

Corporate Social Responsibility

Annual Report 2016



Voltronic Power Technology Corp.

Voltronic Power 2016 Annual Corporate Social Responsibility Report

ABOUT THIS REPORT

REPORT SCOPE AND FREQUENCY

From 2015, Voltronic Power Technology Corporation voluntarily began to annually issue corporate social responsibility report. The scope of these reports will contain the corporate social responsibility information of Taiwan headquarters, China Shenzhen export factory (Voltronic Power Technology (Shen Zhen) Corp.), the China Shenzhen domestic factory (Orchid Power (Shen Zhen) Manufacturing Company) and since 2016, newly added the China Zhongshan export factory (Zhongshan Voltronic Power Electronic Limited) . These companies are generalized as "Voltronic Power" in this report, but for some items geographically referred to Taiwan headquarters as "Taiwan Region" and referred to Voltronic Power Technology (Shen Zhen) Corp. and Orchid Power (Shen Zhen) Manufacturing Company as "China Region". The reporting period of the corporate social responsibility information disclosure in this report is from January 1 to December 31, 2016. The reporting period of the corporate social responsibility information disclosure in last year report is from January 1 to December 31, 2015.

REPORTING GUIDELINES

The reporting principles and standard disclosures of this report are in accordance with the G4 (Fourth Generation) Sustainability Reporting Guidelines published by the Global Reporting Initiative(GRI),and the standard disclosures of this report are in accordance with "Core Option". And additionally, some disclosures are reference to "BLOOMBERG ESG SURVEY Disclosure Score ".

PRESENTATION OF DATA

In this report, ratios or normalized data are useful and appropriate formats for data presentation, and if necessary, absolute data should also be provided and explanatory notes are advisable.

DATA AGGREGATION AND DISAGGREGATION

The data aggregation and disaggregation of this report, in principle, information reported on an aggregated basis as "Voltronic Power", but some information

reported on a disaggregated basis by "Taiwan Region" and "China Region", and if necessary, some "China Region" information reported on a disaggregated basis by "Voltronic Power Technology (Shen Zhen) Corp. ", "Orchid Power (Shen Zhen) Manufacturing Company " and " Zhongshan Voltronic Power Electronic Limited. ".

METRICS

Reported data should be presented using generally accepted international metrics (such as kilograms, tones, liters) and calculated using standard conversion factors. When specific international conventions exist (such as GHG equivalents), calculated using the equivalents of the specific international conventions.

MEDIUM OF REPORTING

The report is written in traditional Chinese and in English, and deliberates the provisions of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies", voluntarily disclose the corporate social responsibility report and the link to the file of that report posted on the company's website on the internet information reporting system (Market Observation Post System) designated by TWSE (Taiwan Stock Exchange Corporation) by June 30.

The medium of reporting according to the principles of environmental protection, web-based reporting in www.voltronicpower.com "Company Information".

GENERAL STANDARD DISCLOSURES

Strategy and Analysis

G4-1

Statement from Chairman

Voltronic Power Technology Corp. becomes the DMS (Design & Manufacturing Service) for uninterruptible power supplies (UPS) second to none throughout the world, customers over more than hundred countries and regions around the world, and the company's stocks are listed on the Taiwan Stock Exchange Corporation. Therefore, we are convinced of the need for building a positive image on the sustainability issues as well as corporate social responsibility in the global supply chain.

Therefore, although Voltronic Power Technology Corp. neither falls into the industries that Taiwan security authorities force to prepare and file CSR report, the company's capital stock nor achieves the standards that Taiwan security authorities force to prepare and file CSR report, Voltronic Power Technology Corp. established "To promote corporate social responsibility task force" in 2015, the task force is directly supervised by the chairman (who is the executive director with responsibility for corporate social responsibility) and regularly reports to the board of directors. Voluntarily issued corporate social responsibility report in accordance with the G4 (Fourth Generation) Sustainability Reporting Guidelines published by the Global Reporting Initiative(GRI), the first time published "Annual Report 2014" in December 2015, the reporting period is from January 1 to December 31, 2014. And in response to the needs of shareholders and customers around the world, published in both Chinese and English languages.

In December 2015, the first time published "2014 Annual Corporate Social Responsibility Report", the GRI G4 Standard Disclosures(including both General Standard Disclosures and Specific Standard Disclosures) of the report were in accordance with "semi Core Option".

Individually, in June 2017 and June 2016, published"2016 Annual Corporate Social Responsibility Report"and "2015 Annual Corporate Social Responsibility Report", the GRI G4 Standard Disclosures (including both General Standard Disclosures and Specific Standard Disclosures) of those reports are in accordance with "Core Option" to show the company's positive attitude for building a positive

image on the sustainability issues as well as corporate social responsibility in the global supply chain.



Chairman of the Board Hsieh Juor-Ming

Organizational Profile

G4-3

The name of the organization is Voltronic Power Technology Corp.

G4-4

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter.

A. UPS

- (A) Off-line UPS: 400VA – 2000VA**
- (B) On-line UPS: 1KVA – 210KVA**

B. Inverter/AVR: 600VA – 10KVA

C. ACCESSORY:

- (A) SNMP Card**
- (B) MODBUS Card**
- (C) PDU & MAINTENANCE Bypass Switch**

D. SOLAR Inverter: 1KVA – 10KVA

G4-5

The location of Voltronic Power Technology Corp.'s headquarters is in Neihu Dist., Taipei, Taiwan.

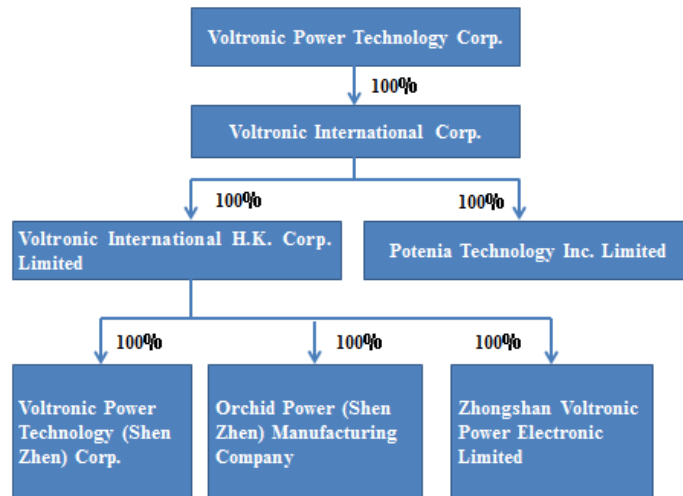
G4-6

The countries (have significant operations and that are specifically relevant to the sustainability topics covered in the report) where Voltronic Power Technology Corp. operates, including Taiwan headquarters, China Shenzhen export factory (Voltronic Power Technology (Shen Zhen) Corp.) , the China Shenzhen domestic factory (Orchid Power (Shen Zhen) Manufacturing Company) and the China Zhongshan export factory (Zhongshan Voltronic Power Electronic Limited) . These companies are generalized as "Voltronic Power" in this report, but for some items geographically referred to Taiwan headquarters as "Taiwan Region" and referred to Voltronic Power Technology (Shen Zhen) Corp. , Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronic Limited as "China Region".

G4-7

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

China Shenzhen export factory(Voltronic Power Technology (Shen Zhen) Corp.), China Shenzhen domestic factory (Orchid Power (Shen Zhen) Manufacturing Company) and the China Zhongshan export factory (Zhongshan Voltronic Power Electronic Limited) were established in accordance with the following investment structures as the 100% held subsidiary company in China.



G4-8

Voltronic Power's sales regions of main products :

Unit : Thousand NTD ; %

Sales Regions		2015		2016	
		Amounts	Ratio	Amounts	Ratio
Domestic		364,461	4.53%	344,238	4.24%
Export	Asia	3,483,499	43.33%	3,996,717	49.22%
	Other	4,191,363	52.14%	3,779,265	46.54%
	Subtotal	7,674,862	95.47%	7,775,982	95.76%
Total		8,039,323	100%	8,120,220	100.00%

Voltronic Power in UPS shipments, mainly to the below 20KVA UPS, 2016 annual shipments are about 4.56 million units. According to the Global UPS system market analysis research report by Frost & Sullivan, estimated UPS Global Market Scale is about 27.11 million units in 2016. On the global UPS shipments, Voltronic Power accounted for about sixteen percent.

Fig: Global UPS market size, 2010-2017

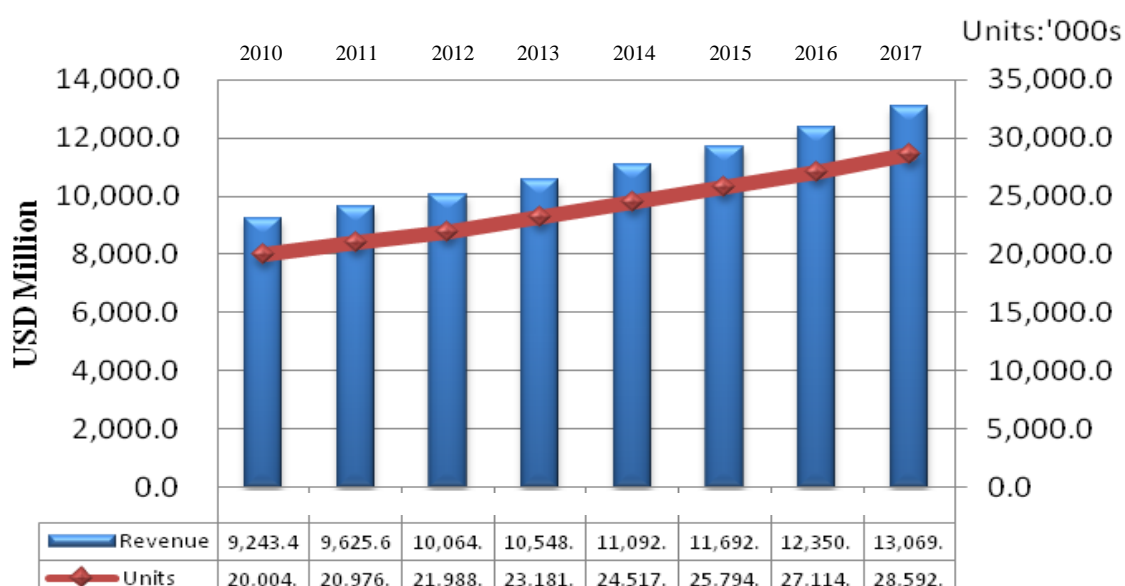
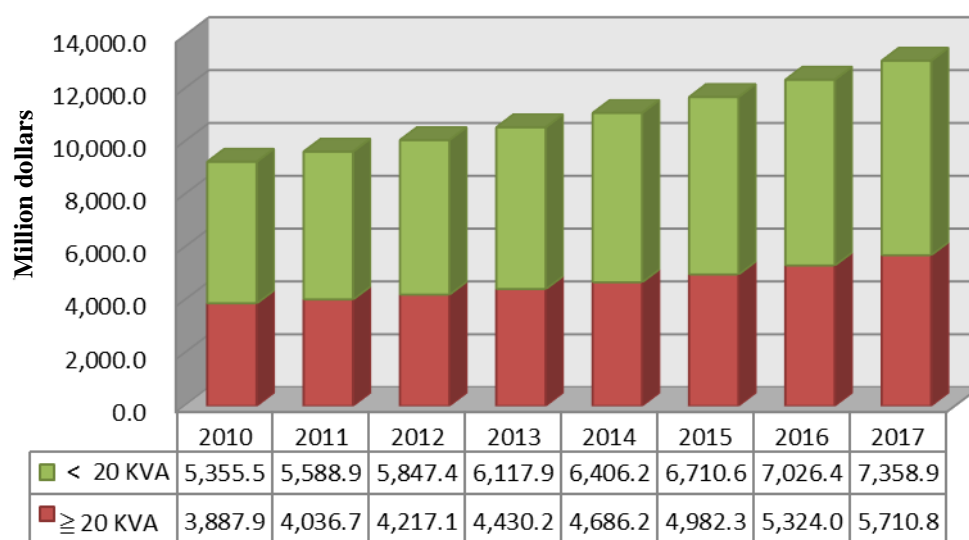


Fig: UPS products, distribution of major sales regions



Fig: Proportion of production value by spec, global UPS products



G4-9

year		Taiwan	Voltronic Shenzhen	Orchid Shenzhen	Zhongshan Voltronic	Total
2015	Total number of employees	75	1,517	43	—	1,635
	Net Sales (Note)					NTD 8,039,323 thousand
2016	Total number of employees	78	1,341	52	398	1,869
	Net Sales (Note)					NTD 8,120,220 thousand

(Note) Net Sales in accordance with the consolidated basis of disclosure.

G4-10

Voltronic Power's employees all are formal / contract employees, according to December 31, 2015 and December 31, 2016 respectively the number of statistics are as follows.

	Gender	Taiwan	Voltronic Shenzhen	Orchid Shenzhen	Zhongshan Voltronic	Total
2015	Male	39	964	30	—	1033
	Female	36	553	13	—	602
	Subtotal	75	1517	43	—	1635
2016	Male	38	873	38	264	1,213
	Female	40	468	14	134	656
	Subtotal	78	1,341	52	398	1,869

G4-11

In Taiwan Region, abide by the provisions of Labor Standards Act, the Labor Pension Act, Labor Insurance Act, National Health Insurance Act, the applicable laws and provisions to hire employees. Further, in accordance with the Taiwan laws to organize Employee Welfare Committee, to take care of the lives of employees. By quarterly convening Employee Welfare Committee meeting and the Labor-Management meeting, the employee representatives can reflect the employees' suggestions and opinions on specific issues, and through those meetings

with the company management team to reach a consensus. There are good systems and institutions, specify the various management measures, and the contents prescribe the rights, obligations and the welfare items of employees, periodic review and revise the welfare contents, in order to safeguard the rights and interests of all employees.

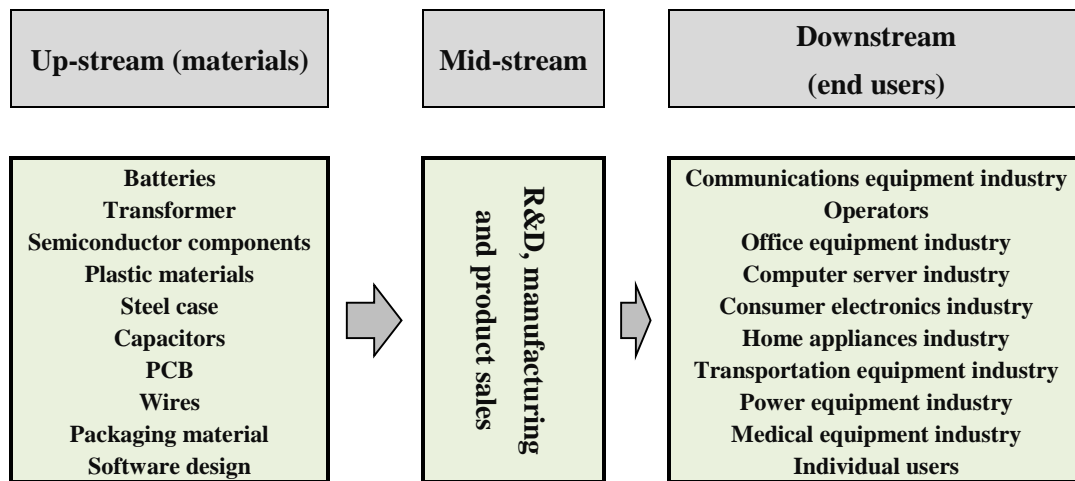
In China Region, abide by the provisions of Law of the People's Republic of China on Employment Contracts, Regulation on the Implementation of the Employment Contract Law of the People's Republic of China, Labor Law of the People's Republic of China, Social Insurance Law of the People's Republic of China, the applicable laws and provisions to hire employees.

G4-12

Voltronic Power Supply Chain Relationships

Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, inverter, and PV inverter, our upstream products are components (batteries, transformer, semiconductor electronic components, cabinet, PCB, etc.), among these components, battery occupies the highest proportion, our company's manufacturing base in Shenzhen, China where many local Chinese battery factories are located, The Company carefully selected suppliers through quality tests. 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 occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders. At present, Voltronic Power has over 300 clients; the sales are spread out, with relatively low risks. In the downstream applications, there are IT communication industry, home appliance industry, medical equipment industry, individual users, mass transportation equipment, and electrical equipment, etc. The applications are diverse with stable growth in the markets; so far, there is no apparent operating risk. The following figure depicts the product correlation among our company's up-, mid-, and downstream:



G4-13

During 2016 (from January 1 to December 31, 2016) the reporting period, there is no any significant change regarding the organization's size, structure, ownership, or supply chain about Voltronic Power.

G4-14

Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, inverter, and PV inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders, not to strive for own brand name, not to compete against customers, thus without the risk of product development. At present, Voltronic Power has over 300 clients; the sales are very spread out, also without risk of excessive centralization of customers.

Voltronic Power's major shareholders uphold the concept of sustainable investment, not to sale the company's shares to achieve the purpose of profit, and the Management Team has the abilities that cannot to be replaced in the R&D and in the production technology also in the development of customers, and for the purpose of sustainable operation, therefore, there is neither the risk of being hostile takeover nor the risk of losing of operating rights.

Therefore, Voltronic Power hasn't Poison Pill Plan and absolutely no Poison Pill Plan (or Shareholder Rights Plan) will be implemented. There also hasn't Blank Check Preferred Authorized which is authorized to issue any quantity of preferred stock without shareholders' approval.

The Taiwan headquarters of Voltronic Power Technology Corp. is a listed company in according to Taiwan Company Act and the Securities and Exchange Act, only issued Common Stocks, every one share have the equal voting power. There are neither Unequal Voting Rights (Including Preferred Stock) nor Dual Class Unequal Voting Rights - Common Shares.

In accordance with the provisions of the 173rd articles of the Taiwan company law : 「Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own. A special meeting of shareholders convened in accordance with the provisions set out in the preceding two Paragraphs may appoint an inspector to examine the business and financial condition of the company. When the board of directors fails or cannot convene a shareholders' meeting on account of share transfer or any other causes, the shareholder(s) holding 3% or more of the total number of outstanding shares of the company may, after obtaining an approval from the competent authority, convene a shareholders' meeting.」

G4-15

Voltronic Power doesn't sign any externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.

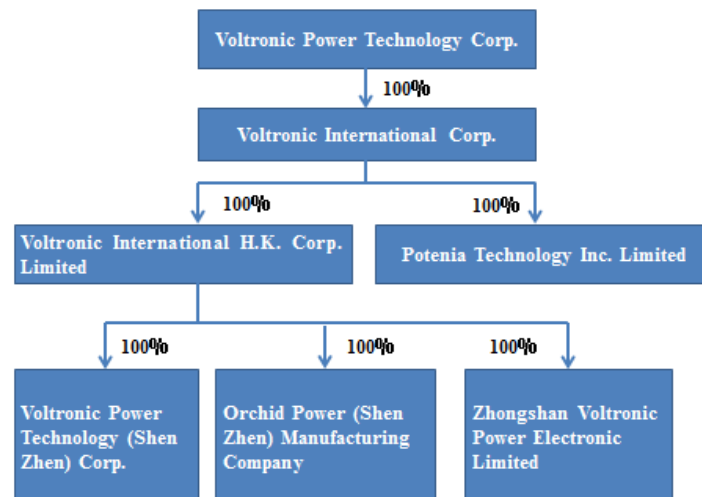
G4-16

Voltronic Power is the member of Taiwan Electrical and Electronic Manufacturers' Association also is the member of Taipei Computer Association.

Identified Material Aspects and Boundaries

G4-17

All entities of Voltronic Power's consolidated financial statements included as shown in the following figure:



"Voltronic International Corp.", "Voltronic International H.K. Corp. Limited" and "Potenia Technology Inc. Limited" belongs to the investment company, so those entities do not be covered by the report. Zhongshan Voltronic Power Electronic Limited started operation since October 2016, so be included in the report since 2016.

G4-18

Identified Material Aspects and Boundaries and Defined the Report Content

Voltronic Power publishes 2016 Annual Corporate Social Responsibility Report (disclosure period from January 1 to December 31, 2016), for the GRI G4 Standard Disclosures (including both General Standard Disclosures and Specific Standard Disclosures) of this report are in accordance with "Core Option". Therefore, in accordance with "Core Option", that should be disclosure aspects and boundaries, Voltronic Power firstly identified and selected stakeholders groups, excluding related aspects and boundaries of the not applicable stakeholders groups (Voltronic Power's factories that in Taiwan Region and China Region all are leased from the industrial districts, abide by those industrial district management approaches, therefore, stakeholder group "Local

communities" is not applicable to Voltronic Power. The Taiwan and China factories does not exist "Civil society", therefore, stakeholder group "Civil society" is not applicable to Voltronic Power.), the remaining other aspects and boundaries, Voltronic Power gives to expose, and Voltronic Power gives the same attention, there is no special preference or special arrangement in order of priority.

G4-19 List all the material Aspects identified in the process for defining report content.

G4-20 For each material Aspect, report the Aspect Boundary within the organization.

G4-21 For each material Aspect, report the Aspect Boundary outside the organization.

Category	Economic		Environmental	
Aspects	<ul style="list-style-type: none">•Economic Performance•Market Presence•Indirect Economic Impacts•Procurement Practices <div>ÿ ÿ ÿ ÿ</div>		<ul style="list-style-type: none">•Materials•Energy•Water•Biodiversity•Emissions•Effluents and Waste•Products and Services•Compliance•Transport•Overall and Supplier Environmental Assessment•Environmental Grievance Mechanisms	
Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects	<ul style="list-style-type: none">•Employment•Labor/Management Relations•Occupational Health and Safety•Training and Education•Diversity and Equal Opportunity•Equal Remuneration for Women and Men•Supplier Assessment for Labor Practices•Labor Practices Grievance Mechanisms	<ul style="list-style-type: none">•Investment•Non-discrimination•Freedom of Association and Collective Bargaining•Child Labor•Forced or Compulsory Labor•Security Practices•Indigenous Rights•Assessment•Supplier Human Rights Assessment•Human Rights Grievance Mechanisms	<ul style="list-style-type: none">•Anti-corruption•Public Policy•Anti-competitive Behavior•Compliance•Grievance Mechanisms for Impacts on Society	<ul style="list-style-type: none">•Customer Health and Safety•Product and Service Labeling•Marketing Communications•Customer Privacy•Compliance

G4-22

Voltronic Power did not carry out mergers or acquisitions, and did not change the base years or periods neither the nature of the business nor measurement methods, therefore, there is no need to restate the information provided in the 2015 annual corporate social responsibility report (disclosure period from January 1 to December 31, 2015) that published in June 2016.

G4-23

Compared with the previous report, this report hasn't significant changes from previous reporting periods in the Scope and Aspect Boundaries, but more comprehensive.

Zhongshan Voltronic Power Electronic Limited started operation since October 2016, so be included in the report since 2016.

Stakeholder Engagement

G4-24

The stakeholder groups engaged by Voltronic Power are customers, employees, shareholders and providers of capital as well as suppliers.

G4-25

The basis for identification and selection of stakeholders with whom to engage, Voltronic Power lists all possible stakeholder groups, then excludes that are not applicable, the rest are listed for the Stakeholder Engagement.

possible stakeholder groups	reasons for exclusion	stakeholder groups
Civil society	The Taiwan and China factories of Voltronic Power does not exist "Civil society".	—
Customers	—	Customers
Employees, other workers, and their trade unions	Voltronic Power only hiring employees, there is no other workers, and the employees does not form trade unions.	Employees

Local communities	Voltronic Power's factories in Taiwan and China all are leased from the industrial districts, abide by those industrial district management codes.	—
Shareholders and providers of capital		Shareholders and providers of capital
Suppliers		Suppliers

G4-26 Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.

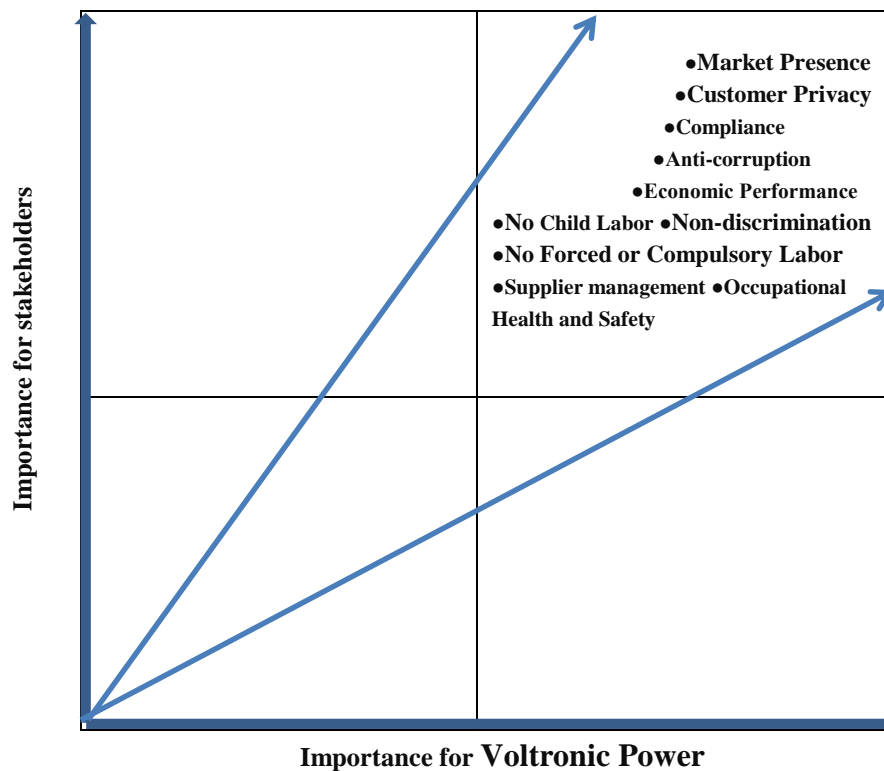
G4-27 Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.

Stakeholder group	Key topics and concerns	Voltronic's responsibilities	Communication channels and response methods
Customers	<ul style="list-style-type: none"> —Market Presence —Customer Privacy —Non-discrimination —No Forced or Compulsory Labor —No Child Labor —Anti-corruption —Compliance 	<ul style="list-style-type: none"> —Provide high-quality products and services that are the best on the market. —Provide services that include design, manufacturing, logistic support, and comprehensive solutions. Improve level of customer satisfaction. —Establish long-term close relationships with customers based on mutual trust and commercial partnership. —Inform all employees of the need to adhere to confidentiality agreements and principles that should be followed when facing the media. 	<ul style="list-style-type: none"> —Cooperate with customers' production and environmental, requirements, responsibilities, and inspections. Assist with preventions and improvements. —Train employees and enforce rules for information disclosure when facing the media.
Employees	<ul style="list-style-type: none"> —Market Presence —Non-discrimination 	<ul style="list-style-type: none"> —Ensure and respect human rights. 	<ul style="list-style-type: none"> —Convene supervisor and supervisee

	<ul style="list-style-type: none"> —No Forced or Compulsory Labor —Occupational Health and Safety —Training and Education —Compliance 	<ul style="list-style-type: none"> —Personnel development. —Legal and fair assessment and treatment. —Safe and healthy working environment. —Personnel welfare and health promotion. 	<ul style="list-style-type: none"> communication meetings. —Staff mailbox and message board. —Provide free employee health check.
Shareholders and providers of capital	<ul style="list-style-type: none"> —Market Presence —Economic Performance —Investment —Anti-corruption —Labor/Management Relations —Compliance 	<ul style="list-style-type: none"> —Comply with the most updated regulations and policies from competent authorities. Swiftly respond to and adjust corporate information disclosure formats and content to conform to regulatory requirements. —Appropriately provide immediate, concurrent, and accurate company information. Do our best to disclose investment information. —Maintain a long-term and stable dividend policy. Provide appropriate investment returns. —Steadily build company financial strategy. Maintain good company credit and operational performance. 	<ul style="list-style-type: none"> —Annual regular meeting of shareholders. —Held Investor Conference. —Quarterly financial report and operational information announcements. —Disclose immediate material information on TWSE MOPS as well as the company website. —According to the announcement of material events, in addition to disclose on TWSE MOPS as well as the company website, also depending on the situation requires, occasionally issue press release or convene a press briefing. —Set up email address and contact phone on company website to establish a smooth communication channel between the investor and the company. —Establish a specifically juristic person investors relationship department to hold regular face-to-face communication meetings or telephone conferences with domestic or abroad juristic person

			Investors.
Suppliers	<ul style="list-style-type: none"> — Market Presence — Supplier Environmental Assessment — Supplier Assessment for Labor Practices — Supplier Human Rights Assessment — Compliance 	<ul style="list-style-type: none"> — Legal and fair transactions. — Understanding of environmental safety and health considerations and specification details. — Understand and assist Voltronic with implementation of social responsibility. 	<ul style="list-style-type: none"> — Sign an environmental protection commitment letter. — Suppliers and contractors annual audit.

Attention issues materiality matrix



Report Profile

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The information provided in this report is for the period from January 1 to December 31st, 2016.

G4-29

Date of most recent previous report is the first time publishing "Annual Report 2015" in June 2016 (the reporting period is from January 1 to December 31, 2015) .

G4-30

The reporting cycle is once annual.

G4-31

The contact point for questions regarding the report or its contents:

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China spokesperson also contact person

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The GRI G4 Standard Disclosures (including both General Standard Disclosures and Specific Standard Disclosures) of Voltronic Power 2016 Annual Corporate

Social Responsibility Report (the reporting period is from January 1 to December 31, 2016) , are in accordance with Core Option.,

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The content of this report is written in traditional Chinese and in English, and deliberates the provisions of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies", voluntarily disclose the corporate social responsibility report and the link to the file of that report posted on the company's website on the internet information reporting system (Market Observation Post System) designated by TWSE (Taiwan Stock Exchange Corporation) by June 30.

The medium of reporting according to the principles of environmental protection, web-based reporting in www.voltronicpower.com "Company Information".

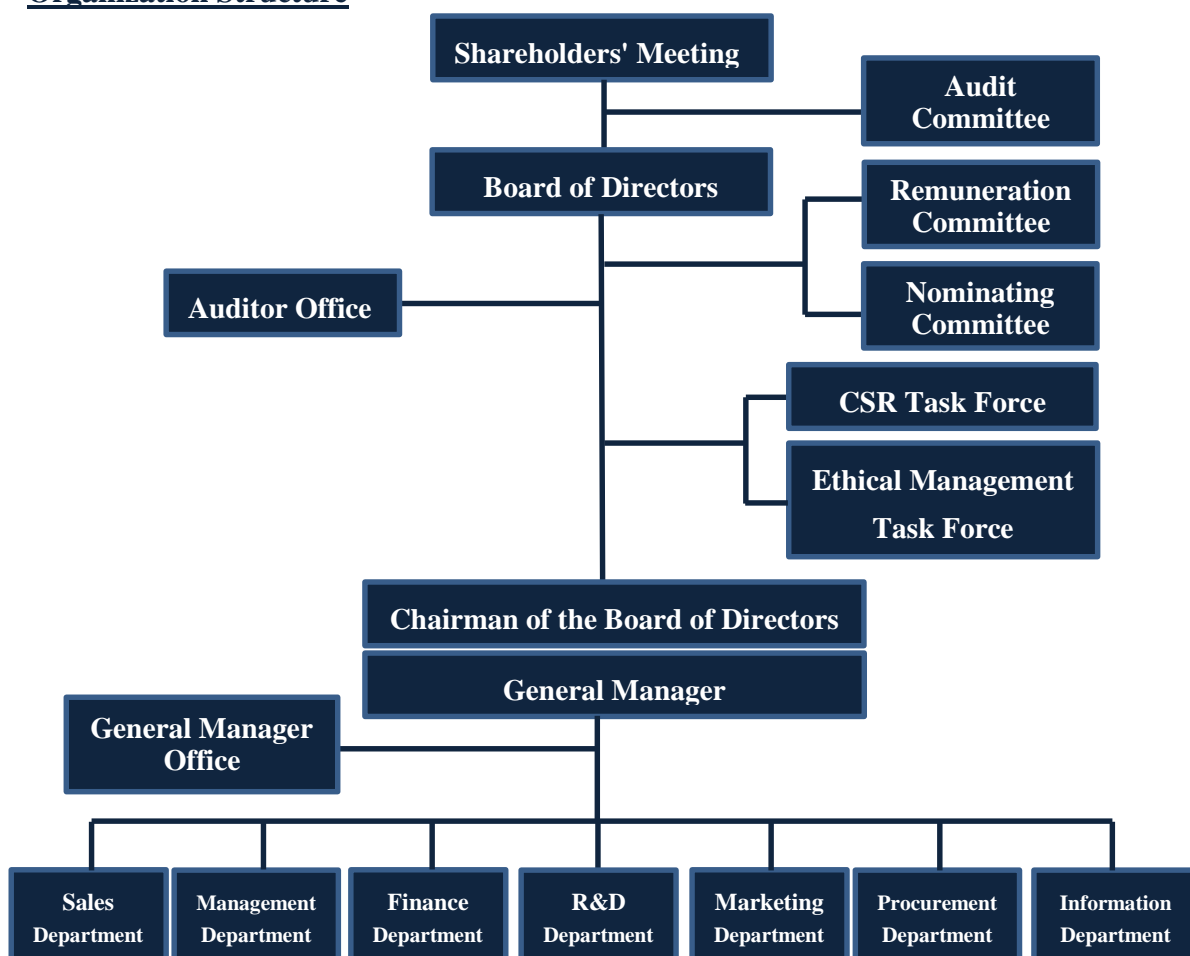
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This report does not require an external assurance.

Governance

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Organization Structure



Board of Directors

The board of directors is one of the two core institutions in Voltronic Power's corporate governance organizational structure, in accordance with the articles of incorporation, is comprised seven directors, three of them are independent directors, are elected by the shareholders' meeting from among the persons with disposing capacity. The election of independent directors in that a candidate nomination system shall be adopted and those shareholders shall elect independent directors from among the listed in the slate of independent director candidates (In the shareholders' meeting convened on May 24, 2016, making alterations of the Articles of Incorporation, the election of all directors comprising non-independent directors, a candidate nomination system shall be adopted and those shareholders shall elect all directors from among the listed in the slate of independent director and non-independent director candidates) • According to the Company Law and the Articles of Incorporation, the terms of all directors (comprising independent directors, non-independent directors, executive directors, non-executive directors) , all are three years, but 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 at total issued shares, according to the provisions of the securities regulatory authority. Take out liability insurance for all directors and supervisors.

In 2016, there were 7 directors, 1 was female director and 6 were male directors. Age of the Youngest Director is 48 years old, age of the Oldest Director is 71 years old, Board average age is 60 years old. According to the provisions of the Taiwan Company Law of, the director must be upon reaching the twentieth year of age and has the capacity to make juridical acts.

The board of directors shall exercise its functions according to the provisions of relevant acts and articles of incorporation and rules for the proceedings of board meetings and resolution of the shareholders' meeting etc. Also supervise the management team of the company, responsible for the overall operation of the company. Each director has the same voting rights on the board. The internal auditing officer also presents at the regular board of directors to report on the implementation of the internal audit and issues the audit report for reference. The major resolutions of the board of directors disclose on Market Observation Post System and the company's website.

In order to implement corporate governance, improve the supervision function and strengthen the management function, Voltronic Power in accordance with the relevant provisions of Regulations Governing Procedure for Board of Directors Meetings of Public Companies to set up the rules of the company's Board of Directors Meetings for following.

When the directors themselves or on behalf of as the juristic person authorized representatives who have the personal interest in the matter under discussion at a meeting, which may impair the interest of the company, shall not vote nor exercise the voting to protect the interests of the company and the shareholders.

In order to promote the implementation of corporate social responsibility, Voltronic Power according to the resolution of the board of directors, in November 2015 establishing To Promote Corporate Social Responsibility Task Force, which is directly supervised by the chairman (who is the executive director with responsibility for corporate social responsibility), be responsible for corporate social responsibility policy, system and related management policy, propose and implement specific action plans, regularly report to the board of directors and publish corporate social responsibility report. Regarding economic, environmental and social issues arising from operating activities, the board of directors authorized general manager and general manager office to deal, then report to board of directors the handle results.

Also in order to improve the Ethical Management, Voltronic Power according to the resolution of the board of directors, in November 2015 establishing Ethical Management Task Force, under the board of directors, is responsible for adopting and supervising the implementation of Ethical Management policy and prevention programs.

Voltronic Power's directors all with professional background and most are also engaged in the professional field, and adherence to the provisions of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE / GTSM Listed Companies" to take part in the related study course and take the proof document.

The incumbent directors all have rich operating or academic experience, the board of directors shall meet at least quarterly. In the most recent year (2016), the board of directors convened a total of six boards of directors meetings (A). The director's attendance is as follows, Board Meeting average attendance was 86%, and number of Directors Attending less than 75% of Board Meetings is 1.

Fact of participation by the directors:

Title	Name	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Remarks
Chairman	Hsieh Juor-Ming	6	0	100%	—
Director	Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	6	0	100%	—
Director	FSP Group Representative: Cheng Ya-Jen	6	0	100%	
Director	Representative of RPS S.P.A: Roberto Facci	0	0	0%	—
Independent director	Lee Chien-Jan	6	0	100%	—
Independent director	Hsu Chun-An	6	0	100%	—
Independent director	Yang Ching-Hsi	6	0	100%	—
1, In the event of the following circumstances, dates, No. of board meetings, proposals, opinions from all independent directors and the company’s response to the opinion of independent directors should be noted: I. Any issues listed in Article 14-3 of the Securities and Exchange Act					
Date	Proposal	Opinions from all the independent directors and the company’s response to such opinions			
02/25/2016	1. Approval to the change in internal adjustment of CPAs by Deloitte Taiwan 2. Approval of the amendment to the operating procedures and management guidelines associated with Internal Control System 3. Approval of the amendment to the Procedures for the Acquisition or Disposal of Assets, Procedures for Loaning of Funds to Others, Procedures in Endorsement and Guarantee 4. Approval of the issuance of new restricted shares to employees	Opinion from independent directors: none The company’s response to such opinions: none Resolution: unanimous consent from all the directors present			
04/01/2016	Approval of the amendment to Internal Control System	Opinion from independent directors: none The company’s response to such opinions: none Resolution: unanimous consent from all the directors present			
12/26/2016	Approval of the fees to CPAs	Opinion from independent directors: none The company’s response to such opinions: none Resolution: unanimous consent from all the directors present			
II. Other than the above items, other board meeting discussions that independent directors have expressed dissenting opinion or qualified opinion as recorded or stated in writing: None					
2, Facts by directors in avoidance from conflict of interests: State the names of directors, contents of agenda, causes of avoidance, participation and resolutions:					

- I. On February 25, 2016, Director Hsieh Chuo-Ming and the Representative from Open Great International Investment Limited Company, Chen Tsui-Fang avoided the discussion and voting process for the first meeting on remunerations under the second board due to conflict of interests.
- II. On November 7, 2016, the independent director Lee Chien-Jan avoided the discussion and voting process for the fourth meeting on remunerations under the second board due to conflict of interests.
- III. On February 24, 2017, Director Hsieh Chuo-Ming avoided the discussion and voting process for the fifth meeting on remunerations under the second board due to conflict of interests.

3, Efforts to strengthen the performance of the board of directors in the current year and the most recent year (e.g., establish the Audit Committee to promote transparency) and the facts of implementation:

I. Efforts to strengthen the performance of the board of directors:

- i. After the approval by the shareholders' annual meeting on May 24, 2016 on the amendment to the Articles of Incorporation, we established the Audit Committee in replace of supervisors.
- ii. There are three function committees under the board: the Audit Committee, the Remuneration Committee and the Nomination Committee, to assist the board in fulfilling its duties and responsibilities. Both the Audit Committee and the Remuneration Committee are comprised of the three independent directors. The Nomination Committee is composed of two independent directors and a committee member. All the functional committees report to the board of directors on a regular basis.
- iii. We were ranked as top 5% in 2016 by the Third Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange.

II. Evaluation of the implementation:

In accordance with Article 37 of the "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies", the Company duly enacted the "Regulations Governing Evaluation of Performance of Board of Directors". In 2016, the Company conducted self-evaluation on the composition and structure of the board of directors, election of directors and independent directors, organization and continued higher training programs for functional committees, extent of participate in the Company's business operation, corporate governance and corporate social responsibility, internal control system, business performance and the like. The self-evaluation results were submitted to the board of directors on February 24, 2017. The Regulations Governing Evaluation of Performance of Board of Directors and the evaluation results on the board's performance are disclosed at the section of Corporate Governance on our official website at <http://www.voltronicpower.com.tw>.

III. Overall capabilities the board of directors should be equipped with

Director's name	Sex	Compliance							
		Business judgement	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International outlook	Leadership	Decision- making capability
Hsieh Chuo-Ming	Male	V	V	V	V	V	V	V	V
Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	Female	V	V	V	V	V	V	V	V
FSP Group Representative of RPS S.P.A: Roberto Facci	Male	V	V	V	V	V	V	V	V
Representative: Cheng Ya-Jen	Male	V	V	V	V	V	V	V	V

Lee Chien-Jan	Male	✓	✓	✓	✓	*	✓	✓	✓
Hsu Chun-An	Male	✓	✓	✓	✓	*	✓	✓	✓
Yang Ching-Hsi	Male	✓	✓	✓	✓	*	✓	✓	✓

Note: * refers to partially equipped

Audit Committee

Audit Committee form another of the two core institutions in Voltronic Power's corporate governance organizational structure, also referred to as **Those Charged With Governance (TCWG)** in the new Auditor's Report.

In the shareholders' meeting convened on May 24, 2016, making alterations of the Articles of Incorporation, established an Audit Committee in lieu of supervisors. The Audit Committee was composed of the entire number of independent directors : Lee Chien-Jan, Hsu Chun-An, Yang Ching-Hsi, who all are independent directors also are Non-Executive Directors. Lee Chien-Jan was elected as the convener and meeting chair by the entire membership of the Audit Committee.

Information on Members of the Audit Committee

Identity	Terms Names	Meet one of the following professional qualification requirements, together with at least five years' work experience :			Independence Information								Number of the other public companies concurrently serves as an Independent Director.	Remarks
		One	Two	Three	1	2	3	4	5	6	7	8		
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	Nil	N/A
Independent Director	Hsu Chun-An	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
Independent Director	Yang Ching-Hsi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A

One : An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university.
Two : A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.
Three : Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.

Note 1: The re-election of and selection during the General Meeting of Shareholders held on June 30, 2015.

Note 2: Please tick with \checkmark mark in the boxes below where the Remuneration Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

1. Not an employee of the company or any of its affiliated enterprises.
2. Not a director or supervisor of the company or any of its affiliated enterprises. However, it does not apply in cases where the person is an independent director of the company, its parent company or any subsidiary in which the company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
4. Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree, of any of the persons specified in the preceding three notes.
5. Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranked as top 5 in shareholding.
6. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business relationship with the Company.
7. Not as a professional individual nor an owner, partner, director, supervisor, manager or their spouses of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, accounting or consultation services to the company or its affiliated enterprises.
8. Not been a person or any conditions defined in Article 30 of the Company Act.

The Powers of the Audit Committees are as follows :

1 、 Powers conferred by the Laws to be exercised by supervisors, shall be exercised by the Audit Committee by resolution adopted with the approval of one-half or more of the entire membership of the Audit Committee :

- (1) Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the business and financial conditions of the company, examine the accounting books and documents, and request the board of directors or managerial personnel to make reports thereon. Supervisors of a company may attend the meeting of the board of directors to their opinions.
- (2) In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act.
- (3) Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and

shall make a report of their findings and opinions at the meeting of shareholders.

(4) The supervisors may, for the benefit of the company, call a meeting of shareholders when it is deemed necessary.

2、The following matter, which shall be subject to the consent of one-half or more of all Audit Committee members and be submitted to the Board of Directors for a resolution: Annual Financial Reports.

3、The following matters, which shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution ; but any following matter that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors :

(1)Adoption or amendment of an internal control system.

(2)Assessment of the effectiveness of the internal control system.

(3)Adoption or amendment, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

(4)A matter bearing on the personal interest of a director.

(5)A material asset or derivatives transaction.

(6)A material monetary loan, endorsement, or provision of guarantee.

(7)The offering, issuance, or private placement of any equity-type securities.

(8)The hiring or dismissal of an attesting CPA, or the compensation given thereto.

(9)The appointment or discharge of a financial, accounting, or internal auditing officer.

(10)Any other material matter so required by the company or the Competent Authority.

The Audit Committee is responsible for overseeing Voltronic Power's and the Group's financial reporting process. And since the implementation of the New Audit Report began, the Certified Public Accountants (CPAs)shall communicate with Those Charged With Governance (TCWG, the Audit Committee) the following matters :

- 1、The CPAs communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that they identify during their audit.
- 2、The CPAs also provide the Audit Committee with a statement that they have complied with relevant ethical requirements regarding independence, and to communicate with the Audit Committee all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- 3、From the matters communicated with the Audit Committee, the CPAs determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the Key Audit Matters (KAMs). The CPAs describe these matters in their auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the CPAs determine that a matter should not be communicated in their report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Voltronic Power's independent directors all with professional background and most are also engaged in the professional field, and adherence to the provisions of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE / GTSM Listed Companies" to take part in the related study course and take the proof document.

The Audit Committee convened three meetings in 2016 (A). The attendance of independent directors was shown below:

Title	Name	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual attendance ratio (%) (B/A) (Note)	Remark
Independent director	Lee Chien- Jan	3	0	100%	—
Independent director	Hsu Chun-An	3	0	100%	—
Independent director	Yang Ching- Hsi	3	0	100%	—

Note: After the approval by the shareholders' meeting on May 24, 2016, we established Audit Committee in replace of supervisors.

Other entries as required:

1, In the event of the following circumstances, dates, No. of meetings, proposals, resolutions from the Audit Committee and the company's response to the opinion of the Audit Committee should be noted:

(1) Any issues listed in Article 14-5 of the Securities and Exchange Act

Date	Proposal	Resolutions from the Audit Committee and the Company's response to such opinions of the Audit Committee
08/08/2016	Approval of the second quarterly financial reports of 2016	Resolutions from the Audit Committee: unanimous consent from all the committee members present on August 8, 2016 The Company's response to the opinion from the Audit Committee: consent from all the board directors present
11/07/2016	Approval of the third quarterly financial reports of 2016 Approval of 2017 Audit Plan	Resolutions from the Audit Committee: unanimous consent from all the committee members present on November 07, 2016 The Company's response to the opinion from the Audit Committee: consent from all the board directors present
12/26/2016	Approval of 2017 fees to CPAs	Resolutions from the Audit Committee: unanimous consent from all the committee members present on December 26, 2016 The Company's response to the opinion from the Audit Committee: consent from all the board directors present

(2) In addition to the above matters, other matters not approved by the Audit Committee but agreed by at least two thirds of the board: none

- 2, Please provide the names of the independent directors concerned, proposals, reasons to avoid discussion/voting and participation in voting for the issues the independent directors should avoid due to conflict of interest: none**
- 3, Communication among independent directors, internal auditors and CPAs (including the issues associated with company financials and businesses, communication methods and results):**

- (1) The Company Audit Committee and internal auditors maintain good communication. If any special circumstances arise, internal auditors report to the Audit Committee immediately. No special circumstances occurred in 2016.
- (2) The CPAs communicate with the Audit Committee in the quarterly meetings regarding the auditing or reviewing of the quarterly financial reports, and the issues in relation to laws and regulations. If any special circumstances arise, CPAs report to the Audit Committee promptly. No special circumstances occurred in 2016.
- (3) Communication among independent directors, internal auditors and CFAs is shown as the following table:

Date	Key issues	Results
12/26/2016	<p>CPAs explained the new form of audit reports.</p> <p>CPAs reported on the checklist of 2016 auditing and planning.</p> <p>Independent directors, CPAs and internal auditors discussed the checklist of audit issues.</p>	<p>CPAs discussed and explains the issues raised by meeting attendees.</p> <p>All the attendees agreed unanimously.</p>

Remuneration Committee

Members of the Remuneration Committee :

Voltronic Power's Remuneration Committee is comprised three members, independent director Mr. Lee Chien-Jan, independent director Mr. Hsu Chun-An, and independent director Yang Ching-Hsi who were appointed as the members of the Remuneration Committee by resolution of the board of directors, then independent director Mr. Lee Chien-Jan was elected as the convener and meeting chairman by and from among the entire membership of the Remuneration Committee.

Information on Members of the Remuneration Committee

Identity	<div>Terms</div> <div>Names</div>	Meet one of the following professional qualification requirements, together with at least five years' work experience :	Independence Information	Number of the other public companies concurrently serves as a	Remarks
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		One	Two	Three	1	2	3	4	5	6	7	8	member of the Remuneration Committee.	
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	Nil	N/A
Independent Director	Hsu Chun-An	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
Independent Director	Yang Ching-Hsi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
<p>One : An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university.</p> <p>Two : A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.</p> <p>Three : Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.</p>														

Note 1: The re-election of and selection during the General Meeting of Shareholders held on June 30, 2015.

Note 2: Please tick with ✓ mark in the boxes below where the Remuneration Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

1. Not an employee of the company or any of its affiliated enterprises.
2. Not a director or supervisor of the company or any of its affiliated enterprises. However, it does not apply in cases where the person is an independent director of the company, its parent company or any subsidiary in which the company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
4. Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree, of any of the persons specified in the preceding three notes.
5. Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranked as top 5 in shareholding.
6. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business relationship with the Company.
7. Not as a professional individual nor an owner, partner, director, supervisor, manager or their spouses of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, accounting or consultation services to the company or its affiliated enterprises.
8. Not been a person or any conditions defined in Article 30 of the Company Act.

Information on Facts of Performance of the Remuneration Committee

- 1, The Remuneration Committee of the Company is comprised three members.
- 2, Committee members' tenure of their current term: From June 30, 2015 to June 29, 2018, and the Remuneration Committee held four meetings in 2016,

the most recent year (A), and members' qualifications and their attendance are given as bellows:

Title	Name	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Remarks
Convener / Commission member	Lee Chien-Jan	4	0	100%	—
Commission member	Hsu Chun-An	4	0	100%	—
Commission member	Yang Ching-Hsi	4	0	100%	—
Other matters to be noted in the meeting minutes: 1, If the board of directors refuses to accept of modify suggestions of the Remuneration Committee, the meeting date, session, agenda content, results resolved by the board of directors, and the Company's treatment of opinion of the Remuneration Committee should be clearly stated (such as the remuneration passed by the Board of Directors are superior to that suggested by the Remuneration Committee that the discrepancy and reasons shall be specified): Nil 2, If the members have opposite opinion or reservations against the resolution of the Remuneration Committee and the opinion or reservations have been recorded or documented, the meeting date, session, agenda content, the opinion of all members of the Remuneration Committee, and the treatment of the members' opinion should be clearly stated : Nil					

Nomination Committee

Information on members of the Nomination Committee

Identity	Names	Meet one of the following professional qualification requirements, together with at least five years' work experience :			Independence Information								Number of the other public companies concurrently serves as a an Independent Director.	Remarks
		One	Two	Three	1	2	3	4	5	6	7	8		
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	Nil	N/A
Independent Director	Hsu Chun-An	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
member	Liao Kuei-Fang	—	✓	—	✓	—	✓	✓	✓	✓	✓	✓	2	N/A
One : An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university. Two : A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company. Three : Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.														

Note : Please tick with \checkmark mark in the boxes below where the Remuneration Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

1. Not an employee of the company or any of its affiliated enterprises.
2. Not a director or supervisor of the company or any of its affiliated enterprises. However, it does not apply in cases where the person is an independent director of the company, its parent company or any subsidiary in which the company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
4. Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree, of any of the persons specified in the preceding three notes.
5. Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranked as top 5 in shareholding.
6. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business relationship with the Company.
7. Not as a professional individual nor an owner, partner, director, supervisor, manager or their spouses of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, accounting or consultation services to the company or its affiliated enterprises.
8. Not been a person or any conditions defined in Article 30 of the Company Act.

Responsibilities of the Nomination Committee:

- 1 、 The Nomination Committee formulates the diversity and independence requirements for the professional knowledge, competences, experience and gender profile of the board members and senior managers, so that our company can identify, review and nominate the candidates for board directors and senior managers.
- 2 、 The Nomination Committee constructs and develops the organizational structure of the board and different functional committees, reviews the performance of the board, functional committees, board directors and senior managers, and evaluates the independence of independent directors.
- 3 、 The Nomination Committee establishes and regularly reviews the training and education programs for board directors and the succession plan for board directors and senior managers.

Functioning of the Nomination Committee

The Nomination Committee is comprised of three members. The tenure of this current term starts from November 12, 2015 and ends on June 29, 2018. The committee convened one meeting (A) in 2016. The list of the member's attendance is as follows:

Title	Name	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Remarks
Convener / Independent Director	Lee Chien-Jan	1	0	100%	—
Independent Director	Hsu Chun-An	1	0	100%	—
Commission member	Liao Kuei-Fang	1	0	100%	—

Internal Control

For purpose of promoting sound operations of the company, Voltronic Power in accordance with " Regulations Governing Establishment of Internal Control Systems by Public Companies", considered the company overall operating activities, designed and established internal control system, passed by the board of directors, so as to reasonably ensure that the following objectives are achieved : 1, Effectiveness and efficiency of operations, 2, Reliability, timeliness, transparency, and regulatory compliance of reporting, 3, Compliance with applicable laws, regulations, and bylaws.

The Auditor Office which has been established in accordance with regulations, is responsible for the effective and comprehensive execution of the company's internal control system, conducts continuous and project supervisory audits. The Auditor Office should formulate annual audit plans, passed by the board of directors, then to implement. After having presented the audit reports, should submit the same for review by the supervisors also by the independent directors. The internal audit officer shall also attend and deliver a report and report the implementation of internal audit to the regular board of directors meeting.

In the implementation of the internal control system, Voltronic Power did not encounter materially defective issues in the internal control system in 2015. Audit plans and audit results had been uploaded to a public website, to achieve the transparency of the company's information.

Voltronic Power Technology Corp. Declaration of Internal Control System

Date: February 24, 2017

Over the Company's internal control system of 2016, based on the results of our self-evaluation, we'd hereby like to declare enumerated below:

- 1, Here at the Company, we confirm full awareness that implementation and maintenance of the internal control system are the inherent responsibility of the Company's board of directors and managers. The Company has duly set up such internal control system in an attempt to provide rational assurance of the effect and efficiency of the business operation (including profitability, performance and assurance of the safety of assets), reliability of reports, timeliness, transparency and accomplishment of the compliance targets on related requirements, laws and regulations.**
- 2, Internal control system is subject to inherent restriction, disregarding how sound it has been designed. Effective internal control system could only provide rational assurance for accomplishment of the three aforementioned targets. Besides, in line with the changes in circumstances and environments, effectiveness of internal control system might change as well. For the Company's internal control system, nevertheless, we have set up sound self-superintendence mechanism. As soon as a defect is identified, the Company would take corrective action forthwith.**
- 3, Exactly in accordance with the items of judgments for the effectiveness of the internal control system under "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Managerial Regulations"), we duly judge whether the internal control system is effective in design and implementation. The items adopted for aforementioned "Managerial Regulations" for judgment of internal control system are the process for management control. The internal control system is composed of five composition elements: 1) Circumstances of control, 2) Risk evaluation, 3) Control operation, 4) Information and communication, and 5) Superintendence. Each and every composing element includes a certain items. For more details regarding the aforementioned items, please refer to contents of the "Criteria".**
- 4, Here at the Company, we have adopted the aforementioned items of judgment over internal control system to evaluate the effectiveness of the design and implementation of the internal control system.**
- 5, On the grounds of the results of evaluation in the preceding paragraph, we are confident that the Company's internal control system in design and implementation as of December 31, 2016 (including the superintendence and management over subsidiaries), including the understanding of the results**

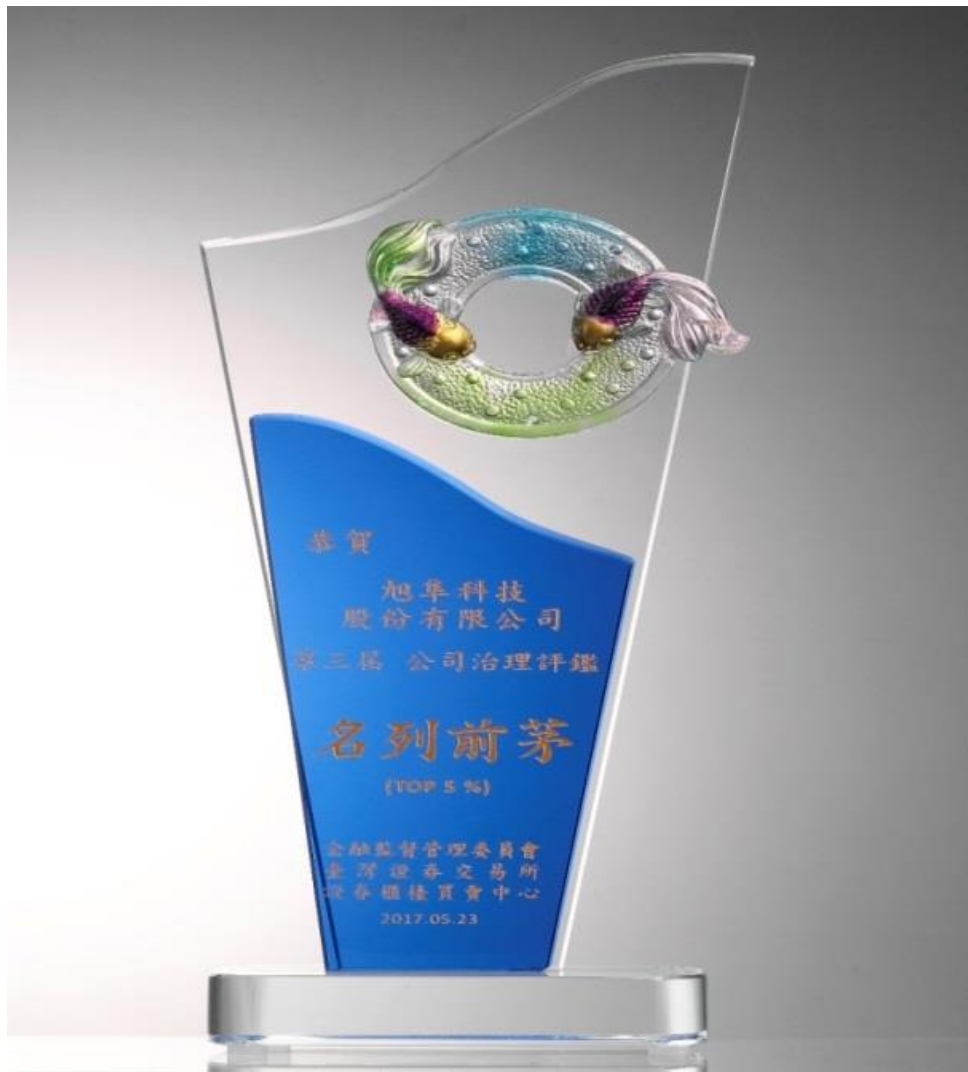
and efficiency of business operation in accomplishment of the targets, reliability of reports, timeliness, transparency and compliance of the relevant laws and regulations are effective and would reasonably assure accomplishment of the aforementioned targets.

- 6, The Declaration will function as the key element of the Company's Annual Report and Prospectus and will be made public externally. In the event that the aforementioned made public involve misrepresentation, concealment or such unlawful practice, the Company shall get involved in the legal responsibilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- 7, This Declaration has been approved by the Company's board of directors on February 24, 2017. Seven (7) directors were in attendance, none kept objecting opinions, and all directors in attendance hereby state their agreement to the contents of this declaration.

Voltronic Power Technology Corp.

Chairman cum General Manager: Hsieh Juor-Ming

Voltronic Power Technology Corp. was ranked as top 5% in 2016 by the Third Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange.



Ethics and Integrity

G4-56 Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.

In order to improve the Ethical Management, Voltronic Power according to the resolution of the board of directors, in November 2015 establishing Ethical Management Task Force, under the board of directors, is responsible for adopting and supervising the implementation of Ethical Management policy and prevention programs. Ethical Corporate Management Best Practice Principles are adopted as the following :

Ethical Corporate Management Best Practice Principles for Voltronic Power Technology Corp.

Article 1 (Purpose of adoption and scope of application)

These principles are adopted to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

Adopt these principles applicable to the business groups and organizations of the corporate, which comprise the subsidiaries, any foundation to which the corporate's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such corporate ("the business group").

Article 2 (Ethical policies)

The business group shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 3 (Prohibit unethical conduct)

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 ("persons of the business group ") 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.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 4 (Types of benefits)

"Benefits" in these Principles means any money, gratuity, gift, commission, position, service, preferential treatment, rebate,

facilitating payment, entertainment, dining, or any other item of value in whatever form or name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 5 (Regulations compliance)

The business group shall comply with the local Company Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, or other laws or regulations regarding commercial activities, the Securities and Exchange Act and TWSE/GTSM listing rules of the territory where the head company of the business group is operating, as the underlying basic premise to facilitate ethical corporate management.

of the territory where the companies and their business group

Persons of the business group shall comply with these principles and the applicable laws and regulations as well as the prevention programs when conducting business. And the applicable prevention programs shall be adopted pursuant to relevant laws and regulations of the territory where the companies and their business group are operating.

Article 6 (Organization and responsibility)

The directors, supervisors, managers, employees, mandatories, and substantial controllers of the business group shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.

Human resources unit: In charge of the amendment, implementation, interpretation, and advisory services with respect to these principles, the recording and filing of reports, and the promoting awareness education. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

Audit office or other designated responsible for the investigation unit :
Supervise or investigate the implementation of the relevant units, and submit reports to the board of directors.

Article 7 (Scope of prevention programs)

When establishing the prevention programs, shall analyze which business activities within the business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention programs adopted by the corporate shall at least include preventive measures against the following:

- 1, Offering and acceptance of bribes.**
- 2, Illegal political donations.**
- 3, Improper charitable donations or sponsorship.**
- 4, Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.**
- 5, Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.**
- 6, Engaging in unfair competitive practices.**
- 7, Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.**

Article 8 (Prohibition against offering or accepting bribes)

When conducting business, the business group and persons of the business group may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. The preceding provision does not apply where the conduct meets the laws of the territory where the companies and their business group are operating.

Article 9 (Prohibition against illegal political donations)

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the business group and persons of the business group shall comply with the

Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Political donations by the business group shall be according to the following provisions, reporting to the chairman of the business group's head company for approval, and giving a notification to the responsible people or unit, and the amount of the political donations shall be made only after being approved by the approval level of the approval authority table.

- 1, It shall be ascertained that the political donations including the maximum amount and the donation form whether are in compliance with the national Political Donations Act and other relevant laws of the country in which the political donation recipient is located.
- 2, A written record of the decision-making process shall be kept.
- 3, Account entries shall be made for all political donations in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- 4, In making political donations, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

Article 10 (Prohibition against improper charitable donations or sponsorships)

When making or offering charitable donations and sponsorships, the business group and persons of the business group shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

When making or offering charitable donations or sponsorships, the business group and persons of the business group shall be according to the following provisions, reporting to the chairman of the business group's head company for approval, and giving a notification to the responsible people or unit, and the amount of the charitable donations or sponsorships shall be made only after being approved by the approval level of the approval authority table.

- 1, It shall be ascertained that the charitable donations or sponsorships are in compliance with the laws and regulations of the territory where the companies and their business group are operating.

- 2, A written record of the decision-making process shall be kept.
- 3, The object of charitable donation should be charity organization, and the charitable donation shall not surreptitiously engage in bribery.
- 4, The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.
- 5, After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 (Prohibition against offering or acceptance of improper interests including unreasonable presents, hospitality or other improper benefits)

Except under one of the following circumstances, when persons of the business group directly or indirectly offer, promise to offer, request, or accept any benefit as specified in Article 4, shall comply with the provisions of these principles and the relevant procedures shall have been carried out :

- 1, Meet the laws and regulations of the territory where the companies and their business group are operating.
- 2, The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- 3, The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- 4, Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- 5, Attendance at folk festivals that are open to and invite the attendance of the general public.

- 6, Rewards, emergency assistance, condolence payments, or honorariums from the management.
- 7, Money, property, or other benefits offered to or accepted from relatives or frequent contacts friends.
- 8, Reasonable property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
- 9, Other conduct that complies with the rules of this Corporation.

Article 12 (Procedures for handling the acceptance of improper benefits)

Except under any of the circumstances set forth in the preceding article, when any persons of the business group are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures :

- 1, If there is no relationship of interest between the parties providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and general manager shall be notified if necessary.
- 2, If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify general manager. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to general manager for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel" as referred to in the preceding paragraph, refers to one of the following circumstances :

- 1, When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- 2, When a contracting, trading, or other contractual relationship is being sought, are in progress, or have been established.

3, Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

General Manager shall make a proposal to implement, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner.

Article 13 (Prohibition of and handling procedure for facilitating payments)

The business group shall neither provide nor promise any facilitating payment.

If any person of the business group provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify general manager.

Upon receipt of the report under the preceding paragraph, general manager shall assign personnel to take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 14 (Recusal)

Directors, managers or other stakeholders attending or present at a board meeting shall practice a high degree of self-discipline. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company or the business group, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. The directors shall practice self-discipline among them, and may not support each other in an inappropriate manner.

Persons of the business group shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

If in the course of conducting company business, any personnel of the business group discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and general manager, and the immediate supervisor or general manager shall provide the personnel with proper instructions.

No personnel of the business group may use company resources on commercial activities other than those of this corporation or the business group, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this corporation or the business group.

Article 15 (Prohibit infringement of intellectual property)

The business group and persons of the business group shall observe applicable laws and regulations, the company's and the business group's internal operational procedures and contractual provisions concerning intellectual property, may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation and the business group of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation and the business group unrelated to their individual duties. And may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 16 (Prohibition against the acts of unfair competition)

The business group shall engage in business activities in accordance with applicable competition laws and regulations.

Article 17 (Prevent products or services to harm stakeholders)

Shall to gather and understand the applicable laws, regulations and international standards that shall be observed by the business group and persons of the business group regarding its products and services, to impel personnel of the business group to abide by the applicable laws,

regulations and international standards in the course of research and development, procurement, manufacture, provision, or sale of products and services, to ensure the transparency of information about, and safety of the products and services. To prevent the products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that the business group's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, in principle recall those products or suspend the services as soon as possible, verify the facts and present a review and improvement plan. The managers shall regard the materiality, report to the board of directors about the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken if necessary.

Article18 (Task force in charge of confidentiality regime and its responsibilities)

General Manager Office is the task force to deal with trade secrets, charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the company's trade secrets and it shall also conduct reviews on the results of implementation if necessary to ensure the sustained effectiveness of the confidentiality procedures.

Article19 (Prohibition against disclosure of confidential secrets)

The personnel of the business group shall do comply with the operating provisions of the company's and the business group's commercial secrets, may not disclose to any other party any confidential secrets of the company and the business group of which they have learned, nor may they inquire about or collect any commercial secrets of the company and the business group unrelated to their individual duties.

Article20 (Prohibition against insider trading)

The personnel of the business group shall comply with the provisions of the Securities and Exchange Act of the territory where the head company of the business group is operating, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to

prevent other party from using such information to engage in insider trading.

Article21 (Non-disclosure agreement)

Any organization or person outside of the business group that is involved in any merger, division , acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the business group shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the business group acquired as a result, and that they may not use such information without the prior consent of the business group.

Article22 (Accounting and internal control)

The business group shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors or directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article23 (Announcement of policy of ethical management to outside parties)

The business group shall timely disclose and express the policy of ethical management, adopt measures and implementation results in its internal rules and regulations, annual reports, prospectus, the company's websites, and in other promotional materials or external activities, in order to make the internal personnel and external stakeholders fully aware of the principles and rules with respect to ethical management.

Article24 (Avoidance of commercial dealings with unethical operators)

Any personnel of the business group, when engaging in commercial activities, shall understand the ethical management status of the

trading counterparty, and shall make a statement to the trading counterparty about the business group's ethical management policy and related rules. All personnel of the business group shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty in order to effectively implement the business group's ethical management policy.

Article 25 (Stipulation of terms of ethical management in contracts)

Before entering into a contract with another party, the business group shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy part of the terms and conditions of the contract, stipulating the following matters:

- 1, When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party certain percent of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.
- 2, Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- 3, Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article26 (Actions upon event of unethical conduct by others towards the business group)

If any personnel of the business group discovers that another party has engaged in unethical conduct towards the business group, and such unethical conduct involves alleged illegality, the business group shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the business group shall additionally notify the governmental anti-corruption agency.

Article27 (Handling of unethical conduct by personnel of the business group)

When finding or receiving the report of the business group's personnel involved in the unethical conduct, shall immediately identify the relevant facts. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the business group's policy and regulations of ethical management, shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the business group will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

With respect to confirmed information, the business group shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

The audit unit or other responsible unit shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Documentation of case acceptance, investigation processes and investigation results shall be retained by the receive and audit unit for at least five years. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained after the conclusion of the litigation at least five years.

Article28 (Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)

The business group establishes an informant mailbox (whistleblower @voltronic.com.tw), human resource unit and audit unit also are the

channels for whistleblowers to submit reports. The whistleblowers may also report to independent directors, managers, immediate supervisors or any other appropriate persons. External whistleblowers may through the previously described informant mailbox (The letters will be automatically forwarded to the independent directors of the head company of the business group and the highest order supervisors) or through other contact methods of the business group's supervisors to submit reports. The related handling units shall represent they will keep the whistleblowers' identity and contents of information confidential, to protect the whistleblowers from improper treatment due to their whistle-blowing.

If the report violations involving directors or senior executives, the handling units shall report the information to independent directors of the business group's head company. When material misconduct or likelihood of material impairment to the business group comes to their awareness upon investigation, the handling units and investigation units shall immediately prepare a report and notify the independent directors of the business group's head company.

This business group shall link the effectiveness of the implementation of the ethical management and the informant credit to employee performance evaluations and human resources policy.

The business group regarding the personnel of the business group who violates ethical conduct, shall be in accordance with relevant laws and regulations or personnel regulations to penalty, also shall timely disclose on the intranet or internal meeting information the violation case and the actions taken in response.

If the punished persons suppose improper disposal of the business group, cause their legitimate rights and interests have been infringed, they can appeal to the independent directors of the business group's head company, managers, human resources unit supervisor, audit unit supervisor, immediate supervisors or other appropriate personnel, as a remedy.

Article29 (Education and training)

The business group shall timely in the board of directors, internal meetings, training courses and intranet to convey the importance of

ethical conduct and to propaganda these principles, make persons of the business group fully understand the determination for ethical management of the business group, policy, prevention programs and serious consequences of unethical conduct.

Article30 (The review and revision of the policies and measures for ethical management)

The business group shall always pay attention to domestic and foreign ethical management relevant regulations development, encourage the directors, supervisors managers and employees to propose suggestions, according to review and revise ethical management policies and promoting measures, in order to enhance the effectiveness of the implementation of the business group's ethical management.

Article30 (Enforcement)

These principles and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be reported to the shareholders meeting.

When these principles are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

SPECIFIC STANDARD DISCLOSURES

CATEGORY: ECONOMIC

The economic dimension of sustainability concerns the organization's impacts on the economic conditions of its stakeholders, and on economic systems at local, national, and global levels.

The Economic Category illustrates the flow of capital among different stakeholders, and the main economic impacts of the organization throughout society.

Aspect: Economic Performance

DISCLOSURES ON MANAGEMENT APPROACH (DMA)

G4-DMA

The Direct economic value generated – Revenues by Voltronic Power in 2015 and 2016, were from net sales of recurring operating activities and some from financial investment income. Employee wages and benefits were in accordance with relevant Labor laws and regulations, the measures for performance appraisal. Dividends to all shareholders were in accordance with the dividend policy stipulated in the Articles of Incorporation. Loan interests to all banks were according to the interest rate and terms of the loan contracts. Payments to government subjected to local Government laws and regulations.

Voltronic Power's Employees' compensations, Directors' Compensation and dividends to Shareholders were in accordance with the Articles of Incorporation which enacted according to the Law, and by a resolution adopted by a majority vote at a meeting of Board of Directors otherwise at a meeting of Shareholders . No Claw back Provision for Executive Compensation 、no Change of Control Benefits/Golden Parachute Agreements 、no Say On Pay Provision.

Voltronic Power, the offices of Taiwan Region located in industrial district, the offices and factories of China Region also located in industrial districts; in water consumption only for employees living water; and source of greenhouse gas emissions, only the carbon emission amount (CO₂) generated from outsourcing

electric power for the company operating, is a single greenhouse gases (CO₂) low emission company.

The Climate Change policy of Voltronic Power, is to promote and implement the enterprise "energy saving, carbon reduction, and consumption reduction", also strictly controls the proportion of electricity expenditure to the revenue and the proportion of electricity expenditure to the net profit, increases the revenue and net profit to cover possible increase in electricity costs.

Voltronic Power's pension plans for employees all are defined contribution, subject to the applicable laws and regulations, regularly contribute.

Voltronic Power doesn't receive any financial assistance from Taiwan nor from China.

G4-EC1 Direct economic value generated and distributed

Unit: NT \$ thousand

	2015	2015
Direct economic value generated: Revenues	8,121,775	8,163,166
Economic value distributed:		
– Operating costs	(5,368,493)	(5,353,356)
– Employee wages and benefits	(992,611)	(1,087,589)
– Payments to providers of capital (Dividends and Interest)	(1,152,512)	(1,180,581)
– Payments to government (Taiwan)	(194,881)	(211,020)
– Payments to government (China)	(209,900)	(176,195)
Economic value retained	203,378	154,425
2016 Dividends to shareholders, NT 1,180,581 thousand from the direct economic value : Revenues generated in year 2016, NT 393,527 thousand from the additional paid in capital, totaling NT 1,574,108 thousand.		

Compilation

Revenues

- Net sales equal gross sales from products and services minus returns, discounts, and allowances. Ȳ
- Revenue from financial investments includes cash received as interest on financial loans, as dividends from shareholdings, as royalties, and as direct income generated from assets (such as property rental) .Ȳ

- Revenues from sale of assets include physical assets (such as property, infrastructure, and equipment) and intangibles (such as intellectual property rights, designs, and brand names).

Operating costs

- Cash payments made outside the organization for materials, product components, facilities, and services purchased. This includes property rental, license fees, facilitation payments (since these have a clear commercial objective), royalties, payments for contract workers, employee training costs (where outside trainers are used), or employee protective clothing.

Employee wages and benefits

- Total payroll comprises employee salaries, including amounts paid to government institutions (such as employee taxes, levies, and unemployment funds) on behalf of employees. Non-employees working in an operational role are normally not included here, but rather under operating costs as a service purchased.
- Total benefits include regular contributions (such as to pensions, insurance, company vehicles, and private health), as well as other employee support such as housing, interest free loans, public transport assistance, educational grants, and redundancy payments. They do not include training, costs of protective equipment, or other cost items directly related to the employee's job function.

Payments to providers of capital

- Dividends to all shareholders
- Interest payments made to providers of loans. This includes interest on all forms of debt and borrowings (not only long-term debt) and also arrears of dividends due to preferred shareholders.

Payments to government

- All organization taxes (such as corporate, income, property) and related penalties paid at the international, national, and local levels. This figure does not include deferred taxes because they may not be paid. For organizations operating in more than one country, report taxes paid by country. Report the definition of segmentation used.

G4-EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change

Climate Change Opportunities Discussed :

The Management Discussion and Analysis (MD&A) of Voltronic Power as :

Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders.

The products for reduction of greenhouse gas emissions are PV Inverter. The effects on environmental protection are: Converting the power produced by solar panels to municipal power, through the solar power generation to use and pre-storage power that will be an important key to the future balance of power and power grid.

When the energy supply is becoming more and tenser and the shortage of power supply in power consumption peak, through the PV Inverter energy storage system, priority is given to storing the power in advance when off peak power is used, waiting until peak power consumption to support grid demand. This will reduce the construction of petrochemical power plants and nuclear power plants, and will be the best solution for reducing energy consumption and environmental protection. The 2015 and 2016 PV Inverter revenues respectively were about 1 billion 145 million and 939 million.

Risks of Climate Change Discussed :

The Management Discussion and Analysis (MD&A) of Voltronic Power as :

The offices of Taiwan Region located in industrial district, the offices and factories of China Region also located in industrial districts; in water consumption only for employees living water; and source of greenhouse gas emissions, only the carbon emission amount (CO₂) generated from outsourcing electric power for the company operating, is a single greenhouse gases (CO₂) low emission company. Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders, therefore, on Voltronic Power's R&D and production, there is no direct impact or business risk related to climate change.

Taiwan and China all are not the countries or regions that had signed the "Kyoto Protocol", haven't yet joined the worldwide carbon emissions trading system.

But, China on December 10, 2014, according to the order of the National Development and Reform Commission of the People's Republic of China, issued the No. 17: "Decided to implement the party's Third Plenary Session of the eighth, Twelfth Five Year Plan Outline and the requirements of the requirements State Council's Twelfth Five Year control of greenhouse gas emissions plan, promote the establishment of a national carbon emissions trading market, we drafted the Carbon Emissions Trading Management Interim Measures. Is now to be released, implement since 30 days after the date of promulgation. "

And China signed the United Nations Framework Convention on climate change (UNFCCC) twenty-first conference of the parties (COP21) agreement of the Paris Climate Summit in January 2016. Signatories (global 195 countries) in accordance with their respective proposed " Intended Nationally Determined Contributions " commitment to the goal, under the premise of emission reduction, the pursuit of economic "green growth", has been developed countries (expanded to China, India etc. developing countries) . Every year will provide for at least \$100 billion dollars of funds to assist developing countries that to cope the impact of climate change and the effect of greenhouse gas emission reduction by 2020 year. On that time, China may increase electricity prices to cover the sharing assistance funds, and Voltronic Power will strictly control the ratio between electricity expenditure against income and net profit, to increase revenue and profit to defray the possible increase electricity costs.

G4-EC3 Coverage of the organization's defined benefit plan obligations

Voltronic Power's pension plans for employees all are defined contribution, subject to the applicable laws and regulations, regularly contribute.

G4-EC4 Financial assistance received from government

Voltronic Power doesn't receive any financial assistance from Taiwan nor from China.

Aspect: Market Presence

DISCLOSURES ON MANAGEMENT APPROACH (DMA)

G4-DMA

Voltronic Power abides by the local Laws and Regulations of all significant locations of operation, all the entry level employees of the business group, regardless of gender, the ratios of standard entry level wage compared to local minimum wage all are 100% (including) above.

Voltronic Power formulates senior management localized training and development policy, the proportions of senior management hired from the local community at significant locations of operation all are 70% (including) above.

G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation

All the entry level employees of the business group, regardless of gender, the ratios of standard entry level wage compared to local minimum wage all are 100% (including) above.

G4-EC6 Proportion of senior management hired from the local community at significant locations of operation

The definition of "senior management" used by the business group as "manager" rank (including) above personnel, the proportion of senior management hired from the local community (the geographical definition of "local" of the business group is according to the nationality) as following :

significant locations of operation	2015	2016
Taiwan Region	100%	100%
China Region	85%	84%

Aspect: Indirect Economic Impacts

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's Taiwan Region Offices located in the industrial district, China Region Offices and Factories also located in the industrial districts, abide by those industrial district management codes, therefore the "local communities" is not the

engaged stakeholder group to Voltronic Power, so the issue of development and impact of infrastructure investments and services supported is not applicable to Voltronic Power.

G4-EC7 Development and impact of infrastructure investments and services supported : nil

G4-EC8 Significant indirect economic impacts, including the extent of impacts : nil

Aspect: Procurement Practices

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power, the Taiwan Region's procurement is mainly for services procurement, and the China Region's procurement is mainly for raw materials procurement, the proportions of spending on local suppliers (the geographical definition of "local" of the business group is according to the nationality) all are 80% (including) above.

G4-EC9 Proportion of spending on local suppliers at significant locations of operation

Voltronic Power, the Taiwan Region's procurement is mainly for services procurement, and the China Region's procurement is mainly for raw materials procurement, the proportion of spending on local suppliers (the geographical definition of "local" of the business group is according to the nationality) as following :

significant locations of operation	2015	2016
Taiwan Region	100%	100%
China Region	85%	85%

CATEGORY: ENVIRONMENTAL

Aspect: Materials

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter. That is to accept the customers' projects, according to customers' requirement, design or assembly products into the finished products, and then transport them to the designated areas of the customers. In the manufacturing of products, the use of batteries, transformers, plastic materials, steel cases and so on raw materials (approximately accounted for 50% of the cost of total raw materials) as well as green packaging materials (including corrugated paper, cardboard, cartons, paper pallets, wood etc., all are recyclable or reusable, no use of ozone depleting substances), all are recyclable, but the recycling behaviors are by the customers.

The Paper Consumption (paper used by the company for printing, packaging, office use, etc.) in China Region and Taiwan Region were 489,173 kg and 2,065 kg, 491,238 kg in total; the Paper Recycled (actual recovery and recyclable) were about 442,000 kg (90%) .

Aspect: Energy

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

The energy consumption of Voltronic Power, only is the outsourcing electricity which needed for the company operation, all are local municipal power supply.

significant locations of operation	2015	2016
	kilowatt-hour	kilowatt-hour
Taiwan Region	204,865	217,375
China Region	9,320,510	11,550,637
Total	9,525,375	11,768,012

Locations	2015		2016	
	Local currency	Reporting currency	Local currency	Reporting currency
Taiwan	NTD 960 thousand	NTD 960 thousand	NTD 948 thousand	NTD 948 thousand
China	RMB 8,324 thousand	NTD 42,369 thousand	RMB 10,207 thousand	NTD 49,473 thousand
Total		NTD 43,329 thousand		NTD50,421thousand
2015annual average RMB@NTD=5.090 ; 2016annual average RMB@NTD=4.847				

G4-EN3 Energy consumption within the organization

The energy consumption of Voltronic Power, only is the outsourcing electricity which needed for the company operation, all are local municipal power supply.

The electricity consumption statistics for 2015 and 2016 are as follows:

significant locations of operation	2015	2016
	kilowatt-hour	kilowatt-hour
Taiwan Region	204,865	217,375
China Region	9,320,510	11,550,637
Total	9,525,375	11,768,012

Locations	2015		2016	
	Local currency	Reporting currency	Local currency	Reporting currency
Taiwan	NTD 960 thousand	NTD 960 thousand	NTD 948 thousand	NTD 948 thousand
China	RMB 8,324 thousand	NTD 42,369 thousand	RMB 10,207 thousand	NTD 49,473 thousand
Total		NTD 43,329 thousand		NTD50,421thousand
2015annual average RMB@NTD=5.090 ; 2016annual average RMB@NTD=4.847				

Voltronic Power didn't use Renewable Energy in manufacturing or operation.

Voltronic Power didn't use Coal/Lignite, Natural Gas, Crude Oil/Diesel in manufacturing or operation.

G4-EN4 Energy consumption outside of the organization

Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders, therefore, Voltronic Power purchasing raw materials from

upstream of the industry chain, and then selling the products to customers, does not require additional energy consumption outside of the organization.

G4-EN5 **Energy intensity**

The energy consumption of Voltronic Power, only is the outsourcing electricity which needed for the company operation, all are local municipal power supply.

G4-EN6 **Reduction of energy consumption**

Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, to create and maintain a safe and clean environment, products are strictly comply with international environmental laws and regulations to protect the "green earth" as a mission to enhance the efficiency of the use of resources. The operation of Voltronic Power in China Region and Taiwan Region didn't use Renewable Energy, Coal/Lignite, Natural Gas, Crude Oil/Diesel.

The greenhouse gas emission of Voltronic Power, only is carbon emission (CO₂) from the outsourcing electricity which needed for the company operation. Voltronic Power is a single greenhouse gases (CO₂) low emission company, but still cooperated with local government energy policies and measures and adopted "energy saving, consumption reduction, waste reduction" awareness policy.

G4-EN7 **Reductions in energy requirements of products and services**

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.62%, 0.54% and 0.62%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2014, 2015 and 2016 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue" all achieved.

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.75%, 0.68% and 0.78%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2014, 2015 and 2016 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of costs and expenses" all achieved.

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 3.69%, 2.58% and 3.00%.

The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2014, 2015 and 2016 year, the "energy saving and carbon reduction "evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit “all achieved.

The products of Voltronic Power comply with the local product environmental regulation requirements of the customers’ region, and actively develop the combination of UPS and green energy applications, to provide more efficient power generation, power protection and power backup, all are important development trends for UPS. To use solar photovoltaic applications in solar energy utilization, power transformation and green building life, in order to convey green energy.

In 2016, Voltronic Power research and development the most new generation Intelligent Solar Inverter–Infini Solar Super 4KW, which can effectively and flexibly use solar energy, city electricity and battery power in different application environments, and achieves the highest efficiency of UPS, and won the 2016 COMPUTEX d&i design awards.



Aspect: Water

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's offices and factories in Taiwan and China all are leased from industrial district office buildings, and in manufacturing without consumption of water resources (i.e., no industrial water demand), only domestic water demand of employees, and the domestic water sources all are municipal water supply, however the business group still raises all employees' awareness of saving water. The water supply of industrial district office building in Taiwan Region, is public regional water supply, there is no individual company water meter. In China Region, the annual use of water was 43,633 degrees (43.633 thousand cubic meters) and paid NT \$1,304 thousand water expense of 2015, the annual use of water was 54,545 degrees(54.54 thousand cubic meters) and paid NT \$1,285 thousand water expense of 2016 (increase Zhongshan Voltronic Power Electronic Limited) .

G4-EN8 **Total water withdrawal by source**

- a. Report the total volume of water withdrawn from the following sources:ÿ ÿ ÿ
- Surface water, including water from wetlands, rivers, lakes, and oceans : nil
 - Ground water : nil
 - Rainwater collected directly and stored by the organization : nil
 - Waste water from another organization : nil
 - Municipal water supplies or other water utilities : All are municipal water supply, The water supply of industrial district office building in Taiwan Region, is public regional water supply, there is no individual company water meter. In China Region, the annual use of water was 54,545 degrees (54.54 thousand cubic meters) and paid NT \$1,285 thousand water expense of 2016.
- b. Process Water Use and Cooling Water Inflow : Voltronic Power's offices and factories in Taiwan and China all are leased from industrial district office buildings, and in manufacturing without consumption of water resources (neither Process Water Use nor Cooling Water Inflow, i.e., no industrial water demand), only domestic water demand of employees, and the domestic water sources all are municipal water supply.

G4-EN9 Water sources significantly affected by withdrawal of water : nil

G4-EN10 Percentage and total volume of water recycled and reused : n/a

Aspect: Biodiversity

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's offices and factories in Taiwan and China all are leased from industrial district office buildings, and the operation locations all are neither located in, nor adjacent to, protected areas or areas of high biodiversity value outside protected areas, nor habitats protected or restored.

The management policy of Voltronic Power regarding "biodiversity" is: all operational sites shall be set in the "business district" and "industrial district" and so on legitimate district, and prohibit setting in protected areas or areas of high biodiversity value outside protected areas, or habitats protected or restored.

The Green Building Policies of Voltronic Power are :

- 1, 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.
- 2, Green policy: green drainage, green windbreak.
- 3, Base water conservation policy: permeable pavement, landscape storage, seepage pool, storage, infiltration, opens space.
4. Daily energy conservation policy: management of wind direction and airflow, air-conditioning and cooling systems, energy and light sources.
- 5, Carbon dioxide reduction policy: simple architectural modeling and interior decoration, reasonable structure, system and structure lightweight.
6. Waste reduction policy: earthwork balance, construction automation, dry compartment, air pollution prevention and control.
- 7, Water resources policy: water saving equipment, rainwater reuse.
- 8, Sewage and garbage improvement policy: rain diversion of sewage, garbage collection site improvement.
9. Indoor health and environment policy: indoor pollution control, indoor air purification equipment, floor and basement moisture prevention, noise control and vibration sound control.

G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas : nil

G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas : n/a

G4-EN13 Habitats protected or restored : n/a

G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk : n/a

Aspect: Emissions

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

The Emissions Aspect includes Indicators on greenhouse gas (GHG) emissions as well as ozone-depleting substances, NO_x, SO_x, and other significant air emissions. The GHG emissions are based on the reporting requirements of the WRI and WBCSD ‘GHG Protocol Corporate Accounting and Reporting Standard’ (GHG Protocol).

The greenhouse gas emission of Voltronic Power, only is carbon emission (CO₂) from the outsourcing electricity which needed for the company operation. The statistics and calculation of electricity consumption (kilowatt-hour) and carbon emission are as follows :

Locations	2015		2016	
	kilowatt-hour	KgCO ₂ e	kilowatt-hour	KgCO ₂ e
Taiwan	204,865	130,499	217,375	138,469
China	9,320,510	8,225,350	11,550,637	10,193,437
Total	9,525,375	8,355,849	11,768,012	10,631,906
Carbon emissions from the outsourcing electricity in Taiwan : kgCO ₂ /kWh=0.637				
Carbon emissions from the outsourcing electricity in China : kgCO ₂ /kWh=0.8825				

Locations	2015		2016	
	Local currency	Reporting currency	Local currency	Reporting currency
Taiwan	NTD 960 thousand	NTD 960 thousand	NTD 948 thousand	NTD 948 thousand
China	RMB 8,324 thousand	NTD 42,369 thousand	RMB 10,207 thousand	NTD 49,473thousand
Total		NTD 43,329 thousand		NTD50,421thousand
2015annual average RMB@NTD=5.090 ; 2016annual average RMB@NTD=4.847				

In addition, the cost of carbon emissions account for the main operating indicators and the proportion of profit indicators are as follows:

Items	2015		2016	
	Amount	CEC@%	Amount	CEC@%
Operating revenue	NT\$ 8,039,323 thousand	0.54%	NTD8,120,220 thousand	0.62%
Costs and Expenses	NT\$ 6,361,104 thousand	0.68%	NTD6,440,945 thousand	0.78%
Operating net profit	NT\$ 1,678,219 thousand	2.58%	NTD1,679,275 thousand	3.00%
Operating net profit rate	20.88%		20.68%	
Earnings per share	NT\$19.05		18.25元	
CEC@% : carbon emission costs account for the proportion of				

According to the above statistics can gather that Voltronic Power is a business growth (operating revenue: NT 8,120,220 thousand, NT 8,039,323 thousand, NT 6,723,027 thousand)single greenhouse gases (CO₂) low emission company, but still adopted "energy saving, consumption reduction, waste reduction" awareness policy.

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.62%, 0.54% and 0.62%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2014, 2015 and 2016 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue" all achieved.

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.75%, 0.68% and 0.78%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2014, 2015 and 2016 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of costs and expenses" all achieved.

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 3.69%, 2.58% and 3.00%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2014, 2015 and 2016 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit" all achieved.

G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1) : nil

- a. Report gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances : nil
- b. Report gases included in the calculation (whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all) : nil
- c. Report biogenic CO₂ emissions in metric tons of CO₂ equivalent separately from the gross direct (Scope 1) GHG emissions : nil
- d. Report the chosen base year, the rationale for choosing the base year, emissions in the base year, and the context for any significant changes in emissions that triggered recalculations of base year emissions : nil
- e. Report standards, methodologies, and assumptions used : nil
- f. Report the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source : nil
- g. Report the chosen consolidation approach for emissions (equity share, financial control, operational control) : nil

G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2) :

- a. Report gross energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances :

The greenhouse gas emission of Voltronic Power, only is carbon emission (CO₂) from the outsourcing electricity which needed for the company operation. The statistics and calculation of electricity consumption (kilowatt-hour) and carbon emission are as follows :

Locations	2015		2016	
	kilowatt-hour	KgCO ₂ e	kilowatt-hour	KgCO ₂ e
Taiwan	204,865	130,499	217,375	138,469
China	9,320,510	8,225,350	11,550,637	10,193,437
Total	9,525,375	8,355,849	11,768,012	10,631,906
Carbon emissions from the outsourcing electricity in Taiwan : kgCO ₂ /kWh=0.637				
Carbon emissions from the outsourcing electricity in China : kgCO ₂ /kWh=0.8825				

b. Report gases included in the calculation, if available : all are CO₂

G4-EN16-1 Direct greenhouse gas (GHG) emissions (Scope 1) + Energy indirect greenhouse gas (GHG) emissions (Scope 2) = Energy indirect greenhouse gas (GHG) emissions (Scope 2)

G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3) : nil

G4-EN18 Greenhouse gas (GHG) emissions intensity ; **G4-EN19** Reduction of greenhouse gas (GHG) emissions

The cost of carbon emissions account for the main operating indicators and the proportion of profit indicators are as follows:

Items	2015		2016	
	Amount	CEC@%	Amount	CEC@%
Operating revenue	NT\$ 8,039,323 thousand	0.54%	NTD8,120,220 thousand	0.62%
Costs and Expenses	NT\$ 6,361,104 thousand	0.68%	NTD6,440,945 thousand	0.78%
Operating net profit	NT\$ 1,678,219 thousand	2.58%	NTD1,679,275 thousand	3.00%
Operating net profit rate	20.88%		20.68%	
Earnings per share	NT\$19.05		NT\$18.25	
CEC@% : carbon emission costs account for the proportion of				

According to the above statistics can gather that Voltronic Power is a business growth (operating revenue: NT 8,120,220 thousand, NT 8,039,323 thousand, NT 6,723,027 thousand) single greenhouse gases (CO₂) low emission company, but still adopted "energy saving, consumption reduction, waste reduction" awareness policy.

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.62%, 0.54% and 0.62%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2014, 2015 and 2016 year, the "energy saving and

carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue" all achieved.

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.75%, 0.68% and 0.78%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2014, 2015 and 2016 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of costs and expenses" all achieved.

In 2014, 2015 and 2016 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 3.69%, 2.58% and 3.00%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2014, 2015 and 2016 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit" all achieved.

G4-EN20 Emissions of ozone-depleting substances (ODS) : nil

G4-EN21 NO_x, SO_x, and other significant air emissions : nil

Aspect: Effluents and Waste

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Effluents

Voltronic Power's Taiwan offices are in the industrial district's office buildings, China offices and factories also are in the industrial districts' office buildings and factories area. In manufacturing without consumption of water resources (i.e., no industrial water demand), only domestic water demand of employees, and the domestic water sources all are municipal water supply, in accordance with the relevant industrial district water supply contracts, therefore, does not produce effluents.

Waste

Voltronic Power carries out effective management and continues to achieve waste reduction target. The removal, disposal and recycling of waste, according to local regulations, properly to handle and record.

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, shall be concentrated disposal in accordance with the laws. Voltronic Power entrusts a legitimate professional institution that qualified disposal of industrial waste (liquid), exclusively disposes all of Voltronic Power's industrial waste (liquid).

The obligations of Voltronic Power

1. 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.
2. 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.
3. 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.
4. Voltronic Power commitments and guarantees that the industrial waste (liquid) provided to the legitimate professional institution to collect, does not appear abnormal situation as follows :
 - I . There exist types of industrial waste (liquid) which are not included in the attachments of the contract. [In particular, which containing explosive substances, radioactive substances, PCBs (polychlorinated biphenyls) , cyanide and so on highly toxic substance.] ;
 - II . Labels are not standardized or wrong ; packing damage or seal is not strict ; the water content of sludge is over 85% (or free water drop out) ;

III. Two or more types of industrial waste (liquid) are mixed into the same container, or hazardous waste (liquid) and non-hazardous waste (liquid) mixed into the same container.

IV. Other abnormal conditions of violations of industrial waste (liquid) transport packaging of national standards, industry standards and general technical conditions.

The obligations of the legitimate professional institution

1. Within the valid period of the contract, the legitimate professional institution shall have required qualifications, conditions and facilities to dispose industrial waste (liquid), and ensure that the license, business license and other applicable documents valid and effective.
2. The legitimate professional institution shall self-own vehicles and handling personnel, and according to the negotiation plan to collect the industrial waste (liquid) of Voltronic Power, and ensures that does not affect Voltronic Power's normal production and operating activities.
3. The collection and transportation vehicles, the drivers and the handling personnel of the legitimate professional institution shall take civilized operations in Voltronic Power's factory districts. When the operations are completed, will clean the operational ranges, and abide by the applicable environmental and safety regulations adopted by Voltronic Power.

G4-EN22 Total water discharge by quality and destination : n/a

G4-EN23 Total weight of waste by type and disposal method

- a. Report the total weight of hazardous and non-hazardous waste, by the following disposal methods:

The total weight of wastes disposed of by the waste disposal contractor in 2016 : hazardous waste was 0.368 metric tons and non-hazardous waste 480 metric tons (90% was recyclable) respectively.

- b. Report how the waste disposal method has been determined:

Disposed by the waste disposal contractor in accordance with PRC regulations; in 2015 and 2016, there was no contractor default on waste disposal.

G4-EN24 Total number and volume of significant spills : nil

G4-EN25 **Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally : nil**

G4-EN26 **Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff : nil**

Aspect: Products and Services

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's business philosophy is to effort in creating and maintaining a safe and clean environment. In manufacturing products, strictly abides by international environmental protection laws and regulations, to protect the earth green as the mission. Although Voltronic Power specializing in the R&D, design and product manufacturing services, is still actively participated various activities about Green Energy Exhibition in the domestic or foreign, cooperated to promote the global green energy policies.

In 2016, participated in the Renewable Energy India Expo — the largest green professional exhibition in India





Computex 2016, Taipei



Aspect: Compliance

G4-EN29 **Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations : Nil**

Aspect: Transport

G4-EN30 **Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce : Nil**

Aspect: Overall

G4-EN31 **Total environmental protection expenditures and investments by type**
In 2016, the cost of disposal and disposal of wastes was RMB 921,491 (NT \$4,467,000), the Investments in Operational Sustainability was RMB 735,258 (NT \$3,564,000).

In 2016, Voltronic Power Technology Corp., Orchid Power Manufacturing Company and Zhongshan Voltronic Power Electronic Limited were certified by ISO14001 environmental assessment. Voltronic Power Technology Corp. and Orchid Power Manufacturing Company were also certified by OHSAS18001 environmental assessment.

Aspect: Supplier Environmental Assessment

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

General background of supply chain

Voltronic Power is an R&D and manufacturer of UPS (Uninterruptible Power System), according to customers' projects, design or assembly products into the finished products, and then transports them to the designated areas of the customers.

The main supply chain is to provide the main products, such as the electronic or mechanism components suppliers of UPS, and the supply chain is most made up by domestic or foreign suppliers there have advantages in such goods. Raw material supplier region mainly in Taiwan, the United States, Japan, South Korea, China, Europe ; types of suppliers, contains the original factory, authorized agencies and distributors and so on ; The specific industry characteristics of the supply chain contain capital intensive, technology intensive, labor intensive.

The supply chain strategy mainly base on the competitiveness, including the prices, research and development capabilities, manufacturing capabilities, quality advantages, process management, On-site service etc., within the reporting period, supplier relationship changes are all the normal operation of policy attribute, no other factors of significant change.

Environmental requirements to suppliers

Suppliers shall comply with the provisions of the environmental laws, regulations, technical standards, including ROHS, prevention and control of pollution, waste disposal and other about environmental protection laws and regulations; the supplier shall in accordance with requirements of Voltronic Power, to produce the related documents relating to environmental protection investigation of or relating to environmental protection.

Ethical requirements to suppliers

Suppliers shall commit to adhere to ethical management, the supply chain upstream and downstream joint cooperation to constantly improve the core competitiveness. Only for how to provide and obtain the most competitive price products to engage in pure trading behavior, without also shall not to engage in behavior as to offer direct or indirect rebate, commission, facilitating payment or through other means to offer any improper benefits to each other handling personal in order to win the order.

Progress in investigation systematic management of conflict minerals

In the Democratic Republic of the Congo and the surrounding area, non-government military group control Au, Ta, W, Sn and so on metal by the armed mastery, resulting in the deterioration of the social, environmental and human rights. Voltronic Power abides by customers and act requirements, adopts the policy of no conflict metal purchasing, uses the conflict minerals report model and

supporting management tool, continuously investigate whether the suppliers implement the above policies.

Code for the management of the conflict minerals

1, the purpose of :

In order to meet the requirements of the management of the conflict minerals bill, and to guide the investigation of suppliers in the supply chain, this code is adopted.

2, the scope of application:

Applicable to the qualified suppliers which are currently trading with the company.

3, definition:

3.3 3TG : Refers to Sn (Tin), Ta (Tantalum), W (Tungsten), gold (Gold) four kinds of metals, because of its English to T and G at the beginning, also known as 3TG metal.

3.4 Conflict Minerals: Refers to conflict metal 3TG, and the mining minerals located in the Democratic Republic of the Congo Republic and the surrounding area (Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, Angola, Central African Republic and Republic of Congo).

3.5 Smelter : Refers to the smelter which carries ore extraction, to obtain 3TG metal.

3.6 CMRT (Conflict Mineral Reporting Template) : Refers to the standard form co-developed by the international institutions EICC (Electronic Industry Code of Conduct) and GeSI (Global e-Sustainability Initiative) for the investigation of conflict minerals in the supply chain.

3.7 SEC : The U.S. Securities and Exchange Commission

3.8 Dodd-Frank Wall Street Reform and Consumer Protection Act : The conflict mineral management regulation, which was formulated by SEC and enacted on July 15, 2010, in the United States, requires the listed companies in the United States to disclose the information involving the investigation of the conflict minerals management.

4, responsibilities :

4.1 Procurement Department: In the introduction of new suppliers, issue the CMRT to the suppliers, and tracing the suppliers to return back the questionnaire.

4.2 Quality Assurance Department: Timely update the CMRT, to assist the completion of the conflict minerals investigation.

4.3 R&D Department: To assist the assessment of whether contains 3TG metal in the procurement of materials.

5, content:

5.1 Quality Assurance department from the EICC website, download and update the reporting template for using of investigation.

5.2 When the introduction of a new supplier, procurement department should issue the CMRT to the supplier, when the material provided by the supplier does not contain 3TG metal, can answer the product does not contain 3TG metal and the investigation is over, but the supplier still need to return the CMRT.

5.3 The fill in requirements of the CMRT

5.3.1. Form CMRT as excel document format, select the most appropriate language at the top of the workbook [declaration], and in presupposition issue Chinese version to supplier, if not, please save the document in Chinese, restart the document will be in Chinese.

5.3.2 The workbooks of CMRT table which can be edited as [Declaration], [Smelter List] or [Product List]. Only when the declaration of the scope or category in [Declaration] answers B (Products or List of Products) need to fill in [Product List]. In [Smelter List] fill in the name of the smelter.

5.3.3 [Declaration] the main fill in project for the investigation, after completing the company's information, there are 7 declaration questions (1-7) and 10 company level questions (A-G) need to answer.

5.3.4 [Declaration] within the scope of the declaration there are 7 main questions need to answer.

5.3.4.1 Question 1, the supplier needs to answer whether the provided material contains the conflict metal (3TG), if all the answer is NO, i.e. does not contain four kinds of metals that the investigation can be over.

5.3.4.2 Question 2, the supplier needs to answer whether the provided material must use the conflict metal, if the answer is Yes, i.e. the 3TG is the necessary component for function or performance.

- 5.3.4.3 Question 3, the supplier needs to answer whether the used metal comes from the conflict minerals area, if the answer is Yes, i.e. the used metal comes from Democratic Republic of the Congo Republic or the surrounding area (such as Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, Angola, Central African Republic and Republic of Congo) , if the answer is No, i.e. the used metal doesn't come from those areas.**
- 5.3.4.4 Question 4, the supplier needs to answer whether the used conflict metal (3TG) is 100% from the recycling materials or scrap.**
- 5.3.4.5 Question 5, the supplier needs to answer, whether to collect the conflict minerals on their own supply chain, the management data and the proportion.**
- 5.3.4.6 Question 6, the supplier needs to answer whether to carry out the identification of the smelter where the conflict minerals collected from.**
- 5.3.4.7 Question 7, the supplier needs to answer, whether all the smelters where the conflict minerals collected from, have been completed to CMRT, when this question to answer Yes, need to declare the names of the smelters in [List Smelter]. To fill in Workbook [Smelter list], firstly requires in the metal column pull-down menu to select metal contained in material, secondly in smelter reference directory column pull-down menu to select the name of smelter. If the pull-down menu does not have the name of the smelter where the conflict minerals collected from, please select "Smelter not yet identified" and then in the name of the smelter column manually key-in the name of the smelter.**
- 5.3.5 [Declaration] 10 company level questions need to answer.**
- 5.3.5.1 Question A, the supplier needs to answer whether had adopted procurement policy / strategy of no use conflict minerals.**
- 5.3.5.2 Question B, the supplier needs to answer whether the procurement policy is open on the company's website, if the**

answer is Yes, please fill in the company's website domain name in the comment column.

5.3.5.3 Question C, the supplier needs to answer whether require its suppliers doesn't use the conflict minerals.

5.3.5.4 Question D, the supplier needs to answer whether require its suppliers to purchase metals from the smelters which were verified by EICC, GeSI and so on independent institutions.

5.3.5.3 Question E, the supplier needs to answer whether ever audited and identified the origins of non-conflict minerals.

5.3.5.3 Question F, the supplier needs to answer whether to use the CMRT to collect the conflict minerals management information of its suppliers.

5.3.5.3 Question G, the supplier needs to answer whether to ask its suppliers to provide the name of the related smelter.

5.3.5.3 Question H, the supplier needs to answer whether to audit and identify the conflict minerals management information provided by its suppliers is in line with the requirements.

5.3.5.3 Question I, the supplier needs to answer whether the identification method of the question H has included the corrective action when there is not in line with the requirements.

5.3.5.3 Question J, the supplier needs to answer whether to comply with the provisions published by SEC.

6, related documents:

6.1 supplier management guidelines

7, related attachments and forms:

7.1 CMRT

G4-EN32 Percentage of new suppliers that were screened using environmental criteria

In 2015 and 2016, the percentage of new suppliers that were screened using environmental criteria was 28 /74, =37.83%, and 35 /72 =48.61%

G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken : nil

Aspect: Environmental Grievance Mechanisms

G4-EN34 **Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms : Nil**

CATEGORY: SOCIAL

SUB-CATEGORY: LABOR PRACTICES AND DECENT

WORK

Aspect: Employment

G4-LA1 Total number and rates of new employee hires and employee turnover

by age group, gender, and region

In 2015 (from January 1 to December 31, 2015) and 2016 (from January 1 to December 31, 2016), monthly average number and rates of new employee hires and employee turnover of Voltronic Power's significant locations of operation by region and gender as follow :

year	Region	Gender	new employee hires		employee turnover	
			number	new hire rate	number	turnover rate
2015	Taiwan	Male	2	2.67%	2	2.67%
		Female	1	1.33%	1	1.33%
		Total	3	4%	3	4%
	China	Male	64	4.11%	57	3.65%
		Female	44	2.82%	44	2.82%
		Total	108	6.93%	101	6.47%
2016	Taiwan	Male	1	1.28%	1	1.28%
		Female	2	2.56%	1	1.28%
		Total	3	3.84%	2	2.56%
	China	Male	106	5.92%	96	5.36%
		Female	60	3.35%	57	3.18%
		Total	166	9.27%	153	8.54%

Note :

new hire rate : monthly average number of new employee hires @employee number in the end of the year

turnover rate : monthly average number of employee turnover @employee number in the end of the year

In 2015 (from January 1 to December 31, 2015) and 2016 (from January 1 to December 31, 2016), monthly average number and rates of new employee hires

and employee turnover of Voltronic Power's significant locations of operation by region and age group as follow :

	Region	Age group	new employee hires		employee turnover	
			number	new hire rate	number	turnover rate
2015	Taiwan	under 30 years old	1	1.33%	1	1.33%
		30-50 years old	2	2.67%	2	2.67%
		over 50 years old	0	0	0	0
		Total	3	4%	3	4%
	China	under 30 years old	83	5.32%	77	4.93%
		30-50 years old	25	1.60%	24	1.54%
		over 50 years old	0	0	0	0
		Total	108	6.92%	101	6.47%
2016	Taiwan	under 30 years old	1	1.28%	1	1.28%
		30-50 years old	2	2.56%	2	2.56%
		over 50 years old	0	0	1	1.28%
		Total	3	3.84%	4	5.13%
	China	under 30 years old	143	7.98%	132	7.37%
		30-50 years old	23	1.28%	21	1.71%
		over 50 years old	0	0	0	0
		Total	166	9.27%	153	8.54%
Note :						
new hire rate : monthly average number of new employee hires @employee number in the end of the year						
turnover rate : monthly average number of employee turnover @employee number in the end of the year						

G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

Benefits provided to full-time employees

Taiwan Region

Voltronic Power provides the full-time employees to enjoy the "social insurance and retirement benefits (including labor insurance, national health insurance and labor pension)", and 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,

allowances for enriching employees' amusement and promoting family happy and so on projects. Have organized the employee welfare committee, to take care of the employees' lives.

China Region

According to the applicable provisions of the Social Security Bureau, to pay the appropriate insurance for employees - five social insurances and one housing fund for the urban household registration employees (including endowment insurance, medical insurance, unemployment insurance, industrial injury insurance, maternity insurance and housing provident fund); new three insurances for rural household registration employees (including pension insurance, medical insurance and industrial injury insurance). And to develop the "welfare committee management guidelines", in order to improve the quality of employees' work and life, and enhance friendship and team effectiveness, conducts the annual activity plan to implement. " a) The plan, organization of community activities, and the allocation of funding allowance within budget. b) For the year-end party. c) Within the grant funds budget, plan the distribution of New Year gifts and money. d) The initiation and organization of employees emergency relief. e) To plan other organizations and activities that contributes to cohesion employee solidarity. "

2016 year-end party





G4-LA3 Return to work and retention rates after parental leave, by gender

In Taiwan Region, in accordance with Labor Standards Act, Act of Gender Equality in Employment, Regulations for Implementing Unpaid Parental Leave for Raising Children and so on provisions, let employees can ask for maternity leave, paternity leave and parental leave.

The employees of China Region, who meet the provisions of national marriage and family planning laws, female employees can ask maternity leave of childbirth :

"For female employees, before and after childbirth, given maternity leave 98 days that is before childbirth leave 15 days and after childbirth leave 83 days. Maternity leave cannot be early or lately, but if pregnant women of early childbirth, can combine the remaining before childbirth leave days and after childbirth leave days to leave. When is a difficult birth, increase maternity leave 30 days. Much afterbirth embryo bears, every bear a baby more, increase maternity leave 15 days. To meet the late childbirth policy (after 24 years of age to birth first child) , increase maternity leave 15 days. " And if receive the "preferential treatment for one child card" within 3 months after the birth, for the woman increase maternity leave 35 days, the man can have paternity leave 10 days within the 15 days before and after the birth of his wife (overdue applicant to be considered to give up). The computing unit of maternity leave is by day and limit one-time for handling. Within the leave days in the case of rest days, statutory holidays, doesn't increase the leave days. During the leave periods, pay the salary as usual; but during the maternity leave periods, would not pay the production performance bonus and

environmental allowance. Apply for maternity leave, should have a grant of birth certificate and hospital related documents etc. The latest time to provide related proof is at the end of maternity leave, if failed to provide, as personal leave.

year	item		Male	Female	Total
2015	A	The number of qualified to apply for parental leave in 2015.	1	1	1
	B	The number of actually to apply for parental leave in 2015.	0	0	0
	C	The number of returned to work after parental leave ended in 2015.	0	0	0
2016	A	The number of qualified to apply for parental leave in 2016.	38	18	56
	B	The number of actually to apply for parental leave in 2016.	0	0	0
	C	The number of returned to work after parental leave ended in 2016.	0	0	0
Note: The number of qualified to apply for parental leave, estimate by the number of who had applied maternity leave or paternity leave from 2014 to 2016.					

Aspect: Labor/Management Relations

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

If there are significant operational changes which may be possible to seriously affect the rights of employees, the minimum notice periods in advance to inform the employees and their representatives regarding the significant operational changes, according to the applicable local laws and regulations.

G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

If there are significant operational changes which may be possible to seriously affect the rights of employees, the minimum notice periods in advance to inform the employees and their representatives regarding the significant operational changes, according to the applicable local laws and regulations

Aspect: Occupational Health and Safety

G4-LA5 Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs

In 2016, Voltronic Power's main occupational health and safety management work are summarized as follows:

significant locations of operation	Taiwan Region	China Region
Discussion topic	Holding employers and employees meeting to follow the most updated Occupational Safety and Health Act.	introduce OHSAS18001
Percentage of employee representative	60 % employee representative number : 3 employers and employees meeting total number : 5	not applicable

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 2016, the completion rate: 100%





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



In China, annual fire drill in 2016.



G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender :

region	China		Taiwan	
gender	Male	Female	Male	Female
number of work-related injury	10	2	1	1
number of Employees	993	570	38	40
rates of injury	1.01%	0.35%	2.63%	2.5%
type of injury	all are labor injuries	one is non-labor injury (Traffic accident) one is labor injury	non-labor injury (Traffic accident)	non-labor injury (Event accident)
lost days	36	120	2.5	5
work-related fatalities	0	0	0	0
Total lost days of injury are 163.5 days, Lost Time is 1,308 hours, Lost Time Incident Rate = 1,308 hours / (1,641 person @ 2,000 hours / per person) = 0.04%				

G4-LA7 Workers with high incidence or high risk of diseases related to their occupation : Nil

G4-LA8 Health and safety topics covered in formal agreements with trade unions

The health and safety related issues of Voltronic Power' employees, all operate according to related local laws and regulations.

Aspect: Training and Education

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power has employee's education and training management program, to develop the knowledge and skills of employees, make them to play their professional abilities, to increase the work efficiency and ensure work quality, in order to achieve the sustainable operation and development goals of Voltronic Power.

In addition to the training for new employees in order to make them quickly integrate into the organization team, the department heads and employees may also be responsible for the current situation of the company's operations, and coordinate with the project requirements in the face of the enterprise internal and external environment change trends, hold company or department and domestic or foreign training courses, seminars and so on, in order to improve the employees' professional skills and core competitiveness, and strengthen employees' complete training and learning channel.

- **Introduction to 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, in order to make new employees as soon as possible to understand their own rights and interests that be treated with fairness and respect, quickly integrate into the company culture and shorten the period of adaptation.
- **New employees on the job training:** By the unit who belong to, to guide new employees to quickly familiar with the work environment, work content, and professional training.
- **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:** The power industry must be long time investment in human development, the training and experience accumulation of R&D personnel are not easy. And Voltronic Power engages in the DMS business models, requires to have adequate and high-quality R&D personnel, the company's R&D department for cultivating seed talents, started 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, sound management system and the experience inheritance, therefore gives the fresh graduate the environment for cultivation of R&D personnel.

Aspect: Diversity and Equal Opportunity

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

The employees hiring policy of Voltronic Power is right positions for right personnel, and cooperates with the company's sustainable management policy, hopes the qualified employees can develop in the company for a long time. The indicators of citizenship, ancestry, ethnic origin, creed and disability, all are not included in considering items of Voltronic Power's employees hiring policy.

Voltronic Power conducts assessment and performance evaluation to all employees on a regular basis every year, and depends on the basis for pay raises, bonuses and promotions.

G4-LA9 **Average hours of training per year per employee by gender, and by employee category**

region	China		Taiwan	
gender	male	female	male	female
Per capita training time	3.52 hrs	3.12 hrs	6.75 hrs	12.45 hrs

region	China	Taiwan
Management Department	per capita training time 1.91 hrs	per capita training time 15.5 hrs
Procurement Department	per capita training time 2.00hrs	-
R&D Department	per capita training time 3.64 hrs	per capita training time 7 hrs
QA Department	per capita training time 3.00 hrs	-
Production department	per capita training time 2.69 hrs	-
Sales Department	-	per capita training time 10.8 hrs

G4-LA10 **Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending**

- Internal training courses
- Funding support for external training or education

G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

The employees of Voltronic Power receive regular performance reviews each year. The new employees begin formal performance reviews over the past three months, and receive regular performance reviews each year.

Performance reviews in 2016: by gender and by employee category

region	China		Taiwan	
gender	number	percentage of employees	number	percentage of employees
male	936	52.26%	44	40.37%
female	476	26.58%	42	38.53%
Direct employees	662	36.96%	0	0%
Indirect employees	750	41.88%	86	78.90%

Aspect: Equal Remuneration for Women and Men

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's employees overall remuneration policies are, according to industry competition environment, the company's operating performance and market benchmark to construct the company level strategy, according to team performance, personal potential and performance, to conduct salary recommendations for the executive level, in order to attract and retain and encourage outstanding colleagues, do not affect the decision of their salary due to gender, race, nationality, age etc. personal factors.

G4-LA13 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

Voltronic Power's employees remuneration policy, is to strictly enforce the policies of "equal pay for work of equal value " and "gender equality", all important operational locations and employee categories, regardless of gender, the ratios of the standard basic salary to the local legal minimum salary all are 100% above (contain); the ratio of basic salary and remuneration of women to men is 100@100.

In Taiwan Region, in accordance with the provisions of Act of Gender Equality in Employment, strictly prohibits gender discrimination, male employees and female employees all are hired in the same basic salary.

In China Region, in accordance with the provisions of Labor Law of the People's Republic of China, workers have the right to equally get the remuneration for work, in addition to meet the legal minimum salary provided by the local governments, male employees and female employees all are hired in the same basic salary.

Aspect: Supplier Assessment for Labor Practices

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

In order to reflect the care of employees, to fulfill the social responsibility, and to promote the development of enterprises more best, Voltronic Power actively promotes the suppliers to comply with International Human Rights Law, International Labor Standards, SA8000(Social Accountability 8000 International standard), OHSAS 18001(Occupational Health and Safety Assessment Series 18001) and so on international standard contents, require suppliers to actively promote:

- Do not hire child labor who is under 16 years old, to pay attention to the hired young worker who is 16-18 years old. Do not accept any supplier which having incident of child labor who is under 16 years old, and require suppliers to pay attention to the hired young worker who is 16-18 years old.
- Respect for the freedom of the employees to work, and prohibit any form of forced or compulsory labor. Do not accept any supplier which having incident of forced or compulsory labor.
- Allow employees to exercise freedom of speech and freedom of association. Require the suppliers to allow their employees can exercise freedom of speech and freedom of association.
- Abide by the labor laws and regulations to hire employees, to pay employee salary, to maintain or relieve the employment relationship. Require the suppliers to comply with the labor laws and regulations to hire employees, to pay employee salary, to maintain or relieve the employment relationship.

- Abide by the policy of non-discrimination, to eliminate inequality in the work (To provide equal and fair environment, prohibit any form of discrimination; Respect for the staff's basic human rights to prohibit any form of insulting personality behavior). Require the suppliers to comply with the policy of non-discrimination, to eliminate inequality in the work.
- Provide safe and healthy working conditions, to ensure the safety and health of the employees, and actively to create a good working and living environment for the employees. Require the suppliers actively to create a good working and living environment for their employees.
- To reasonably arrange the production plans, to reasonably arrange the working hours and rest time also leave days for employees, and to implement the safety production system. Require the suppliers to implement the safety production system.
- Other matters must abide by relevant laws and regulations requirements. Require the suppliers' other matters must abide by relevant laws and regulations requirements.

G4-LA14 Percentage of new suppliers that were screened using labor practices criteria

In 2015 and 2016, the percentage of new suppliers that were screened using labor practices criteria was 28 /74, =37.83%, and 35 /72 =48.61%

G4-LA15 Significant actual and potential negative impacts for labor practices in the supply chain and actions take : nil

Aspect: Labor Practices Grievance Mechanisms

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

System and Process of Employee Suggestion also Complaint

1.0 Objective

For the objective of safeguarding the legitimate rights and interests of employees, ensuring effective communication between staff and the management of the company, discovering and dealing with all kinds of hidden problems, building a harmonious, stable and united labor

employment relationship, enhancing the cohesion and creativity of enterprises, so to establish this system and process.

2.0 Scope of application

2.1 、 The system and process apply to all employees in the company.

2.2 、 The management of the complaint system and procedures includes the anonymous suggestion and real name complaint. Employees must be targeted and choose reasonable ways. The real name complaint requires the complainant to fill out the Employee Complaint Letter, so that it can be processed and filed in time.

3.0 Definition

3.1 、 The channels for employee suggestions or complaints include :

3.1.1 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.

3.1.1.1 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.

3.1.2 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.

3.2 Complaint principle

3.2.1 The complainant shall according to the facts to make complaints in accordance with the provisions of this system and process and there must be no deceit.

3.2.2 The complaint receivers shall seriously treat the complaint in the principle of confidentiality, and ensure the legitimate interests of the employees are not infringed.

3.2.3 The complaint information should be filled out by the complainant himself and the proxy complaint is invalid.

3.2.4 The complainant shall comply with the appeals process. Leapfrog complaints are not allowed to enable the receivers to understand the facts and to make correct judgments in time.

3.2.5 Whether anonymous suggestions or real complaints, require the use of plain and simple language in order to narrate the facts clearly; do not use more vocabulary, to avoid the receivers make wrong judgments.

3.2.6 、 Never allow the malicious complaints or false complaints which using the anonymous suggestion or real complaint channels in order to fight or retaliate other employees. Otherwise, it will be dealt with severely according to the penalties ordinance in Chapter fifth of the Employee Handbook.

3.3 Scope of complaint

Scope of complaint events shall be occurring or existing within the company, which related to work or company employees, regulations, equipment and environment etc., including but not limited to the following situations:

3.3.1 Any objection to the implementation of the company's policies or the results of its implementation; including safety regulations, work environment, quality policy, safety protection, performance evaluation, labor contract, remuneration, logistical support , welfare benefits etc..

3.3.2 Be treated unfairly by superiors or colleagues. ;

3.3.3 Complaints or reports the violations of company policies or regulations ;

3.3.4 Any other matters where the complainant has evidence to prove that his rights or interests have been infringed .

3.3.5 Acts that violate corporate social responsibility, such as sexual harassment, racial or religious discrimination, etc.

4.0 Responsibility

4.1 To establish Complaint Handling Committee of the company, composing of the complainant's immediate supervisor, the Department Manager, the Human Resources Manager and the Vice General Manager.

4.1.1 、 The above complaint receivers may answer the complaint events within the scope of the authorization and, if the complainant accepts the reply, the complaint may be brought to end. If the complaint receivers cannot answer the complaint, it may be dealt with according to the complaint handling procedure of the sixth article of this system.

4.1.2 、 If the complaint is referred directly to the human resources department. The human resources department will be responsible for investigation, evidence collection, preliminary treatment advice, participation in research, feedback, comments etc..

4.1.3 、 In principle, the complainant shall lodge complaint in accordance with the system and process. However, if the respondent is the complainant's direct supervisor or department manager, may lodge directly to the human resources department.

4.2 、 The limitation of complaint is 10 working days.

If the complaint is overdue due to force majeure, the complainant shall declare to the Complaint Handling Committee for an extension of the time limit for complaint, but the extension shall not exceed 10 working days.

4.3 When the complainant lodges the complaint, shall fill out the Employee Complaint Letter (appendix) provided by the human resources department to describe the relevant matters.

4.4 The complaint receiver shall keep a good record of the Employee Complaint Letter, and after the record has been completed, shall request the signature of the complainant to confirm it.

4.5 During the process of waiting for the complaint, the complainant shall strictly abide by the relevant rules and regulations of the company, ensure the normal working conditions, and shall not disseminate any negative comments or information which has no relation to the work.

5.0 Work program

5.1 The complainant shall, within 10 working days from the date of the complaint occurrence, claim the Employee Complaint Letter from human resources department, and fill it out as soon as possible to the complaint receiver, that is, the direct supervisor.

5.2 The complaint receiver shall, after receiving the Employee Complaint Letter, make detailed analysis of whether the complaint is in conformity with the complaint scope of the system. If it does not meet the requirements, the complaint receiver shall notify the complainant to terminate the complaint and indicate it in the Employee Complaint Letter. If the complaint meets the requirements, the complaint receiver shall immediately notify the complainant whether can answer the complaint matter in detail and truthfully. If cannot answer the complaint matter, the complaint receiver shall clearly notify the complainant, and indicate in the Employee Complaint Letter that shall be answered by further level of the Complaint Work Program.

5.3 Both the Line Manager and the Department Manager of the complainant can directly investigate and process the complaint, and the complainant may terminate the complaint if he is satisfied with the result of the processing. If the complainant is not satisfied with the result of the treatment, he may continue to lodge a complaint to the human resources

department. The human resources department is responsible for the investigation, evidence collection and feedback of the relevant complaints.

5.4 Involving multi departments complaint, the human resources department should uniformly coordinate, the receivers of various departments should work together to complete it. If the complainant is not satisfied with the results, can continue to file the complaint to human resources department manager. Any complaint handling officer shall make investigations, collect evidences and draw the final conclusion within 10 working days.

5.5 If the complainant is still not satisfied with the results proposed by the human resource manager, can re-appeal complaint within 10 working days since the date when knows the complaint conclusion day. Within 10 working days, no further appeal is made, which means that the complainant accepts the conclusion.

When the re-appeal complaint is made, the vice general manager will be responsible for leading the complaint investigation, the members of the Complaint Handling Committee shall actively discuss, the results shall be the final conclusion of the company. The complainant shall abide by the final conclusion and shall not lodge the complaint again.

5.6 The complaint which involving crosses departments, should take active discussions by the relevant departments' accepting personals and settle after reaching a consensus, but shall not exceed deadline of the acceptance periods.

5.7 complaint reply

The complaint handling result shall be recorded as three copies of the employee complaint letter (appendix), one copy submitted to the complainant, one copy filed to complainant's personnel files, and one copy collected and saved by the department of human resources employee relation.

5.8 complaint disciplines and confidentiality requirements

5.8.1 Throughout the complaint process, the relevant personnel should be strictly confidential. In case of leak, it will be dealt with in accordance with the relevant terms of the employee handbook.

5.8.2 If the complainant to be taken revenge, will give serious treatment.

5.9 complaint event tracking

After the conclusion of the complaint, the department of human resources is responsible for tracking, monitoring and filing.

6.0 record

nil

7.0 related files

nil

8.0 appendix

8.1 Employee Complaint Letter

G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms : Nil

SUB-CATEGORY: HUMAN RIGHTS

Aspect: Investment

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

In Taiwan Region, the hiring employees are subject to the legal provisions of Labor Standards Act, the Labor Pension Act, Labor Insurance Act and National Health Insurance Act, etc..

In China Region, the hiring employees are subject to the legal provisions of Law of the People's Republic of China on Employment Contracts, Regulation on the Implementation of the Employment Contract Law of the People's Republic of China, etc..

The human rights provisions of the above legal provisions all be strictly followed by Voltronic Power.

Aspect: Non-discrimination

Aspect: Investment

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Non-discrimination and No Forced Labor

Prohibition against discrimination management system

1, the purpose of

To ensure that the company in the matters of employee hiring, compensation, training, promotion, dismissal and so on, in line with the requirements of relevant laws and industry social responsibility, there is no discrimination behavior, provide a fair and reasonable employment and competition opportunities for the employees, formulated this system.

2, range

This system applies to the management of recruitment, training, promotion, salary remuneration, termination also retirement and so on matters by the company.

3, responsibilities

3.1 Management representative: Supervise the implementation of the prohibition against discrimination, investigate the complaint about discrimination and take corrective action in time.

3.2 Human resources department: To formulate and implement the company's policy of prohibiting against discrimination.

3.3 Various departments:

Responsible for propaganda the anti-discrimination policy and the contents of implementing anti-discrimination provisions in according to this system.

4, content

4.1 The company in the recruitment, subsidies, training, promotion, termination of the contract, retirement or other related aspects about employees, not because of race, social origin, national extraction, native place, religion, age, disability, gender, marital status, pregnancy, sexual orientation, community tend to be the reason to conduct discrimination behavior to those employees.

4.1.1 Human resource department in the recruitment of employees, the employment standard is only by applying the personnel academic qualifications, work experience, job skills and the information related to the work capability, shall not to regard the gender, age, native place as the reference of employment.

4.1.2 Human resource department in the preparation of recruitment advertising shall be rigorous treatment, to avoid discriminatory content.

4.1.3 Men employees and women employees have the equal rights of employment, in the recruitment of employees, except for that in accord to the National's provisions that the jobs or posts are not suitable for women, cannot on the ground of gender to refuse to employ women or raise the employment standards for women. Do not have work discrimination against female employees during their female physiological period.

4.14 When the personnel into the pre-employment physical examination, the company shall not require employees to do the inspection projects

which be explicitly prohibited by relevant departments of the Nation, and shall not require the female employees to do a pregnancy test.

4.1.5 The supervisors in the work arrangements, all employees must be treated equally shall not be targeted discrimination.

4.1.6 In determining employees' position promotion, salary, welfare, contract renewal or retirement, only depend on the determining factors that their working ability, performance, creating value for the company and so on related to the work information, cannot regard other personal information of the employees as the reference.

4.1.7 The company enforces the policy of "equal pay for work of equal value", has established remuneration standards of employees at all levels and strictly to implement.

4.2 The company does not allow supervisors in any situation to violate the basic human rights or dignity of employees, nor allow forcing, threatened, insulted or exploitation of the sexual assault behavior, such as sexual harassment, including gestures, language and physical contact.

4.3 The company will not interfere with or discriminate against the employees' rights to observe the specifications related to race, social origin, national extraction, religion, disability, sexual orientation, union membership, union creed etc.

4.4 According to relevant laws and regulations to take protection on special employees (such as young workers, during "Five Periods(menstrual period, pregnancy period, maternity period, lactation period, menopause period) " female employees, disabled employees, etc.) also to take differential treatment on the employees who are in different positions of cultural degree, technical ability, physical condition, those all are not as discrimination.

4.5 The employees may, in written or oral form, complain to the company about the discrimination against them. The complaint will be reviewed by the coordinators who are assigned by company's management representative and the coordinators shall make an oral or written reply to the complainants within 15 working days.

4.6 Where there are discrimination incidents by the company executives (including by security guards), once verified, they will be subject to the disciplinary punishment by the company.

4.7 All members of the company, outside personnel, and social groups can conduct supervision or complaints of the company's behavior. The company actively cooperates with the supervision and inspection of the Labor Administrative Department.

5, reference file

5.1 "Labor Law of the People's Republic of China"

6, related records

6.1 Employee complaint letters

Taiwan Region

Abide by the regulations of Employment Service Act , Act of Gender Equality in Employment and so on relevant laws and regulations, and in work rules prescribed " The employment conditions of all level employees of the company depend on the knowledge, moral character, ability, experience, suitable for the job or work .". During the employment period, the company is also in compliance with the laws and regulations and work rules, equal treatment to every employee, and established Sexual Harassment Prevention Measures to ensure gender equality and non-discrimination.

If employees suppose there are human rights issues in the workplace need to be proposed, on specific facts, complain to the employee relations department, if the issues involving sexual harassment, will be according to the procedures that are under the premise of the protection of the parties to launch the review.

China Region

Commit the employees free from harassment and discrimination

— Company in determining the recruitment, hiring, promotion and training, shall not have discrimination due to race, color, age, gender, sexual orientation, disability, pregnancy, religion, political affiliation, community members or marital status. Whether manifest or latent management behaviors depend on employees' work ability, will, performance and so on as the standards, above possible discrimination factors shall not be the standards or part of the standards.

Respect employees' willingness to work overtime and freedom of actions

- Prohibit requiring employees to pay a deposit or deposit any important documents, such as academic qualification certificate, degree certificate, ID card and so on at the beginning or during the employment.
- All employed workers must be voluntary, not allowed to have any force, or the use of deception to induce workers to work in the company.
- In the rest time or rest time after meal, anybody shall not interfere employees' the freedom of action. The relevant departments shall formulate the rules and procedures of employees leaving the job in working time (including use toilets and drinking water) to protect employees' freedom of action.
- When needs to work overtime, employees can choose not to work overtime, anybody cannot force employees to work overtime. When employees choose not to work overtime, anybody cannot discriminate, threaten, intimidate, insult them, nor deduct the employees' normal salary.
- The security guards are responsible for maintaining the normal production order for the factory, protecting plant and property safety also the safety of employees, cannot to abuse nor to assault workers, cannot to forced search nor limit the freedom of workers. When there are emergencies, the security guards shall immediately notify the local police station.
- The various executives are responsible for work supporting, education, distribution and evaluation. When executives exercise those duties shall not use any corporal punishment, such as restrictions on action, assault, abuse, hunger, and threats and so on inhuman means.
- Any punitive measures shall not include any form of fines. When there are personal punishment records, the announcement does not reflect the information of personal identity.

G4-HR3 Total number of incidents of discrimination and corrective actions taken : Nil

Aspect: Freedom of Association and Collective Bargaining

G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights : Nil

Aspect: Child Labor

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

No child labor and the protection of young workers

In the social responsibility system of Voltronic Power, formulates the related administrative measures for the recruitment of employees, prohibition of recruiting child labor policy and remedial program, protection management procedures for young workers, and the management program of suppliers social responsibility message management.

In order to strengthen the enterprise internal audit system, also formulates social responsibility risk assessment, considers the child labor and young workers as medium and high risks to be control, and accept the reviews by customers regarding to labor, health and safety, environment, business ethics and management system and so on issues, positively eliminates and prevents possible risks.

In 2015 , the number of child labor in each factory is nil

Prohibition of recruiting child labor policy and remedial program

1, the purpose of

Child labor is a minor under 16 years old. In order to ensure that the company does not employ child labor, and also to provide remedial measures when mistaking to employ child labor.

2, procedures

2.1 Management department formulates the company employment provisions to prohibit the employment of child labor who is under 16 years old.

2.2 When human resources division conducts recruitment must be in accordance with the requirements of the " Check age policies and procedures", checks the applicants' personal information, check whether their age is over 16 years old, and then check the ID cards, verify their actual age, and observes their actual appearance, identity whether they are consistent with the age and appearance showed in the ID cards.

2.3 Carefully check the true or false of the ID cards, to prevent the use of false ID cards, and may require the applicants to provide other documents, such as: unmarried certificate, birth certificate, degree certificate, etc...

2.4 Without ID cards will not be hired.

3, remedial measures

If afterwards discover that mistake to employ child labor due to the documents, shall immediately notify the human resources division director, and fill in "The child labors and young workers registration form", and need to take the following remedial measures.

3.1 The management department shall report to the Labor Department, and shall be certificated by the Labor Department.

3.2 Shall be in accordance with the opinions of the Labor Department to make the following arrangements:

3.2.1 If the child labor shall be sent back to the original place of residence, the company shall be responsible for the repatriation expenditure.

3.2.2 Management department shall advise the child labors to go to school, arrange the child labors to accept education, and make the following support :

- . Assist the child labors to search school.**
- . Give monthly assistances to the child labors that are not lower than the minimum salary, until they are 16 years old.**
- . During the school periods, the total hours of daily traffic time, school and working hours cannot more than 10 hours.**

3.3 The management department shall be according to the process of "Recruitment programs and protection policies for young workers" to do the good job of the child health check and school education log records.

4, feedback and control

Employees who discover that the factories employ child labors or mistake to employ child labors but doesn't provide remedies for the matters, can be through the suggestion box / written or oral form, stepwise or leapfrog to reflect or complaint to management department manager, or company deputy general manager also general manager level and above who are.

5, support files

5.1 "The child labors and young workers registration form"

6, relevant laws and regulations

"Provisions on the prohibition of hiring child labors"

- To prohibit the recruitment or use of child labor, as the highest guiding principle of Voltronic Power's people-oriented and protection of human rights policies, not only to meet the local laws and regulations, more be responsible for customers and so on stakeholders.
- When recruiting employees, human resources division and labor suppliers need strictly in accordance with the provisions of the company's recruitment brochure and the labor dispatch administration measures, to identify the applicants' identity and age in a legitimate and reasonable way.
- Each year, the company will conduct internal audits and supplier audits, focusing on child labor provisions review to ensure that the recruitment and production process of non-child labor. In 2015, the number of young worker in each factory is nil

Management program for the protection of young workers

1, the purpose of

In order to protect the rights and interests, safety, health and education of on-the-job young workers.

2, scope

Adapt to all the company's young workers.

3, definition

Young workers : The Labor Law of the People's Republic of China stipulates that the labors who are between 16 and 18 years old.

4, program

4.1 When human resources division conducts recruitment must identify the applicants' ID cards, check the applicant's ID cards whether are true or false.

4.2 Human resources division must non-scheduled check whether there are young workers. Once found that there are young workers, shall take the following actions to ensure the safety of the young workers.

4.21 If the company found the young workers who haven't completed the nine-year compulsory education, shall sent them to the nearby school to complete their studies, and control the total hours of daily traffic time (between company and school), school and working hours cannot more than 10 hours. The company must pay the tuition fees

according to local standard until finishing the nine-year compulsory education.

- 4.22 The young workers management shall be in accordance with the relevant laws and regulations to implement the registration management system. The recruit of young workers needs to handle the relevant procedures to the local Labor Department, and in accordance with the relevant provisions to arrange suitable jobs and working time.
- 4.23 It shall be forbidden to arrange for young workers to engage in labor in a dangerous, unsafe or unhealthy working environment. The young workers cannot be the electricians or security guards, cannot to operate all kinds of dangerous machinery, and cannot to engage in the work which must use chemicals or may cause allergies, to ensure that young workers do not work in a hazardous environment.
- 4.24 It shall be forbidden to arrange for young workers to engage in labor in night, toxic, harmful, high temperature, low temperature, involving physical Labor of the fourth (4th) degree of intensity as specified by the nation or any other kind of labor to be avoided by young workers.
- 4.25 It shall be forbidden to arrange for young workers to engage in labor that contact with the radioactive materials, or engage in inflammable or explosive dangerous operations.
- 4.26 In accordance with the provisions, regularly (semiannually) conduct the detailed health check for young workers. The health check for young workers will be conducted in accordance with the listed projects about young workers health check list. The health check and registration of the young works shall be handled by the company and bear the relevant expenses.
- 4.27 Each department shall in accordance with the health check results of young workers to arrange the young workers for suitable work, if who are unable to do the original job shall reduce the original labor or arrange other work, shall not arrange the young workers to work overtime.

5, support files

5.1 "Labor Law of the People's Republic of China"

5.2 "Compulsory Education Law of the People's Republic of China"

5.3 "Special Protection Provisions for Juvenile Workers"

6, related records

6.1 employee ID card copy

6.2 employee registration form

Voltronic Power completely avoids hiring young workers.

G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor : Nil

Aspect: Forced or Compulsory Labor

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Prohibition of Forced or Compulsory Labor

1.0 Objective

Protect the free rights of employees and avoid infringement of their personality, and earnestly observe the requirements of labor laws and regulations.

2.0 Scope

Applicable to all departments of the company, all process from recruitment to termination of the labor contract with employee.

3.0 Definition

Forced or Compulsory Labor : Refers to that in the recruitment or use of workers violates labor laws or regulations. Forced or compulsory use of labor under the condition that the labor does not wish to do so.

4.0 Control program

4.1 The company has made corresponding commitments in the following directions:

4.1.1 The employee's recruitment principle of the company is based on voluntariness, and does not use forced, guaranteed, contractual or involuntary employees.

- 4.1.2 In the recruitment process, the company does not collect any form of introduction fees, deposits, etc., and does not detain employee's identification, documents or other statutory documents.
- 4.1.3 Does not employ prisoners in prison and does not send product orders to prison.
- 4.1.4 The company pays the wages of the employees monthly, on time and in full, and pays the wages directly to the employees themselves ;
- 4.1.5 In working time, the workshops and the channels not locked, and ensure that employees work overtime in the voluntary principle. Management personnel and security are not allowed to use corporal punishment, threats, violence etc. to force employees working overtime.
- 4.1.6 Employees are free to move in and out of the factory and dormitory after their personal or illness leave. Outside of the working hours, employees also are free to move in and out of the dormitory in the situation that does not affect the rest of other employees.
- 4.1.7 The employee may apply for resignation in advance according to the time agreed by both parties in the labor contract.
- 4.2 Punishment against the use of forced or compulsory labor :
 - 4.2.1 If the personnel department to receive any form of deposits or introduction fees, or to withhold any kind of certificates, once discovered will be dealt with demotion or/and downgrade.
 - 4.2.2 The all level factory management personnel, if is found that using corporal punishment, threats, violence etc. to force employees to work or make similar illegal requests in work or life, the corresponding management personnel will be conducted notification penalties. Causing damage to the spirit of the employees, management personnel must apologize to the victims. If the consequences are serious the will be sent to the Police Department to deal.
- 4.3 Complaint program for employees that are subjected to forced labor :
 - 4.3.1 If employees have been subjected to forced labor at work or in life by factory management personnel (including security personnel), through the Company Opinion Box or Factory Director Box, complaint to the Labor Dispute Mediation Committee of the

company and to seek the solutions, or directly reflect to the factory leaders in verbal to seek solutions.

4.3.2 If the above measures are not handled correctly and satisfactorily, employees may report directly to the Local Labor Department.

G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor : Nil.

Aspect: Security Practices

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

In Taiwan Region, the offices are leased from the industrial district buildings, the security systems were appointed by the building management committees.

In China Region, in accordance with the provisions of Contract Law of the People's Republic of China, Labor Law of the People's Republic of China, Regulation on the Administration of Security and Guarding Services and so on relevant laws and regulations, signed the "Civil defense service contract" with "Shenzhen Security Service Company". By the "Shenzhen Security Service Company" to provide security services, and ask "Shenzhen Security Service Company" should continue to strengthen the security team training and management, to ensure the quality of security services.

Aspect: Indigenous Rights

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power as a member of the world corporate citizenship, abides by the applicable law and international standard to hire workers and employees in all operation regions. The recruitment of employees is according to ability orientation. For employment, training, reward, promotion, termination, retirement and other employment conditions, does not discriminate due to race, color, religion, nationality, age, gender, sexuality, age or other legal protection.

G4-HR8 **Total number of incidents of violations involving rights of indigenous peoples and actions taken : Nil**

Aspect: Supplier Human Rights Assessment

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

In order to reflect the care of employees, to fulfill the social responsibility, and to promote the development of enterprises more best, Voltronic Power actively promote the suppliers to comply with International Human Rights Law, International Labor Standards ,SA8000(Social Accountability 8000 International standard) , OHSAS 18001(Occupational Health and Safety Assessment Series 18001) and so on international standard contents, require suppliers to actively promote:

- Do not hire child labor who is under 16 years old, to pay attention to the hired young worker who is 16-18 years old. Do not accept any supplier which having incident of child labor who is under 16 years old, and require suppliers to pay attention to the hired young worker who is 16-18 years old.
- Respect for the freedom of the employees to work, and prohibit any form of forced or compulsory labor. Do not accept any supplier which having incident of forced or compulsory labor.
- Allow employees to exercise freedom of speech and freedom of association. Require the suppliers to allow their employees can exercise freedom of speech and freedom of association.
- Abide by the labor laws and regulations to hire employees, to pay employee salary, to maintain or relieve the employment relationship. Require the suppliers to comply with the labor laws and regulations to hire employees, to pay employee salary, to maintain or relieve the employment relationship.
- Abide by the policy of non-discrimination, to eliminate inequality in the work (to provide equal and fair environment, prohibit any form of discrimination; Respect for the staff's basic human rights to prohibit any form of insulting personality behavior). Require the suppliers to comply with the policy of non-discrimination, to eliminate inequality in the work.

- Provide safe and healthy working conditions, to ensure the safety and health of the employees, and actively to create a good working and living environment for the employees. Require the suppliers actively to create a good working and living environment for their employees.
- To reasonably arrange the production plans, to reasonably arrange the working hours and rest time also leave days for employees, and to implement the safety production system. Require the suppliers to implement the safety production system.
- Other matters must abide by relevant laws and regulations requirements. Require the suppliers' other matters must abide by relevant laws and regulations requirements.

G4-HR10 Percentage of new suppliers that were screened using human rights criteria

In 2015 and 2016, the percentage of new suppliers that were screened using human rights criteria was 28 /74, =37.83%, and 35 /72 =48.61%

G4-HR11 Significant actual and potential negative human rights impacts in the supply chain and actions taken : nil

Aspect: Human Rights Grievance Mechanisms

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

System and Process of Employee Suggestion also Complaint

1.0 Objective

For the objective of safeguarding the legitimate rights and interests of employees, ensuring effective communication between staff and the management of the company, discovering and dealing with all kinds of hidden problems, building a harmonious, stable and united labor employment relationship, enhancing the cohesion and creativity of enterprises, so to establish this system and process.

2.0 Scope of application

2.1 、 The system and process apply to all employees in the company.

2.2 、 The management of the complaint system and procedures includes the anonymous suggestion and real name complaint. Employees must be targeted and choose reasonable ways. The real name complaint requires the complainant to fill out the Employee Complaint Letter, so that it can be processed and filed in time.

3.0 Definition

3.1 、 The channels for employee suggestions or complaints include :

3.1.1 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.

3.1.1.1 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.

3.1.2 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.

3.2 Complaint principle

3.2.1 The complainant shall according to the facts to make complaints in accordance with the provisions of this system and process and there must be no deceit.

3.2.2 The complaint receivers shall seriously treat the complaint in the principle of confidentiality, and ensure the legitimate interests of the employees are not infringed.

3.2.3 The complaint information should be filled out by the complainant himself and the proxy complaint is invalid.

3.2.4 The complainant shall comply with the appeals process. Leapfrog complaints are not allowed to enable the receivers to understand the facts and to make correct judgments in time.

3.2.5 Whether anonymous suggestions or real complaints, require the use of plain and simple language in order to narrate the facts clearly; do not use more vocabulary, to avoid the receivers make wrong judgments.

3.2.6 Never allow the malicious complaints or false complaints which using the anonymous suggestion or real complaint channels in order to fight or retaliate other employees. Otherwise, it will be dealt with severely according to the penalties ordinance in Chapter fifth of the Employee Handbook.

3.3 Scope of complaint

Scope of complaint events shall be occurring or existing within the company, which related to work or company employees, regulations, equipment and environment etc., including but not limited to the following situations:

3.3.1 Any objection to the implementation of the company's policies or the results of its implementation; including safety regulations, work environment, quality policy, safety protection, performance evaluation, labor contract, remuneration, logistical support, welfare benefits etc..

3.3.2 Be treated unfairly by superiors or colleagues. ;

3.3.3 Complaints or reports the violations of company policies or regulations ;

3.3.4 Any other matters where the complainant has evidence to prove that his rights or interests have been infringed .

3.3.5 Acts that violate corporate social responsibility, such as sexual harassment, racial or religious discrimination, etc.

4.0 Responsibility

4.1 To establish Complaint Handling Committee of the company, composing of the complainant's immediate supervisor, the Department Manager, the Human Resources Manager and the Vice General Manager.

4.1.1 、 The above complaint receivers may answer the complaint events within the scope of the authorization and, if the complainant accepts the reply, the complaint may be brought to end. If the complaint receivers cannot answer the complaint, it may be dealt with according to the complaint handling procedure of the sixth article of this system.

4.1.2 、 If the complaint is referred directly to the human resources department. The human resources department will be responsible for investigation, evidence collection, preliminary treatment advice, participation in research, feedback, comments etc..

4.1.3 、 In principle, the complainant shall lodge complaint in accordance with the system and process. However, if the respondent is the complainant's direct supervisor or department manager, may lodge directly to the human resources department.

4.2 、 The limitation of complaint is 10 working days.

If the complaint is overdue due to force majeure, the complainant shall declare to the Complaint Handling Committee for an extension of the time limit for complaint, but the extension shall not exceed 10 working days.

4.3 When the complainant lodges the complaint, shall fill out the Employee Complaint Letter (appendix) provided by the human resources department to describe the relevant matters.

4.4 The complaint receiver shall keep a good record of the Employee Complaint Letter, and after the record has been completed, shall request the signature of the complainant to confirm it.

4.5 During the process of waiting for the complaint, the complainant shall strictly abide by the relevant rules and regulations of the company, ensure the normal working conditions, and shall not disseminate any negative comments or information which has no relation to the work.

5.0 Work program

5.1 The complainant shall, within 10 working days from the date of the complaint occurrence, claim the Employee Complaint Letter from human resources department, and fill it out as soon as possible to the complaint receiver, that is, the direct supervisor.

5.2 The complaint receiver shall, after receiving the Employee Complaint Letter, make detailed analysis of whether the complaint is in conformity with the complaint scope of the system. If it does not meet the requirements, the complaint receiver shall notify the complainant to terminate the complaint and indicate it in the Employee Complaint Letter. If the complaint meets the requirements, the complaint receiver shall immediately notify the complainant whether can answer the complaint matter in detail and truthfully. If cannot answer the complaint matter, the complaint receiver shall clearly notify the complainant, and indicate in the Employee Complaint Letter that shall be answered by further level of the Complaint Work Program.

5.3 Both the Line Manager and the Department Manager of the complainant can directly investigate and process the complaint, and the complainant may terminate the complaint if he is satisfied with the result of the processing. If the complainant is not satisfied with the result of the treatment, he may continue to lodge a complaint to the human resources department. The human resources department is responsible for the investigation, evidence collection and feedback of the relevant complaints.

5.4 Involving multi departments complaint, the human resources department should uniformly coordinate, the receivers of various departments should work together to complete it. If the complainant is not satisfied with the results, can continue to file the complaint to human resources department manager. Any complaint handling officer shall make investigations, collect evidences and draw the final conclusion within 10 working days.

5.5 If the complainant is still not satisfied with the results proposed by the human resource manager, can re-appeal complaint within 10 working days since the date when knows the complaint conclusion day. Within 10 working days, no further appeal is made, which means that the complainant accepts the conclusion.

When the re-appeal complaint is made, the vice general manager will be responsible for leading the complaint investigation, the members of the Complaint Handling Committee shall actively discuss, the results shall be the final conclusion of the company. The complainant shall abide by the final conclusion and shall not lodge the complaint again.

5.6 The complaint which involving crosses departments, should take active discussions by the relevant departments' accepting personals and settle after reaching a consensus, but shall not exceed deadline of the acceptance periods.

5.7 complaint reply

The complaint handling result shall be recorded as three copies of the employee complaint letter (appendix), one copy submitted to the complainant, one copy filed to complainant's personnel files, and one copy collected and saved by the department of human resources employee relation.

5.8 complaint disciplines and confidentiality requirements

5.8.1 Throughout the complaint process, the relevant personnel should be strictly confidential. In case of leak, it will be dealt with in accordance with the relevant terms of the employee handbook.

5.8.2 If the complainant to be taken revenge, will give serious treatment.

5.9 complaint event tracking

After the conclusion of the complaint, the department of human resources is responsible for tracking, monitoring and filing.

6.0 record

nil

7.0 related files

nil

8.0 appendix

8.1 Employee Complaint Letter

G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms : Nil

SUB-CATEGORY: SOCIETY

Aspect: Anti-corruption

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power requires all employees shall be integrity, in the employment ethical principles enumerate the behaviors that shall be abided by the employees. Those principles, in addition to all the employees shall to comply with, looking forward to the Voltronic Power's customers, suppliers, business partners and other all walks of life that having business contacts, understanding and support. Once found the employees have any possible violation of the employment ethical principles, shall report to the supervisors, if necessary, directly report to the general manager. Employees who denounce any breach behavior of the employment ethical principles and therefore participate in the course of the review, the company shall give them protection to avoid suffering unfair revenge or treatment.

Avoiding conflicts of interest

Employees shall avoid any conflict or possible influence between personal interests and the company interests. Therefore, when employees aware to face the situations, such as: employees or their dependents/next of kin who have employment relationship, direct or indirect financial interest relationship with any Voltronic Power's suppliers, customers or competitors; employees or their dependents/next of kin who engage in activities outside the company caused directly business competition against Voltronic Power; anything that might interfere with employees of their own work and responsibility; without permission to use company's resources to engage in their own activities outside the company; shall immediately take initiative and full report to descript the situations that any personal interests are contradicted with the interests of the company.

Anti-corruption

The company pays attention to employees' loyalty and integrity, the work rules prescribed "employees shall not use their positions to benefit themselves or others; shall not on their official duties behaviors or against their official duties behaviors

to receive bribes, rebates, gratuities, preferential trading or other unjustifiable interests".

Procurement personnel need to sign the "procurement personnel ethical standards", the procurement employees shall not have the following behaviors:

- 1, Use the position relationship to demand, or to make agreements of, or to receive the bribes, rebates, gratuities, preferential trading or other unjustifiable interests from suppliers.
- 2, To accept free or preferential receptions of food, lodging, transportation, entertainment, travel, excursion or other similar situations which are provided by duty-related suppliers.
- 3, Does not comply with the provisions to handle procurement.
- 4, Hinder the procurement efficiency.
- 5, Waste the company resources.
- 6, To handle procurement iniquitously.
- 7, To leak the procurement information that should be kept secret.
- 8, Use the company's places to earn private interests or use public assets for private purposes.
- 9, Use the duty relationship to fundraise or to engage in business activities.
- 10, Use the knowing of non-public information from the duty to earn private unjustifiable interests.
- 11, During the company's employment period, at the same time hired by the suppliers.
- 12, In the official place to post or hang the suppliers' advertising.
- 13, Use the duty relationship to introduce friends or relatives to serve in the suppliers.
- 14, Use the duty relationship to have the loan or lend relations, or non-publicly traded investment relations with the suppliers.
- 15, Require the suppliers to provide services that are not related to purchasing.
- 16, Entreat or lobby for suppliers.
- 17, For the intention of private unjustifiable interests, to overestimate the budgets, the bottom prices or the payable contract prices, or to make improper planning, design, bidding, comparison and review of bid, decision of bid, compliance management or acceptance.
- 18, By the opportunities of weddings or funerals to claim money or property from the suppliers.

- 19, Engage in the matters or activities whatever are sufficient to affect the dignity of the purchasers or to make common people recognize that may cause to iniquitously perform their duties.
- 20, Other violation of relevant rules or regulations identified by the company's management team.

Commitment Letter of Ethic

Require the certain and above level employees to sign the "Commitment Letter of Ethic ":

I _____ full know that: the healthy and orderly supply- purchase relationship is the basis to implement win-win between the company and suppliers. Especially on the anti commercial bribery to act in accordance with the regulations and rules, to make the following commitments and guarantees:

1, In business contacts with or in dealing with the suppliers, not in any active or passive form to the relevant personnel (including suppliers' directors, salesmen and their relatives and friends) to claim commercial bribery or rebate behaviors. In this Commitment Letter, the commercial bribery refers to the following acts in order to that the suppliers can sell goods or services or win trading opportunities etc.:

- 1) Under the guise of various names to claim the possessions, including (but not limited to) cash, gifts, to accept the lend in free or in significantly lower than the market rental prices of any equipment, facilities, transport facilities, housing and other.
- 2) Under the guise of various names to claim the charges, including (but not limited to) banquet, recreational sports & entertainment consumption (such as playing golf, KTV and other), travel, domestic or foreign investigate and so on consumption patterns.
- 3) Under the guise of various names in other way to benefit from the suppliers' related employees, including (but not limited to) receive various benefits, expense reimbursement, lottery activity, gambling deliberately losing and so on ways.

As mentioned above that under the guise of various names, including (but not limited to) under the guise of promotion fees, publicity fees, conference fees, sponsorship fees, investigation fees, research fees, labor service fees, consulting

fees, brokerage expenses, commissions, festival red, wedding gifts, bonuses and other various names.

4) Except for the acts which in according to commercial practice to receive small advertising gifts or small gifts that printed with the companies' names (the market prices are lower than RMB 200 or NT \$1000).

2, The above commitment and assurance, retroactivity.

3, If found any other employees of Voltronic Power the behaviors of active extortion or accepting bribes or rebates, please report in accordance with the following contact way. When the report verified, can obtain one-time bonuses for encouragement from the company.

Taiwan Region

General Manager Office: Chen Yi-Ju

Email: yvonne@voltronic.com.tw

Telephone: +886 227918296 ext 118

China Region

Vise General Manager: Jin Zhi-Xin

Email: investor@voltronic.com.tw

Telephone: +86-755-86016601

4, If for any reason ever had above non-ethical behaviors, please according to attached list, by the time, places, suppliers, and the equivalent amounts or the actual amounts, to make readme statements.

5, If there are bribery facts, but doesn't honestly confess, once verified, I will like to accept three times the amount of involving bribery for the compensation liability, and unconditionally agree that the company reserves the right to pursue legal liability.

Letter to Suppliers of Ethical Policies

To : Voltronic Power's suppliers

Since the past, your company has been gracious assistance to Voltronic Power; firstly we take this opportunity to express heartfelt gratitude for your company to continued support our business continuity.

In order to make your company and us to create the business thriving cooperation partnership, we must reiterate the importance of ethical transaction in bilateral business cooperation.

We commit to ensure that the business activities can reflect the core value of ethic, so we resolutely prohibit any corruption, bribery, theft or other activities that to embezzle our property. And equally require the various suppliers and their subcontractors(including personnel assigned by subcontractors, and other subcontractors or personnel assigned to provide services for us or subcontractors). We never condone any accepting or giving gifts that can be considered as bribery, or the behaviors of gratuity or entertainment, we also clearly requires the employees (including their family members, relatives and friends) cannot accept such gifts, gratuity or entertainment.

We solemnly inform your company, engage in the behaviors that to offer bribes, to steal, to embezzle our property, or participate in the behaviors that to offer bribes, to steal, to embezzle our property, all will be regarded as breach of ethic and as the behaviors that seriously damage the cooperation basis between your company and us.

If happens the above situations, we have the rights to stop all cooperation with your company and to reserve the all rights to pursue the legal liability of such actions.

We will confirm our employees fully understand our company's ethical policies and abide by them, but if in the process of cooperation between your company and us, where there are subject to any our employees by using the business opportunities between with the suppliers to threaten your company for the intention to obtain rebates or if found our employees soliciting or accepting bribes or rebates, or if aware of any subcontractors to give our employees bribes or rebates, please contact in the following way to expose. The suppliers that can initiatively expose the bribes or rebates and verified as the true, shall be listed as our preferred suppliers.

If found our employees who had the behaviors that violate our ethical policies, please as soon as send mail to the following address or call the following telephone to let us know the violated behaviors.

Taiwan Region

Supervisor Email: voltronic@voltronic.com.tw

General Manager Office: Chen Yi-Ju

Email: yvonne@voltronic.com.tw

Telephone: +886 227918296 ext 118

China Region

Vise General Manager: Jin Zhi-Xin

Email: investor@voltronic.com.tw

Telephone: +86-755-86016601

We believe that the ethical policies described in this letter are the important foundation to create mutually beneficial relationship between your company with us, and we are looking forward to the next years, will create closer partnership between your company with us.

Supplier Ethical Commitment Letter

We full know that the healthy and orderly supply- purchase relationship is the basis to implement win-win between your company and us. Especially on the anti commercial bribery and ethical management, to make the following commitments and guarantees:

1, In business contacts with or in dealing with Voltronic Power, not in any form to offer commercial bribery to the relevant personnel (including your company's in-charge persons, their subordinates, and their relatives and friends). In this Commitment Letter, the commercial bribery refers to the following acts in order to sell goods or services or win trading opportunities etc.:

- 1) Under the guise of various names to provide the possessions, including (but not limited to) cash, gifts, to provide the lend in free or in significantly lower than the market rental prices of any equipment, facilities, transport facilities, housing and other.**
- 2) Under the guise of various names to provide the charges, including (but not limited to) banquet, recreational sports & entertainment consumption (such as playing golf, KTV and other), travel, domestic or foreign investigate and so on consumption patterns.**
- 3) Under the guise of various names in other way to make benefits to Voltronic Power's related employees, including (but not limited to) to provide various benefits, expense reimbursement, lottery activity, gambling deliberately losing and so on ways.**

As mentioned above that under the guise of various names, including (but not limited to) under the guise of promotion fees, publicity fees, conference fees, sponsorship fees, investigation fees, research fees, labor service fees, consulting fees, brokerage expenses, commissions, festival red, wedding gifts, bonuses and other various names.

- 4) Except for the acts which in according to commercial practice to provide small advertising gifts or small gifts that printed with our name (the market prices are lower than RMB 200 or NT \$1000).
- 2, Be responsible for the behaviors of if using commercial bribery means to Voltronic Power's employees in order to sale goods or services or to win trading opportunities:
 - 1) Double compensation of Voltronic Power's loss amounts.
 - 2) If there is no loss or cannot prove the loss, double compensation of the giving bribe or/and rebate amounts.
 - 3) If that constituted a crime, shall bear legal liabilities in accordance with the laws.
 - 4) Which has entered the judicial criminal investigation period, regarding the not yet settled payment by Voltronic Power, unconditional agrees to suspend payment, in order to cooperate with the judicial investigation. After the end of the judicial investigation, regardless of whether need to pay additional compensations of the verdict, agree the not yet settle payment after reducing above compensations then return the remaining amounts without interest.
- 3, To strengthen our internal employee's management, advocacy to prevent commercial bribery, enforce ethical management. Regarding the commercial bribery clues provided by Voltronic Power to actively cooperate to review. Regarding the verified behaviors, make strict punishment against the perpetrators and the responsible persons, and adjust their positions, no longer hold the positions that related to business cooperation with Voltronic Power.
- 4, The above commitment and assurance, retroactivity.
- 5, If found the employees of Voltronic Power have the behaviors of soliciting or accepting bribes or rebates, or if aware of any subcontractors to give r bribes or rebates to the employees of Voltronic Power, please contact in the following way to expose.

Taiwan Region

General Manager Office: Chen Yi-Ju

Email: yvonne@voltronic.com.tw

Telephone: +886 227918296 ext 118

China Region

Vise General Manager: Jin Zhi-Xin

Email: investor@voltronic.com.tw

Telephone: +86-755-86016601

6, We fully understand the "initiative report, let bygones be bygones" policy of Voltronic Power, if we ever had non-ethical behaviors of non-active willingness, according to the above contact way to report on the first time.

G4-SO3 **Total number and percentage of operations assessed for risks related to corruption and the significant risks identified**

All of Voltronic Power's operations assessed for risks related to corruption and the significant risk identified is purchasing potential corruption risk.

G4-SO4 **Communication and training on anti-corruption policies and procedures**

As described in DMA.

G4-SO5 **Confirmed incidents of corruption and actions taken : nil**

Aspect: Public Policy

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power with the ideas of environmental protection, harmonious symbiosis and ethic management to implement "corporate governance" and "enterprise sustainable development". In response to the government also global concerns issues such as environmental protection, ecology, energy, etc., to propose climate change information policies and carbon reduction policies.

Follow the government regulations to adopt the "Ethical Corporate Management Best Practice Principles for Voltronic Power Technology Corp." which 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.

G4-SO6 Total value of political contributions by country and recipient / beneficiary : Nil

Aspect: Anti-competitive Behavior

G4-SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes : Nil

Aspect: Compliance

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Adhere to Company Management Laws and Regulations

In the operations, Voltronic Power always is according to the domestic and foreign related laws and regulations, and pays attention to the impacts of business regulations of upgrading or amendment, to ensure that Voltronic Power can strictly fulfill the regulations compliance obligations in order to reduce the risk of direct finance loss or/and indirect loss of goodwill. On the positive side, looking forward to Voltronic Power that can reach the goal of operating capacity expansion by the way of regulations compliance.

G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations : Nil

Aspect: Supplier Assessment for Impacts on Society

G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society

In 2015 and 2016, the percentage of new suppliers that were screened using criteria for impacts on society was 28 /74, =37.83%, and 35 /72 =48.61%

G4-SO10 **Significant actual and potential negative impacts on society in the supply chain and actions taken : nil**

Aspect: Grievance Mechanisms for Impacts on Society

G4-SO11 **Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms : nil**

SUB-CATEGORY: PRODUCT RESPONSIBILITY

The Aspects under the sub-Category of Product Responsibility concern the products and services that directly affect stakeholders, and customers in particular.

Aspect: Customer Health and Safety

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter. There has no any health issue be applicable to the related products. Upon security issues, handling according to the safety standard acts of the Nation where the entrusting design or/and manufacturing projects customers located, and the possible customers' specific safety codes. Up to now, there hasn't happened any incident of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle.

To manufacture the products that will not cause any health issues and meet the safety standard acts of the Nation where the entrusting design or/and manufacturing projects customers located, is also Voltronic Power's highest guiding principle.

Aspect: Product and Service Labeling

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter. Therefore, the design

or/and manufacturing of products shall be according to the requirements of the customers, all health and safety information, labeling according to the health and safety standard acts of the Nation where the entrusting design or/and manufacturing projects customers located, and the possible customers' specific health and safety codes.

Up to now, there hasn't happened any incident of non-compliance with regulations and voluntary codes concerning product and service information and labeling.

G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements : 100%

	YES	NO
The sourcing of components of the product or service	V	
Content, particularly with regard to substances that might produce an environmental or social impact	V	
Safe use of the product or service	V	
Disposal of the product and environmental/social impacts	V	
Other (explain)		

G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes : nil

Aspect: Marketing Communications

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter. Therefore, the design or/and manufacturing of products shall be according to the requirements of the

customers, are not the sale of banned or disputed products (i.e. the products are neither banned in certain markets nor are the subject of stakeholder questions or public debate) , so, it won't happen incident of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

G4-PR6 Sale of banned or disputed products : nil

G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcome : nil

Aspect: Customer Privacy

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Confidential information protection

All confidential information of the company or the customers shall be kept confidential. Voltronic Power requires employees to sign the "Secret Declaration " :

- 1, During the employment period, the signatory shall not violate any of the following acts without written consent:
 - (a) To invest or operate in the same or similar to the company's business in the name of self or another people. The another people refer to including but not limited to who have relatives or friends relationship with the signatory.
 - (b) To serve as employee, trustee, undertaker, consultant and so on for other companies or entities that operate in the same or similar business to the company.
- 2, Except the advance written authorization by the company, the following information and other confidential information that be created or learned by the signatory during the employment period, agrees to maintain as the top secret, doesn't tell or deliver to any third party :
 - (a) About the company's business activities that are unknown by the company's current or future competitors.
 - (b) The information that is exclusively belonging to the company, customers or suppliers of the company.

3, In this declaration that confidential information refers the data or information directly or indirectly subject to receiving, contact, design or development by the signatory because of using the company's equipment or resources during the employment period, regardless of whether in writing, also regardless of whether applying for patent or copyrights. For example:

- (a) The information of production methods and data, communication, purchasing, financial, employees, customers, suppliers, and other relevant information related to the company business activities and models, and so on.**
- (b) Computer programs and all related documents.**
- (c) Discovery, concept and idea, such as : the characteristics, results, procedures, formulas, invention & innovation of the research and development plans, and the equipment, knowledge, technology, specialized technology, design, composition and instructions of the computer and related system design etc..**
- (d) Any other matters or information related to the business or other activities of the company, and such information cannot be free or easy to know by the persons who are generally engaged in similar business or activities.**
- (e) All ideas derived from the contact or learn to the above information or data.**

4, Without the written authorization by the signatory's former employer, the signatory performs the duty behaviors in the company, shall not quote or use any confidential information which is exclusively belonging to the former employer. And the signatory guarantee that doesn't disclose any third parties' confidential information to the company nor instigates the company to use the confidential information. If the reference or use will infringe upon the business secret of the former employer, must inform the company with written in advance, together to discuss the decision with the company, in order to avoid damaging the rights and interests of the former employer and the company.

5, Ownership of rights:

- (a) The signatory consents that immediately to inform and transfer to the company of all the obtaining or creating design, copyright, discovery, formula, process, manufacturing technology, business secrets, invention, improvement, ideas and other works with the potential of copyright protection that related to perform the position duty during the period of employment. And agrees except the salary provided by the company, not**

because above informing or transferring to require the company to pay any additional fees or payments.

- (b) The above various kinds of rights, regardless whether doing in general working time, also regardless whether using the company's equipment, facilities, or company business secret income, shall be applicable in the preceding paragraph.

Customer Privacy

Protection of customer privacy is a generally recognized goal in national regulations and organizational policies. If breach customer privacy, in addition to direct financial consequences such as penalties and fines, non-compliance poses a risk to reputation and customer loyalty and satisfaction. For Voltronic Power, the total number of substantiated complaints regarding breaches of customer privacy and losses of customer data is nil.

Aspect: Compliance

DISCLOSURES ON MANAGEMENT APPROACH (DAM)

G4-DMA

Voltronic Power in business operation, strictly comply with relevant laws and regulations (including international declarations, conventions and treaties, and national, sub-national, regional, and local regulations concerning the provision and use of the organization's products and services), the monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services is nil.

G4-PR9 **Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services : nil**