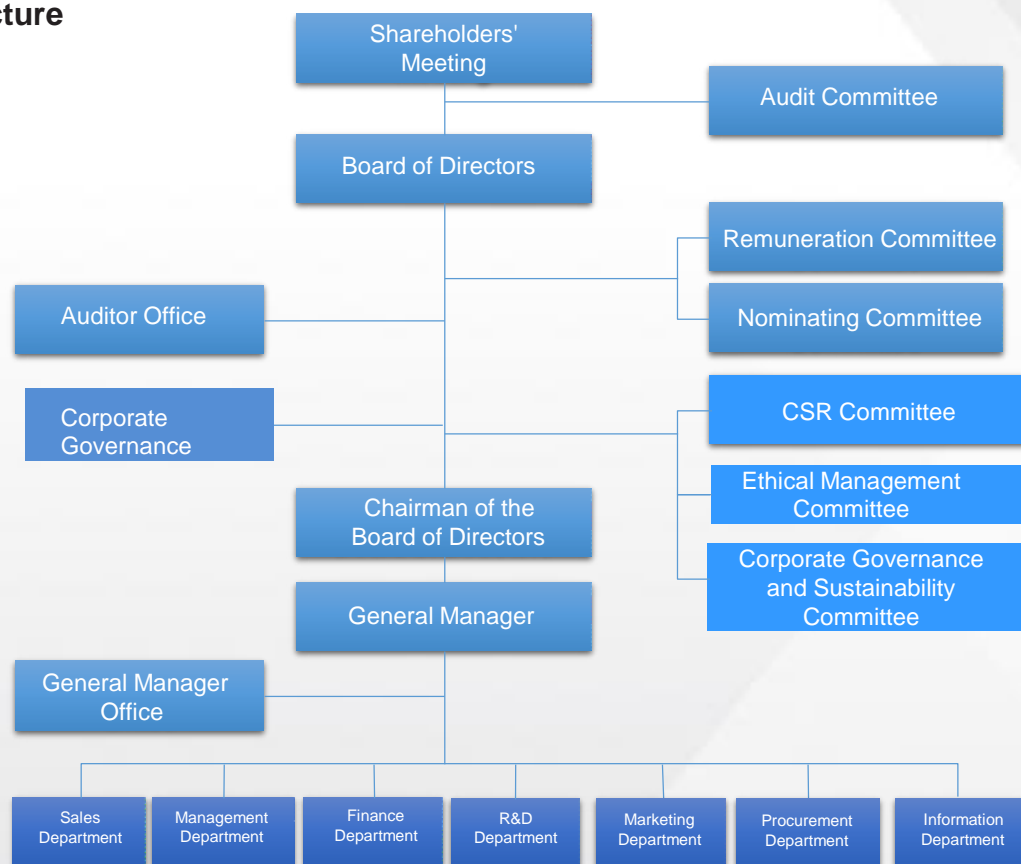
## Introduction to Directors

Title	Name	(Selected Education, Past Positions & Current Positions at Non-profit Organizations)
Independent director	Li Chien-Jan	Education & Professional qualifications: Ph.D. Program in Accountancy of National Chengchi University Current Position: Full-time professor, Department of Accountancy, National Taipei University Director of Accounting Research and Development Foundation and committee member of Accounting Standards Board Commission member of Public Functionary Disciplinary Sanction Commission Committee member of Securities Listing Review Committee Independent director of Copartner Tech Corp. Independent director of L&K Engineering Co, Ltd. Chairman of Fly-Hawk Accounting Education Director of Taiwan Institute of Ethical Business and Forensics, and committee member of its Corporate Governance Committee
Independent director	Liao Kuei-Fang	Education & Professional qualifications: Department of Accounting, Tamkang University Current Position: Partner of Synergy & Co., CPAS Director of Hsieh Chi Enterprise Management Consulting Co., Ltd..
Independent director	Wang Hsiu-Chi	Education & Professional qualifications: Master of Rider University Current Position: Adjunct Professor, Department of Accountancy, National Taipei University Independent director of South China Insurance Co., Ltd.
Independent director	Sam Ho	Education & Professional qualifications: Master of Laws, National Chung Cheng University Current Position: Attorney at Law, HHC & Partners



Governance

## Organization Structure



The incumbent directors all have rich operating or academic experience; the Board of Directors shall meet at least quarterly. In the most recent year (2021), the Board of Directors convened a total of 7 Boards meetings . The director's attendance is as follows, Board Meeting average attendance was 87.50%, and the number of Directors Attending less than 75% was only one.



### Audit Committee

Voltronic Power's Audit Committee is comprised of four members:  
Independent Director Mr. Lee Chien-Jan  
Independent Director Ms. Liao Gui-Fang

Independent Director Ms. Wang Hsiu-Chi  
Independent Director Mr. Sam Ho



### Remuneration Committee

Voltronic Power's Remuneration Committee is comprised of four members:  
Independent Director Mr. Lee Chien-Jan  
Independent Director Ms. Liao Gui-Fang

Independent Director Ms. Wang Hsiu-Chi



### Nomination Committee

Voltronic Power's Remuneration Committee is comprised of three members:  
Independent Director Mr. Lee Chien-Jan  
Independent Director Ms. Wang Hsiu-Chi

Former Independent Director Mr. Yang Ching-His

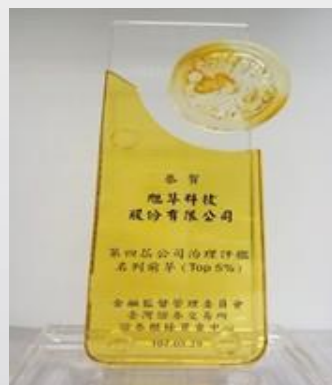


### Corporate Governance and Sustainability Committee

Voltronic Power's Corporate Governance and Sustainability Committee is comprised of four members:  
Independent Director Mr. Lee Chien-Jan  
Independent Director Mr. Sam Ho

Independent Director Ms. Wang Hsiu-Chi

**Voltronic Power Technology Corp. was ranked as top 5% in FY 2016,2017,2018,2019 and 2021by the Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange**

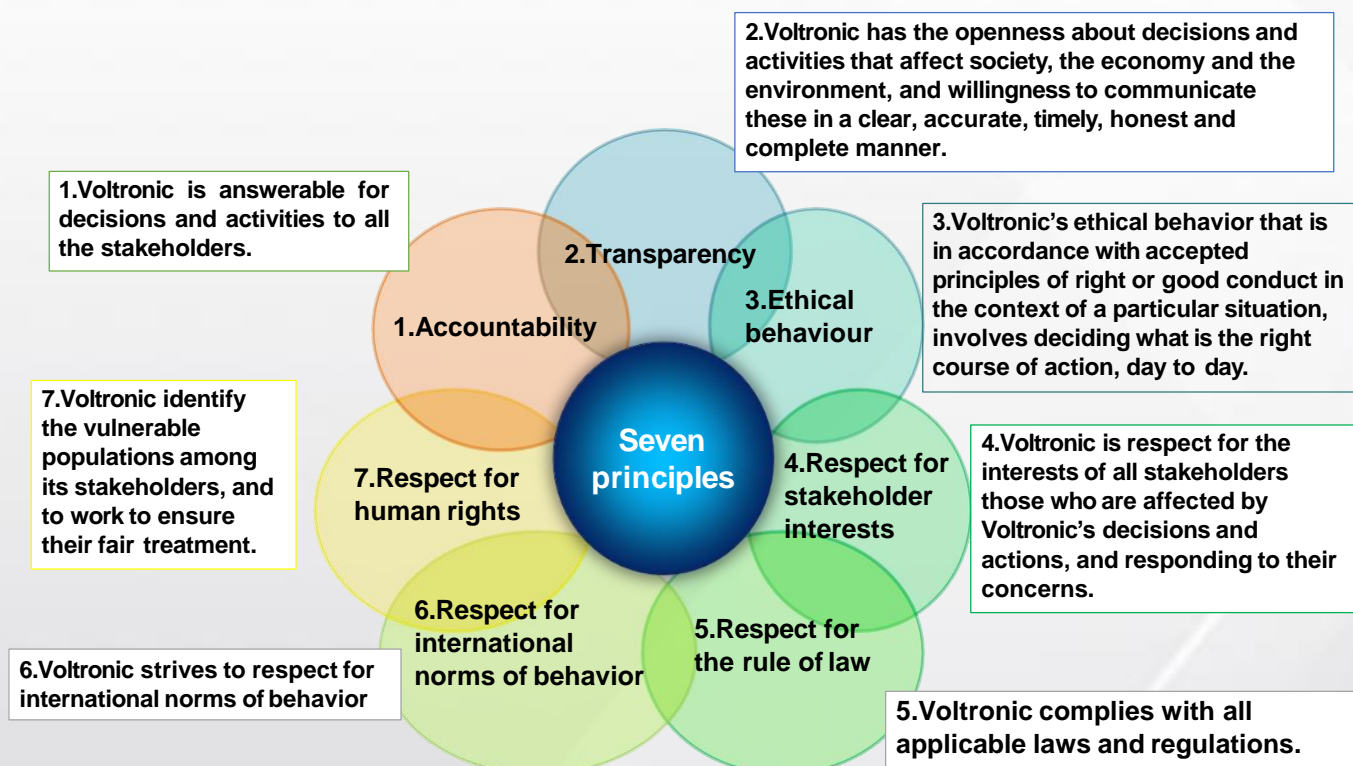


## External Initiatives

ISO 26000 Social Responsibility Guidance promote the consensus of social responsibility domain. Responding to the core content of ISO 26000, we clarify our social responsibility and help our company to transfer principles to effective actions. And to be the member of Taiwan Electrical and Electronic Manufacturers' Association and Taipei Computer Association, devoted to do the best practice of social responsibility in the global world.



### Responding to ISO 26000 Core Content







## Risk Governance

### Management Approach

We have four independent directors and two non-executive directors, totally six directors in the audit committee with expertise in risk management. Six hours of training courses are held every year.

The course content is selected from the courses of internal control internal audit, corporate governance regulations, securities management regulations, the impact of international economic and trade development trends on enterprise operation, risk identification and management of enterprise operation, risk and turnaround of climate change etc.

The highest ranking person with dedicated risk management responsibility on an operational level and the highest ranking person with responsibility for monitoring and auditing risk management performance on an operational level, all are reporting to CEO regularly and irregularly, and then reporting to the audit committee and the board of directors periodically by CEO, the risk management function is structurally independent of the business lines.

### Risk and Crisis Management Operational Principles

Voltronic Power Technology Corp (hereinafter referred to as the Company) has defined risk and crisis management as one of the three most material issues for sustainable development.

Therefore, in order to promote risk management policy and establish crisis management mechanism, train employees' awareness of risk and crisis management, implement risk and crisis management, and enhance the effectiveness of risk and crisis management, to achieve the goal of sustainable development of our company.

The operational system of risk and crisis management of the company and all departments is: risk and crisis identification, risk and crisis analysis, risk and crisis assessment, risk and crisis management; planning, implementation, inspection, supervision, review, management and continuous improvement of risk and crisis management policies, as well as communication, consultation, guidance, training, tracking and assessment.

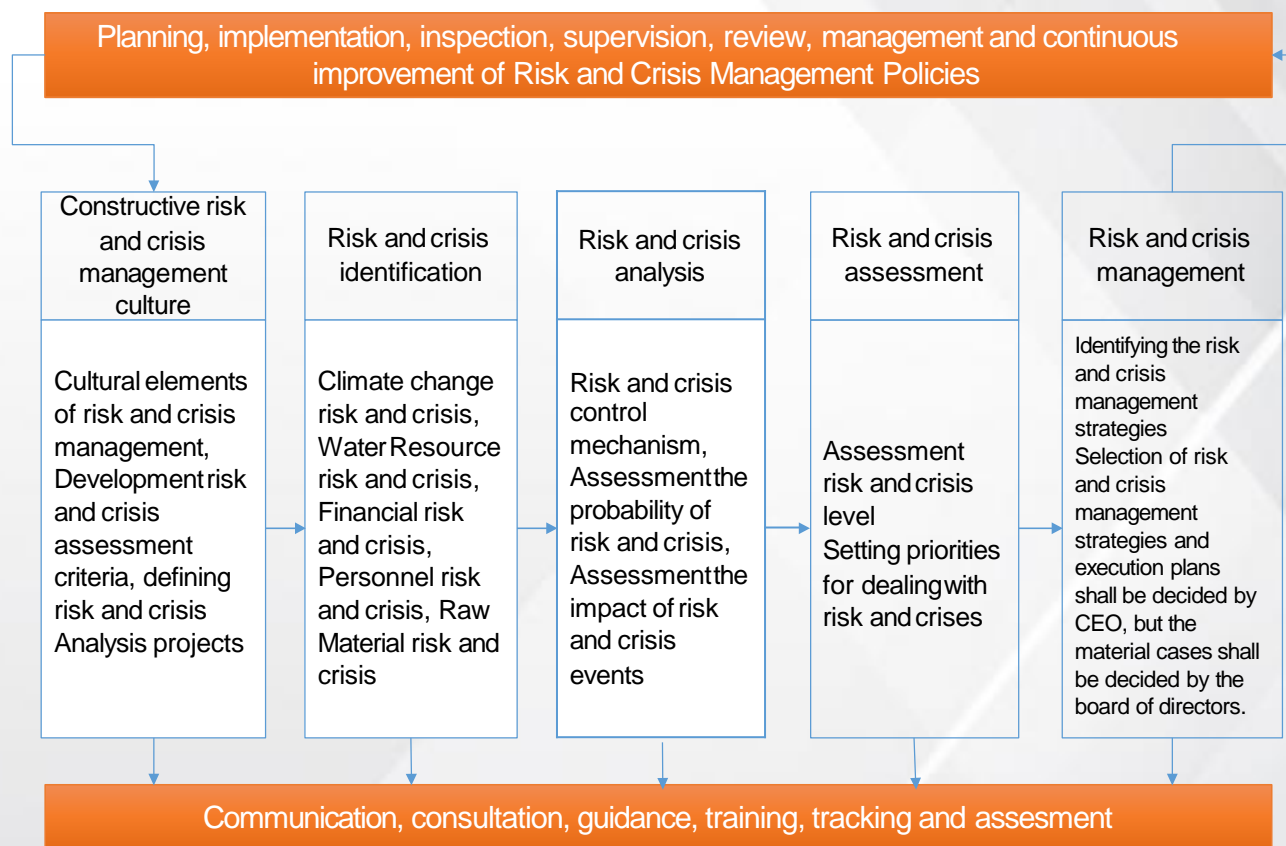


## Governance

Individual employees are encouraged to identify and report potential risks throughout the organization proactively. If the potential risks are verified and managed effectively, the individual will be rewarded according to their contribution. Reports could be turned in through line managers, or to senior executives, one can also use mailboxes or hotline.

The company uses some risk management assessment metrics as part of the KPIs for senior executives and line managers to determine their variable compensations. To facilitate and continuously improve risk and crisis management. In addition, supporting the annual Risk and Crisis Management Plan will also be part of employees' performance appraisal.

They will be asked for their views on the annual Risk and Crisis Management Plan during their performance appraisal, encouraging the employees to participate in the constructive feedback process and continuously improve risk and crisis management.





## Supplier Management

- Supplier's Compliance of High Standards
- Local Supply Chain Management
- Risk Management
- Sustainability Engagement





Supplier  
Management

## Supplier's Compliance of High Standards



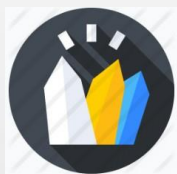
**100%**

Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive



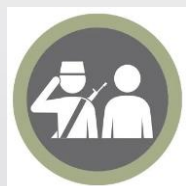
**100%**

Continue to achieve 100% raw materials compliance with the requirements of EU REACH. Act on SVHC-Substances of Very High Concern.



**100%**

Continue to achieve 100% non-use of conflict mineral raw materials.



The revenue from products containing minerals from conflictaffected and high-risk areas is **0**.



## Supplier Management

# Local Supply Chain Management

Our management of the supply chain is not only to measure the impact on production, service, and operation but also to consider the effect of corporate social responsibility and corporate reputation. Therefore, Voltronic Power follows relevant regulations and GRI statements as the basis of supply chain management. In regards to labor rights, environmental protection, health, and safety of the supply chain as the control point of sustainability risk to identify supplier risks. Based on the evaluation results, improvement measures are formulated for high-risk suppliers to help them reduce the risk and establish a sustainable partnership.

## Requirements to Suppliers

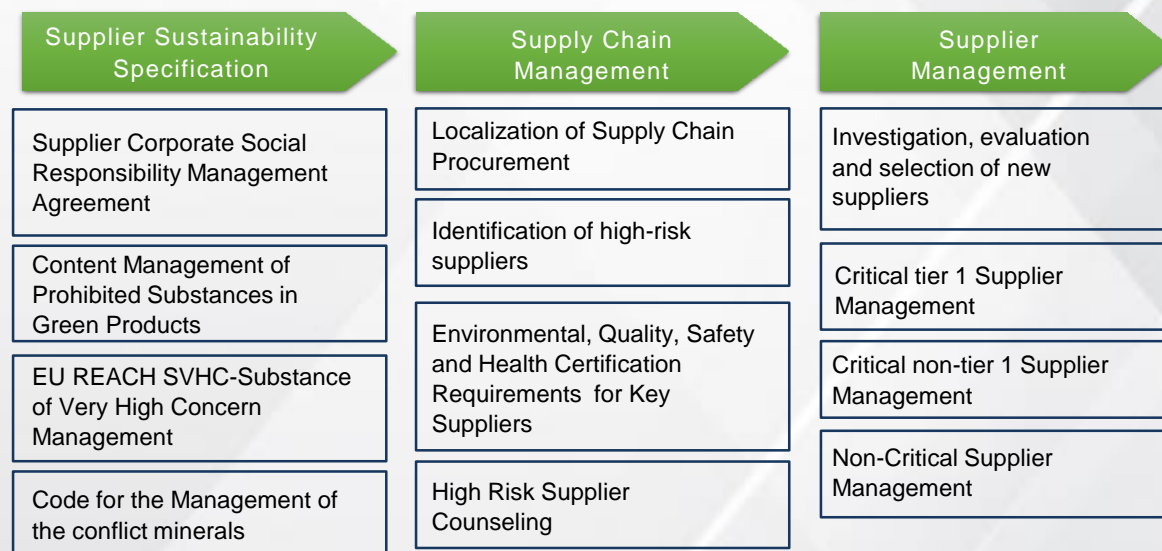
Suppliers shall comply with the provisions of environmental laws, regulations, and technical standards. Including ROHS, prevention and control of pollution, waste disposal, and other environmental protection laws and regulations, the supplier shall act following requirements of Voltronic Power to furnish the related documents associating with specific environmental protection investigation or protection.

Suppliers shall conform to ethical management throughout the supply chain, both upstream and downstream. To improve the core competitiveness of our suppliers, one only has to focus on obtaining the most competitive pricing products to engage in pure trading behavior. Behaviors such as offering direct or indirect rebate, commission, facilitating payment, or through other means to provide any improper benefits to each other are strictly prohibited.

## Supply Chain Management Commitment

- I. Establish a supply chain aiming at sustainable development.
- II. Manage supplier quality, cost, delivery time, service and sustainability.
- III. Lead suppliers to do their best in social responsibility, labor rights and interests, environmental protection, safety and health.
- IV. Ensure that products and supply chains do not use conflict minerals.

## Supply Chain Management







## Supplier Management

# Risk Management

## Supply Chain Sustainability Risk

To build a sustainable supply chain, Voltronic Power identifies economic, environmental, and social dimensions risk-projects in terms of suppliers' locations, purchases amounts, and suppliers' production process. Using Threats, Impact, and Vulnerabilities as measuring tools, Voltronic Power defines suppliers' risk levels and carries out potential risks analysis.

To further understand the suppliers' risk situations, a sustainability risk questionnaire survey was conducted for critical suppliers. After the completion of the survey, risk assessment will be carried out to identify at-risk suppliers, an on-site audit will be performed for critical suppliers with high risk. The Validity Auditing Process (VA) of RBA (Responsible Business Alliance Code of Conduct) will be required.

Through the risk assessment process, potential risks in the supply chain with economic, environmental, and social aspects will be identified. Suppliers with high risks have to propose plans for mitigation and ensure that their risks can be effectively controlled and contained.

## Sustainability risk assessment scope and targets

Indicate the scope of the sustainability risk assessments performed for Tier 1 and critical non-tier one suppliers. On-site audits, questionnaires, external sustainability agencies audit, stakeholder information, external databases, etc., are all acceptable types of assessments.

Type of supplier	Number of suppliers assessed in the last 3 years	Percentage of suppliers in that category assessed in the last 3 years (based on total number of suppliers in that category provided in "Awareness" question). The values should not exceed 100%.	Description of target
Tier 1 suppliers	62	100%	Provide a description of target: Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.  Continue to achieve 100% non-use of conflict mineral raw materials. Target year: Annually Ongoing
Critical non-tier 1 suppliers	17	100%	Provide a description of target: Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances RoHS directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.  Continue to achieve 100% non-use of conflict mineral raw materials. Target year: Annually Ongoing



## Supplier Management

# Risk Management

## Sustainability High-Risk

Definition of "sustainability high-risk"

Provide the definition or the description that company uses for "sustainability high-risk".

The assessment factors of Voltronic Power for high risk of sustainability are as follows:

### 1. Economy:

- Quality, Cost and Delivery Time
- Business Ethics
- Compliance with Regulations
- Critical Rare Metals Supply
- Only Source of Supply

### 2. Environmental aspects:

- Environmental management system
- Climate change
- Water resources management
- Waste and air pollution management

### 3. Social aspects:

- Safety and health
- Labor rights
- Conflict minerals management

Type of supplier	Number of suppliers classified as highrisk	Percentage of total suppliers in that category classified as high-risk (based on total number of suppliers in that category provided in "Awareness" question). The values should not exceed 100%.
Tier 1 suppliers	0	0
Critical non-tier 1 suppliers	0	0
Total suppliers	0	0

## Ongoing Sustainability Monitoring

Type of supplier	Percentage assessed annually	Percentage assessed at least once every 3 years	Total (should not exceed 100%)
Critical suppliers (tier 1 and non-tier 1)	40%	60%	100%
Suppliers with high sustainability risk. If has not identified any suppliers with high sustainability risks, please ensure that "0" is marked in applicable fields the "Risk Exposure" question.	0	0	0



## Supplier Management

# Sustainability Engagement

## Voltronic Power Supply Chain Management Norms

In 2021, there were 733 suppliers for Voltronic Power, including 13 critical Tier 1 supplier and 17 critical non-tier one suppliers. 85% of the purchasing amount was locally purchased, and 15% was imported from abroad.

Voltronic Power formulates complete supply chain management norms and management matrix, including new supplier evaluation, supplier management, supplier audit, and guidance, to help suppliers become green supply chains and reduce the risk to the supply chain sustainability.

Voltronic Power ensures that sustainability is integrated into supplier selection and retention decisions, and stipulates that suppliers must meet the minimum 70-point threshold of “ESG assessment for CSR checklist.”

1. Supplier Corporate Social Responsibility Management Agreement
2. Prohibited Substances Contents Guarantee for Green Products (GP)
3. EU REACH SVHC-Substances Limitation Guarantee
4. Conflict Minerals Management Survey
5. Supplier Corporate Social Responsibility Inspection

## Definition of critical suppliers



### Total tier 1 suppliers

Absolute number of suppliers: 62

Share of total procurement spent (%)

67.39%



### Critical tier 1 suppliers

Absolute number of suppliers: 13

14.31%

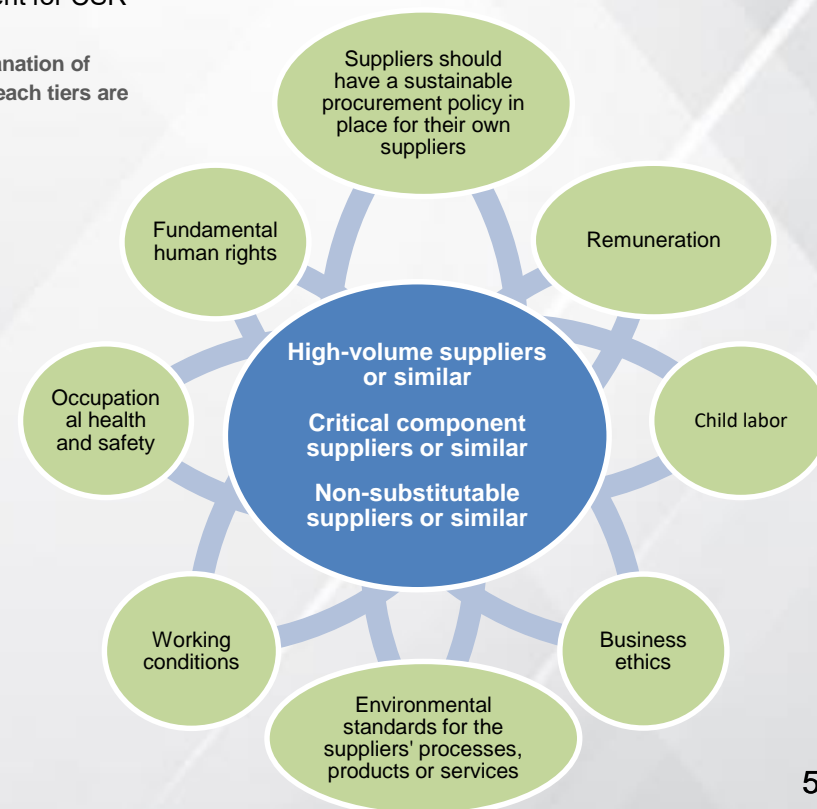


### Critical non-tier 1 suppliers

Absolute number of suppliers: 29

18.49%

Explanation of who each tiers are





## Supplier Management

### Quantitative KPIs and Targets

	Specify the KPI	Specify the target that is linked to the KPI
KPI 1	KPI: raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive.	Target: Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive Target year: Annually Ongoing.
KPI 2	KPI: raw materials compliance with the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.	Target: Continue to achieve 100% raw materials compliance with the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern. Target year: Annually Ongoing.
KPI 3	KPI: raw materials compliance with the requirements of Conflict Mineral Management Specification	Target: Continue to achieve 100% non-use of conflict mineral raw materials. Target year: Annually Ongoing.





## Appendix

## List of the identified sustainability and climate-related performance information (KPIs)

Category	Selected KPIs	Management's Measurement and Reporting Criteria	FY2021	FY2020	GRI CSA disclosure	Level of assurance
Emissions	Direct (Scope 1) GHG emissions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO <sub>2</sub> equivalent. b. Gases included in the calculation; whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all. c. Biogenic CO <sub>2</sub> emissions in metric tons of CO <sub>2</sub> equivalent.	175 MtCO <sub>2</sub> e	143 MtCO <sub>2</sub> e	GRI 305-1 CSA 2.3.1	Reasonable
Emissions	Energy indirect (Scope 2) GHG emissions	a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent	19,129 MtCO <sub>2</sub> e	15,835 MtCO <sub>2</sub> e	GRI 305-2 CSA 2.3.2	Reasonable
Energy Consumption	The energy consumption	a. Energy consumption within the organization b. Energy consumption outside of the organization c. Energy intensity	21,742 MWh	18,163 MWh	GRI 302 CSA 2.3.3	Reasonable
Water Consumption	Total water withdrawal	a.Total water withdrawal from all areas in megaliters	0.169671 megaliters	0.116858 megaliters	GRI 303-3 CSA 2.3.4	Reasonable
Emissions	Energy indirect (Scope 3) GHG emissions	a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO <sub>2</sub> equivalent.	768,882 MtCO <sub>2</sub> e	643,103 MtCO <sub>2</sub> e	GRI 305-3 CSA 2.3.8	Limited
Emission Reduction Benefits	Emission reduction benefits of selling goods	All products have Energy Efficiency ERBs, PV Inverter has Energy Efficiency and Renewables ERBs.	765,310 MtCO <sub>2</sub>	670,301 MtCO <sub>2</sub>	GRI 305-4 CSA 2.4.3	Limited
Waste	Waste Disposal	Company's total solid waste disposed (i.e. not recycled, reused or incinerated waste for energy recovery) for the part of company's operations	624 Mt	490 Mt	GRI 306 CSA 2.3.5	Limited
Waste	Hazardous Waste	Company's direct hazardous waste generation for the part of company's operations	2.41 Mt	1.45 Mt	GRI 306 CSA 2.3.6	Reasonable
Occupational Health and Safety	Fatalities	work-related fatalities	0	0	GRI403	Reasonable
Occupational Health and Safety	Lost-Time Injury Frequency Rate (LTIFR) - Employees	Company's lost-time injury frequency rate for employees (per one million hours worked)	1.64	1.85	GRI403	Reasonable
Occupational Health and Safety	Occupational Illness Frequency Rate (OIFR) - Employees	Company's occupational illness frequency rate for employees (per one million hours worked)	0.49	1.18	GRI403	Reasonable