

# **Corporate Social Responsibility**

## **Annual Report 2018**



**Voltronic Power Technology Corp.**

# **Voltronic Power 2018 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 Zhongshen export factory ( Zhongshen Voltronic Power Electronic Limited ) and also since 2018, newly added the China ZhongShan Voltronic Precision Inc. 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 and ZhongShan Voltronic Precision Inc. as "China Region". The reporting period of the corporate social responsibility information disclosure in this report is from January 1 to December 31, 2018. The reporting period of the corporate social responsibility information disclosure in last two years reports are from January 1 to December 31, 2016 and from January 1 to December 31, 2017.

### **REPORTING GUIDELINES**

The reporting principles and standard disclosures of 2015 and 2016 reports 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 ". The reporting principles and standard disclosures of 2017 and 2018 report are in accordance with the GRI ( Global Reporting Initiative ) Standards 2016 published by the Global Sustainability Standards Board ( GSSB ),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 ".The contents of the 2018 annual report are supplemented and disclosed by reference to

**SAM Corporate Sustainability Assessment 2019.**

## **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 " , " Zhongshen Voltronic Power Electronic Limited. " and " ZhongShan Voltronic Precision Inc. ".

## **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](http://www.voltronicpower.com) "Company Information".

# **GRI 101 : FOUNDATION**

## **1. Reporting Principles**

### **Principles for defining report content**

#### **Stakeholder Inclusiveness**

1.1 The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.

#### **Sustainability Context**

1.2 The report shall present the reporting organization's performance in the wider context of sustainability.

#### **Materiality**

1.3 The report shall cover topics that:

1.3.1 reflect the reporting organization's significant economic, environmental, and social impacts; or

1.3.2 substantively influence the assessments and decisions of stakeholders.

#### **Completeness**

1.4 The report shall include coverage of material topics and their Boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess the reporting organization's performance in the reporting period.

### **Principles for defining report quality**

#### **Accuracy**

1.5 The reported information shall be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.

#### **Balance**

1.6 The reported information shall reflect positive and negative aspects of the reporting organization's performance to enable a reasoned assessment of overall performance.

#### **Clarity**

1.7 The reporting organization shall make information available in a manner that is understandable and accessible to stakeholders using that information.

#### **Comparability**

1.8 The reporting organization shall select, compile, and report information consistently. The reported information shall be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations.



### **Reliability**

1.9 The reporting organization shall gather, record, compile, analyze, and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information.

### **Timeliness**

1.10 The reporting organization shall report on a regular schedule so that information is available in time for stakeholders to make informed decisions.

## **2. Using the GRI Standards for sustainability reporting**

### **Applying the Reporting Principles**

2.1 The reporting organization shall apply all Reporting Principles from Section 1 to define report content and quality.

### **Reporting general disclosures**

2.2 The reporting organization shall report the required disclosures from *GRI 102: General Disclosures*.

### **Identifying material topics and their Boundaries**

2.3 The reporting organization shall identify its material topics using the Reporting Principles for defining report content.

2.3.1 The reporting organization should consult the GRI Sector Disclosures that relate to its sector, if available, to assist with identifying its material topics.

2.4 The reporting organization shall identify the Boundary for each material topic.

### **Reporting on material topics**

2.5 Reporting on material topics :

2.5.1 shall report the management approach disclosures for that topic, using *GRI 103: Management Approach*; and either:

2.5.2 shall report the topic-specific disclosures in the corresponding GRI Standard, if the material topic is covered by an existing GRI Standard (series 200, 300, and 400); or

2.5.3 should report other appropriate disclosures, if the material topic is not covered by an existing GRI Standard.

The report reporting on material topics as 2.5.2.

### **Presenting information**

### **Reporting required disclosures using references**

2.6 If the reporting organization reports a required disclosure using a reference to another source where the information is located, the organization shall ensure:

2.6.1 the reference includes the specific location of the required disclosure;

2.6.2 the referenced information is publicly available and readily accessible.

## Compiling and presenting information in the report

**2.7** When preparing a sustainability report, the reporting organization should :

- 2.7.1** present information for the current reporting period and at least two previous periods, as well as future short and medium-term targets if they have been established ;
- 2.7.2** compile and report information using generally accepted international metrics (such as kilograms or liters) and standard conversion factors, and explain the basis of measurement/calculation where not otherwise apparent ;
- 2.7.3** provide absolute data and explanatory notes when using ratios or normalized data ;
- 2.7.4** define a consistent reporting period for issuing a report.

## **3. Making claims related to the use of the GRI Standards**

Claims that a report has been prepared in accordance with the GRI Standards

**3.1** To claim that a sustainability report has been prepared in accordance with the GRI Standards, the reporting organization shall meet all criteria for the respective option (Core or Comprehensive) from Table 1 :

The report meets all criteria for core option.

Table 1 Criteria to claim a report has been prepared in accordance with the GRI Standards	
Required criteria	Core option
<i>Use the correct claim (statement of use) in any published materials with disclosures based on the GRI Standards</i>	<b>Include the following statement: ‘This report has been prepared in accordance with the GRI Standards: Core option’</b>
<i>Use GRI 101: Foundation to follow the basic process for preparing a sustainability report</i>	<b>Comply with all requirements in Section 2 of GRI 101: Foundation (‘Using the GRI Standards for sustainability reporting’)</b>
<i>Use GRI 102: General Disclosures to report contextual information about the organization</i>	<b>Comply with all reporting requirements for the following disclosures from GRI 102: General Disclosures:</b> <b>Disclosures 102-1 to 102-13 (Organizational profile)</b> <b>Disclosure 102-14 (Strategy)</b> <b>Disclosure 102-16 (Ethics and integrity)</b> <b>Disclosure 102-18 (Governance)</b> <b>Disclosures 102-40 to 102-44 (Stakeholder engagement)</b> <b>Disclosures 102-45 to 102-56 (Reporting practice)</b>

<i>Use GRI 103:Management Approach to report the management approach and the topic Boundary for all material topics</i>	For each material topic, comply with all reporting requirements from <i>GRI 103: Management Approach</i> <i>Reasons for omission are only permitted for Disclosures 103-2 and 103-3</i>
<i>Use the topic-specific GRI Standards (series 200, 300, 400) to report on material topics</i>	For each material topic covered by a topic-specific GRI Standard: •comply with all reporting requirements in the ‘Management approach disclosures’ section •comply with all reporting requirements for at least one topic-specific disclosure For each material topic not covered by a GRI Standard, it is recommended to report other appropriate disclosures for that topic <i>Reasons for omission are permitted for all topic-specific disclosures</i>
<i>Ensure that reasons for omission are used correctly, if applicable</i>	Comply with all requirements in clause 3.2 (Reasons for omission)
<i>Notify GRI of the use of the Standards</i>	Comply with all requirements in clause 3.4 (Notifying GRI of the use of the Standards)

### Reasons for omission

3.2 If, in exceptional cases, an organization preparing a sustainability report in accordance with the GRI Standards cannot report a required disclosure, the organization shall provide in the report a reason for omission that :

3.2.1 describes the specific information that has been omitted; and

3.2.2 specifies one of the following reasons for omission from Table 2, including the required explanation for that reason.

<b>Table 2 Reasons for omission</b>	
<b>Reason for omission</b>	<b>Required explanation in the sustainability report</b>
<b>Not applicable</b>	Specify the reason(s) why the disclosure is considered to be not applicable.
<b>Confidentiality constraints</b>	Describe the specific confidentiality constraints prohibiting the disclosure.
<b>Specific legal prohibitions</b>	Describe the specific legal prohibitions.
<b>Information unavailable</b>	Describe the specific steps being taken to obtain the information and the expected timeframe for doing so. If the reason for omission is due to the fact that the necessary information cannot be obtained, or is not of adequate quality to report (as may sometimes be the case when the Boundary for a material topic extends beyond the reporting

	organization), explain this situation.
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### Using selected Standards with a GRI-referenced claim

**3.3** If the reporting organization uses selected GRI Standards, or parts of their content, to report specific information, but has not met the criteria to prepare a report in accordance with the GRI Standards (as per clause 3.1), the organization :

**3.3.1** shall include in any published material with disclosures based on the GRI Standards a statement that :

**3.3.1.1** contains the following text: ‘This material references [title and publication year of the Standard]’, for each Standard used;

**3.3.1.2** indicates which specific content from the Standard has been applied, if the Standard has not been used in full;

**3.3.2** shall comply with all reporting requirements that correspond to the disclosures reported;

**3.3.3** shall notify GRI of the use of the Standards, as per clause 3.4;

**3.3.4** should apply the Reporting Principles for defining report quality from Section 1;

**3.3.5** should report its management approach by applying *GRI 103: Management Approach* together with any topic-specific Standard (series 200, 300, or 400) used.

The report uses selected GRI Standards 2016 and meets the criteria in accordance with the GRI Standards to report all the information.

### Notifying GRI of the use of the Standards

**3.4** The reporting organization shall notify GRI of its use of the GRI Standards, and the claim it has made in the report or published material, by either:

**3.4.1** sending a copy to GRI at [standards@globalreporting.org](mailto:standards@globalreporting.org); or

**3.4.2** registering the report or published material at [www.globalreporting.org/standards](http://www.globalreporting.org/standards)

The report sending a copy to GRI at [standards@globalreporting.org](mailto:standards@globalreporting.org) to notify GRI of the use of the Standards

## **GRI 102 : GENERAL DISCLOSURES**

### **1. Organizational profile**

**102-1 Name of the organization :** The name of the organization is Voltronic Power Technology Corp.

**102-2 Activities, brands, products, and services**

a. A description of the organization's activities.

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.

I .UPS

( i )Off-line UPS: 400VA – 2000VA

( ii )On-line UPS: 1KVA – 210KVA

II .Inverter/AVR: 600VA – 10KVA

III . ACCESSORY:

( i )SNMP Card

( ii )MODBUS Card

( iii )PDU & MAINTENANCE Bypass Switch

IV.SOLAR Inverter: 1KVA – 10KVA

b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets : not applicable.

**102-3 Location of headquarters**

a. Location of the organization's headquarters : The location of Voltronic Power Technology Corp.'s headquarters is in Neihu Dist., Taipei, Taiwan. The address is No. 406 Xinhua 1<sup>st</sup> Road, Neihu District, Taipei ,Taiwan.

**102-4 Location of operations**

a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.

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

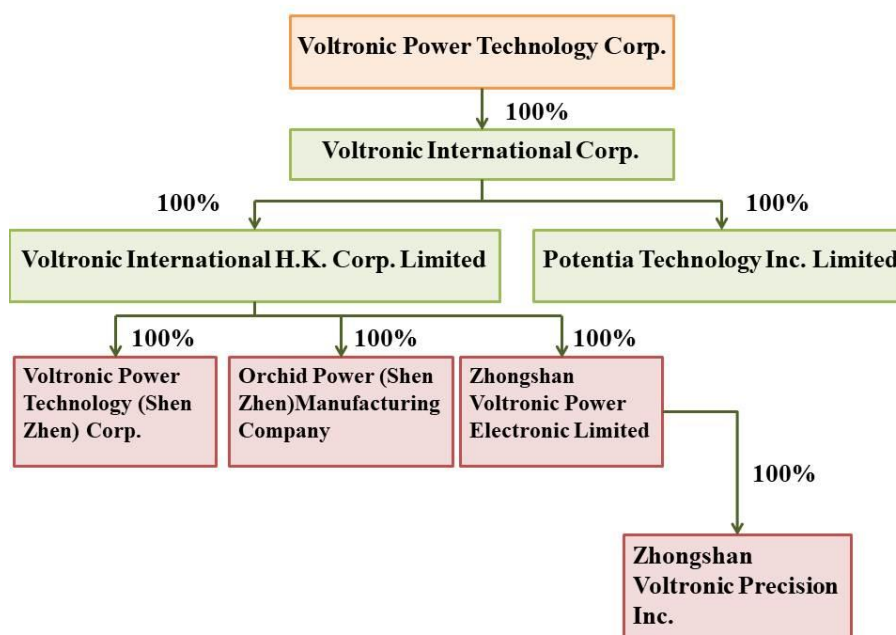
( Orchid Power (Shen Zhen) Manufacturing Company ) , the China Zhongshen export factory ( Zhongshen Voltronic Power Electronic Limited ) and the China ZhongShan Voltronic Precision Inc.. These companies are generalized as "Voltronic Power" in this report, but for some items geographically referred to Taiwan headquarters as "Taiwan Region" and referred to Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company ,Zhongshen Voltronic Power Electronic Limited and ZhongShan Voltronic Precision Inc. as "China Region".

#### 102-5 Ownership and legal form

##### a. Nature of ownership and legal form.

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 ) , China Zhongshen export factory ( Zhongshen Voltronic Power Electronic Limited ) and the China ZhongShan Voltronic Precision Inc. were established in accordance with the following investment structures as the 100% held subsidiary company in China.







#### 102-6 Markets served

##### a. Markets served, including :

- i. geographic locations where products and services are offered;
- ii . sectors served;
- iii . types of customers and beneficiaries.

Voltronic Power's sales regions of main products :

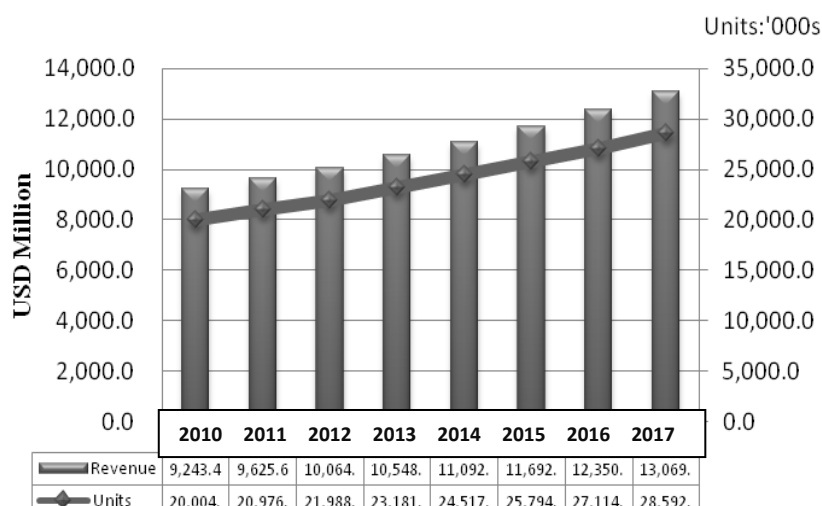
Unit : Thousand NTD ; %

Sales Regions		2016		2017		2018	
		Amounts	Ratio	Amounts	Ratio	Amounts	Ratio
Domestic		344,238	4.24%	424,436	4.30%	459,951	4.03%
Export	Asia	3,996,717	49.22%	4,821,576	48.89%	5,228,653	45.83%
	Other	3,779,265	46.54%	4,616,218	46.81%	5,719,290	50.14%
	Subtotal	7,775,982	95.76%	9,437,794	95.70%	10,947,943	95.97%
Total		8,120,220	100.00%	9,862,230	100.00%	11,407,894	100.00%

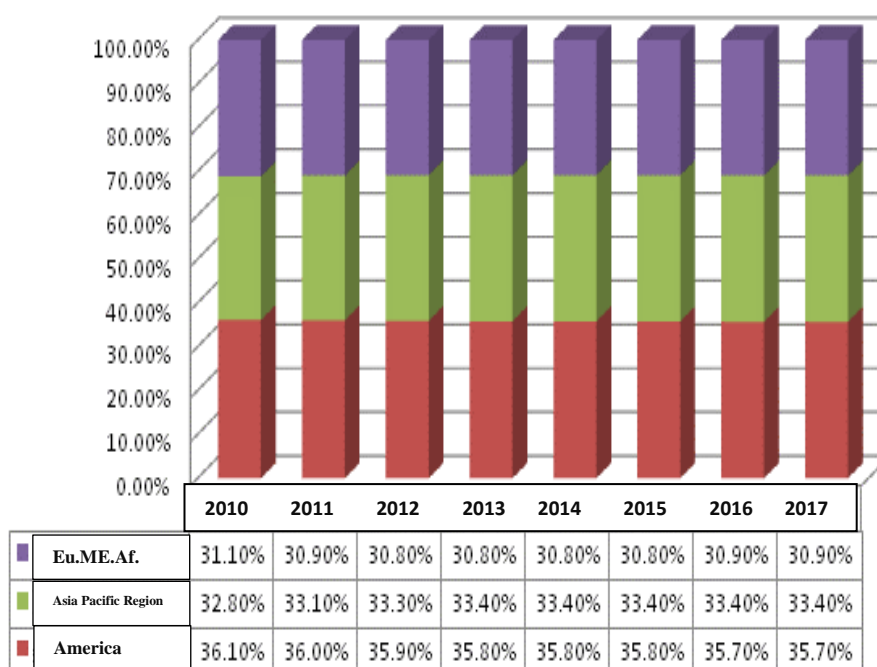
Voltronic Power in UPS shipments, mainly to the below 20KVA UPS, 2018 annual shipments are about 5.76 million units. According to the Global UPS system market analysis research report by Frost & Sullivan, on the global

UPS shipments, Voltronic Power accounted for about twenty percent, however, Voltronic Power is mainly small and medium capacity UPS, if relative to output value, Voltronic Power only accounted for about 2.9%.

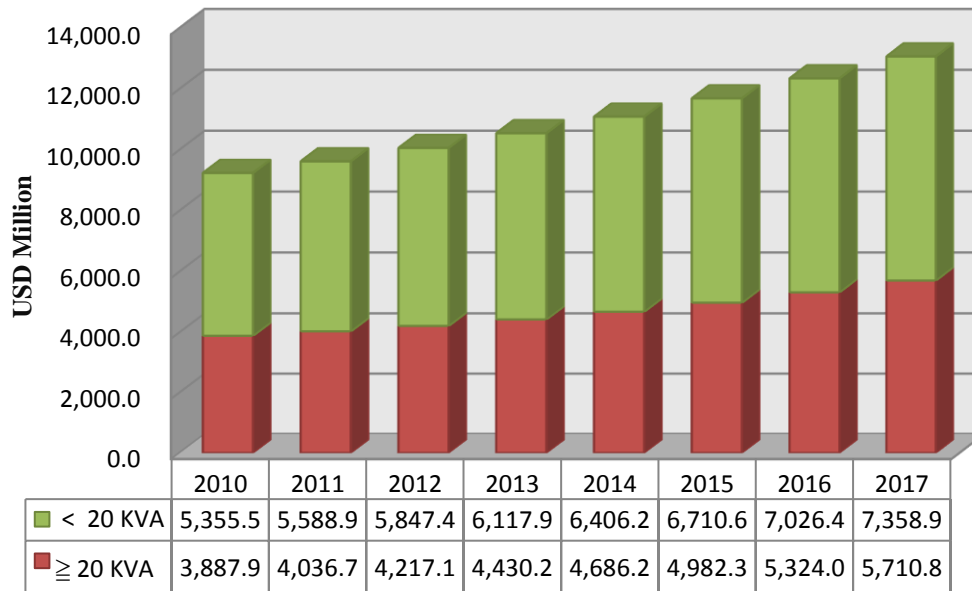
**Figure : 2010~2017 global UPS market scale**



**Figure : Distribution of major sales regions of UPS products**



**Figure: the proportion of global UPS product specifications and output value**



#### **Emerging Market Exposure and Strategy**

Indicate the percentage of company's revenues from customers based in emerging markets compared to total corporate revenues (direct revenue exposure to emerging markets, i.e. not revenue from customer headquartered in non-emerging markets and selling in emerging markets). Please also indicate your long-term revenue target from emerging markets (3-5 year target).

☐ Not applicable. Voltronic Power is a company based in the global markets (not just based in non-emerging markets or based in emerging markets), so does not apply to the issue.

Voltronic Power's business model is: the ODM (Original Design Manufacturer) of Uninterruptible Power Supply (UPS), as well as the ODM of Power Converter (Converter, Inverter), Automatic Voltage Regulator (AVR), PV Inverter etc.. Does not create its own brand, but is the world's largest Power Supply ODM manufacturer, so the business model is B2B, customers are Power Brand Enterprises in 135 countries and regions around the world.

Therefore, Voltronic Power is a company based in the global markets, so the Emerging Market issue does not apply to Voltronic Power.

#### **Implementation Measures - R&D**

Indicate how company implements and manages the R&D capabilities in the emerging market operations.

☐ Not applicable. Provide explanations why having design or engineering centers

located in Emerging Markets is not relevant to our company.

Voltronic Power is a company based in the global markets ( not just based in non-emerging markets or based in emerging markets ) , and customers are Power Brand Enterprises in 135 countries and regions around the world. Therefore, R&D centers are located in Taiwan and China, production lines are located in China, and it's not necessary to have design or engineering centers located in Emerging Markets.

#### **Product Adjustment for Emerging Markets (B2B)**

Does company develop and produce specific business-to-business products for emerging markets?

☐ Not applicable. Provide explanations :

Voltronic Power is a company based in the global markets (not just based in non-emerging markets or based in emerging markets), and customers are Power Brand Enterprises in 135 countries and regions around the world. According to the product requirements ( orders ) of Power Brand Enterprises in various countries and regions, Voltronic Power conducts design and manufacturing. We do not specially develop and produce specific business-to-business products for emerging markets.

#### **Implementation Measures - Manufacturing**

Indicate how global standards and our own CSR standards are applied to the manufacturing capabilities in emerging markets.

☐ Not applicable. Provide explanations :

Voltronic Power is a company based in the global markets ( not just based in non-emerging markets or based in emerging markets ) , and customers are Power Brand Enterprises in 135 countries and regions around the world. Therefore, production lines are located in China, no production lines have been set up outside China. The global standards and our own CSR standards are applied to all the Voltronic Power's manufacturing capabilities.

#### **102-7 Markets served**

a. Markets served, including :

- i. geographic locations where products and services are offered;
- ii .sectors served;
- iii. net sales (for private sector organizations) or net revenues (for public sector organizations);
- iv. total capitalization (for private sector organizations) broken down in terms of debt and equity;

**v. quantity of products or services provided.**

year	item	Taiwan	Voltronic Shenzhen	Orchid Shenzhen	Zhongshen Voltronic	ZhongShan Voltronic Precision	Total
2016	Total number of employees	78	1,341	52	398	—	1,869
	Net Sales						NTD 8,120,220 thousand
	Total Capitalization						Debt NTD 2,790,976 thousand and equity NTD 4,288,259 thousand, total capitalization NTD 7,079,235 thousand.
	Total Assets						NTD 7,079,235 thousand.
	Quantity of products provided						Inverter : 123,682 units PV Inverter : 101,128units On-line UPS systems: 421,422 units Off-line UPS systems: 4,141,333units
2017	Total number of employees	74	1,134	56	973	—	2,237
	Net Sales						NTD 9,862,230 thousand
	Total Capitalization						Debt NTD 3,058,182 thousand and equity NTD4,178,761 thousand, total capitalization NTD 7,237,174 thousand.
	Total Assets						NTD 7,237,174 thousand
	Quantity of products provided						Inverter : 89,136 units PV Inverter : 168,280units On-line UPS systems: 552,186 units Off-line UPS systems: 5,240,525units
2018	Total number of employees	92	1040	40	1002	246	2,420
	Net Sales						NTD 11,407,894thousand
	Total Capitalization						DebtNTD3,835,766thousand and equity NTD4,450,005 thousand,total capitalization NTD 8,285,771thousand.
	Total Assets						NTD 8,285,771 thousand
	Quantity of products provided						Inverter : 64,819 units PV Inverter : 168,859units On-line UPS systems: 697,570 units Off-line UPS systems: 5,064,243units

## Revenues

Company Data	FY2015	FY2016	FY2017	FY2018
<b>Revenues</b> Indicate if figures are reported or constant currency: <input type="radio"/> Constant <input checked="" type="radio"/> Reported <b>Revenues</b>	NT 8,039,323 thousand	NT 8,120,220 thousand	NT 9,862,230 thousand	NT 11,407,894 thousand
<b>Revenues in US Dollars</b> Convert the revenues in US dollars at the exchange rate of fiscal year-end date. Specify fiscal year-end date in the following format: dd.mm.yyyy (e.g. 31.12.2018)	US Dollars 243,130 thousand (31.12.2015)	US Dollars 251,564 thousand (31.12.2016)	US Dollars 330,415 thousand (31.12.2017)	US Dollars 371,194 thousand (31.12.2018)
<b>FTEs</b>	<b>1508</b>	<b>1763</b>	<b>2106</b>	<b>2385</b>

Beneficial ownership, including the identity and percentage of ownership of the largest shareholders :

Names of Key shareholders	Shares Number of shares held	Shareholding rate (%)
Hsieh Juor-Ming (Note)	10,024,769	12.74%
FSP Group	4,995,916	6.35%
RPS S.P.A	3,382,680	4.30%
Open Great International Investment Limited Company	3,002,546	3.82%
Hsieh Yi-Ling	2,904,462	3.69%
The Sales Department of Standard Chartered Bank Limited delegated to	2,217,938	2.82%



take charge of custody of the investment specially earmarked account of CARTICA capital partner master.		
Citibank (Taiwan) delegated to take charge of custody of investment specially earmarked account of Singaporean government.	1,938,075	2.46%
Bank of Taiwan in custody for Fidelity Funds - Emerging Markets Fund	1,938,000	2.46%
Chen Tsui-Fang	1,743,607	2.22%
JPMorgan Chase Bank N.A. Taipei Branch in custody for MFS Series Trust V - MFS International New Discovery Fund	1,730,107	2.20%

Note: The shares held include shareholding trust reserved for legal utilization 2,431,089 shares.

### Management Ownership

Do company's CEO and other executive committee members hold company shares?

☒ Yes, company's CEO and other executive officers hold company shares

Position	Name(s)	Multiple of base salary
Chief Executive Officer	Hsieh Juor-Ming	—
Average across other executive committee members owning shares	Wang Chia-Yi , Chin Chih- Hsin , Lu Yu- Cheng	—

### Management Ownership Requirements

Does company have specific stock ownership requirements for the CEO and other members of the executive committee?

☒ No, there are no share ownership requirements.

### Government Ownership

Indicate whether individual governmental institutions own more than 5% of the total voting rights of the company and if yes, whether golden shares exist for them. Government ownership of 5% or less of the voting rights need not be reported.

☒ No governmental institutions own more than 5% of the total voting rights.

### Family Ownership

Indicate whether (founding) family members, personally or through other companies or organizations, individually have more than 5% of the voting rights of the company.

☒ Yes, (founding) family members individually own more than 5% of the voting rights. Total % of voting rights of the company:

members	names	Shareholding relationship	Number of shares held	Shareholding ratio
Founder	Hsieh Juor- Ming	Personal holding	10,024,769	12.74%
Founder's	Chen	Holdings through Open	3,002,546	3.82%

wife	Tsui-Fang	Great International Investment Limited Company		
		Personal holding	1,743,607	2.22%

#### Dual Class Shares

☐ Not applicable. Voltronic Power only issues one class common stock, with the same voting rights for each share except as otherwise stipulated by the Law (e.g. avoidance of interest).

Net sales or net revenues by countries or regions that make up five percent or more of total revenues;

Expressed in Thousands of New Taiwan Dollars; %

regions	Amount	Percentage
Asia	5,246,012	53.2%
Europe	2,166,275	22.0%
America	1,977,861	20.1%

Costs by countries or regions that make up five percent or more of total costs;

Expressed in Thousands of New Taiwan Dollars; %

regions	Amount	Percentage
Asia	7,970,619	99.6%

#### 102-8 Information on employees and other workers Information on employees and other workers

- Total number of employees by employment contract (permanent and temporary), by gender.
- Total number of employees by employment contract (permanent and temporary), by region.
- Total number of employees by employment type (full-time and part-time), by gender.

Voltronic Power's employees all are formal / contract employees, according to December 31, 2016, December 31, 2017 and December 31, 2018 respectively the number of statistics are as follows.

Year	Gender	Taiwan	Voltronic Shenzhen	Orchid Shenzhen	Zhongshen Voltronic	ZhongShan Voltronic Precision	Total
2016	Male	38	873	38	264	—	1,213
	Female	40	468	14	134	—	656
	Subtotal	78	1,341	52	398	—	1,869
	Male	36	717	40	603	—	1,396

2017	Female	38	417	16	370	—	841
	Subtotal	74	1,134	56	973	—	2,237
2018	Male	50	644	22	679	156	1,551
	Female	42	396	18	323	90	869
	Subtotal	92	1,040	40	1,002	246	2,420

Temporary workers employed in 2017 and 2018 are as follows.

Year	Personnel/Hours	Taiwan	Voltronic Shenzhen	Orchid Shenzhen	Zhongshen Voltronic	ZhongShan Voltronic Precision	Total
2017	Personnel	0	451	0	2,784	0	3,235
	Hours	0	62,260	0	700,288	0	762,548
2018	Personnel	0	1098	40	1,079	265	2,482
	Hours	0	266,144	8,590	262,335	262,335	610,549

- d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees : none.
- e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries) : not applicable.
- f. An explanation of how the data have been compiled, including any assumptions made : The compilation of data was based on the actual registration data of human resources departments of various regions in December 31st of the year, and didn't contain any assumptions.

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.

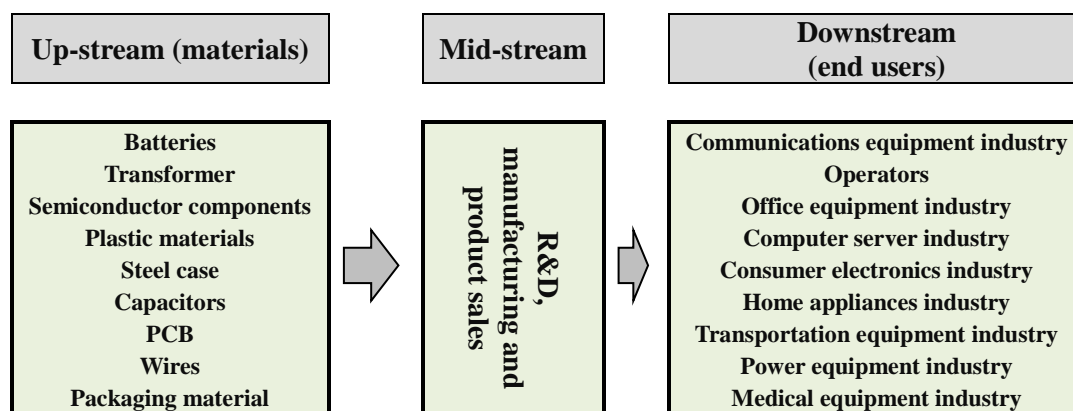
#### 102-9 Supply chain

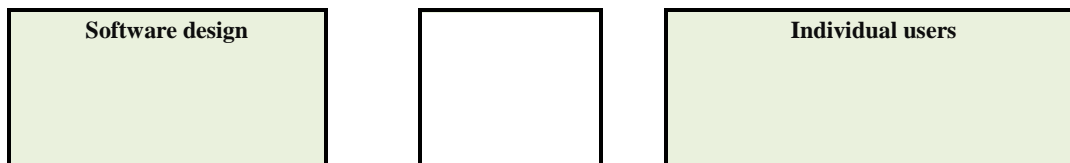
- a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.

### 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:





#### **102-10 Significant changes to the organization and its supply chain**

- a. Significant changes to the organization's size, structure, ownership, or supply chain, including:
- i . Changes in the location of, or changes in, operations, including facility openings, closings, and expansions : During the reporting period ( from January 1 to December 31, 2017 ) , Zhongshen Voltronic Power's output was expanded from 200 thousand units in 2016 to 4 million 720 thousand units in 2017, and Zhongshen Voltronic Power's output increased from 4 million 720 thousand units in 2017 to 4 million 980 thousand units in 2018.
  - ii . Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) : none.
  - iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination : No significant change.

#### **102-11 Precautionary Principle or approach**

- a. Whether and how the organization applies the Precautionary Principle or approach ( include an organization's approach to risk management in operational planning, or when developing and introducing new products. )

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.

#### **102-12 External initiatives**

- a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses (include the date of adoption, the countries or operations where applied, and the range of stakeholders involved in the development and governance of these initiatives; differentiate between non-binding, voluntary initiatives and those with which the organization has an obligation to comply) : 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.

#### **102-13 Membership of associations**

a.A list of the main memberships of industry or other associations, and national or international advocacy organizations.

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

## **2. Strategy**

#### **102-14 Statement from senior decision-maker**

a.A statement from the most senior decision-maker of the organization (such as CEO, Chairman, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.

#### **Statement from Chairman**

「Perfecting Corporate Social Responsibility to Improve Corporate Governance」  
Information disclosures of policies formulation and implementation results of "ESG : Environmental & Social & Governance" have always been important indicators for Foreign Investment Institutions to evaluate investment targets, also for International Brand Company to evaluate suppliers. "Governance" is the most important item of the "General Disclosures" in the "Corporate Social Responsibility Report". "Environment, Society" and "Economy" are the "Specific Disclosures" in the "Corporate Social Responsibility Report".

Therefore, the business philosophy of Voltronic Power always regards "Governance", "Economy", "Environment" and "Society" as the Four Stones of Corporate Social Responsibility for all stakeholders and the pursuit of Enterprises Sustainable Development. As a result, "Corporate Governance" is not only to do Corporate Governance for Voltronic Power, but to do the most important part of Corporate Social Responsibility; if it can do well in Corporate Social Responsibility, it will be able to do a good job of Corporate Governance.

It is not mandatory for the s to prepare the corporate social responsibility reporting industry.

In order to publicize and practice the most important business philosophy of the company, although the industry of Voltronic Power is not the industry that Competent Authorities regulating which should compulsorily compiling the Social Responsibility Report, neither the capital amount of Voltronic Power has not

reached the standard that Competent Authorities regulating which should compulsorily compiling the Social Responsibility Report, however, in 2015, Voltronic Power established the "Corporate Social Responsibility Task Force ", which is directly supervised by Chairman, periodically reports to the Board, and "voluntarily" issued annual Corporate Social Responsibility Report (previously published for 2014, 2015, and 2016 years) in accordance with the G4 (Fourth Generation ) Sustainability Reporting Guidelines published by the Global Reporting Initiative(GRI), and published in two languages as Chinese and English due to the needs of shareholders and global customers.

In order to follow the latest pace of internationalization and compiling a more sophisticated Corporate Social Responsibility Report, Voltronic Power early adoption of Global Reporting Initiative Standards 2016 published by the Global Sustainability Standards Board ( the effective date of the Standards is July 1st, 2018, but encourages early adoption ) , to show the most positive attitude of Voltronic Power towards the sustainability topic and corporate social responsibility in the Global Supply Chain.

In addition to the GRI Standards 2016, some contents of the CSR report for 2018 are supplemented by SAM Corporate Sustainability Assessment 2019.



Chairman of the Board Hsieh Juor-Ming

### **3. Ethics and integrity**

#### **102-16 Values, principles, standards, and norms of behavior**

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.

**Article 23 (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.

**Article 24 (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.

**Article 26 (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.

**Article 27 (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.

**Article 28 (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.

**Article31 (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.

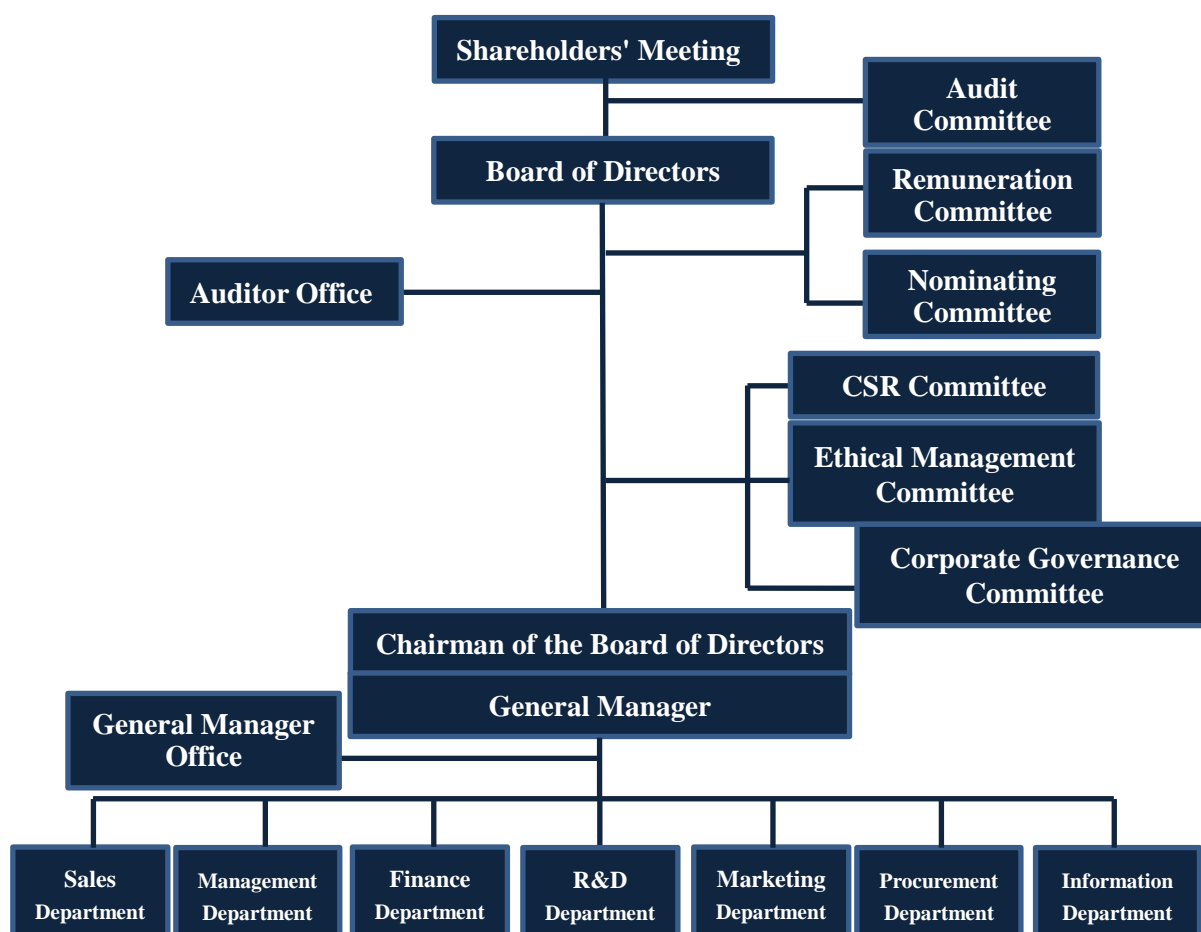
When these principles are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is 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.

## **4. Governance**

### **102-18 Governance structure**

- a. Governance structure of the organization, including committees of the highest governance body.
- b. Committees responsible for decision-making on economic, environmental, and social topics.

### **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 eight directors, four 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 and reporting to Board of Directors.

In 2018, there were eight directors, two were female director and 6 were male directors. Age of the Youngest Director is 49 years old, age of the Oldest Director is 70 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.

There were four independent directors and two of non-executive directors and two of executive directors on board; the chairman of the board was elected by the board of directors. The chairman of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors, and shall externally represent the company. Because the chairman of the board is CEO duality, so Voltronic Power voluntarily appoints two more independent directors than that were required by laws, and the Audit Committee was composed of the entire four of independent directors.

#### **Board Structure**

<b>Voltronic Power has two-tier board (with Supervisor Board -Audit Committee)</b>		
<b>First-tier board</b>	<b>Directors' status</b>	<b>Number of members</b>
<b>Supervisor Board -Audit Committee</b>	<b>Independent directors</b>	<b>4</b>
<b>Voltronic Power’s audit committee is composed of four independent directors, which shall carry out: 1, the functions of the Supervisor Board; 2, the approval of financial reports; 3, the pre-examination of major resolutions of the board of directors.</b>		
<b>Second-tier board</b>	<b>Directors' status</b>	<b>Number of members</b>
<b>Board of Directors</b>	<b>Independent directors</b>	<b>4</b>
	<b>Other non-executive directors</b>	<b>2</b>
	<b>Executive directors</b>	<b>2</b>
<b>Total size of both boards</b>		<b>8</b>
<b>Note: Four independent directors are members of both the Supervisor Board -Audit Committee and the Board of Directors.</b>		

#### **Board Independence Statement**

**Voltronic Power's Board Independence Statement :**

☐ **An explicit definition of what determines that a board member is independent :**

Members of independent directors must comply with the independence regulations of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" which are adopted pursuant to the Securities and Exchange Act.

☐ **A target share of independent directors on the board : Independent directors account for 50% of the total number of directors.**

#### **Non-executive Chairman/Lead Director**

**Is the board of directors/supervisory board headed by a non-executive and independent chairman and/or an independent lead director?**

☐ **Chairman is non-executive and independent. Specify for how many years this approach has been adopted :**

Voltronic Power's Supervisor Board -Audit Committee is composed of all independent directors, so the chairman of the Supervisor Board -Audit Committee must be an independent director. Voltronic Power has set up the Supervisor Board -Audit Committee since May 2016 and over two years until December 2018 (three years by May 2019).

☐ **Role of chairman and CEO is joint, but independent lead director is appointed. Please indicate the name of the lead director :**

Role of Voltronic Power's chairman and CEO is joint, therefore, voluntarily appoints two more independent directors than that were required by laws, and the Supervisor Board -Audit Committee was composed of the entire four of independent directors. And independent director Li Jianran was appointed as independent Lead Director by the Audit Committee.

#### **Diversity Policy of Board Members**

**Does company have a formal, publicly available board diversity policy that clearly requires diversity factors such as gender, race, ethnicity, country of origin, nationality or cultural background in the board nomination process?**

☐ **Yes, Voltronic Power's policy is publicly available and specifically includes the following:**

☐ **Gender**

☐ **Race or Ethnicity**

☐ **Nationality, country of origin or cultural background**

**According to Voltronic Power's Corporate Governance Best Practice Principles and the organizational regulations of the Nominating Committee, it is clearly required that the composition of the board of directors shall be determined by taking diversity into**

consideration in the process of nomination, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1, Basic requirements and values: Gender, age, nationality, and culture.  
2, Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- 1, Ability to make operational judgments.
- 2, Ability to perform accounting and financial analysis.
- 3, Ability to conduct management administration.
- 4, Ability to conduct crisis management.
- 5, Knowledge of the industry.
- 6, An international market perspective.
- 7, Ability to lead.
- 8, Ability to make policy decisions.

#### Gender Diversity

Indicate the number of women on company's board of directors / supervisory board :

☐ Number of female directors:

The number of Voltronic Power's directors is eight: four independent directors, one of which is female, four non-executive directors and executive directors, one of which is female.

Voltronic Power's Supervisory Board-Audit Committee is composed of four independent directors, one of whom is female.

Voltronic Power's Board consists of four independent directors and four non-executive directors and executive directors. One independent director and one executive director are women.

#### **Diversification of board members:**

Diversified Core Projects  Name of director	basic composition						industrial experience				professional ability				
	nationality	gender	Act as an employee of the company	age			Manufacturing management	Business marketing	Innovative and R&D	Assets management	Accounting	Financial	legal	Risk management	International Market View
				40 to 50	51 to 60	61 to 70									
Hsieh Juor-Ming	R.O.C.	male	V		V		V	V	V	V	V	V		V	V
Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	R.O.C.	female	V	V						V	V	V		V	

Passuello Fabio	Italy	male				V	V	V		V		V		V	V
FSP Group Representative: Cheng Ya-Jen	R.O.C.	male			V		V	V	V	V	V	V		V	V
Lee Chien-Jan	R.O.C.	male			V					V	V	V		V	V
Yang Ching-Hsi	R.O.C.	male				V				V	V	V		V	V
Wang Hsiu-Chi	R.O.C.	female				V				V	V	V		V	V
Chen Yi	R.O.C.	male			V						V	V	V	V	V

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 and was upgraded as To Promote Corporate Social Responsibility Committee in December 2017, 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 and was upgraded as Ethical Management Committee in December 2017, under the board of directors, is responsible for adopting and supervising the implementation of Ethical Management policy and prevention programs, and regularly report the relevant necessary matters to board of directors. In addition, in order to implement Corporate Governance, establishing Corporate Governance Committee in December 2017, under the board of directors, is responsible for corporate governance related affairs (including but not limited to providing the materials required by the director in the course of performing his/her duties, handling the matters related to the meeting of the board of directors and the shareholders' meeting in accordance with laws, dealing with the company registration and alteration registration, preparing also performing public announcement and registration the annual report, recording the minutes of the meeting of the board of directors and of the shareholders' meeting, performing registration and public announcement of the shares holding or holding change by insiders, performing public announcement and registration the financial information, performing public announcement the material information, handling the matters related to the Corporate Governance Evaluation.) , which is directly supervised by the chairman (who is the executive director with responsibility for corporate governance), and regularly report the relevant necessary matters to board of directors.

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 (2018), the board of directors convened a total of seven boards of directors meetings (A). The director's attendance is as follows, Board Meeting average attendance was 84.31%, and number of Directors Attending less than 75% of Board Meetings is 2.

Fact of participation by the directors:

Title	Name	Times of attendances required	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Remarks
Chairman	Hsieh Juor-Ming	7	7	0	100%	—

Director	Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	7	7	0	100%	—
Director	FSP Group Representative: Cheng Ya-Jen	7	5	2	71%	—
Director	Representative of RPS S.P.A: Roberto Facci	3	0	1	0%	Be discharged by the regular meeting of shareholders on June 5, 2018 , in the meeting all directors of company were re-elected.
Director	Passuello Fabio	4	1	3	25%	Be elected by the regular meeting of shareholders on June 5, 2018 , in the meeting all directors of company were re-elected.
Independent director	Lee Chien-Jan	7	7	0	100%	—
Independent director	Hsu Chun-An	1	1	0	100%	Resignation on March 20, 2018.
Independent director	Yang Ching-Hsi	7	7	0	100%	—
Independent director	Wang Hsiu-Chi	4	4	0	100%	Be elected by the regular meeting of shareholders on June 5, 2018 , in the meeting all directors of company were re-elected.
Independent director	Chen Yi	4	4	0	100%	Be elected by the regular meeting of shareholders on June 5, 2018 , in the meeting all directors of company were re-elected. Resignation on January 1, 2019.

**In Year 2018, the participation by independent directors in the board of directors meetings v : Participation in person © : Participate in through a proxy x : Absent**

**— : Didn't assume the director**

Year 2018	The 1 <sup>st</sup> meeting	The 2 <sup>nd</sup> meeting	The 3 <sup>rd</sup> meeting	The 4 <sup>th</sup> meeting	The 5 <sup>th</sup> meeting	The 6 <sup>th</sup> meeting	The 7 <sup>th</sup> meeting
Lee Chien-Jan	v	v	v	v	v	v	v
Hsu Chun-An	v	—	—	—	—	—	—

Yang Ching-Hsi	v	v	v	v	v	v	v
Wang Hsiu-Chi	—	—	—	v	v	v	v
Chen Yi	—	—	—	v	v	v	v

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	Term	Proposal	Opinions from all the independent directors and the company's response to such opinions
02/26/2018	The 17 <sup>th</sup> meeting of Session Four	1, Approval of the proposals posed by the Remuneration Committee in the 8 <sup>th</sup> Meeting of Session Two. 2, Approval of Declaration of Internal Control System Year 2017. 3, Approval of partial amendment to the "Internal Control System". 4, Approval of change in the Certified Public Accountants in response to the internal adjustment in the Deloitte Touche Tohmatsu International Taiwan 5, Approval of fees payable to the Certified Public Accountants in Year 2018	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
04/13/2018	The 18 <sup>th</sup> meeting of Session Four	Approval of partial amendment to the "Internal Control System".	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
05/07/2018	The 19 <sup>th</sup> meeting of Session Four	Approval of the credit line for loans to subsidiaries	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
08/07/2018	The 3 <sup>th</sup> meeting of Session Five	Approval the Quota of the Subsidiary Company loan funds to Related Parties	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present

11/09/2018	The 4 <sup>th</sup> meeting of Session Five	1, Approval the Quota of the Subsidiary Company loan funds to Related Parties 2, Approval of partial amendment to the "Internal Control System". 3, Approval of partial amendment to the "Procedures for the Acquisition or Disposal of Assets". 4, Approval of the Company's audit plan of Year 2019	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
<p><b>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</b></p> <p><b>2, Facts by directors in avoidance from conflict of interests: State the names of directors, contents of agenda, causes of avoidance, participation and resolutions:</b></p> <p>i ,February 26, 2018: The board of directors discussed the decision resolved by the Remuneration Committee in the 8<sup>th</sup> meeting of Session Two. In the event, Director Hsieh Jour-Ming did not participate in the discussion and voting process because of avoidance from conflict of interests.</p> <p>ii ,June 26, 2018: The board of directors discussed the resolution to appoint members of the Remuneration Committee of Session Three. In the event, independent directors Lee Chien-Jan, Yang Ching-His, Wang Hsiu-Chi and Chen Yidid not participate in the discussion and voting process because of avoidance from conflict of interests.</p> <p>iii, June 26, 2018: The board of directors discussed the resolution to appoint members of the Nomination Committee of Session Two. In the event, independent directors Lee Chien-Jan and Chen Yidid not participate in the discussion and voting process because of avoidance from conflict of interests.</p> <p>iv, November 7, 2018: The board of directors discussed the decision resolved by the Remuneration Committee in the 1<sup>th</sup> meeting of Session Three. In the event, Directors Hsieh Jour-Ming and the Representative from Open Great International Investment Limited Company, Chen Tsui-Fang did not participate in the discussion and voting process because of avoidance from conflict of interests.</p> <p><b>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:</b></p> <p><b>I. Efforts to strengthen the performance of the board of directors:</b></p> <p>i. After the approval by the shareholders' annual meeting on May 24, 2016 on the amendment to the Articles of Incorporation, which set up 5 to 8 directors, establishing a system of nomination of candidates for the appointment of directors (including independent directors), and establishing the Audit Committee in replace of supervisors.</p> <p>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 four independent directors. The Nomination Committee is composed of two independent directors and a committee member. The Audit Committee and the Remuneration Committee shall exercise their authority according to the law respectively, the Nominating Committee shall assist the Board of Directors in their authority concerning nomination.</p> <p>iii. We were ranked as top 5% in 2016 by the Third Corporate Governance Evaluation and also were ranked as top 5% in 2017 by the Forth Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange.</p> <p>We were ranked as top 5% in 2018 by the Fifth Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange, and also were ranked as top 10% of all the with market value of more than NT 10 billion electronic industry companies listed on the Taiwan Stock Exchange or at Over-The-Counter Market.</p> <p><b>II. Evaluation of the implementation:</b></p> <p>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</p>			

Board of Directors”. In 2017, 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 26, 2018. 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>.

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 2018, commissioned an external appraisal institution, to conduct external appraisal, which is periodic external evaluation every three years.

The external appraisal institution carried out the external evaluation according to following items : A, degree of participation in company operation B, improvement of decision-making quality of board of directors C, board composition and structure D, selection and continuing education of directors E, internal control F, corporate governance performance evaluation G, and performance evaluation of company operation, etc.

As a result of the external evaluation, the external appraisal institution issued “The performance external evaluation report of the 2018 year Board of Directors and Functional Committee of Voltronic Power Technology Corp.” on November 15, 2018.

According to the evaluation opinion of the external appraisal institution, that the performance of the Board of Directors and Functional Committee of Voltronic Power Technology Corp. in 2018 year is excellent, and which was submitted to the Board of Directors on February 25, 2019.

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
Passuello Fabio	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	V	V	V	V	*	V	V	V
Wang Hsiu-Chi	Female	V	V	V	V	*	V	V	V
Yang Ching-Hsi	Male	V	V	V	V	*	V	V	V
Chen Yi	Male	V	V	V	V	V	V	V	V

Note: \* refers to partially equipped

<b>Board Effectiveness</b>	
<b>How does company ensure the effectiveness of board of directors/supervisory board and the alignment with the (longterm) interests of shareholders?</b>	
	<b>Indicators/measures</b>
<b>Board Meeting Attendance</b> Number of meetings attended in percentage last business/ fiscal year.	<input type="checkbox"/> <b>Average board meeting attendance:</b> 84.31% of meetings of board of directors. 92.48% of meetings of supervisory board. <input type="checkbox"/> <b>Minimum of attendance for all members required, at least (in 75%)</b>
<b>Board Mandates</b> Number of other mandates ( Other mandates: refers to the number of other external directorships in publicly listed companies held by members of the board of directors/supervisory board (examples include executive board positions such as CEO, or member of the board of directors at another company).) of the board of directors/ supervisory board members. This only applies to nonexecutive and independent directors, not executive directors or employee representatives.	<input type="checkbox"/> <b>Number of non-executive/ independent directors with 4 or less other mandates:6</b> Provide the names of these directors: Passuello Fabio, Representative: Cheng Ya-Jen, Lee Chien-Jan, Wang Hsiu-Chi, Yang Ching-His, Chen Yi <input type="checkbox"/> <b>Number of other mandates for non-executive/ independent directors restricted to:4</b>
<b>Board Performance Review</b> Performance assessment of board of directors/ supervisory board members.	<input type="checkbox"/> <b>Regular self-assessment of board performance. Specify or provide documents:</b> 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 2017, the Company conducted self-evaluation on the composition and structure of the board of directors, election of directors and independent directors, organization and

	<p>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 26, 2018. 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 <a href="http://www.voltronicpower.com.tw">http://www.voltronicpower.com.tw</a>.</p> <p><input type="checkbox"/> Regular independent assessment of board performance. Specify or provide supporting documents:</p> <p>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 2018, commissioned an external appraisal institution, to conduct external appraisal, which is periodic external evaluation every three years.</p> <p>The external appraisal institution carried out the external evaluation according to following items : A, degree of participation in company operation B, improvement of decision-making quality of board of directors C, board composition and structure D, selection and continuing education of directors E, internal control F, corporate governance performance evaluation G, and performance evaluation of company operation, etc.</p> <p>As a result of the external evaluation, the external appraisal institution issued "The performance external evaluation report of the 2018 year Board of Directors and Functional Committee of Voltronic Power Technology Corp." on November 15, 2018.</p> <p>According to the evaluation opinion of the</p>
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	<p>external appraisal institution, that the performance of the Board of Directors and Functional Committee of Voltronic Power Technology Corp. in 2018 year is excellent, and witch was submitted to the Board of Directors on February 25, 2019.</p> <p>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 <a href="http://www.voltronicpower.com.tw">http://www.voltronicpower.com.tw</a>.</p>
Board Election Process	<input type="checkbox"/> Board members are elected and re-elected on an every three years basis.
<p><b>Average Tenure</b></p> <p>Indicate the average tenure of board members on company's board of directors/supervisory board in years. If company has a one-tier board structure, this figure includes all members (executive directors, non-executive directors and independent directors). If company has a two-tier board structure, this figure ONLY includes independent directors and nonexecutive directors (e.g. exclude employee representatives).</p> <p><input type="checkbox"/> Average tenure of board members in years:</p> <p>Voltronic Power has a two-tier board structure,the term of independent directors and non-executive directors is three years and all directors are eligible for re-election for in accordance with the Company Law and the Articles of Association. Since Voltronic Power publicly listed up to May 2019, the average term (including re-election term) of independent directors and non-executive directors has been : 3.2years</p>	
<p><b>Board Industry Experience</b></p> <p>Indicate the number of board members with relevant work experience in your company's sector according to GICS ( Global Industry Classification Standard )Level 1 sector classification (excluding executive members and employee representatives) and list the directors' names.</p>	
Number of independent or non-executive members with industry experience (e.g., excludes executives):	2
List the independent or non-executive directors included in the above count:	FSP Group Representative: Cheng Ya-Jen 、 Passuello Fabio

## 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.

After the shareholders' meeting on May 24, 2016, Voltronic Power's Audit Committee be composed of the entire three of independent directors, among them, Hsu Chun-An, an independent director, resigned on March 20, 2018.

On June 5, 2018, Voltronic Power's all directors were fully re-elected at the shareholders' regular meeting. Four independent directors were elected: Mr. Lee Chien-Jan, Ms. Wang Hsiu-Chi, Mr. Yang Ching-Hsi and Mr. Chen Yi (Mr. Chen Yi, as an independent director, due to his career planning resigned on January 1, 2019) to form the Audit Committee (the Audit Committee was composed of the entire number of independent directors, 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								Remarks
		One	Two	Three	1	2	3	4	5	6	7	8	
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	N/A
Independent Director	Hsu Chun-An	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	resigned on March 20, 2018
Independent Director	Yang Ching-Hsi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	N/A
Independent Director	Wang Hsiu-Chi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	N/A
Independent Director	Chen Yi	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	resigned on January 1, 2019

Note 1: The re-election of and selection during the Regular Meeting of Shareholders held on June 5, 2018.

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.

**The authorities of the Audit Committees are as follows :**

- 1 、 **Authorities 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 six meetings in 2018, the average attendance rate was 90.48%. The attendance of independent directors was shown below:

Title	Name	Times of attendances required (A)	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual attendance ratio (%) (B/A)	Remark
Independent director	Lee Chien-Jan	6	6	0	100%	—
Independent director	Hsu Chun-An	3	1	0	33%	Resignation on March 20, 2018.
Independent director	Yang Ching-Hsi	6	6	0	100%	—
Independent director	Wang Hsiu-Chi	3	3	0	100%	Be elected by the regular meeting of shareholders on June 5, 2018, in the meeting all directors of company were re-elected.
Independent director	Chen Yi	3	3	0	100%	Be elected by the regular meeting of shareholders on June 5, 2018, in the meeting all directors of company were re-elected. Resignation on January 1, 2019.

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	Term	Proposal	Resolutions from the Audit Committee and the Company's response to such opinions of the Audit Committee
02/26/2018	The 9 <sup>th</sup> meeting of Session One	1, Approval of the Certified Public Accountants' independence and review over evaluation of their performance in Year 2017	Resolutions from the Audit Committee: unanimous consent from all the committee members present on February 26, 2018. The Company's response to the opinion

		<p>2, Approval of the Year 2017 "Declaration of Internal Control System"</p> <p>3, Approval of the partial amendment to the Company's "Internal Control System"</p> <p>4, Approval of change in the Certified Public Accountants in response to the internal adjustment in the Deloitte Touche Tohmatsu International Taiwan</p> <p>5, Approval of the fees payable to the Certified Public Accountants in Year 2018</p> <p>6, Approve annual financial report, business report and surplus earnings distribution plan of FY2017.</p>	<p>from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 17<sup>th</sup> board of directors meeting of Session Four.</p>
04/13/2018	The 10 <sup>th</sup> meeting of Session One	Approval of the partial amendment to the Company's "Internal Control System".	<p>Resolutions from the Audit Committee: unanimous consent from all the committee members present on April 13, 2018.</p> <p>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 18<sup>th</sup> board of directors meeting of Session Four.</p>
05/07/2018	The 11 <sup>th</sup> meeting of Session One	<p>1, Approval of the credit line for loans to subsidiaries</p> <p>2, Approval of Financial Report in Quarter I, FY 2018</p>	<p>Resolutions from the Audit Committee: unanimous consent from all the committee members present on May 7, 2018.</p> <p>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 19<sup>th</sup> board of directors meeting of Session Four.</p>
08/07/2018	The 2 <sup>th</sup> meeting of Session Two	<p>1, Approval the Quota of the Subsidiary Company loan funds to Related Parties</p> <p>2, Approval of Financial Report in Quarter II, FY 2018</p>	<p>Resolutions from the Audit Committee: unanimous consent from all the committee members present on August 7, 2018.</p> <p>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 3<sup>th</sup> board of directors meeting of Session Five.</p>
11/09/2018	The 3 <sup>th</sup> meeting of Session Two	<p>1, Approval of Financial Report in Quarter III, FY 2018</p> <p>2, Approval the Quota of the Subsidiary Company loan funds to Related Parties</p> <p>3, Approval of partial amendment to the "Internal Control System".</p> <p>4, Approval of partial amendment to the "Procedures for the Acquisition or Disposal of Assets".</p> <p>5, Approval of the Company's audit plan of Year 2019</p>	<p>Resolutions from the Audit Committee: unanimous consent from all the committee members present on November 09, 2018.</p> <p>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 4<sup>th</sup> board of directors meeting of Session Five.</p>

(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 2018.
  - (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 2018.
  - (3)Communication among independent directors, internal auditors and CFAs is shown as the following table:

Date	Key issues	Results
02/26/2018	Explanation by the auditors about the results of their self-evaluation of the internal evaluation. Explanation by the auditors about amendment to the Internal Control System.	All the attendees agreed unanimously.
02/26/2018	Report by the Certified Public Accountants about the progress of review over the Company's Annual Financial Statements of FY2017. Explanation and proposals by the Certified Public Accountants about the application of IFRS9 and IFRS15 in FY2018. Explanation and proposals by the Certified Public Accountants about the application of IFRS16 in FY2018. Certified Public Accountants explained the impact of recent tax law updates	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.
04/13/2018	Explanation by the auditors about amendment to the Internal Control System.	All the attendees agreed unanimously.
05/07/2018	Report by the Certified Public Accountants about the progress of review over the Company's Financial Statements in Quarter I, Year 2018. Certified Public Accountants had assessed the expected credit losses in accordance with relevant provisions of IFRS9.	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.
08/07/2018	Report by the Certified Public Accountants about the progress of review over the Company's Financial Statements in Quarter II, Year 2018. Certified Public Accountants explained the impairment estimation method of accounts receivable of FY2017 and Fy2018 applicable to IFRS 9.	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.
11/09/2018	Report by the Certified Public Accountants about the progress of review over the Company's Financial Statements in Quarter III, Year 2018. Certified Public Accountants explained the audit plans about the revenue recognition according to	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.



	<b>Audit Standard No. 48—The Significant Risks</b>	
11/09/2018	Explanation by the auditors about amendment to the Internal Control System. Explanation by the auditors about the Fy 2019 annual audit plans.	All the attendees agreed unanimously.

## Remuneration Committee

### Members of the Remuneration Committee :

Voltronic Power's Remuneration Committee is comprised four members, independent director Mr. Lee Chien-Jan, independent director Mr. Yang Ching-Hsi, independent director Ms. Wang Hsiu-Chi, and independent director Mr. Chen Yi (Mr. Chen Yi, as an independent director, due to his career planning resigned on January 1, 2019) 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	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 member of the Remuneration Committee.	Remarks
		One	Two	Three	1	2	3	4	5	6	7	8		
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
Independent Director	Hsu Chun-An	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	resigned on March 20, 2018
Independent Director	Yang Ching-Hsi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	1	N/A
Independent Director	Wang Hsiu-Chi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	Nil	N/A
Independent Director	Chen Yi	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	Nil	resigned on January 1, 2019
<p><b>One :</b> 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><b>Two :</b> 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><b>Three :</b> 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 Regular Meeting of Shareholders held on June 5, 2018.

**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 four members.
- 2, Committee members' tenure of their current term: From June 5, 2018 to June 4, 2021, and the Remuneration Committee held three meetings in 2018, the most recent year, and members' qualifications and their attendance are given as bellows:

Title	Name	Times of attendances required (A)	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Remarks
Convener / Commission member	Lee Chien-Jan	3	3	0	100%	—
Commission member	Hsu Chun-An	2	2	0	100%	Resignation on March 20, 2018.
Commission member	Yang Ching-Hsi	3	3	0	100%	—
Commission member	Wang Hsiu-Chi	1	1	0	100%	Be elected by the regular meeting of shareholders on June 5, 2018, in the meeting all directors of company were re-elected.
Commission member	Chen Yi	1	1	0	100%	Be elected by the regular meeting of shareholders on June 5, 2018, in

						the meeting all directors of company were re-elected. Resignation on January 1, 2019.
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Other matters to be noted in the meeting minutes:

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

Date	Term	Proposal	Resolutions from the Remuneration Committee and the Company's response to such opinions of the Remuneration Committee
01/07/2018	The 8 <sup>th</sup> meeting of Session Two	Discussed the predicted distribution scheme of year-end bonus for FY2017 Performance of the company's managers	Resolutions from the Remuneration Committee: unanimous consent from all the committee members present on January 17, 2018. The Company's response to the opinion from the Remuneration Committee: Duly posed to and unanimously resolved by all present directors in the 17 <sup>th</sup> board of directors meeting of Session Four.
02/26/2018	The 9 <sup>th</sup> meeting of Session Two	Consideration of the company's FY2017 total amounts of directors' compensation and employees' compensation .	Resolutions from the Remuneration Committee: unanimous consent from all the committee members present on February 26, 2018. The Company's response to the opinion from the Remuneration Committee: Duly posed to and unanimously resolved by all present directors in the 17 <sup>th</sup> board of directors meeting of Session Four.
08/07/2018	The 1 <sup>th</sup> meeting of Session Three	1, Proposed Convener of the Session Three Remuneration Committee 2, Consideration of the company's FY2017 distribution plan of directors' remuneration and employees' remuneration	Resolutions from the Remuneration Committee: unanimous consent from all the committee members present on August 7, 2018. The Company's response to the opinion from the Remuneration Committee: Duly posed to and unanimously resolved by all present directors in the 4 <sup>th</sup> board of directors meeting of Session Five.

2, If the board of directors refuses to accept or 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

3, 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

#### Executive Compensation - Success Metrics

Does company have predefined financial returns and/or relative financial metrics relevant for Chief Executive Officer's variable compensation?

☐ Yes, company has pre-defined financial returns and/or relative financial metrics relevant for Chief Executive Officer's variable compensation.

☐ Financial Returns (e.g. return on assets, return on equity, return on invested capital, etc.). List all metrics used for this category : Use shareholder equity

remuneration, that is, earnings per share (EPS).

- ☐ **Relative Financial Metrics** (e.g. comparison to peers using metrics such as total shareholder return, Tobin's Q, growth, etc.). List all metrics used for this category : Use the total amounts of **dividends, bonuses** and additional paid-in capitals shall be **distributed** per share each year.

**Executive Compensation - Alignment with Long-Term Performance**

Does company have the following compensation structures in place to align with long-term performance?

- ☐ **Yes**, company has guidelines on deferred bonus, time vesting, and performance period for the CEO's variable compensation.

**Deferral of Bonus for Short-term CEO Compensation**

Is a portion of the CEO's short-term incentive deferred in the form of shares or stock options? Indicate the percentage of the short-term bonus deferred in the form of shares or stock options:

The short-term incentive of Voltronic Power's CEO shall be made in accordance with the company's performance appraisal methods as proposed by the Remuneration Committee and decided by the board of directors, then be paid in accordance with the provisions of the Company Law, the **Articles of Incorporation** and the company's management regulations. If there trigger the reason or necessity for the short-term compensation deferred payment, directly deferred, is not particularly deferred in the form of shares or stock options.

**Performance Period for Variable CEO Compensation**

What is the longest performance period applied to evaluate variable compensation(based on predefined targets, either relative or absolute), covered in executive compensation plan? Is there a clawback policy in place? Note that compensation that only is time vested is not considered as performance based compensation in this part of the question. Indicate the longest performance period covered by your executive compensation plan:

In principle, the variable compensation of Voltronic Power's CEO shall be assessed and distributed according to the performance results of the previous year. If the clawback policy assessment is triggered, the company shall clawback the relevant variable compensation from the CEO; and the assessment period of the related clawback policy assessment is 2 years, so that the longest performance period covered by the executive compensation plan is 3 years.

- ☐ **Voltronic Power** has a clawback provision in place. Specify:

The financial returns metric used by the company for the CEO's variable compensation is shareholder equity remuneration, that is, earnings per share (EPS).

For example, according to the EPS of the FY X0, to assess and pay the due

variable compensation to CEO in the FY X1.

It occurs within two years after the payment of variable compensation, that the existence of facts in FY X0 (e.g. receivables arising from sales), but actually happens in FY X1 or FY X2 years (e.g. bad debt losses of previous receivables), which has a significant impact on the EPS of FY X0, at that time, it is necessary to reassess the FY X1 due variable compensation to the CEO, and to clawback the remuneration from the CEO in respect of the difference in the assessment of the variable remuneration.

#### Time Vesting for Variable CEO Compensation

Indicate the longest time vesting period for variable CEO compensation: In principle, it's one year.

#### Disclosure of Median or Mean Compensation of all Employees & CEO Compensation

Provide the annual compensation for the Chief Executive Officer and the median of the annual compensation of all other employees as well as the ratio between the two. If is unable to provide the median, provides figures for total mean compensation and the ratio using the mean. The currency provided should remain consistent for all figures.

☐ Not applicable. Although the company tracks the ratio of the median or mean employee compensation or the total annual compensation of the Chief Executive Officer, it is not disclosed based on the consideration of the company's business secrets.

### Nomination Committee

#### Information on members of the Nomination Committee

Identity	Terms Names	Meet one of the following professional qualification requirements, together with at least five years' work experience :			Independence Information								Remarks
		One	Two	Three	1	2	3	4	5	6	7	8	
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	N/A
Independent Director	Hsu Chun-An	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A
Independent Director	Chen Yi	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
member	Liao Kuei-Fang	—	✓	—	✓	—	✓	✓	✓	✓	✓	✓	N/A

Note : 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.

#### **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 June 5, 2018 and ends on June 4, 2021, and the Nomination Committee held two meetings in 2018, the most recent year, and members' qualifications and their attendance are given as bellows:

Title	Name	Times of attendances required (A)	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Remarks
Convener / Independent Director	Lee Chien-Jan	3	3	0	100%	—

Independent Director	Hsu Chun-An	1	1	0	100%	Resignation on March 20, 2018.
Independent Director	Chen Yi	1	1	0	100%	Resignation on January 1, 2019.
Commission member	Liao Kuei-Fang	3	3	0	100%	—

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

Date	Term	Proposal	Resolutions from the Nomination Committee and the Company's response to such opinions of the Nomination Committee
01/07/2018	The 2 <sup>th</sup> meeting of Session One	1. Reviewed the FY 2017 Board Performance Self-Assessment Form 2. Drawled up the Review Standards for board members. 3. Proposed the list of candidates for nomination of Session Five Board of Directors.	Resolutions from the Nomination Committee: unanimous consent from all the committee members present on January 17, 2018. The Company's response to the opinion from the Nomination Committee: Duly posed to and unanimously resolved by all present directors in the 17 <sup>th</sup> board of directors meeting of Session Four.
11/09/2018	The 1 <sup>th</sup> meeting of Session Two	Proposed Convener of the Session Two Nomination Committee	Resolutions from the Nomination Committee: unanimous consent from all the committee members present on November 9, 2018. The Company's response to the opinion from the Nomination Committee: agreed through by the board of directors meeting

## 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 2018. 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 25, 2019**

Over the Company's internal control system of 2018, based on the results of our self-evaluation, we'd hereby like to declare enumerated below:

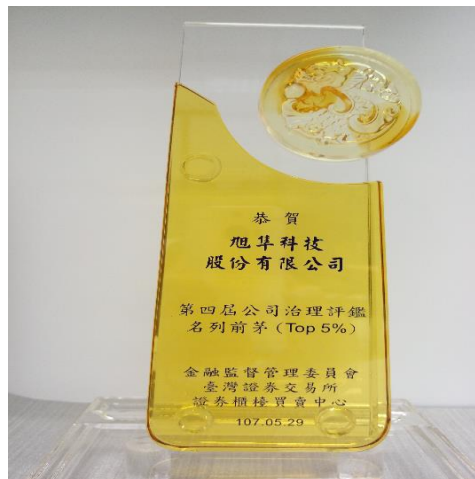
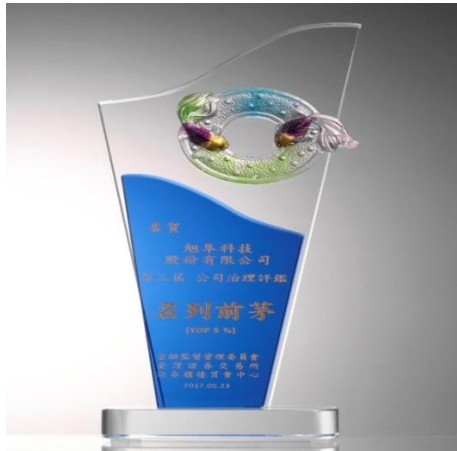
- 1, Here at the Company, we confirm full awareness that implementation and maintenance of the internal control system are the inherent responsibility of the Company's board of directors and managers. The Company has duly set up such internal control system in an attempt to provide rational assurance 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, 2018 (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 25, 2019. Seven 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, also was ranked as top 5% in 2017 by the Forth Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange, and also was ranked as top 5% in 2018 by the Fifth Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange.**



## **5. Stakeholder engagement**

### **102-40 List of stakeholder groups**

a. A list of stakeholder groups engaged by the organization.

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

#### **102-41 Collective bargaining agreements**

- a. Percentage of total employees covered by collective bargaining agreements :  $2,328P/2,420P = 96\%$

#### **102-42 Identifying and selecting stakeholders**

- a. The basis for identifying and selecting stakeholders with whom to engage.

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 Taiwan Office is located in Commercial Office Building, abides by those relevant laws and regulations. Voltronic Power's China Factories all are located in the Industrial Districts, abide by those industrial district management codes.	—
Shareholders and providers of capital		Shareholders and providers of capital
Suppliers		Suppliers

#### **102-43 Approach to stakeholder engagement**

- a. 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.

#### **102-44 Key topics and concerns raised**

- a. Key topics and concerns that have been raised through stakeholder engagement, including:

i. how the organization has responded to those key topics and concerns, including through its reporting;

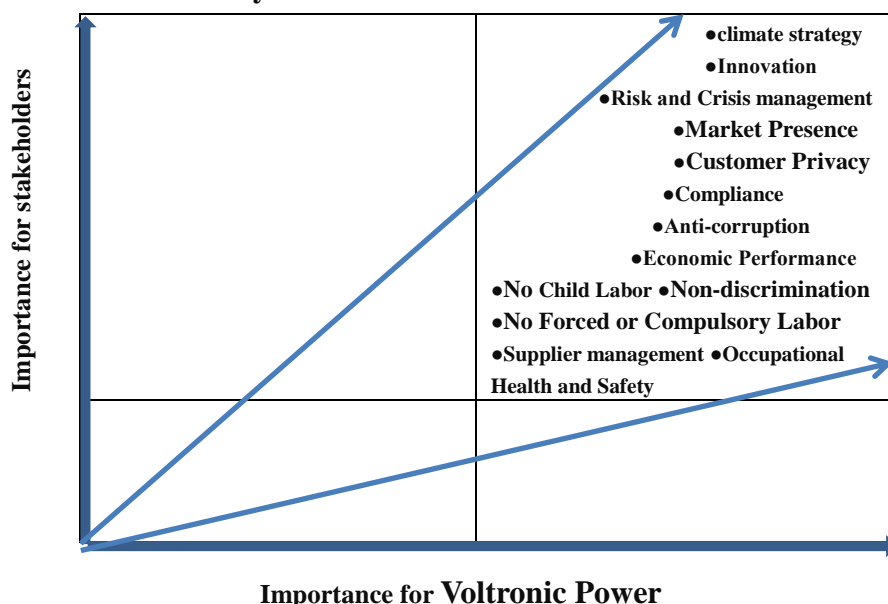
ii. the stakeholder groups that raised each of the key topics and concerns.

Stakeholder group	Key topics and concerns	Voltronic's responsibilities	Communication channels and response methods
Customers	<ul style="list-style-type: none"> <li>—Market Presence</li> <li>—Customer Privacy</li> <li>—Non-discrimination</li> <li>—No Forced or Compulsory Labor</li> <li>—No Child Labor</li> <li>—Anti-corruption</li> <li>—Compliance</li> </ul>	<ul style="list-style-type: none"> <li>—Provide high-quality products and services that are the best on the market.</li> <li>—Provide services that include design, manufacturing, logistic support, and comprehensive solutions. Improve level of customer satisfaction.</li> <li>—Establish long-term close relationships with customers based on mutual trust and commercial partnership.</li> <li>—Inform all employees of the need to adhere to confidentiality agreements and principles that should be followed when facing the media.</li> </ul>	<ul style="list-style-type: none"> <li>— Cooperate with customers' production and environmental, requirements, responsibilities, and inspections. Assist with preventions and improvements.</li> <li>— Train employees and enforce rules for information disclosure when facing the media.</li> <li>— Annual report on corporate social responsibility</li> </ul>
Employees	<ul style="list-style-type: none"> <li>—Market Presence</li> <li>—Non-discrimination</li> <li>—No Forced or Compulsory Labor</li> <li>—Occupational Health and Safety</li> <li>—Training and Education</li> <li>—Compliance</li> </ul>	<ul style="list-style-type: none"> <li>—Ensure and respect human rights.</li> <li>—Personnel development.</li> <li>—Legal and fair assessment and treatment.</li> <li>—Safe and healthy working environment.</li> <li>—Personnel welfare and health promotion.</li> </ul>	<ul style="list-style-type: none"> <li>— Convene supervisor and supervisee communication meetings.</li> <li>— Staff mailbox and message board.</li> <li>— Provide free employee health check.</li> <li>— Annual report on corporate social responsibility</li> </ul>
Shareholders and providers of capital	<ul style="list-style-type: none"> <li>—Market Presence</li> <li>—Economic Performance</li> <li>—Investment</li> <li>—Anti-corruption</li> <li>—Labor/Management Relations</li> <li>—Compliance</li> </ul>	<ul style="list-style-type: none"> <li>—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.</li> <li>—Appropriately provide immediate, concurrent, and accurate company</li> </ul>	<ul style="list-style-type: none"> <li>— Annual regular meeting of shareholders.</li> <li>— Take part in Institutional Investor Conference (Take part in Institutional Investor Conference eight times in 2017)</li> <li>— Quarterly financial report and monthly</li> </ul>

		<p>information. Do our best to disclose investment information.</p> <ul style="list-style-type: none"> <li>— Maintain a long-term and stable dividend policy. Provide appropriate investment returns.</li> <li>— Steadily build company financial strategy. Maintain good company credit and operational performance.</li> </ul>	<p>operational information announcements.</p> <ul style="list-style-type: none"> <li>— Disclose immediate material information on TWSE MOPS as well as the company website.</li> <li>— 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.</li> <li>— Set up email address and contact phone on company website to establish a smooth communication channel between the investor and the company.</li> <li>— 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.</li> <li>— Annual report on corporate social responsibility</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>— Market Presence</li> <li>— Supplier Environmental Assessment</li> <li>— Supplier Assessment for Labor Practices</li> <li>— Supplier Human Rights Assessment</li> <li>— Compliance</li> </ul>	<ul style="list-style-type: none"> <li>— Legal and fair transactions.</li> <li>— Understanding of environmental safety and health considerations and specification details.</li> <li>— Understand and assist Voltronic with implementation of social responsibility.</li> </ul>	<ul style="list-style-type: none"> <li>— Sign an environmental protection commitment letter.</li> <li>— Request and audit suppliers' products, environment and responsibilities, and cooperate with preventive and continuous</li> </ul>

			improvement. — Annual report on corporate social responsibility
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#### Attention issues materiality matrix



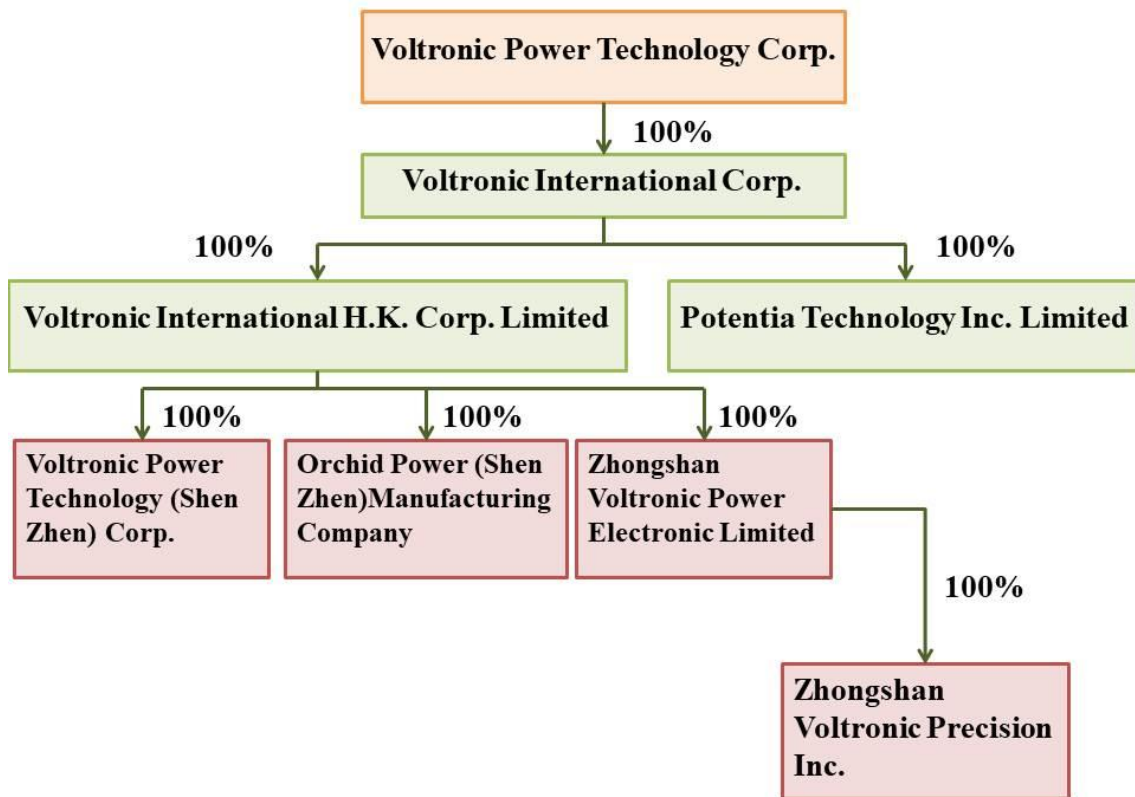
## **6. Reporting practice**

### **102-45 Entities included in the consolidated financial statements**

- A list of all entities included in the organization's consolidated financial statements or equivalent documents.
- Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.

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 "Potentia 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. Zhongshan Voltronic Precision Inc started operation since February 2018, so be included in the report since 2018.

#### 102-46 Defining report content and topic Boundaries

- a. An explanation of the process for defining the report content and the topic Boundaries.
- b. An explanation of how the organization has implemented the Reporting Principles for defining report content.

Voltronic Power publishes 2017 Annual Corporate Social Responsibility Report (disclosure period from January 1 to December 31, 2017), for the GRI 2016 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 located in 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. But through the analysis of major issues, identify the three most important issues: climate strategy, innovation, risk and crisis management.

#### 102-47 List of material topics

a. A list of the material topics identified in the process for defining report content.

Category	Economic	Environmental
Aspects	<ul style="list-style-type: none"> <li>•Economic Performance</li> <li>•Market Presence</li> <li>•Indirect Economic Impacts</li> <li>•Procurement Practice</li> <li>•Anti-corruption</li> <li>•Anti-competitive Behavior</li> </ul>	<ul style="list-style-type: none"> <li>•Materials</li> <li>•Energy</li> <li>•Water</li> <li>•Biodiversity</li> <li>•Emissions</li> <li>•Effluents and Waste</li> <li>•Environmental Compliance</li> <li>•Supplier Environmental Assessment</li> </ul>
Category	Social	
Aspects	<ul style="list-style-type: none"> <li>•Employment</li> <li>•Labor/Management Relations</li> <li>•Occupational Health and Safety</li> <li>•Training and Education</li> <li>•Diversity and Equal Opportunity</li> </ul>	<ul style="list-style-type: none"> <li>•Non-discrimination</li> <li>•Freedom of Association and Collective Bargaining</li> <li>•Child Labor</li> <li>•Forced or Compulsory Labor</li> <li>•Security Practices</li> </ul>
	<ul style="list-style-type: none"> <li>•Rights of Indigenous Peoples</li> <li>•Human Rights Assessment</li> <li>•Supplier Social Assessment</li> <li>•Public Policy</li> </ul>	<ul style="list-style-type: none"> <li>•Customer Health and Safety</li> <li>•Marketing and Labeling</li> <li>•Customer Privacy</li> <li>•Socioeconomic Compliance</li> </ul>

#### Material Issues

Has company conducted a materiality analysis to identify the most important material issues (economic, environmental, or social) for company's performance? Provide the three most material issues that have the greatest impact on company's business and the generation of long-term value. Indicate how these issues impact company's business and serve as sources of longterm value creation for company.

☐ Yes, Voltronic Power has conducted a materiality analysis to identify key issues for long-term value creation.

	Material Issue 1	Material Issue 2	Material Issue 3
<b>Material Issue</b> Specify company's material issue:	Select the category company's material issue belongs to: <input type="radio"/> Business ethics <input checked="" type="radio"/> Climate strategy <input type="radio"/> Community engagement <input type="radio"/> Corporate governance <input type="radio"/> Environmental management <input type="radio"/> Human capital management <input type="radio"/> Human rights <input type="radio"/> Impacts from products & services <input type="radio"/> Innovation <input type="radio"/> Long term economic trends/issues <input type="radio"/> Long term environmental trends/issues <input type="radio"/> Long term social trends/ issues <input type="radio"/> Occupational health & safety <input type="radio"/> Risk and crisis management <input type="radio"/> Other (please specify above)	Select the category company's material issue belongs to: <input type="radio"/> Business ethics <input type="radio"/> Climate strategy <input type="radio"/> Community engagement <input type="radio"/> Corporate governance <input type="radio"/> Environmental management <input type="radio"/> Human capital management <input type="radio"/> Human rights <input type="radio"/> Impacts from products & services <input checked="" type="radio"/> Innovation <input type="radio"/> Long term economic trends/issues <input type="radio"/> Long term environmental trends/issues <input type="radio"/> Long term social trends/ issues <input type="radio"/> Occupational health & safety <input type="radio"/> Risk and crisis management <input type="radio"/> Other (please specify above) <input type="radio"/> No material issue identified	Select the category company's material issue belongs to: <input type="radio"/> Business ethics <input type="radio"/> Climate strategy <input type="radio"/> Community engagement <input type="radio"/> Corporate governance <input type="radio"/> Environmental management <input type="radio"/> Human capital management <input type="radio"/> Human rights <input type="radio"/> Impacts from products & services <input type="radio"/> Innovation <input type="radio"/> Long term economic trends/issues <input type="radio"/> Long term environmental trends/issues <input type="radio"/> Long term social trends/ issues <input type="radio"/> Occupational health & safety <input checked="" type="radio"/> Risk and crisis management <input type="radio"/> Other (please specify above) <input type="radio"/> No material issue identified
<b>Business Case</b> Provide a brief rationale for why this issue is material to company's business:	In response to climate change, energy conservation and carbon reduction, the control of global average temperature rise in this century within 2 degrees Celsius,	Although Voltronic Power has been devoting itself to the development of InfiniSolar for a long time since eight years ago, but it is necessary to make	Because Voltronic Power's customers are located in 135 countries and regions around the world, the sales revenues are mostly in US dollars, while most of the raw

	<p>and the control of global temperature rise above the pre-industrial level of 1.5 degrees Celsius are the main objectives of the Paris Climate Change Agreement. In response to climate change, energy conservation and carbon reduction, Voltronic Power is committed to developing InfiniSolar for a long time, combining solar system, AC utility, and battery power source to supply continuous power, and prioritizing the use of the cheapest and most economical power supply to assist public utilities, enterprises of all types and family communities in various countries and regions to achieve the goal of energy conservation and carbon reduction.</p>	<p>continuous R&amp;D and innovation every year. Therefore, Voltronic Power has set the goal that a new series of InfiniSolar must be developed every year so as to improve the storage capacity and operational convenience.</p>	<p>materials are purchased in Renminbi (RMB) from China, which all are different from the Reporting Currency (NT) of Voltronic Power. Therefore, the risk of exchange rate fluctuation is absolutely important to Voltronic Power. In addition, due to the continuous growth of Voltronic Power, the increasing amount of data and information, information security risks under the electronic processing system have absolute importance for Voltronic Power.</p>
<p><b>Business Impact</b> Select the type of impact this material issue has on company's business (cost/ revenue/risk):</p>	<p><input type="radio"/> Cost <input checked="" type="radio"/> Revenue <input type="radio"/> Risk</p>	<p><input type="radio"/> Cost <input checked="" type="radio"/> Revenue <input type="radio"/> Risk</p>	<p><input type="radio"/> Cost <input type="radio"/> Revenue <input checked="" type="radio"/> Risk</p>
<p><b>Business strategies</b> Specify company's primary business strategies, initiatives or products that address this issue:</p>	<p>In response to climate change, energy conservation and carbon reduction, Voltronic Power's climate business strategy is committed to developing InfiniSolar for a long time, combining solar system, AC utility, and battery power source to</p>	<p>A new series of InfiniSolar is developed every year to improve the storage capacity and operation convenience.</p>	<p>For exchange rate fluctuation risks, a quarterly sensitivity and stress test shall be conducted; if necessary, report to Board of Directors and to select appropriate hedging tools. Information systems</p>

	supply continuous power, and prioritizing the use of the cheapest and most economical power supply to assist public utilities, enterprises of all types and family communities in various countries and regions to achieve the goal of energy conservation and carbon reduction.		build secure firewalls; backup databases to hard drives and tapes regularly; conduct simulation exercises irregularly; and ensure information security from time to time.
<b>Long-Term Target/Metric</b> Does company have a long-term target or metric to measure company's progress on this issue in a systematic way? Specify this target or metric if available:	Sales revenue and sales volume from InfiniSolar will grow by an average of 5% annually over the next five years.	In the next five years, a new series of InfiniSolar which must meet the market demand, will be developed every year.	It's continuously going on every year.
<b>Target Year</b> Specify the year for the long-term target	From the base period of 2018 to 2023, sales revenues and sales volume increased by 25% compared with 2018.	In the next five years, a new series of InfiniSolar which must meet the market demand, will be developed every year.	It's continuously going on every year.
<b>Executive Compensation</b> Is this metric or target used to determine the compensation of executive committee member(s)? If yes, specify how this metric is used.	This target is used as one of the KPIs to determine the various compensation of executive committee members. With a score of 1 to 5, the growth rate is 1% to 5%, with corresponding scores.	This target is used as one of the KPIs to determine the various compensation of executive committee members. A new series of InfiniSolar which meets the market requirement is developed every year, with 5 points, otherwise is 0 points.	

#### **Materiality Disclosure**

**Does company publicly disclose details of company's materiality analysis, including information on how company conducts the materiality analysis process and your**

progress towards company's targets or metrics?

☐ Yes, Voltronic Power publicly discloses this information.

☒ Voltronic Power publicly discloses materiality analysis, including the most material issues and a description of the process.

Through a complete stakeholder management process, Voltronic Power regularly and irregularly negotiates with stakeholders to understand the issues of interest; consults CSR experts and follows global CSR norms and initiatives; integrates the views of management, Corporate Governance Units and Board of Directors: identifies the material issues of sustainable development of Voltronic Power and review the impacts of material issues on corporate operations, in order to create the long-term value of the company's sustainability development. The process of materiality analysis and the most material three issues are as follows:

### Materiality Analysis Process

<b>Step One</b> Collecting and identifying issues	Through a complete stakeholder management process, regularly and irregularly negotiates with stakeholders to understand the issues of interest.
<b>Step Two</b> Identifying potential issues	Consult CSR experts and follows global CSR norms and initiatives.
<b>Step Three</b> Understanding the importance of material issues	Integrate the opinions of management and Corporate Governance Units to understand the importance of material issues.
<b>Step Four</b> Deciding the three most important material issues	Integrate the opinions of Management, Corporate Governance Units and Board of Directors: Deciding the three most important material issues.
<b>Step Five</b> Outputting the three most important material issues	Outputting the three most important material issues for Voltronic Power are Climate Strategy, Innovation, Risk and Crisis Management.

☒ Voltronic Power publicly reports on the progress towards the targets or metrics for material issues.

### Innovation Management

#### R&D Spending

Provide us with your spending for the last four fiscal years in the table below.

	Unit	2015	2016	2017	2018
Total R&D spending	million USD	9.72	11.10	11.84	13.87
Number of	FTES	183	232	211	360

R&D positions					
R&D Spending as % of sales	% of sales	3.86%	4.42%	3.65%	3.67%

### Open Innovation

Indicate three approaches have adopted to profit from or contribute to external knowledge to complement in-house R&D. For each approach selected, provide examples, add supporting evidence and describe/quantify the impacts of the open innovation approach. Select three different approaches from the provided drop-down menus. Duplicate approaches will not be accepted.

☐ Not applicable. Voltronic Power is a professional ODM manufacturer of Uninterruptible Power Supplies and Inverters. It has strong R&D capability and R&D team, so doesn't adopt approaches to profit from or contribute to external knowledge to complement in-house R&D.

### Product Innovations

Provide revenues generated from product innovations in the last FY, which can be allocated to the following product types.

Type of product innovation	Share of revenue (in %)
Differential gross margin	Differential in FY 2018 (in %)
<i>Specify the average number of years after launch (X), during which designate a product as "new":</i>	7 years
Newly commercialized products or services launched during the previous X years (please refer to the information button for further explanation/guidance)	13%
Significantly improved products or services launched during the previous X years	—
Unchanged or minimally changed products or services	87%
<i>Total (must equal 100%)</i>	100%
Difference in gross margin between new / significantly improved products and	10%



unchanged products	
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Indicate how measures the impact of R&D spending on financials:

☐ Measure the impact on sales growth. Specify:

Because the impact of R&D spending on sales growth should be averaged over several years, the average growth percentage of sales revenues in the three years from 2016 to 2018 is 13.97%, which is higher than the average increase percentage of R&D spending in the three years from 2016 to 2018 is 11.63%.

Item	FY2016	FY2017	FY2018	Three years average
growth percentage of sales revenues	1.01%	21.45%	15.67%	41.90%/3=13.97%
increase percentage of R&D spending	15.70%	0.46%	16.06%	34.90%/3=11.63%

☐ Measure the impact on EBIT growth. Specify:

Statistics show that the three-year average EBIT growth percentage from 2016 to 2018 is 8.60%, and the average R&D spending increase percentage from 2016 to 2018 is 11.63%.

Item	FY2016	FY2017	FY2018	Three years average
growth percentage of EBIT	0.06%	8.89%	15.44%	25.79%/3=8.60%
increase percentage of R&D spending	15.70%	0.46%	16.06%	34.90%/3=11.63%

☐ Measure the impact on EBIT margin. Specify:

Statistics show that The ratio of R&D spending to EBIT and the benefit multiples of R&D spending .

Item	FY2016	FY2017	FY2018	Three years average
The ratio of R&D spending to EBIT	21.36%	19.71%	19.81%	20.24%
The benefit multiples of R&D spending : ( EBIT + R&D spending ) / R&D spending	5.68	6.07	6.05	5.94

#### Process Innovations

Provide information related to company's process innovations.

☐ No process innovations have been introduced in the past 3 years.

#### **102-48 Restatements of information**

- a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.

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. The reporting principles and standard disclosures of 2015 and 2016 reports 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". The reporting principles and standard disclosures of 2017 and 2018 reports are in accordance with the GRI ( Global Reporting Initiative ) Standards 2016 published by the Global Sustainability Standards Board ( GSSB ) ,and the standard disclosures of the report are in accordance with "Core Option". Therefore, in the 2017 annual report, when it is necessary to disclose the information of 2015 and 2016, those disclosures are also in accordance with GRI Standards 2016.As a result, 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, there is also no need to restate the information provided in the 2016 annual corporate social responsibility report (disclosure period from January 1 to December 31, 2016) that published in June 2017.

In 2019, following the suggestions of investors, we revised some parts of the 2017 report to increase information on carbon emissions and waste recovery.

#### **102-49 Changes in reporting**

- a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.

Compared with the previous report, this report hasn't significant changes from previous reporting periods in the list of material topics and topic Boundaries.

#### **102-50 Reporting period**

- a. Reporting period for the information provided.

The information provided in this report is for the period from January 1 to December 31st, 2018.

#### **102-51 Date of most recent report**

- a. If applicable, the date of the most recent previous report.

Date of most recent previous report is "Annual Report 2017" publishing in June

2018 ( the reporting period is from January 1 to December 31, 2017 )

**102-52 Reporting cycle**

a. Reporting cycle Reporting cycle.

The reporting cycle is once annual.

**102-53 Contact point for questions regarding the report**

a. The contact point for questions regarding the report or its contents.

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

Taiwan spokesperson also contact person

Name: Wang Kuo-Chin

Title: Financial manager Telephone:

+886-2-27918296

Investor hotline: +886-2-27910054

Email: investor@voltronic.com.tw

China spokesperson also contact person

Name: Jin Zhi-Xin

Title: Vice General Manager

Telephone: +86-755-86016601

Email: investor@voltronic.com.tw

**102-54 Claims of reporting in accordance with the GRI Standards**

a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either :

- i .‘This report has been prepared in accordance with the GRI Standards: Core option’;
- ii .‘This report has been prepared in accordance with the GRI Standards: Comprehensive option’.

This report has been prepared in accordance with the GRI Standards: Core option.

**102-55GRI GRI content index**

a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.

b. For each disclosure, the content index shall include:

- i . the number of the disclosure (for disclosures covered by the GRI Standards);
- ii . the page number(s) or URL(s) where the information can be found, either within the report or in other published materials ;
- iii . if applicable, and where permitted, the reason(s) for omission when a

required disclosure cannot be made.

<b>Table 1 GRI content index</b>			
<b>GRI Standard</b> [include the title and publication year for each of the GRI Standards used to prepare the report]	<b>Disclosure</b> [include the number and title for each disclosure made]	<b>Page number(s)</b>	<b>Omission</b> [see GRI 101: Foundation for information on reasons for omission]
<b>ABOUT THIS REPORT</b>		1	
<b>GRI 101: Foundation 2016</b> [GRI 101 does not include any disclosures]		3	
<b>General Disclosures</b> [the list of general disclosures made, based on the report has been prepared in accordance with the Core option]			
<b>GRI 102:General Disclosures 2016</b>		8	
<b>1. Organizational profile</b>	102-1 Name of the organization	8	[cannot be omitted]
	102-2 Activities, brands, products, and services	8	[cannot be omitted]
	102-3 Location of headquarters	8	[cannot be omitted]
	102-4 Location of operations	8	[cannot be omitted]
	102-5 Ownership and legal form	9	[cannot be omitted]
	102-6 Markets served	10	[cannot be omitted]
	102-7 Scale of the organization	13	[cannot be omitted]
	102-8 Information on employees and other workers	17	[cannot be omitted]
	102-9 Supply chain	18	[cannot be omitted]
	102-10 Significant changes to the organization and its supply chain	19	[cannot be omitted]
	102-11 Precautionary Principle or approach	20	[cannot be omitted]
	102-12 External initiatives	21	[cannot be omitted]
	102-13 Membership of associations	21	[cannot be omitted]
<b>2. Strategy</b>	102-14 Statement from senior decision-maker	21	[cannot be omitted]
<b>3. Ethics and integrity</b>	102-16 Values, principles, standards, and norms of behavior	23	[cannot be omitted]
<b>4. Governance</b>	102-18 Governance structure	36	[cannot be omitted]
<b>5. Stakeholder engagement</b>	102-40 List of stakeholder groups	66	[cannot be omitted]
	102-41 Collective bargaining agreements	66	[cannot be omitted]
	102-42identifying and selecting stakeholders	66	[cannot be omitted]
	102-43 Approach to stakeholder engagement	66	[cannot be omitted]
	102-44 Key topics and concerns raised	67	[cannot be omitted]
<b>6. Reporting practice</b>	102-45 Entities included in the consolidated financial statements	69	[cannot be omitted]
	102-46 Defining report content and topic Boundaries	70	[cannot be omitted]
	102-47 List of material topics	71	[cannot be omitted]
	102-48 Restatements of information	78	[cannot be omitted]
	102-49 Changes in reporting	78	[cannot be omitted]
	102-50 Reporting period	78	[cannot be omitted]
	102-51 Date of most recent report	78	[cannot be omitted]
	102-52 Reporting cycle	79	[cannot be omitted]
	102-53 Contact point for questions regarding the report	79	[cannot be omitted]
	102-54 Claims of reporting in accordance with the GRI Standards	79	[cannot be omitted]
	102-55 GRI content index	79	[cannot be omitted]
	102-56 External assurance	85	[cannot be omitted]
<b>GRI 103 : Management Approach</b>		91	

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### **102-56 External assurance**

**a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.**

In order to strengthen the breadth and depth of CSR report, Voltronic Power began to seek an independent assurance statement by the impartially external corporate social responsibility and sustainable development professional institutions since the preparation of annual report in 2018. The policy of seeking the external corporate social responsibility and sustainable development of professional institutions is to confirm its professionalism, impartiality and independence.

**b. If the report has been externally assured:**

**i . A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;**

**Independent Assurance Statement of Voltronic Power's Corporate Social Responsibility Report 2018**



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**Innovation Sustainability Inheritance**

## **Independent Assurance Statement of Voltronic Power's Corporate Social Responsibility Report 2018**

### **Introduction :**

Hengseng Sustainable Development Consulting Co., Ltd. (Hengseng, We) has been entrusted by the management of Voltronic Power Technology Corp (Voltronic Power, the Company) to conduct independent assurance of Voltronic Power Corporate Social Responsibility Report( also call the Corporate Sustainability Report )2018 (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of Voltronic Power. Our task was to give a fair and adequate judgment on the Voltronic Power Report 2018.

The intended users of this assurance statement are stakeholders having relevance to the Voltronic Power overall Sustainability Performance and impacts of its business activities during 2018 (January 2018 ~ December 2018). Hengseng is a service provider of CSR & Sustainability Services, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement.

We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents. This information and its presentation in the report are the sole responsibility of the management of Voltronic Power. Hengseng was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

### **Assurance Standard :**

The Independent Assurance was carried out in accordance with AccountAbility, U.K Standard AA 1000 AS (2008) and related standards AA 1000 APS(2008), AA 1000 SES (2015), Principles of Inclusivity, Materiality & Responsiveness, Global



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Reporting Initiative (GRI) Standards 2016 published by the Global Sustainability Standards Board (GSSB), "in accordance Core Option" reporting guidelines as per GRI Standards 2016.

### **Scope & Type of Assurance :**

Our Assurance engagement covers the following :

- ◆ Voltronic Power sustainability performance as described in the report 2018 in accordance with GRI Standards 2016 Core Option and performance indicators and according disclosure on management approach (DMAs) from Economic, Environment & Social category, also defined in Reporting boundaries.
- ◆ Evaluation of disclosed information in the report as per the Assurance Standards.
- ◆ Type-1, Moderate as per AA 1000 AS (2008)

**Limitation :** The assurance engagement was carried out at Voltronic Power Headquarter at Taipei and site visits to major manufacturing unit located at Shenzhen and ZhongShan. The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification is carried out based on the data and information provided by Voltronic Power, assuming they are complete and true. We did not verify the reported financial data as same is verified by another third party in annual report.

### **Assurance Methodology:**

Hengseng has challenged the report contents and assess the process undertaken by Voltronic Power from source to aggregate in disclosure of information/data related to Sustainability performance. Our judgment is based on the objective review of reported information as per criteria defined under Assurance standards.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual Voltronic Power Corporate Sustainable Development strategy (CSD) as mentioned in the report. Our work



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included consultation with over 20 Voltronic Power representatives including senior management and relevant employees. The approach deemed to be appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.

**Adherence to AA 1000 principles:**

**Inclusivity :** Voltronic Power has established the Stakeholder Engagement Management Process. Through a variety of stakeholders' engagement activities, Voltronic Power actively understood stakeholders' expectations and existing issues, and responded timely.

**Materiality :** Voltronic Power identified the material issues related to sustainable development viz. economic, environment & social performance as an outcome of its stakeholder engagement and business priorities and provide balance information in the report. The Corporate Sustainable Development (CSD) strategy is aligned to address identified material issues.

**Responsiveness :** Voltronic Power responded to its stakeholders against identified material issues critical to sustainable development through disclosure made in report 2018, including Corporate Sustainable Development strategy, risks, opportunities and approaches, management system and its essential, 2018 sustainability object progress, and stakeholders' engagement.

**Conclusion :**

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below :



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- ◆ Voltronic Power Corporate Sustainability Report 2018 meets the requirement of Type-1, Moderate Assurance according to AA1000AS (2008) and Global Reporting Initiative (GRI) Standards 2016”in accordance Core Option” reporting guidelines as per GRI Standards 2016.
- ◆ The Report includes statements and claims that reflects Voltronic Power achievements and challenges supported by documentary evidences and internal records.
- ◆ The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- ◆ Hangseng shall not bear any liability or responsibility to a third party for perception and decision about Voltronic Power based on this Assurance Statement.

Hangseng Sustainable Development Consulting Co., Ltd.

*Hang Seng S.D.*

June 01, 2019

ii. The relationship between the organization and the assurance provider;

Apart from consulting and assurance entrust business on corporate governance, corporate social responsibility, sustainable development, there is no other business relationship between Voltronic Power and Hengseng Sustainable Development Consulting Co., Ltd., which issued an independent assurance statement for Voltronic Power's CSR FY2018 report in 2019.

iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.

The senior executives are involved in seeking external assurance for the organization's sustainability report based on three principles: professionalism, impartiality and independence.

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.



## **GRI 103 : Management Approach**

### **General requirements for reporting the management approach**

#### **103-1 Explanation of the material topic and its Boundary**

- a. An explanation of why the topic is material.
- b. The Boundary for the material topic, which includes a description of:
  - i . where the impacts occur;
  - ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.
- c. Any specific limitation regarding the topic Boundary.

Voltronic Power publishes 2018 Annual Corporate Social Responsibility Report (disclosure period from January 1 to December 31, 2018), for the GRI 2016 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. But through the analysis of major issues, identify the three most important issues: climate strategy, innovation, risk and crisis management.

Category	Economic	Environmental
<b>Aspects</b>	<ul style="list-style-type: none"> <li>•Economic Performance</li> <li>•Market Presence</li> <li>•Indirect Economic Impacts</li> <li>•Procurement Practice</li> <li>•Anti-corruption</li> <li>•Anti-competitive Behavior</li> </ul>	<ul style="list-style-type: none"> <li>•Materials</li> <li>•Energy</li> <li>•Water</li> <li>•Biodiversity</li> <li>•Emissions</li> <li>•Effluents and Waste</li> <li>•Environmental Compliance</li> <li>•Supplier Environmental Assessment</li> </ul>
Category	Social	
<b>Aspects</b>	<ul style="list-style-type: none"> <li>•Employment</li> <li>•Labor/Management Relations</li> <li>•Occupational Health and Safety</li> <li>•Training and Education</li> <li>•Diversity and Equal Opportunity</li> </ul>	<ul style="list-style-type: none"> <li>•Non-discrimination</li> <li>•Freedom of Association and Collective Bargaining</li> <li>•Child Labor</li> <li>•Forced or Compulsory Labor</li> <li>•Security Practices</li> </ul>
	<ul style="list-style-type: none"> <li>•Rights of Indigenous Peoples</li> <li>•Human Rights Assessment</li> <li>•Supplier Social Assessment</li> <li>•Public Policy</li> </ul>	<ul style="list-style-type: none"> <li>•Customer Health and Safety</li> <li>•Marketing and Labeling</li> <li>•Customer Privacy</li> <li>•Socioeconomic Compliance</li> </ul>

### **103-2 The management approach and its components**

- a. An explanation of how the organization manages the topic.
- b. A statement of the purpose of the management approach.
- c. A description of the following, if the management approach includes that component:
  - i . Policies
  - ii . Commitments
  - iii . Goals and targets
  - iv . Responsibilities
  - v . Resources
  - vi. Grievance mechanisms
  - vii. Specific actions, such as processes, projects, programs and initiatives

In view of all other aspects and boundaries except for exclusion, the management approaches are set down according to relevant laws and regulations. See the management approach disclosures of various topics.

### **103-3Evaluation of the management approach**

- a. An explanation of how the organization evaluates the management approach, including:
- i . the mechanisms for evaluating the effectiveness of the management approach;
  - ii . the results of the evaluation of the management approach;
  - iii . any related adjustments to the management approach.

Annual Corporate Social Responsibility report is prepared to examine the implementation effect of management approach of various topics and, if applicable, to assess and revise management approaches.

### **Risk Governance**

Indicate which people, departments and committees are responsible and accountable for enterprise risk management in terms of risk appetite & tolerance as well as risk monitoring & reporting. Also indicates the expertise and training applicable to non-executive directors as well as the corporate structure of risk management functions.

	Indicate name and position	Reporting line: please indicate who the person or committee reports to
Highest ranking person with dedicated risk management responsibility on an operational level (not CEO)	name: Lu Yu- Cheng position: Senior Manager	Report to CEO regularly and irregularly, then report to the Audit Committee and the Board of Directors periodically ( at least once a quarter ) by CEO.
Highest ranking person with responsibility for monitoring and auditing risk management performance on an operational level (not CEO)	name: Jin Zhi-Xin position: Vice General Manager	Report to CEO regularly and irregularly, then report to the Audit Committee and the Board of Directors periodically ( at least once a quarter ) by CEO.

☐ Number of non-executive members of board of directors/supervisory board —

audit committee with expertise in (enterprise) risk management. Specify number of non-executive directors : Four independent directors and two non-executive directors, totally six directors.

☐ Regular risk management education for non-executive directors ensured. Specify :

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

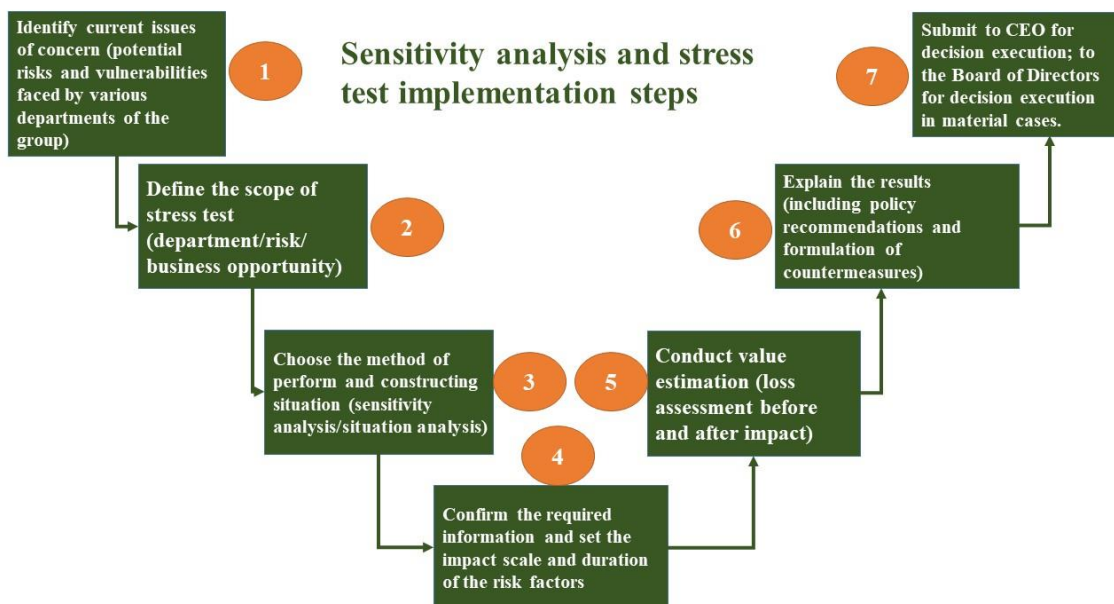
☐ The risk management function is structurally independent of the business lines.

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

#### Sensitivity Analysis and Stress Testing (incl. Water and Climate)

Does company perform sensitivity analysis and stress testing on a group level?

☐ Yes, the standard steps for sensitivity analysis and stress testing on a group level are as follows:



☐ Yes, on changes in financial risks, such as exchange and interest rates

### Financial risk management objectives and policies

Voltronic Power's major financial instruments included trade receivables and trade payables. Voltronic Power's Corporate Treasury function provides services such as providing access to domestic and international financial markets, and monitoring and managing the financial risks relating to the operations of Voltronic Power through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

The Corporate Treasury function reports periodically to the board of directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

#### 1)Market risk

Voltronic Power's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to Voltronic Power's exposure to market risks or the manner in which these risks were managed and measured.

**a) Foreign currency risk**

**Voltronic Power had foreign currency sales and purchases, which exposed Voltronic Power to foreign currency risk.**

**The carrying amounts of Voltronic Power's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are computed..**

**Sensitivity analysis**

**Voltronic Power was mainly exposed to the movement of foreign exchange rate in USD and RMB.**

**Voltronic Power's sensitivity to a 1% increase and decrease in the functional currencies of Voltronic Power entities against the relevant foreign currencies (the USD and RMB). A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pretax profit when the functional currencies of Voltronic Power entities weakened by 1% against the relevant foreign currency. For a 1% strengthening of the functional currencies of Voltronic Power entities against the relevant foreign currency, there would be an equal and opposite impact on pretax profit and the balances below would be negative.**

**Above effect of profit and loss was mainly attributable to the exposure on USD bank deposits, USD receivables, USD payables, USD bank short-term borrowings, RMB bank deposits and RMB payables at the end of the reporting period.**

**Voltronic Power's sensitivity to the USD increased during FY2018 mainly because of an increase in USD receivable. Voltronic Power's sensitivity to RMB increased during FY2018 mainly because of an increase in RMB payables.**

**b)Interest rate risk**

**Voltronic Power’s financial assets and financial liabilities with exposure to interest risks at the end of the reporting period.**

**Sensitivity analysis**

**The sensitivity analysis was based on the exposure of Voltronic Power’s non-derivative instruments to interest rate risks at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.**

**Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Group’s pretax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by \$9,178 thousand and \$13,480 thousand, respectively, which was mainly attributable to Voltronic Power’s exposure to interest rate risks on its floating-rate bank short-term borrowings.**

**Voltronic Power’s sensitivity to interest rates decreased during FY2018 mainly because of the increase in floating-rate bank short-term borrowings.**

**2)Credit risk**

**Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to Voltronic Power. As of the end of the reporting period, Voltronic Power’s maximum exposure to credit risk which will cause a financial loss to Voltronic Power due to failure of counterparties to discharge an obligation pertain to financial assets recognized in the consolidated balance sheets.**

**Voltronic Power adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.**

**To minimize credit risk, the management of Voltronic Power has delegated a team responsible for determining credit limits, credit approvals and other monitoring**



procedures to ensure that follow-up action is taken to recover overdue debts. In addition, Voltronic Power reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. Thus, management believes Voltronic Power's credit risk was significantly reduced.

Voltronic Power transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

### 3)Liquidity risk

Voltronic Power manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance Voltronic Power's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Voltronic Power relies on bank borrowings as a significant source of liquidity. Voltronic Power maintains an adequate and available unutilized short-term bank loan facilities.

### Liquidity and interest rate risk table for non-derivative financial liabilities

Voltronic Power's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were based on the undiscounted cash flows of financial liabilities from the earliest date on which Voltronic Power can be required to pay. The tables included both interest and principal cash flows.

For interest flows pertaining to floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

☐ Yes, on climate change risks

Climate change risk sensitivity analysis projects :

Item	Projects	Content
------	----------	---------

number		
1	Location security	Whether there had occurred in recent year, or maybe occur in the next two years, about doubts of the safety of the locations due to climate change (e.g. sea water rising causes submergence; natural disasters caused by climate change anomalies) in each major operating position.
2	Operating cost	Whether the operation costs of each major operating position are increased due to the policies of the countries or regions where the operating position is located, such as the levy or increase of taxes and fees (e.g. the levy of carbon emission charges, such as the increase of electricity charges) in response to climate change or the requirement of energy-saving infrastructure construction.

**Climate change opportunities sensitivity analysis projects: Cost-Benefit analysis of energy saving and carbon reduction for all kinds of products produced; long-term R&D, innovation, production and sales plans and budgets for products with the best cost-benefit value.**

☐ **Yes, on changes in water availability or water quality**

**Sensitivity analysis projects of changes in water availability or water quality:**

Item number	Projects	Content
1	changes in water availability	The demand of Voltronic Power for water resources is mainly for the employees' livelihood water and is the municipal supply water. Each important operation operation should avoid locating in the areas where water shortage or water restriction will occur frequently.
2	changes in water quality	The demand of Voltronic Power for water resources is mainly for the employees' livelihood water and is the municipal supply water. Each important operation operation should avoid locating in the areas where frequent floods or

		other natural disasters lead to polluted water quality.
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☐ Yes, on other risks (e.g. operational risks, market risks, strategic business risks, compliance risks).

Item number	Projects	Content
1	operational risks	Due to the rapid growth of business and the expansion of production capacity, attention should be paid to and analysis of the risks that may arise from the five elements of production: labor, machinery, raw materials, production methods and production environment.
2	strategic business risks	Some products of Voltronic Power occupy the leading technology position in global. Therefore, they may be copied and counterfeited. So Voltronic Power should continue to develop and innovate those technologies, and continue to maintain the leading advantage.

### Emerging Risks

Indicate two important long-term (3-5 years+) emerging risks that company identifies as having the most significant impact on the business in the future, and indicate any mitigating actions that company has taken in light of these risks.

	Description of risk	Potential business impact of the risk	Mitigating actions
Emerging Risk 1 Risk of Labor	The current production positions of Voltronic Power are all in China. Due to the vigorous	If there is a shortage of direct labor, it may lead to the failure of delivery on time, which will affect	1. Employ dispatched workers and temporary workers 2. Strengthen the

Shortage	economic development and service industry in China, causing the shortage of direct labor universally of China's production industry.	customers' satisfaction.	automation of some production processes 3. Improve standardized operating procedures for all production processes
Emerging Risk 2 Risk of Raw Material Purchasing	Due to the rapid expansion of business, the demand for some raw materials has increased dramatically, which may lead to insufficient material preparation and the risk of material shortage. In addition, the demand for some raw materials is greater than the supply, which leads to the risk of high prices.	If some raw materials are shortage, it will affect the production schedule, may lead to failure of delivery on time, and will affect customers' satisfaction. Due to the rising price of some raw materials, the manufacturing costs will be increased.	1. Establish ZhongShan Voltronic Precision Inc. to produce some raw materials by itself. 2. Select the suppliers who can cooperate with emergency supply of some raw materials. 3. In view of the rising price of raw materials, the reaction is to increase the sales price.

### **Risk Culture**

What strategies does company pursue in order to promote and enhance an effective risk culture throughout the organization?

In order to promote and enhance an effective risk culture throughout the organization, Voltronic Power has formulated the following principles for risk and crisis management operations:

### **Risk and Crisis Management Operational Principles of Voltronic Power Technology Corp.**

1, Voltronic Power Technology Corp (hereinafter referred to as the Company) has defined risk and crisis management as one of the three most important issues for

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

## **2, The Company's Risk and Crisis Management Policy**

- 1) Establishing a risk and crisis management framework, clearly standardizing the responsibilities, operating procedures and notification systems of various departments.**

The company should establish a risk and crisis management framework, clearly standardize the responsibilities and notification system of various departments. The CEO's Office shall approve risk and crisis management policies and clearly standardize the functions, operating procedures and notification systems of all departments; all departments shall actively identify all existing or potential risks and crises, maintain effective risk and crisis management mechanisms and information management and notification systems, and review continuous improvement from time to time; and periodically report to the Audit Committee and the Board of Directors about the implementation of Risk and Crisis Management.

- 2) Reducing operational risks and crises to achieve sustainable development of the company**

Promote and enhance an effective risk and crisis management culture, so as to reduce or avoid the occurrence of various risks and crisis costs in operation, and achieve the goal of sustainable development of the company.

- 3) Conduct comprehensive risk and crisis management and implement operational procedures**

Construct and maintain the effective operation of risk and crisis management system. In view of internal risks and crises, external risks and crises, it comprehensively identifies, evaluates and controls crises, and implements

operational procedures related to risk and crisis management in accordance with the management cycle model of planning, implementation, auditing and improvement.

**4) Enhancing the ability of risk and crisis management and establishing a culture of risk and crisis management**

Supervisors at all levels should absolutely abide by the requirements of risk and crisis management policies, set an example and perform their supervisory duties. They should also supervise employees to receive appropriate risk management education and training so that each employee can understand the responsibilities of individuals, groups and departments, and have the ability to carry out the work related to risk and crisis management, to ensure the normal operation of the company and establish a risk and crisis management culture.

**5) Strengthen communication with stakeholders and implement risk and crisis management procedures**

All employees of the company should enhance their awareness of risk and crisis management, enhance communication with stakeholders and provide relevant consultation on possible risks and crisis issues, and comply with the requirements of relevant laws and regulations when risks or crisis events occur, and implement risk and crisis management procedures to reduce the operational risk of the company.

**3, The company and all departments shall carry out routine business operations and emergency risk crisis drills in accordance with risk and crisis management policies, objectives within the scope of employment duties, and short-term, medium-term and long-term plans, and conduct comprehensive risk and crisis management.**

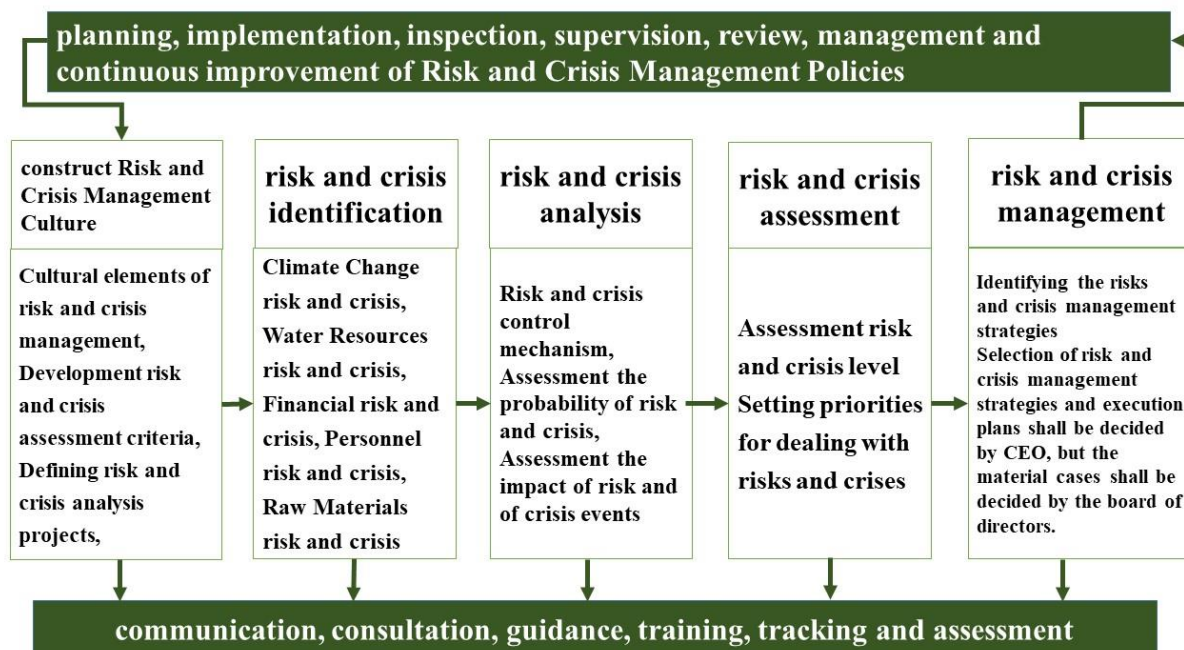
**4, The CEO's Office shall be responsible for the planning, execution, inspection, supervision, review and management of the company's risk and crisis management system and its continuous improvement, and shall be responsible**

for the review of the company's risk and crisis management policies, standards, procedures, performance appraisal and related issues planning.

**5, Operational mechanism of risk and crisis management in departments**

- 1) Establishing an organizational risk and crisis management mechanism, including planning, implementation, inspection, supervision, review and management, and continuous improvement of relevant processes.**
- 2) Regular review of annual major risk and crisis issues, response strategies, implementation, verification, supervision and tracking of improvements.**
- 3) Conduct risk and crisis management education and training, organize learning, strengthen professional skills, and enhance personnel's risk and crisis management capabilities as required.**
- 4) Providing resources and necessary measures to establish an environment for risk and crisis control.**
- 5) Communicate and consult with relevant stakeholders appropriately in order to consolidate the consensus of dealing with the risk and crisis events, possible consequences and methods.**
- 6) Departments should promote risk and crisis management at all levels of operation, plan to conduct regular or irregular audits, and provide guidance and follow-up at any time for matters to be improved.**
- 6, The operational system of risk and crisis management of the company and all departments is: risk and crisis identification, risk and crisis analysis, risk and crisis assessment, risk and crisis management; planning, implementation, inspection, supervision, review, management and continuous improvement of risk and crisis management policies, as well as communication, consultation, guidance, training, tracking and assessment.**





☐ Financial incentives which incorporate risk management metrics, specify the incentives and metrics.

☐ For senior executives, specify the incentives and metrics:

For senior executives, the relevant risk management assessment metrics are as follows:

- ☐ Whether to proceed risk and crisis identification
- ☐ Whether to proceed risk and crisis analysis
- ☐ Whether to proceed risk and crisis assessment
- ☐ Whether to develop risk and crisis management plans
- ☐ Whether to supervise the implementation of risk and crisis management plans
- ☐ Whether to proceed the assessment of risk and crisis management plan implementation
- ☐ Handling and reporting of emergency risks and crisis events

The above risk management assessment metrics are part of the KPIs that determine the variable compensation of senior executives.

☐ **For line managers, specify the incentives and metrics:**

For line managers, the relevant risk management assessment metrics are as follows:

- ☐ Advocacy and training of risk and crisis management plans
- ☐ Daily operational implementation of risk and crisis management plans
- ☐ Emergency crisis exercise of risk and crisis management plans
- ☐ Handling and reporting of emergency risks and crisis events

The above risk management assessment metrics are part of the KPIs that determine the variable compensation of line managers.

☐ **Focused training throughout the organization on risk management principles, specify:**

For senior executives, they should be trained in the contents, procedures and implementation methods of the Company's Risk and Crisis Management Operational Principles, formulate annual Risk and Crisis Management Plan(RCMP), hold regular and irregular meetings to review the implementation of the RCMP, and track improvement when necessary.

For line managers, advocate annual RCMP and provide necessary training, line managers then advocate the annual RCMP and provide necessary training to their employees.

☐ **Inclusion of risk management criteria in the HR review process for employee evaluations**

☐ **Measures allowing individual employees to proactively identify and report potential risks throughout the organization, specify:**

Individual employees are encouraged to proactively identify and report potential risks throughout the organization. If the potential risks are verified and controlled in time, bonuses will be awarded to the individual employees according to their benefits. Individual employees can proactively identify and report potential risks to their line managers, or to senior executives, can also use

mailboxes or hotline.

- ☐ Measures allowing continuous improvement in risk management practices through the involvement of employees in structured feedback process, specify:  
The implement of the annual Risk and Crisis Management Plan, the company uses some risk management assessment metrics as part of the KPIs for senior executives and line managers to determine their variable compensation, to implement and continuously improve risk and crisis management.  
In addition, employees cooperating with the implementation of the annual Risk and Crisis Management Plan will be as part of their performance appraisal. Employees also will be asked for their views on the annual Risk and Crisis Management Plan during periodly appraisal, encouraging employees to participate in the structured feedback process and continuously improve risk and crisis management.
- ☐ Incorporating risk criteria in the product development or approval process

## **GRI 201 : Economic Performance**

### **1. Economic Performance**

The Direct economic value generated – Revenues by Voltronic Power in 2016 , 2017 and 2018, 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 "Clawback 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 (CO<sub>2</sub>) generated from outsourcing electric power for the company operating, is a single greenhouse gases (CO<sub>2</sub>) 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.

## **2. Topic-specific disclosures**

### **201-1 Direct economic value generated and distributed**

a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

- i. Direct economic value generated: revenues;
- ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
- iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.

b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

Unit: NT \$ thousand

item	2016		2017		2018	
	amount	percentage	amount	percentage	amount	percentage
Direct economic value generated: Revenues	8,163,166	100%	9,862,230	100%	11,407,894	100%
Economic value distributed:						
– Operating costs	(5,353,356)	(65.58% )	(6,868,618)	( 69.64%)	(7,934,284)	( 69.55%)
– Employee wages and benefits	(1,087,589)	(13.32% )	(1,148,858)	(11.65%)	(1,362,647)	(11.94%)
– Payments to providers of capital (Dividends and Interest )	(1,180,581)	(14.46% )	(1,180,326)	(11.97% )	(1,573,705)	(13.79% )
– Payments to government (Taiwan)	(211,020)	(2.59% )	(133,830)	(1.36% )	(202,492)	(1.78% )
– Payments to government (China)	(176,195)	(2.16% )	(173,165)	(1.76% )	(240,252)	(2.10% )
Economic value retained	154,425	1.89%	357,433	3.62%	94,514	0.84%
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.						
2017 Dividends to shareholders, NT 1,180,326 thousand from the direct economic value : Revenues generated in year 2017, NT 393,442						

thousand from the additional paid in capital, totaling NT 1,573,768 thousand.

2018 Dividends to shareholders, NT 1,573,705 thousand from the direct economic value : Revenues generated in year 2018, NT 78,685thousand from the additional paid in capital, totaling NT 1,652,390 thousand.

## **Compilation**

### **Revenues**

- Net sales equal gross sales from products and services minus returns, discounts, and allowances. Y
- 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) .Y
- 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.

**201-2 Financial implications and other risks and opportunities due to climate change**

- a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:
- i . a description of the risk or opportunity and its classification as either physical, regulatory, or other;
  - ii . a description of the impact associated with the risk or opportunity;
  - iii . the financial implications of the risk or opportunity before action is taken;
  - iv . the methods used to manage the risk or opportunity;
  - v. the costs of actions taken to manage the risk or opportunity.

**Management Incentives**

Provide incentives for the management of climate change issues, including the attainment of targets?

- ☒ Yes. Provide further details on the climate change-related incentives provided, starting from the highest management level.

Who is entitled to benefit from this incentive? Select each option only once.	Type of incentive	Incentivized KPIs
<input checked="" type="radio"/> Chief Executive Officer (CEO) <input type="radio"/> Other Named Executive Officers <input type="radio"/> Business Unit Managers <input type="radio"/> Employees <input type="radio"/> Other, specify	<input type="radio"/> Monetary <input checked="" type="radio"/> Recognition <input type="radio"/> Other	<input type="radio"/> Emissions reduction <input type="radio"/> Energy reduction <input type="radio"/> Efficiency <input type="radio"/> Purchasing <input checked="" type="radio"/> Supply chain engagement <input checked="" type="radio"/> Other, specify : R&D and Manufacture of High Energy



		Conservation and Carbon Reduction Products
<input type="radio"/> Chief Executive Officer (CEO) <input checked="" type="radio"/> Other Named Executive Officers <input type="radio"/> Business Unit Managers <input type="radio"/> Employees <input type="radio"/> Other, specify	<input type="radio"/> Monetary <input checked="" type="radio"/> Recognition <input type="radio"/> Other	<input checked="" type="radio"/> Emissions reduction <input checked="" type="radio"/> Energy reduction <input checked="" type="radio"/> Efficiency <input checked="" type="radio"/> Purchasing <input type="radio"/> Supply chain engagement <input type="radio"/> Other, specify
<input type="radio"/> Chief Executive Officer (CEO) <input type="radio"/> Other Named Executive Officers <input checked="" type="radio"/> Business Unit Managers <input type="radio"/> Employees <input type="radio"/> Other, specify	<input type="radio"/> Monetary <input checked="" type="radio"/> Recognition <input type="radio"/> Other	<input type="radio"/> Emissions reduction <input type="radio"/> Energy reduction <input type="radio"/> Efficiency <input type="radio"/> Purchasing <input type="radio"/> Supply chain engagement <input type="radio"/> Other, specify : Sale of High Energy Conservation and Carbon Reduction Products

### Climate Change Strategy

How are organizations' processes for identifying, assessing, and managing climate-related issues integrated into your over-all risk management?

- ☒ Integrated into multi-disciplinary company-wide risk management processes, i.e. a documented process where climate change risks and opportunities are integrated into the company's centralized enterprise risk management program covering all types/ sources of risks and opportunities

### Voltronic Power - Climate Change Risks and Opportunities for Over-all Risk Management

#### 1. The Future Faced

##### 1.1 Climate Environment

In the Comprehensive Report of the 5th Assessment Report on Climate Change (AR5) issued by the Intergovernmental Panel of Experts on Climate Change (IPCC) in November 2014, the United Nations clearly asserts that human activities are the culprits of climate warming. If carbon emissions continue, the worst scenario is that

the sea level will rise by 82 centimeters at the end of this century when the temperature rises by 4.8 degrees C, which is even less optimistic than the 2007 assessment that the temperature rises by up to 4 degrees C and the sea level rises by up to 60 centimeters.

If the global temperature rises over 1.5-2.5 degrees C, the ecosystem structure and species distribution will face significant changes, and some animals and plants may face extinction risk; the average temperature rise will affect farming and food production potential; extreme weather events will also lead to increased deaths, diseases and injuries; and more people will be affected by floods due to rising sea levels, the low-lying deltas with dense populations in Asia and Africa are the most affected, while small islands are more vulnerable.

The types of impacts of global climate change are: 1) water shortage and drought; 2) sea level rise; 3) aggravating the gap between rich and poor; 4) intense high temperature; 5) more frequent and severe storms and floods; 6) agricultural productivity decline and food security issues; 7) public health issues.

### **1.2 Possible impacts**

In addition to direct disastrous shocks, climate change also includes many indirect hidden economic costs, such as declining productivity, emergency shelter, more complex management procedures, and non-market impacts such as disease spread and ecosystem destruction. For manufacturing industry, there are three kinds of operation and revenue impacts, including: 1) facing resource shortage and higher input costs (such as energy, water and raw materials); 2) accelerated damage to materials, equipment and infrastructure; 3) facing more extreme weather events.

Under the climate change, enterprises are faced with the following topics: 1) flooding; 2) declining market purchasing power; 3) water supply interruption; 4) unstable power supply; 5) supply chain interruption; 6) rising raw material costs.

The direct and indirect impacts of climate change on manufacturing are as follows:

Climate change	Climate	Disaster pattern	Direct impacts	Indirect impacts
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	impact			
<b>Temperature rise</b>	<b>Average temperature rise</b>	<b>Seasonal climate change (ecosystem change)</b>	—	<b>Change in source of raw materials (e.g. from domestic raw materials to imports)</b>
	<b>Continuous high temperature in summer</b>	<b>heat wave</b>	<b>1. Fire prone</b> <b>2. Equipment heat dissipation is not easy to reduce yield</b> <b>3. Employees suffer heatstroke and even die</b>	<b>1. Increasing energy consumption of cooling equipment</b> <b>2. Cooling water temperature is too high</b> <b>3. Oil and electricity prices are feared to rise</b> <b>4. Increased demand for air conditioning</b> <b>5. Power Limitation Crisis</b>
<b>Typhoon/Wind Disaster</b>	<b>Uneven distribution of rainfall</b>	<b>Drought</b>	<b>1. Fire prone</b> <b>2. Water shortage causes shutdown</b>	<b>Water prices are feared to rise</b>
	<b>Increased heavy rainfall Typhoon intensity and frequency increase</b>	<b>The Flood</b>	<b>1. Shutdown due to flooding</b> <b>2. Equipment/Tank Damage</b> <b>3. Water quality deterioration (increased turbidity of raw water) affects</b>	<b>Shortage of raw materials due to road interruption</b>

			process water use	
		Windstorm	Equipment/Tank Damage	1. Shortage of raw materials due to road interruption 2. Power and water blackouts caused by damage to public equipment
		Debris flow	1. The factory was submerged by debris flow. 2. Equipment/Tank Damage	1. Shortage of raw materials due to road interruption 2. Power and water blackouts caused by damage to public equipment
Sea Level Rise	1. Violent flood tide (combined with typhoon) 2. Violent flood tide (combined with low-lying areas)	The Flood	1. Shutdown due to flooding 2. Equipment/Tank Damage	Shortage of raw materials due to road interruption
		Inundation of coastal areas		Neighborhood avoidance makes it difficult for factories to move inward

Therefore, must grasp the impact and vulnerability of the company to the impact of climate change, and strengthen the company's ability to adjust to avoid major losses caused by the impact of climate change (including equipment repair and renewal, supply chain interruption, order transfer loss, delivery delay compensation, rush cost, etc.).

### 1.3 Various types of risks

Among the impacts caused by climate change, the most concerned risks are concentrated in the environment and operation, including raw materials, water resources, energy, extreme climate, etc., which will directly impact and damage the operation of enterprises, among which the most serious threats are the increase of the cost of natural resources and raw materials and the shortage of water resources. In addition to the direct impact of environment and operation, there are many indirect derivative risks, which impact management, law, market, finance and even corporate reputation.

The risk types of enterprises under climate change are as follows:

Risk types	Examples
<b>External Environment and Operational Risks</b>	<ul style="list-style-type: none"> <li>— Changes in temperature and precipitation patterns have led to reduced supply of key raw materials and higher prices.</li> <li>— Increased uncertainty in water and energy supply.</li> <li>— Extreme weather can lead to traffic or building damage, supply chain problems, reduced productivity, or increased insurance expenses.</li> </ul>
<b>Supervision ,Management and Legal Risks</b>	In order to adapt to climate change, countries and regions have established a series of regulatory tools to facilitate more effective management of natural resources and disaster risk reduction. For example, new land planning methods, building laws and regulations, etc.
<b>Financial Risks</b>	For enterprises that cannot effectively analyze climate risks or take positive adjustment actions, investors' confidence declines and their investment in the enterprise is reduced.
<b>Market Risks</b>	With the increase of climate change or consumers' awareness of climate change, the demand for certain goods decreases and the market shrinks.
<b>Political Risks</b>	When developing countries confront natural resources, food

	security and health and economic challenges, they face more domestic political conflicts, which in turn affect market stability.
Corporate Image Risks	Enterprises that have not joined the ranks of mitigating climate change are regarded by consumers as the victims of climate change and affect the corporate image. For example, companies refuse to disclose their carbon footprints or do not disclose carbon, which is resisted by consumers.

#### **1.4 Opportunities for Climate Change**

When adapting to climate change, enterprises should also consider how to maintain competitiveness and grasp business opportunities, including the following directions:

- (1) When formulating long-term operational strategies, climate change factors should be taken into account and climate risks assessed.
- (2) Climate risk management needs to be integrated with business management strategies.
- (3) When developing new markets and products, we should take climate change into account and establish product characteristics.
- (4) Develop market products with life cycle considerations.
- (5) To conduct market observation and survey on new goods or services that may derive from future climate change.
- (6) Early response to climate change can enhance corporate image and attract customers.

## **2. Enterprises' Strategies in Response to Climate Change**

### **2.1 Improving Cognition**

#### **Understanding the range of possible impacts of climate change**

A study of future climate prediction and impacts of climate change in the region where the enterprise is located can help to assess the expected impacts of climate change on the operation of the enterprise and its suppliers.

#### **Improving the Knowledge of Climate Change within Enterprise**

Climate change adjustment requires the participation of employees of the entire

organization, including business, legal, financial and other units. Because of the wide range of risks that climate change may bring, enterprises need to pool knowledge and share knowledge, so that they can better understand the impact of climate change on the company as a whole.

#### **Collect Business Adjustment Cases**

Find out the vulnerability of enterprises facing the impact of climate change, and focus on loopholes, early prevention and improvement. In addition, enterprises in other related fields or facing the same problems can be collected to refer to their adjustment methods facing the impact of climate change.

#### **2.2 Assessment and management of risks and opportunities**

There are three key steps in assessing and managing climate change risks and opportunities:

##### **Identifying business risks and opportunities**

By means of assessment methods and tools, we can find out the vulnerabilities of enterprises facing climate change, and consider the business opportunities they can derive when assessing risks. Risks and business opportunities encompass many areas, possibly assets and infrastructure, human resources, supply chains and markets.

##### **Management of Priority Risks and Opportunities**

Priority depends on the likelihood, frequency and magnitude of the consequences of climate change. Once risks are known, immediate responses to risks are needed to find potential solutions and build long-term resilience. Opportunities derived from climate change should be well captured and new markets, services and business opportunities developed.

##### **Implementation and Monitoring**

Climate change is a state of continuity, and it does not end only once. Therefore, enterprises need to continue to pay attention to climate change and track the impact of climate change, and incorporate climate change and adjustment management into



their future strategic planning and decision-making processes.

### **2.3 Establishing Enterprise's Response to Climate Change**

In order to enable enterprises to respond well to climate change, there are three key steps to be taken:

#### **Responsibility Allocation of Management**

Climate change may affect all levels of enterprises. Therefore, it is essential for managers to attach importance to climate change issues and formulate management policies and commitments. Managers should declare the importance of enhancing climate change adaptability and take action, and publish the information to the whole company so that all departments of enterprises can cooperate with the implementation.

#### **Revising the existing management process of enterprises**

Enterprises are accustomed to using established management processes, such as risk management, quality assurance and business continuity planning. New management processes should be re-examined and revised or established to cope with the impact of climate change, so that the overall business operation can adapt to the impact of climate change.

#### **Exposing Climate Change Risks to Investors**

Investors should be regularly reported on the risks of climate change and related management actions faced by the company, improve the information disclosure procedures, and actively participate in the progress and information related to climate adjustment.

### **3. Action Plan of Enterprises in Response to Climate Change**

#### **3.1 Establishment of Adjustment Management Group**

Organizational division of work	Job duties
Top Management	1. Implement and maintain climate change risk assessment and adjustment management policies.

	<p>2. Appoint a risk management representative and approve the establishment of an adjustment management team.</p> <p>3. Provide the resources needed to establish, implement, maintain and implement risk assessment and adjustment management.</p> <p>4. The importance of communicating risk management to all parties in the organization.</p> <p>5. Identify the scope and boundaries of high-risk projects.</p> <p>6. Adjusting the implementation schedule of the action plan and improving performance recognition.</p> <p>7. Follow-up operational planning should include climate change risk considerations.</p>
<b>Risk Management Representative</b>	<p>1. Establish a risk assessment system and plan and implement the adjustment action plan.</p> <p>2. Appoint risk management commissioners in various departments of the plant for risk management</p> <p>3. Report risk assessment and management performance adjustment to top management.</p>
<b>Executive Secretary</b>	<p>1. Assist risk management representative to promote risk management related affairs.</p> <p>2. Assist in convening risk assessment and adjustment management meetings, and be responsible for pre-conference preparations.</p> <p>3. Collect the impact records of annual climate shocks.</p> <p>4. Collect and update the impact information of future climate change.</p> <p>5. Identification, assessment and analysis of climate impact risk.</p> <p>6. Planning and review of adjustment action plans.</p> <p>7. Discuss the opportunity of climate change impact derivation.</p>
<b>Departmental Risk Management</b>	<p>1. Provide relevant information for risk assessment to assist the assessment department in formulating risk and adjustment action plans.</p>

Commissioner	<p>2. Handling and managing the risk management communication of the department.</p> <p>3. Attend risk assessment and adjustment management meeting.</p> <p>4. To carry out the assignment in accordance with the resolutions of the meeting.</p>
Departmental Undertakers	<p>1. Assist the Executive Secretary in promoting climate change adjustment and management.</p> <p>2. To collect records of past operations affected by natural disasters within the unit.</p> <p>3. Provide information about the potential future impact of natural disasters on production processes or facilities within the unit.</p> <p>4. Participate in the planning of the adjustment action plan.</p> <p>5. Assist in planning possible opportunities for climate change.</p>

### **3.2 Risk Identification**

#### **3.2.1 Survey of Current Adjustment Ability**

Firstly, according to the internal situation of enterprises, the impact and status of climate change impact on five aspects of organization and operation are preliminarily investigated, including Assets (building structure, plant location). Manufacturing Process (resource consumption, equipment location etc.), Personnel (employee education and training, emergency response plan, etc.), Supply Chains (supplier vulnerability to climate change) and Financial (climate disaster insurance, etc.), through the inventory of adjustment capacity, investigate all aspects of the project that have not yet been completed, and understand the current situation of adjustment capacity.

#### **3.2.2 Basic Information and Production Facilities Inventory**

The investigation contents of the environmental area of the plant area include the geographical environment (the location and surrounding topography of the plant area, sea level height, hydrology and transportation situation, etc.), the

establishment of drainage system, the distribution of lightning protection equipment, the transportation route of raw materials and products supply chain. Based on the survey of the whole plant area, as the basis for defining the evaluation category, the production equipment in the category is checked to find out whether the plant area equipment is in a risk-prone location.

### **3.2.3 Historic Climate Shock Survey**

The extreme climate phenomena caused by climate change are becoming more and more serious and frequent. Natural disasters that occurred in the past in the factory area are likely to occur again in the future. With the increase of the intensity of natural disasters, the impact of the operation of the factory area will be greater. Therefore, it is necessary to collect, collect and analyze the past climate impacts first, and prioritize them as risk identification items. The collected items include disaster types, occurrence time, description of occurrence events, direct/indirect impacts, actions and responses, etc.

### **3.2.4 Climate Factors and Identification of Affected Equipment**

By means of cross-sectorial meetings and discussions, investigate the key equipment or activities of various units and the climate impact events that have occurred in the past. Based on the urgency and severity of impacts, we preliminarily assess the importance of key equipment or activities to the operation of enterprises, and complete the identification of climate impact risk. Further in-depth evaluation of projects that have an impact on the results of risk identification will be carried out in the follow-up estimate.

## **3.3 Risk Analysis**

Risk assessment is calculated by referring to the definitions of the Specific Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adjustment (SREX) and IPCC Fifth Assessment Report (IPCC AR5) published by the Intergovernmental Panel on Climate Change (IPCC) in 2012: Risk = Hazard \* Vulnerability \* Exposure.

**Hazard:** The natural variation factors and degree of disaster occurrence, such as the frequency or frequency of strong rainfall and typhoon.

**Vulnerability:** The degree to which a system is vulnerable to specific hazards, such as flooding or slope collapse, occurs in the area.

**Exposure:** The nature of the objects that may be affected by disasters.

### **3.4 Risk Assessment**

After hazard-vulnerability and exposure assessment, each risk value can be obtained according to the risk assessment formula, and presented in the form of 6 \*6 two-dimensional matrixes. The more to the upper right block, the greater the risk faced. The advantage of risk matrix presentation is that it makes it easy for business managers to understand and rank the degree of risk of various climate shocks. It does not need to spend time to understand various assessment processes and too much information. Under limited time and resources, priority is given to adjusting action plans for high-risk projects to reduce future losses in the face of climate shocks.

### **3.5 Risk Management**

According to the above-mentioned risk assessment process, enterprises can formulate adjustment action plans for high-risk impact projects. For different risks, managers can use different treatment methods, including risk avoidance, risk loss control, risk transfer and risk retention. These four countermeasures can be used as the existing time and resource limits. Adjust relevant decision-making under the system. In addition, the risks brought by climate change shocks may also be the business opportunities, which can be another direction for enterprises to think about.

**Risk Avoidance:** Interruption of the source of risk may result in potential losses or uncertainties. Such risks usually have a great impact and need to be dealt with immediately to reduce hazards.

**Risk loss control:** To reduce the probability of occurrence or mitigate the impact by adjusting management methods or systems. Its purpose is not to make the risk no

longer occur, but to control the risk in its own acceptable level.

**Risk Transfer:** Transfer the liability for loss and its cost to other organizations through engineering contracts, insurance or other means. Although it can transfer existing risks, it is necessary to consider whether other risks will arise (such as management inconvenience, financial burden).

**Risk retention:** Risk loss is within the scope of self-acceptance, or action is quite limited, and it is possible to assess that the cost of adjustment action plans is far greater than the benefits of improvement. Therefore, it is necessary to retain the status quo and adjust such risks if new management systems/engineering technologies are developed in the future.

#### **3.5.1 Assessment of priorities for implementation of adjustment action plans**

For high-risk impact projects, we can list the adjustment action plans for future planning and implementation, and analyze them according to five aspects: urgency, derivative benefits, economic benefits, technical feasibility and institutional feasibility. First, we discuss the priority levels of each aspect in the current situation by referring to the criteria defined by priority level, and compare the importance of the five aspects to enterprises. Combined with the above considerations, prioritize the implementation of various adjustment plans.

#### **3.5.2 Climate Shock Derivative Opportunities**

Enterprises can consider possible derivative opportunities in terms of reducing operating costs, increasing product demand, developing new products or technologies, and increasing social image. While implementing adaptation plans to mitigate impacts in response to climate change, can grasp the opportunities and business opportunities derived from them. Through the Corporate Social Responsibility Report (CSR) and the Dow Jones Sustainability Index (DJSI), etc., can reveal in detail the relevant climate change of enterprises. In order to enhance the competitiveness and sustainable development of enterprises under the future climate change, should increase the willingness of external investors and obtain the

support of stakeholders by relocating risks and opportunities, objectives, outcomes, commitments and planning of sustainable operation and social responsibility.

### **3.6 Inspection and Improvement**

Adjustment action plan can reduce risk impact, but the risk may not be fully mitigated, there are still some residual risks, should be periodically inspected for affordability or need to be further improved. In addition, regular inspection is carried out annually in the general direction of climate and environmental change trends and adaptation program implementation. First, in the climate and environmental change trend section, the risk assessment information that needs to be updated in the risk management process is inspected. Specific inspection items include disaster information updating and internal and external organizational changes. Secondly, in the implementation part of adaptation program, the adaptation action plan is tracked. Implementing the effectiveness, reviewing and improving the adjustment action plan which has not achieved good results or lagged behind schedule.

#### **3.6.1 Confirmation of climate and environmental change trend**

Annual management review is required to check whether a risk assessment needs to be re-conducted. The review project includes the following items.

- (1) Projects that have suffered disasters in the past need to be reviewed annually. If IPCC and other research institutes publish new research results or simulated drawings, the Executive Secretary needs to call an adjustment management team to confirm them.
- (2) If the scope of the original assessment changes (e.g. plant expansion or relocation), the external geographical environment of the company has changed significantly, and the internal process equipment has been improved, the Executive Secretary needs to recruit an adjustment management team to re-evaluate the risk.

#### **3.6.2 Review the Effectiveness of the Implementation of Adjustment Programs**

Departmental risk management commissioners shall regularly review the progress



and results of the implementation of the adjustment action plan and review it according to its completion:

(1) **Improvement completion:** Departmental risk management committees need to carry out implementation results after the completion of the adjustment action plan, and submit supporting information to the Executive Secretary for review. The Executive Secretary needs to reanalyze the climate impact, assess its residual risks, and complete the closing process after the completion of the adjustment action plan by the risk management representative.

2) **Failure to improve completion:** If for some reason it is not completed within the scheduled completion date, the departmental risk management committee shall explain the reasons and propose extension, alteration or termination to the risk management representative.

#### **4. Possible adjustment actions**

Enterprises should consider when formulating adjustment actions: education, resource efficiency, accident planning, regular maintenance/inspection, design standards, upgrading/replacement facilities, demand management, market opportunities, monitoring, available support, stakeholder support and sponsorship, specify possible climate change shocks and adjustment actions, provide enterprise planning direction, and formulate appropriate adjustment actions. Actions to effectively reduce risk shocks.

#### **Financial Risks of Climate Change**

Have identified any climate change risks (current or future) that have potential to generate a substantive change in business operations, revenue or expenditures?

☐ Have conducted an analysis of our climate change risk, but our company is not exposed to climate change risks that have the potential to generate a substantive change in business operations, revenue, or expenditure. Specify:

#### **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 (CO<sub>2</sub>) generated from outsourcing electric power for the company operating, is a single greenhouse gases (CO<sub>2</sub>) low emission company. Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, situated in 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 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 Directive: "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 at least \$100 billion dollars of

funds to assist developing countries to cope with the impact of climate change and the effect of greenhouse gas emission reduction by year 2020. By 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.

#### **Financial Opportunities Arising from Climate Change**

Have identified any climate change-related opportunities (current or future) that have the potential to generate a substantive positive change in business operations, revenue, expenditure (i.e. opportunities driven by changes in regulation, physical, or other climate change-related developments)?

☐ Yes, have identified climate change-related opportunities. Briefly describe the most significant opportunity resulting from climate change on business operations, revenue growth, or expenditures:

#### **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, situated in the mid-stream of 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 becoming more and tenser and the shortage of power supply in power consumption peaked, 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.

Currency: NT

☐ Estimate the annual financial positive implications of this opportunity: sales revenues of PV Inverter (Solar Inverter).

Estimated time frame (in number of years) for positive financial implications of this opportunity:

year	FY2015	FY2016	FY2017	FY2018
sales revenue of PV Inverter	930,134,000	1,123,091,000	1,362,030,000	1,485,144,000

☐ Estimate the current annual costs associated with developing this opportunity:

Since PV Inverter (Solar Inverter) has been mass-produced, the related costs are the costs of goods sold. But the gross margin rate of individual product items is the company's business secret, so doesn't disclose the costs of goods sold.

### Climate-Related Targets

Does company have any corporate-level climate-related targets? Please fill out the "Alternative Method" table only if organization does not use the Standard Method.

☐ Alternative Method - Have other key climate-related targets:

The greenhouse gas emission of Voltronic Power, there are no Direct (Scope 1) GHG emissions, while Indirect (Scope 2) GHG emissions are only carbon emission (CO<sub>2</sub>) from the outsourcing electricity which was needed for the company's operation. The statistics and calculation of electricity consumption (kilowatt-hour) and carbon emission are as follows :

Locations	2016		2017		2018	
	kilowatt-hour	KgCO <sub>2</sub> e	kilowatt-hour	KgCO <sub>2</sub> e	kilowatt-hour	KgCO <sub>2</sub> e
Taiwan	217,375	138,469	248,529	158,313	385,029	245,263
China	11,550,637	10,193,437	11,576,278	10,216,065	11,614,716	10,216,065
Total	11,768,012	10,331,906	11,824,807	10,374,378	11,999,745	10,461,328
Carbon emissions from the outsourcing electricity in Taiwan : kgCO <sub>2</sub> /kWh=0.637						
Carbon emissions from the outsourcing electricity in China : kgCO <sub>2</sub> /kWh=0.8825						

Locations	2016		2017		2018	
	Local currency	Reporting currency	Local currency	Reporting currency	Local currency	Reporting currency
Taiwan	NTD 948 thousand	NTD 948 thousand	NTD 1,061 thousand	NTD 1,061 thousand	NTD2,235 thousand	NTD 2,235 thousand
China	RMB 10,207 thousand	NTD 49,473 thousand	RMB 13,845 thousand	NTD 62,839 thousand	RMB14,245 thousand	NTD 63,751 thousand
Total		NTD50,421thousand		NTD63,900thousand		NTD 65,986 thousand
2016annual average RMB@NTD=4.847 ; 2017annual average RMB@NTD=4.539 ; 2018 annual average RMB@NTD=4.475						

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

item	2016		2017		2018	
	Amount	CEC@%	Amount	CEC@%	Amount	CEC@%
Operating revenue	NTD8,120,220 thousand	0.62%	NTD 9,862,230 thousand	0.65%	NTD 11,407,894 thousand	0.58%
Costs and Expenses	NTD6,440,945 thousand	0.78%	NTD7,527,157 thousand	0.85%	NTD9,296,931 thousand	0.71%
Operating net profit	NTD1,679,275 thousand	3.00%	NTD1,828,597 housand	3.49%	NTD2,110,963 thousand	3.13%
Operating net profit rate	20.68%		18.45%		18.50%	
Earnings per share	NT\$18.25		NT\$17.46		NT\$23.18	

According to the above statistics, one can gather that Voltronic Power is a business growth (operating revenue:NT11,407,894 thousand, NT9,862,230 thousand, NT8,120,220 thousand,)single greenhouse gases (CO<sub>2</sub>) low emission company, but still adopted "energy saving, consumption reduction, waste reduction" awareness policy.

In 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.62%, 0.65% and 0.58%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2016, 2017 and 2018 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue"all achieved.

In 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.78%, 0.85% and 0.71%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2016, 2017 and 2018 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 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 3.00%, 3.49% and 3.13%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2016, 2017 and 2018 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit" "all achieved.

#### **Climate Strategy Impacts**

For combined emissions reduction activities that were active in the latest reporting year, provide the and the anticipated annual cost savings from these initiatives.

☐ Not applicable.

The greenhouse gas emission of Voltronic Power, there are no Direct (Scope 1) GHG emissions, while Indirect (Scope 2) GHG emissions are only carbon emission (CO<sub>2</sub>) from the outsourcing electricity which was needed for company operations.

Voltronic Power is a business growth single greenhouse gases (CO<sub>2</sub>) low emission company, but still adopted "energy saving, consumption reduction, waste reduction" awareness policy. The assessment objectives of "energy saving and carbon reduction" are "the related carbon emissions cost accounted for the proportion of operating revenue (not more than 0.75%)", "related carbon emissions cost accounted for the proportion of costs and expenses (not more than 0.85%)" and "the related carbon emissions cost accounted for the proportion of operating net profit (not more than 3.85%)". In 2015, 2016, 2017 and 2018, the above three assessment objectives for energy conservation and carbon reduction have been achieved.

#### **Low-Carbon Products**

Provide details of products and/or services that classify as low carbon products or that enable a third party to avoid GHG emissions. May provide information on either low carbon products, avoided emission products or both, depending on the relevance of the product types to business.

☐ Not applicable. Given the nature of our products, services and/or business model, this question is not applicable to Voltronic Power.

The main reason is that Voltronic Power is a global professional ODM/OEM manufacturer of Uninterruptible Power System and Inverters. The products produced are not only low-carbon products or avoided emission products, but also to further enable product users to save energy and reduce carbon emission. Among them, PV Inverters and on-line UPSs have significant energy saving and carbon reduction efficiency.

In 2016 , 2017 and 2018,the sales volume of Voltronic Power provides customers with carbon emission reduction statistics as follows:

**PV Inverter**

year	Sales Units	Annual power generation/per unit	Total power generation	Each kilowatt-hour corresponds to CO <sub>2</sub> (kg)	Reduction of carbon emissions (metric tons)
2016	101,128	4496	454,671,488	0.28307	128,704
2017	168,280	4496	756,586,880	0.28307	214,167
2018	168,859	4496	759,190,064	0.28307	214,904

**UPS**

2016 year				
	Item	Sales Units	Carbon reduction per unit - metric tons	Total carbon reduction - metric tons
On Line	< 5K	358,519	0.168.	60,231
	6-10K	50,716	0.672	34,081
	11-20K	7,973	1.47	11,720
	>20K	4,214	4.20	17,699
Total				123,731
2017 year				
	Item	Sales Units	Carbon reduction per unit - metric tons	Total carbon reduction - metric tons
	< 5K	467,366	0.168.	78,517
	6-10K	67,411	0.672	45,300



On Line	11-20K	10,335	1.47	15,192
	>20K	7,074	4.20	29,711
Total				168,721
2018 year				
	Item	Sales Units	Carbon reduction per unit - metric tons	Total carbon reduction - metric tons
On Line	< 5K	467,366	0.168	100,172
	6-10K	67,411	0.672	54,456
	11-20K	10,335	1.47	18,557
	>20K	7,074	4.20	32,117
Total				205,303

In 2016, 2017 and 2018, Voltronic Power provides customers with 252,435 and 382,888 tonnes and 420,207 tonnes of carbon emission reduction respectively. According to the calculation method of the Energy Bureau of the Ministry of Economy Taiwan, Taiwan's forestry phase can absorb about 20.2 tonnes of Co<sub>2</sub> per hectare per year. Therefore, Voltronic Power's sales volume, providing customers with carbon emission reduction converted into forestry phase are 12,497 hectares (planting 2000 trees per hectare is calculated to be 24,994 thousand trees.) in 2016, 18,955 hectares (planting 2000 trees per hectare is calculated to be 37,910 thousand trees.) in 2017, and 20,802 hectares (planting 2000 trees per hectare is calculated to be 41,605 thousand trees.) in 2018.

#### **201-3 Defined benefit plan obligations and other retirement plans**

- a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.
- b. If a separate fund exists to pay the plan's pension liabilities:
  - i . the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;
  - ii . the basis on which that estimate has been arrived at;
  - iii . when that estimate was made.
- c. If a fund set up to pay the plan's pension liabilities is not fully covered,

explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.

d. Percentage of salary contributed by employee or employer.

e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.

Voltronic Power's pension plans for employees all are defined contribution, subject to the applicable laws and regulations, regularly contribute, so there is no undefined benefit obligation or retirement plan liabilities.

#### **201-4 Financial assistance received from government**

a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:

- i . tax relief and tax credits;
- ii . subsidies;
- iii. investment grants, research and development grants, and other relevant types of grant;
- iv. awards;
- v. royalty holidays;
- vi. financial assistance from Export Credit Agencies (ECAs);
- vii. financial incentives;
- viii. other financial benefits received or receivable from any government for any operation.

b. The information in 201-4-a by country.

c. Whether, and the extent to which, any government is present in the shareholding structure.

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



## **GRI 202 : Market Presence**

### **1. Management approach disclosures**

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.

### **2. Topic-specific disclosures**

#### **202-1 Ratios of standard entry level wage by gender compared to local minimum wage**

- a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.
- b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.
- c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.
- d. The definition used for '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.

**202-2 Proportion of senior management hired from the local community**

- a. Percentage of senior management at significant locations of operation that are hired from the local community.
- b. The definition used for 'senior management'.
- c. The organization's geographical definition of 'local'.
- d. The definition used for '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	2016	2017	2018
Taiwan Region	100%	100%	100%
China Region	84%	86%	86%

## **GRI 203 : Indirect Economic Impacts**

### **1. Management approach disclosures**

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.

### **2. Topic-specific disclosure**

**203-1 Infrastructure investments and services supported : nil**

**203-2 Significant indirect economic impacts : nil**

## **GRI 204 : Procurement Practices**

### **1. Management approach disclosures**

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.

### **2. Topic-specific disclosures**

#### **204-1 Proportion of spending on local suppliers**

- a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).
- b. The organization's geographical definition of 'local'.
- c. The definition used for '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	2016	2017	2018
Taiwan Region	100%	100%	100%
China Region	84%	84%	80%



## **GRI 205 : Anti-corruption**

### **1. Management approach disclosures**

#### **Codes of Conduct**

Which of the following aspects are covered by codes of conduct at a group level (including subsidiaries)?

- ☐ Yes, group-wide codes of conduct are publicly available and specifically include the following:
- ☐ Corruption and bribery ( details of this section GRI 205: Anti-corruption )
  - ☐ Discrimination ( details of GRI 406: Non-discrimination )
  - ☐ Confidentiality of information ( details of GRI 418 : Customer Privacy )
  - ☐ Conflicts of interest ( details of this section GRI 205: Anti-corruption )
  - ☐ Antitrust/anti-competitive practices ( details of GRI 206 : Anti-competitive Behavior )
  - ☐ Money-laundering and/or insider trading/dealing ( details of this section GRI 205: Anti-corruption )
  - ☐ Environment, health and safety ( details of GRI 403 : Occupational Health and Safety )
  - ☐ Whistleblowing ( details of this section GRI 205: Anti-corruption )

#### **Coverage**

Complete the following table related to coverage of codes of conduct, and whether or not written acknowledgement has been obtained and training has been provided in the past three years:

% relative to total number of :	Coverage	Written Acknowledgement	Training Provided
Employees	100%	100%	100%
Contractors / Suppliers / Service Providers	100%	80%	—
Subsidiaries	100%	100%	—

<b>Joint ventures</b> (including stakes above 10%) <input type="checkbox"/> <b>Not applicable.</b> <b>Does not have any</b> <b>joint ventures.</b>			
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### **Systems/Procedures**

What mechanisms are in place to assure effective implementation of company's codes of conduct (e.g. compliance system)?

- ☐ Responsibilities, accountabilities and reporting lines are systemically defined in all divisions and group companies
- ☐ Dedicated help desks, focal points, ombudsman, hotlines
- ☐ Compliance linked to employee remuneration
- ☐ Employee performance appraisal systems integrates compliance/codes of conduct
- ☐ Disciplinary actions in case of breach, i.e. warning, dismissal, zero tolerance policy
- ☐ Compliance system is certified/audited/verified by third party, specify: Voltronic Powe's compliance system of Codes of Conduct is verified by Hengseng Sustainable Development Consulting Company.

### **Reporting on breaches**

Does company publicly report on breaches (e.g. number of breaches, cases etc.)

- ☐ Voltronic Power publicly reports that no breaches have occurred during the most recent reporting cycle

### **Employment Ethics Norm**

Voltronic Power expect all employees shall have 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 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 was denounced of 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 retaliation or treatment.

#### **Avoiding conflicts of interest**

Employees shall avoid any conflict or possible influence between personal interests and the company interests. Therefore, when employees was mad aware of 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 direct business competition against Voltronic Power; anything that might interfere with employees or 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**

##### **Corruption & Bribery**

Which of the following aspects are covered by the anti-corruption and bribery policy at a group level (including subsidiaries)?

- ☐ Yes, group-wide anti-corruption and bribery policy is publicly available and specifically includes the following:
  - ☐ Bribes in any form (including kickbacks) on any portion of contract payments or soft dollar practices
  - ☐ Direct or indirect political contributions : Voltronic Power has never made direct or indirect political contributions.
- ☐ Charitable contributions and sponsorship : Voltronic Power does not make charitable donations and sponsorship in the name of enterprises.

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 high 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](mailto:voltronic@voltronic.com.tw)**

**General Manager Office: Chen Yi-Ju**

**Email: [yvonne@voltronic.com.tw](mailto:yvonne@voltronic.com.tw)**

**Telephone: +886 227918296 ext 118**

**China Region**

**Vise General Manager: Jin Zhi-Xin**

**Email: [investor@voltronic.com.tw](mailto: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.

**Money Laundering Control**

**Taiwan Regulations**

- 1, The crime of money laundering is committed by any person who :
- i knowingly disguises or conceals the origin of the proceeds of specified unlawful activity, or transfers or converts the proceeds of specified unlawful activity to help others avoid criminal prosecution;
  - ii disguises or conceals the true nature, source, the movement, the location, the ownership, and the disposition or other rights of the proceeds of specified unlawful activity; or
  - iii accepts, obtains, possesses or uses the proceeds of specified unlawful activity committed by others.
- 2, Anyone involved in prescribed money laundering activities shall be sentenced to imprisonment of not more than seven years; in addition, a fine of not more than NT\$ 5 million shall be imposed.
- An attempt to commit an offense specified in the preceding paragraph is punishable.
- In circumstance prescribed in the preceding two paragraphs, the penalty may not

exceed the maximum punishment administered for the specified unlawful activity.

3, In the event of the following circumstances, if anyone accepts, possesses, or uses the property or the benefits of the property without a reasonable account of the origin of such assets, and if his or her income is obviously disproportionate to the size of such assets, an imprisonment of not less than six months and not more than five years shall be imposed, and a fine of not more than NT\$ 5 million may also be imposed:

- i Opening accounts at financial institutions in other people's names or under a false name.
- ii Getting hold of accounts opened by others at financial institutions, via improper means.
- iii. Avoiding described anti-money laundering procedures.

An attempt to commit an offense specified in the preceding paragraph is punishable.

4, When a representative, agent, employee or other employed personnel of a legal person commits an offence specified in the preceding two Articles when performing his or her duties of business, the offender shall be punished and the legal person shall be also charged with a fine in accordance with the provisions of the respective applicable article.

For offenders of the preceding two Articles who confess during the investigation or trial, the punishment shall be reduced.

The offences shall apply when citizens of the Republic of China commit such offences outside the territory of the Republic of China.

The offense does not require the act or the result of specified unlawful activity to be undertaken or take place within the territory of the Republic of China, unless the specified unlawful activity is not punishable by the law of the place of the act.

#### China Regulations

Whoever, while clearly knowing that the funds are proceeds illegally obtained from drug-related crimes or from crimes committed by mafias or smugglers and gains derived therefrom, commits any of the following acts in order to cover up or conceal the source or nature of the funds shall, in addition to being confiscated of the said proceeds and gains, be sentenced to fixed-term imprisonment of not more than five years or criminal detention and shall also, or shall only, be fined not less than five percent but not more than 20 percent of the amount of money laundered; if the circumstances are serious, he shall be sentenced to fixed-term imprisonment of not less than five but not more than 10 years and shall also be fined not less than five percent but not more than 20 percent of the amount of money laundered:

- (1) providing fund accounts;
- (2) helping exchange property into cash or any financial negotiable instruments;
- (3) helping transfer capital through transferring accounts or any other form of settlement;
- (4) helping remit funds to any other country; or
- (5) covering up or concealing by any other means the nature or source of the illegally obtained proceeds and the gains derived therefrom.

Where a unit commits any of the crimes mentioned in the preceding paragraph, it shall be fined, and the persons who are directly in charge and the other persons who are directly responsible for the crime shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention.

#### **Administrative Measures for Preventing Insider Trading**

##### **One, Setting Purpose**

In order to avoid the company or insiders from violating the relevant regulations of insider trading by mistake or intentionally because they are not familiar with the laws and regulations, resulting in the company or insider litigations and harmful to reputation, the administrative measures are formulated to prevent insider trading, protect investors and safeguard the rights and interests of the company.

## **Two, Scope**

The company's prevention of insider trading shall apply to the provisions of the administrative measures, but where other laws provide otherwise, such provisions shall prevail.

## **Three, Authority**

- I, The Audit Office of the Company shall be responsible for the formulation and maintenance of the administrative measures.**
- II, The spokesman of the company is responsible for publishing the company's material information to the outside world.**

## **Four, Definition**

### **I, Insiders :**

The company's directors, natural persons who are designated to exercise powers as representative by the juristic person shareholders that be elected as directors, managerial officers (Chief Executive Officer, Vice General Managers, Senior Managers, Chief Financial Officer, Chief Accounting Officer, Other persons who have the right to manage business and sign for the company) ,and shareholders holding more than ten percent of the shares of the company.

Those include the upper insiders' spouses, minor children and those held under the names of other parties.

The same shall apply with respect to those who have lost the upper first or second identity for a period of less than a full six months.

### **II , Normative objects of insider trading :**

They include former insiders, those who have learned the information by reason of occupational or controlling relationship (the same shall apply with respect to those who have lost the identity for a period of less than a full six months.), and those who have learned the information from insiders or from those who have learned the information by reason of occupational or controlling relationship.

## **Five, Assignment Content**

**I, Insider Trading:**

According to the regulations of Securities and Exchange Law Article 157-1, upon actually knowing of any information that will have a material impact on the price of the securities of the issuing company, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the the normative objects of insider trading shall not purchase or sell, in the person's own name or in the name of another, shares of the company that are listed on an exchange or any other equity-type security of the company, those who violate the regulations shall constitute insider trading.

II, The phrase "information that will have a material impact on the price of the securities" shall mean information relating to the finances or businesses of the company, or the supply and demand of such securities on the market, or tender offer of such securities, the specific content of which will have a material impact on the price of the securities, or will have a material impact on the investment decision of a reasonably prudent investor.

III, The date of existence of the information shall be the date of the fact, agreement, contract signature, payment, request, execution of transaction, transfer of title, resolution of the audit committee or board of directors, or other precise date based on concrete evidence, whichever comes first.

IV, For the purposes of information relating to the finances or businesses of a company that would have a material impact on its stock price or on the investment decisions of a reasonably prudent investor, public disclosure of information means company enters such information into the Market Observation Post System.

For the purposes of information relating to the market supply and demand of such securities that would have a material impact on its stock price or on the investment decisions of a reasonably prudent investor, public disclosure of information means any of the following:

- i ,The company enters such information into the Market Observation Post System.



**ii, The Taiwan Stock Exchange Corporation publicly announces the information on the Market Information System website.**

**iii Coverage of the information by two or more daily national newspapers on non-local news pages, national television news, or electronic newspapers issued by any the aforesaid media.**

**In the case of information publicly disclosed under iii of the preceding paragraph, the period of 18 hours shall begin with the later of the time of delivery of the newspaper, first broadcasting of the television news, or posting of the news on the electronic website, as the case may be.**

**The time of delivery of a newspaper referred to in the preceding paragraph means 6 a.m. for morning newspapers and 3 p.m. for evening newspapers.**

**V, A person who has committed the prohibition of insider trading stipulated in Securities and Exchange Act Article 157-1 offense shall be punished with imprisonment for not less than three years and not more than ten years, and in addition thereto, a fine of not less than NT\$10 million and not more than NT\$200 million may be imposed.**

**Where the value of property or property interests gained by the commission of offense is NT\$100 million or more, a sentence of imprisonment for not less than seven years shall be imposed, and in addition thereto a fine of not less than NT\$25 million and not more than NT\$500 million may be imposed.**

**VI, The directors, managerial officers and employees of the Company shall have the loyalty and shall exercise the due care of good administrator and good faith in conducting the business operation of the company, and sign confidentiality agreements.**

**Directors, managerial officers and employees who are aware of the company's internal material information shall not disclose the internal material information they know to others, and shall comply with the provisions of Securities and Exchange Law 157—1.**

**The directors, managerial officers and employees of the Company shall not seek or collect any Company's undisclosed material internal information that not related to their personal positions from those who know the material information, nor shall they disclose to others about any Company's undisclosed**

material internal information that who have learned not due to the execution of their business.

VII, The Company shall educate and publicize the directors, managers and employees about the Administrative Measures and relevant laws. Educational advocacy should be provided to new directors, managers and employees in a timely manner.

## **2. Topic-specific disclosures**

### **205-1 Operations assessed for risks related to corruption**

- a. Total number and percentage of operations assessed for risks related to corruption.
- b. Significant risks related to corruption identified through the risk assessment.

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

### **205-2 Communication and training about anti-corruption policies and procedures**

- a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.
- b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.
- c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.
- d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.

- e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.

Voltronic Power's communication and training about anti-corruption policies and procedures are as the management approach disclosures reveal.

**205-3 Confirmed incidents of corruption and actions taken : nil**

**Corruption & Bribery Cases**

Indicate the number of substantiated cases of corruption and bribery in the last four fiscal years as well as the number of ongoing external investigations by local or international authorities. For past cases, if did not incur any fines and settlements in a given year, please enter a value of "0." For ongoing cases, if do not have any ongoing external investigation, please select the appropriate "no" option.

**Past Cases**

Did company have any confirmed cases of corruption and bribery in the past four fiscal years?

☐ No, the company did not have confirmed cases of corruption & bribery during the past four fiscal years.

**Ongoing cases**

Is company currently involved in any ongoing external investigations related to corruption & bribery?

☐ No, the company is not currently involved in any ongoing corruption & bribery cases.

## **GRI 206 : Anti-competitive Behavior**

### **1. Management approach disclosures**

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. Do not do self-brand, do not compete with customers, so that there will be no anti-competitive behavior, nor anti-trust, and monopoly behavior.

### **2. Topic-specific disclosures**

**206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices** : nil

#### **Anti-Competitive Practices**

Indicate the amount of fines and settlements (excluding legal fees) incurred in the last four fiscal years related to anti-trust/ anti-competitive practices and the number of currently pending investigations against company. For past cases, if did not incur any fines in a given year, please enter a value of "0." If do not have any ongoing cases, select the appropriate "no" option.

#### ☐ Past Cases

Did company incur any fines or settlements related to anti-competitive business practices in the past four fiscal years?

☐ No, Voltronic Power did not incur any fines or settlements related to anti-competitive practices in the past four fiscal years.

#### ☐ Ongoing Cases and Contingent Liabilities

Is company currently involved in any ongoing investigations related to anti-competitive practices?

☐ No, Voltronic Power is not involved in any ongoing investigations related to anti-competitive practices.

## **GRI 301 : Materials**

### **1. Management approach disclosures**

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.

#### **Environmental Reporting - Coverage**

Is the coverage of company's publicly available environmental reporting clearly indicated in the report or in the online domain?

☐ Select the coverage of the company's publicly available environmental indicators from the dropdown list below (select ONLY if the coverage is the same for all environmental indicators company reports on):

- ☐ >75% of revenues OR >75% of business operations
- ☐ 50-75% of revenues OR 50-75% of business operations
- ☐ 25-50% of revenues OR 25-50% of business operations
- ☐ <25% of revenues OR <25% of business operations

#### **Environmental Reporting - Assurance**

Indicate below what type of external assurance company has received in relation to your company's environmental reporting.

- ☐ ☐ The assurance statement is based on a recognized international or national standard (e.g. AA1000AS, ISAE 3000).

The independent assurance statement witch issued by an external assurance specialist for the content of Voltronic Power's environmental report for 2018 , is based on AA1000AS standard.

### **Environmental Reporting - Quantitative Data**

Indicate below the extent to which company reports on environmental Key Performance Indicators (KPIs) in the public domain and provide the targets linked to these indicators. If available, select KPIs with at least three years of history, well defined targets and clear reporting on progress towards these targets.

	Specify the KPI	Specify the Target that is linked to the KPI
KPI1	KPI : Continuous sales of high energy-saving carbon reduction products to assist users in energy-saving carbon reduction.	Target: Assist users of high energy-saving and carbon-reducing products with energy-saving and carbon-reducing benefits that at least equal to plant twenty-five million trees annually. Target year: Annually Ongoing
KPI 2	KPI : The greenhouse gas emission of Voltronic Power, there are no Direct (Scope 1) GHG emissions, while Indirect (Scope 2) GHG emissions only are carbon emission ( CO <sub>2</sub> ) from the outsourcing electricity which needed for the company operation. Therefore, controlling the financial benefits of electricity expenditure ( carbon emissions cost ) .	Target: 1, the "related carbon emissions cost accounted for the proportion of operating revenue" should not more than 0.75% ; 2, the "related carbon emissions cost accounted for the proportion of costs and expenses" should not more than 0.85% ; 3, the "related carbon emissions cost accounted for the proportion of operating net profit" should not more than 3.85% . Target year: Annually Ongoing
KPI 3	KPI : Ensure that all products in the supply chain are green products.	Target: Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances ( RoHS ) directive

		<p>and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern. Continue to achieve 100% non-use of conflict mineral raw materials. Target year: Annually Ongoing</p>
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### **Coverage of Corporate Requirements/Guidelines**

Is company's environmental management policy publicly available? If so, indicate which of the following options are covered by the policy and indicate and provide supporting evidence of where this is clearly stated in the public domain. All chosen options should be clearly defined in the publicly available policy (i.e. formal policies and not different sections of a report or case study).

#### **Environmental Management Policy of Voltronic Power**

- ☐ Production operations and business facilities
- ☐ Products and services
- ☐ Distribution and logistics
- ☐ Management of waste

Voltronic Power pays attention to and supports environmental protection. In terms of production, operations and business facilities, products and services, distribution and logistics, and management of waste. It has established its Environmental Management System in accordance with ISO 9001, GB/T24001, GB/T28001 and other standards. With the goals of “Obey Local Regulations, Prevent Pollution, and Protect Environment”, the Group is committed to : environmental factors such as waste water/exhaust gas/noise generated in production and their discharge shall comply with national and local laws, regulations and other requirements ; strengthen the management of resources and energy, actively promote energy conservation, consumption reduction and

resource recovery activities ; pollution prevention and reduction management of toxic, harmful and dangerous waste discharge ; Receive regular occupational health check-ups from the competent authorities on employees who may suffer from occupational diseases caused by the environment, and arrange follow-up treatment ; regular inspection of operation control, audit and review of Environmental Management System to ensure continuous improvement ; implement all staff's propaganda and training to enhance all staff's environmental awareness.

In the above environmental management system, Voltronic Power has received the Quality Management System Certificate from professional certification body, has received the Environmental Management System Certificate from professional certification body, and has received the Certificate of Conformity of Occupational Health and Safety Management System Certificate from professional certification body ; To have Quality and Environment Manual, Environmental Management and Material Management Standards, and to receive regular occupational health check-ups from the competent authorities on employees who may suffer from occupational diseases caused by the environment.

#### ☐ Suppliers, service providers and contractors

### **Corporate Social Responsibility Management Agreement for Suppliers of Voltronic Power**

#### **1, Purpose**

Concern about corporate social responsibility has become an increasingly important issue. Voltronic Power will take social responsibility as our goal, implement social responsibility procurement, ensure that suppliers produce products or provide services in a socially responsible manner, and promote the sustainable development of the industrial chain and the sustainable operation of the company.

Through this agreement, we will clarify the CSR management requirements of



Voltronic Power for suppliers, encourage suppliers to implement relevant management, and effectively control risks.

## **2, definition**

**CSR** : Corporate Social Responsibility, corporate social responsibility includes environmental protection, health and safety, labor rights and interests, business ethics and other requirements.

**Children** : Anyone under the age of fifteen. If the minimum working age or compulsory education age prescribed by local law is higher than 15 years old, the higher age shall prevail. If the local law stipulates that the minimum working age is 14 years old and complies with the exceptions of ILO Convention 138 concerning developing countries, the lower age shall prevail. Chinese regulations stipulate that the age of child labor is less than 16 years old.

**Child Labor**: Any work performed by a child below the age specified in the above definition of a child, unless it complies with the provisions of ILO Recommendation No. 146.

**Young Worker**: Any worker who is older than the child defined above but not older than eighteen years of age. According to Chinese regulations, workers over 16 years old but fewer than 18 years old are defined.

## **3, Management Requirements**

**3.1 Labor Requirements**: The supplier shall implement the requirements of social responsibility management in accordance with SA8000 international standards for social responsibility.

### **3.1.1 Human rights**

The supplier shall respect internationally recognized human rights standards and shall not participate in or support any human rights violations. Everyone's dignity, privacy and rights should be respected.

### **3.1.2 Prohibition of child labor**

The supplier shall not use or support the use of child labor in accordance

with the above definition (under the age of 16), and effective measures shall be taken to avoid misrecruitment of child labor.

The supplier shall establish and maintain remedial procedures for child labor in accordance with national laws and effectively communicate them to all employees. Once the use of child labor is found, the supplier shall support child labor to receive school education until they are older than the age of child.

#### **3.1.3 Forced or compulsory labor**

The supplier shall not use prison labor, debt-paying labor, forced labor or other forms of involuntary labor, shall not use prisons or similar institutions as suppliers or subcontractors, and shall not require employees to pay "deposits" or surrender identity documents when they are employed.

The supplier shall not withhold part of the wages, benefits, property or certificates of the workers in order to force them to work continuously.

Supplier employees have the right to leave the workplace after completing the standard working hours.

#### **3.1.4 Working hours and rest**

The supplier shall abide by the applicable laws and industry standards concerning working hours and rest.

The supplier shall keep accurate working hour's records regardless of the timing, piece-counting or comprehensive working hours approved by local laws and regulations.

The supplier should establish an effective overtime control mechanism to ensure that employees' overtime is voluntary and that employees' physical and mental health is ensured.

#### **3.1.5 Basic wage guarantee and social insurance**

The wage paid by the supplier shall meet the minimum wage standard

stipulated by the local government and provide the basic welfare stipulated by the national law.

The supplier shall pay overtime wages as required by law.

When employing an employee, the supplier shall specify in advance the working conditions, wages and salaries, and the period of payment of wages in an easy-to-understand written form. The deduction of wages should not be used as a punishment. Any deduction should be notified to the employees in advance and made clear to them.

Wage payment time shall be operated in accordance with local government regulations and no arrears or delays shall be allowed.

The supplier shall provide social insurance for employees, including industrial injury insurance, and pay corresponding insurance premiums according to law.

#### **3.1.6 Establish a system to protect employees 'rights and interests**

The supplier shall establish rules and regulations to protect the rights and interests of employees according to law, including working hours, rest and vacation, wage payment, labor discipline, dismissal and other matters, and publicize these systems through appropriate means so that employees can access them at any time.

The supplier should establish a system of labor safety and health, strictly implement local regulations and standards of labor safety and health, carry out labor safety and health education, prevent accidents in the process of labor and reduce occupational hazards.

#### **3.1.7 Labor contract**

The supplier shall sign a labor contract with the employees. The conclusion and change of the labor contract shall follow the principle of equality, voluntariness and consensus through consultation, and shall not violate the provisions of laws and administrative regulations.

The supplier shall terminate the employee's labor contract in accordance with the law, and notify and compensate the parties in advance in accordance with the law.

### **3.1.8 Protection of young workers and female workers**

The supplier may employ young workers as required, but shall provide labor protection in accordance with regulations, including but not limited to : Young workers shall not be allowed to work in toxic and harmful positions; young workers shall not be allowed to work in night shifts, etc.

Women enjoy equal employment opportunities with men except for locally prescribed jobs or posts that are not suitable for women.

The supplier shall prohibit the arrangement of female workers to engage in taboo labor prescribed by the local government, and prohibit the arrangement of female workers to engage in high, low temperature, cold water work and other taboo labor prescribed by local laws during menstruation or pregnancy.

The supplier shall prohibit the arrangement of female workers to engage in local taboo work, extended working hours or night shift work while breastfeeding babies less than one year of age.

### **3.1.9 Disciplinary Measures**

The supplier shall give dignity and respect to all personnel. It shall not engage in or support corporal punishment, mental or physical coercion, and verbal insult or treat employees in a crude and inhuman manner.

### **3.1.10 no discrimination system and behavior**

In matters involving employment, remuneration, training opportunities, promotion, dismissal or retirement, the supplier shall not engage in or support discriminatory systems and acts based on race, nationality, religion, physical disability, gender, marital status, political affiliation or age.

**The supplier should respect employees of different races and religions and provide necessary conveniences and conditions in customs.**

**The supplier shall not permit any threat, abuse, exploitation or coercive sexual harassment, including gesture, language and physical contact, in the workplace, in the shelter provided or managed by the supplier or in other places.**

**Under no circumstances shall the supplier require the employee to undergo pregnancy or virginity tests.**

#### **3.1.11 respect for employees' right to freedom of association and equal consultation**

**The supplier should have organizations that can represent and safeguard the legitimate rights and interests of employees and can carry out activities independently according to law (e.g. trade unions, workers 'representatives, employee relationship management).**

**Employees have the right to participate in democratic management and equal consultation through staff congresses, staff representatives or other forms in accordance with the law.**

**The supplier shall ensure that the employees and workers 'representatives participating in the workers' organizations will not be discriminated against, harassed, coerced or retaliated on the basis of the trade union members or their participation in trade union activities, and that the employees 'representatives may maintain contact with the employees they represent at the workplace.**

### **3.2 Health and Safety Requirements**

**The suppliers shall refer to the requirements of OHSAS 18001 standards to implement occupational health management.**

**The supplier should provide a safe and healthy working environment, pay attention to industry safety knowledge and specific safety risks. Through**

**practical measures to reduce the hidden safety hazards in the working process and environment, take adequate measures to prevent accidents or personal injury.**

**Employees should receive appropriate and adequate health and safety training so that they can fully recognize the risk factors associated with the work process and work environment and how to minimize the risk.**

**The supplier shall regularly detect, prevent and deal with factors that may endanger the occupational health and safety of employees.**

**The supplier shall provide labor protection articles in accordance with local regulations, conduct regular health checks for employees engaged in occupational hazards operations, conduct specialized training for employees engaged in special operations and require qualifications for special operations.**

**The supplier shall provide clean and hygienic toilet facilities, drinking water and, if necessary, food storage facilities.**

**If the supplier provides accommodation for the employees, the facilities should be clean and meet the basic needs of the employees.**

**If the supplier provides the staff canteen, it needs to ensure the canteen environment and food hygiene and safety according to relevant regulations.**

**The supplier shall regularly provide employees with effective health and safety instructions, including on-site instructions, warning signs, and (if necessary) specific work instructions.**

**If an employee is injured at work, the supplier shall provide first aid and assist the worker in obtaining follow-up treatment.**

**All personnel shall have the right to leave the imminent serious danger, even without the permission of the supplier.**

**The supplier should identify and assess possible emergencies and accidents, and minimize the impact by implementing emergency plans, including emergency reports, staff evacuation, training and drills, fire alarms and fire extinguishing**

devices, safety exits and recovery plans.

The supplier should establish the process of investigation, analysis and statistics of work-related injuries to reduce the incidence of accidents and work-related injuries.

### **3.3 Environmental Protection**

#### **3.3.1 Pollution control**

**Establishment of environmental system :** The suppliers should establish and implement environmental management system according to the requirements of ISO14001 standard.

**Environmental licensing and reporting :** The supplier shall obtain the environmental license, approval document and registration certificate required by the applicable laws and regulations, and update them in time, as well as comply with the operation and reporting requirements of the license.

**Hazardous substances:** Suppliers should identify and control hazardous chemicals and other substances released into the environment to ensure their safe handling, transportation, storage, recovery or reuse and disposal.

**Wastewater and solid wastes:** Wastewater and hazardous wastes produced in the process of production and operation of the supplier shall be classified, monitored, controlled and treated according to requirements before discharge or disposal.

**Air emissions:** Volatile organic chemicals, aerosols, particulates, ozone chemical consumables and combustion by-products produced by the supplier in the course of operation should be identified, monitored, controlled and handled as required before discharge.

#### **3.3.2 Energy conservation and emission reduction**

The supplier should reduce and eliminate all types of consumption

(including water, electricity, natural gas, etc.) from the source or through practice (such as improving production, maintaining facility technology, replacing materials, saving natural resources, material recycling and reuse).

The supplier should continuously introduce new technologies, new products and new management in energy saving, material saving and land saving.

Suppliers should increase the proportion of green energy and new energy, reduce greenhouse gas emissions and achieve a low-carbon economy.

The supplier should improve the energy efficiency of equipment, reduce energy consumption of products, promote dynamic energy saving and reduce energy consumption of travel and transportation.

The supplier should promote packaging standardization and realize visual green packaging and logistics.

### **3.3.3 Environmental Protection of Products**

The supplier shall abide by all applicable laws, regulations and customer requirements concerning the prohibition or restriction of specific substances, including markings relating to regeneration and disposal.

All products should meet environmental protection directives such as RoHS, REACH, green packaging and environmental protection regulations of target market countries and regions.

Lead-free and low toxicity control should be implemented in all product production to meet the requirements of relevant regulations on chemical management and control of toxic and harmful substances.

The supplier should implement green purchasing, and the materials provided by the supplier should be inspected or managed for environmental protection.

## **3.4 Business Ethics Requirements**



**Business integrity :** All business activities of the supplier should abide by the standards of integrity and prohibit any form of embezzlement, extortion, embezzlement of public funds, money laundering and other acts, in order to avoid being ordered to suspend business or subject to legal sanctions by the government.

**No unfair interest:** The supplier shall not provide or accept bribes or other forms of unfair gains, including inappropriate gifts.

**Information disclosure:** The supplier discloses information on business activities, organizational structure, financial situation and performance in accordance with applicable regulations and major industry practices.

**Intelligent property rights:** The supplier should respect and protect the intellectual property rights and the transfer of technology and production experience should properly protect the intellectual property rights.

**Fair trade, advertising and competition:** The supplier should establish a fair trade, advertising and competition system, and take measures to protect customer information.

**Identity information protection:** The supplier shall protect the supplier and its employees 'whistleblowers and ensure the confidentiality of their identities.

**Community participation:** Encourage participation in community activities to promote social and economic development.

☐ Yes, Voltronic Power's environmental management policy is publicly available and includes the following items:

- ☐ Production operations and business facilities
- ☐ Products and services
- ☐ Distribution and logistics
- ☐ Management of waste
- ☐ Suppliers, service providers and contractors

**EMS: Certification/Audit/Verification**

Indicate how the Environmental Management System (EMS) is certified / audited / verified and indicate the coverage of this verification for the selected standard.

☐ Our Environmental Management System (EMS) is certified / audited / verified.

Indicate what the coverage figures below are based on (e.g. % of operations, revenues, employees, etc.):

Certification / Audit / Verification	Description	Coverage (% of sales amount)
Our EMS is verified through international standards (e.g. ISO 14001, JIS Q 14001, EMAS certification)	Specify and attach relevant examples of certification documents:  The verified international standards and relevant certification documents, are such as annexes.	100%
Third party certification / audit / verification by specialized companies	Specify and attach relevant examples of certification documents:	—
Internal certification /audit / verification by company's own specialists from headquarters	Specify	—
Total (should not exceed 100%)		100%



**UNIVERSAL CERTIFICATION CENTRE CO., LTD.  
QUALITY MANAGEMENT SYSTEM CERTIFICATE**

No.: UKQ1803012R3

This is to certify that the quality system of

**VOLTRONIC POWER TECHNOLOGY (SHENZHEN) CORP.**

(UNIFIED SOCIAL CREDIT CODE: 91440300676691745X )

(REGISTERED/PRODUCTION ADD: 1-5F BUILDING 5, 1F BUILDING 7, 1F-A BUILDING 9, YUSHENG INDUSTRIAL PARK, NO.467,  
SECTION XIXIANG, NATIONAL HIGHWAY 107, XIXIANG, BAO AN DISTRICT, SHENZHEN, P. R. CHINA ZIP: 518126)

(COMMUNICATION ADD: 4F BUILDING 5, YUSHENG INDUSTRIAL PARK, NO.467, SECTION XIXIANG, NATIONAL HIGHWAY 107,  
XIXIANG, BAO AN DISTRICT, SHENZHEN, P. R. CHINA ZIP: 518126)

s in conformity with:

**ISO9001:2015**

This system is valid to:

**\*DESIGN, MANUFACTURE AND SERVICE OF UNINTERRUPTIBLE  
POWER SUPPLY, SWITCHING POWER SUPPLY AND INVERTER  
POWER PRODUCT (EXPORT)\***

Initial Certification date: 04-15-2009

Issue date: 03-14-2018

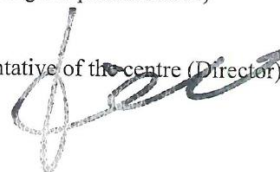
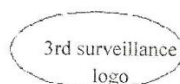
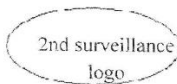
This Certificate is validity until: 03-13-2021

(The surveillance audits shall be performed in a yearly manner during the validation. The continual effectiveness of  
the certificate shall be marked by the surveillance qualification logo as pasted below.)

Organization stamp



Representative of the centre (Director):

241



**UNIVERSAL CERTIFICATION CENTRE CO., LTD.  
ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE**

No.: 02418E31010277R3M

This is to certify that the environmental system of

**VOLTRONIC POWER TECHNOLOGY (SHENZHEN) CORP.**

(UNIFIED SOCIAL CREDIT CODE: 91440300676691745X )

(REGISTERED/PRODUCTION ADD: 1-5F BUILDING 5, 1F BUILDING 7, 1F-A BUILDING 9, YUSHENG INDUSTRIAL PARK, NO.467,

SECTION XIXIANG, NATIONAL HIGHWAY 107, XIXIANG, BAO AN DISTRICT, SHENZHEN, P. R. CHINA ZIP: 518126)

(COMMUNICATION ADD: 4F BUILDING 5, YUSHENG INDUSTRIAL PARK, NO.467, SECTION XIXIANG, NATIONAL HIGHWAY 107,

XIXIANG, BAO AN DISTRICT, SHENZHEN, P. R. CHINA ZIP: 518126)

is in conformity with:

is in conformity with:

**GB/T24001-2016/ISO14001:2015**

This system is valid to:

**\*THE DESIGN, MANUFACTURE, SERVICE AND RELATED  
MANAGEMENT BUSINESS OF UNINTERRUPTIBLE POWER SUPPLY,  
SWITCHING POWER SUPPLY AND INVERTER  
POWER PRODUCT (EXPORT)\***

Initial Certification date: 04-15-2009

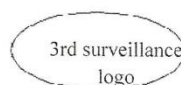
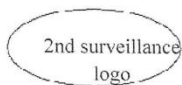
Issue date: 03-14-2018

This Certificate is validity until: 03-13-2021

(The surveillance audits shall be performed in a yearly manner during the validation. The continual effectiveness of the certificate shall be marked by the surveillance qualification logo as pasted below.)

Organization stamp:

Representative of the centre (Director):



中国认可  
国际互认  
管理体系  
**MANAGEMENT SYSTEM  
CNAS C024-M**

The most recent information and status of the certificate are available from the UCC website([www.ucccert.com](http://www.ucccert.com)) or CNCA website([www.cnca.gov.cn](http://www.cnca.gov.cn))  
UCC telephone number: (+86 755)83355888 Address: 6/F,Yuhe Building,Qiaoxiang Road,Shenzhen,P.R.China

WeChat account:





UNIVERSAL CERTIFICATION CENTRE CO., LTD.  
CERTIFICATE OF CONFORMITY OF OCCUPATIONAL HEALTH AND  
SAFETY MANAGEMENT SYSTEM CERTIFICATE

No.: 02419S2010144R11

This is to certify that the OHSMS system of

**VOLTRONIC POWER TECHNOLOGY (SHENZHEN) CORP.**

(UNIFIED SOCIAL CREDIT CODE: 91440300676691745X )

(ADD: 1-5F BUILDING 5, 1F BUILDING 7, 1F-A BUILDING 9, YUSHENG INDUSTRIAL PARK, NO.467, SECTION XIXIANG, NATION/  
HIGHWAY 107, XIXIANG, BAO AN DISTRICT, SHENZHEN, P.R. CHINA ZIP: 518126)

is in conformity with:

**GB/T28001-2011/OHSAS 18001:2007**

This system is valid to:

**\*THE DESIGN, MANUFACTURE, SERVICE AND RELATED  
MANAGEMENT BUSINESS OF UNINTERRUPTIBLE POWER SUPPLY,  
SWITCHING POWER SUPPLY AND INVERTER POWER PRODUCT  
(EXPORT) \***

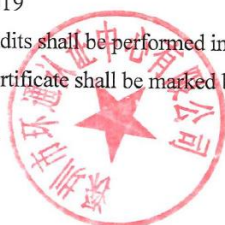
Initial Certification date: 05-04-201

Issue date: 03-25-2019

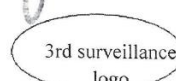
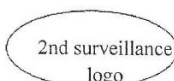
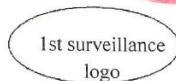
This Certificate is validity until: 03-11-202

(The surveillance audits shall be performed in a yearly manner during the validation. The continual effectiveness of the certificate shall be marked by the surveillance qualification logo as pasted below.)

Organization stamp:



Representative of the centre (Director):



中国认可  
管理体系  
MANAGEMENT SYSTEM  
CNAS C024-M

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UCC telephone number: (+86 755)83355888 Address: 6/F, Yuhe Building, Qiaoxiang Road, Shenzhen, P.R. China

WeChat account:







**UNIVERSAL CERTIFICATION CENTRE CO., LTD.**  
**QUALITY MANAGEMENT SYSTEM CERTIFICATE**

No.: UKQ1705001R0

This is to certify that the quality system of

**ZHONGSHAN VOLTRONIC POWER ELECTRONICS LIMITED.**

(UNIFIED SOCIAL CREDIT CODE: 91442000MA4UH9Q71G )

(ADD: NO.8, SHICHONG ROAD, ZHONGSHAN TORCH HI-TECH INDUSTRIAL DEVELOPMENT ZONE, ZHONGSHAN, GUANGDONG,  
P. R. CHINA ZIP: 528437)

is in conformity with:

**ISO9001:2015**

This system is valid to:

**\*THE DESIGN, MANUFACTURE AND SERVICE OF  
UNINTERRUPTIBLE POWER SUPPLY, SWITCHING POWER SUPPLY  
AND INVERTER POWER PRODUCT (EXPORT)\***

Issue date: 05-02-2017

This Certificate is validity until: 05-01-2021

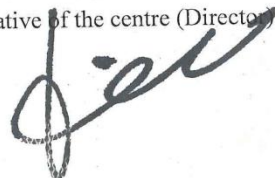
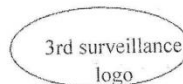
Date of update: 04-19-2019

(The surveillance audits shall be performed in a yearly manner during the validation. The continual effectiveness of the certificate shall be marked by the surveillance qualification logo as pasted below.)

Organization stamp:



Representative of the centre (Director):

241



UNIVERSAL CERTIFICATION CENTRE CO., LTD.  
ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE

No.: 02417E31010310R0M

This is to certify that the environmental system of

**ZHONGSHAN VOLTRONIC POWER ELECTRONICS LIMITED**

(UNIFIED SOCIAL CREDIT CODE: 91442000MA4UH9Q71G )

(ADD: AREA B GROUND FLOOR~AREA E FIRST FLOOR, NO.28, YANJIANG EAST FIRST ROAD, ZHONGSHAN TORCH HI-TECH

INDUSTRIAL DEVELOPMENT ZONE, ZHONGSHAN, GUANGDONG, P. R. CHINA ZIP: 528437)

is in conformity with:

**GB/T24001-2016/ISO14001:2015**

This system is valid to:

**\*THE DESIGN, MANUFACTURE, SERVICE AND RELATED  
MANAGEMENT BUSINESS OF UNINTERRUPTIBLE POWER SUPPLY,  
SWITCHING POWER SUPPLY AND INVERTER POWER PRODUCT  
(EXPORT)\***

Issue date: 05-02-2017

This Certificate is validity until: 05-01-2020

(The surveillance audits shall be performed in a yearly manner during the validation. The continual effectiveness of  
the certificate shall be marked by the surveillance qualification logo as pasted below.)

Organization stamp:



Representative of the centre (Director):




中国认可  
国际互认  
管理体系  
**MANAGEMENT SYSTEM  
CNAS C024-M**

Certified Organization Search is available on UCC and CNCA website([www.cnca.gov.cn](http://www.cnca.gov.cn))

Certification Body Contact: [Http://www.ucccert.com](http://www.ucccert.com) Tel: (+86 755) 83355888 Add: 6/F, YuHe Building, Qiaoxiang Road, Shenzhen, P.R. China



UNIVERSAL CERTIFICATION CENTRE CO., LTD.  
CERTIFICATE OF CONFORMITY OF OCCUPATIONAL HEALTH AND  
SAFETY MANAGEMENT SYSTEM CERTIFICATE

No.: 02417S2010224R0M

This is to certify that the OHSMS system of

**ZHONGSHAN VOLTRONIC POWER ELECTRONICS LIMITED.**

(UNIFIED SOCIAL CREDIT CODE: 91442000MA4UH9Q71G )

(ADD: NO.8, SHICHONG ROAD, ZHONGSHAN TORCH HI-TECH INDUSTRIAL DEVELOPMENT ZONE, ZHONGSHAN, GUANGDONG,  
P. R. CHINA ZIP: 528437)

is in conformity with:

**GB/T28001-2011/OHSAS 18001:2007**

This system is valid to:

**\*THE DESIGN, MANUFACTURE, SERVICE AND RELATED  
MANAGEMENT BUSINESS OF UNINTERRUPTIBLE POWER SUPPLY,  
SWITCHING POWER SUPPLY AND INVERTER POWER PRODUCT  
(EXPORT)\***

Issue date: 05-02-2017

This Certificate is validity until: 05-01-2020

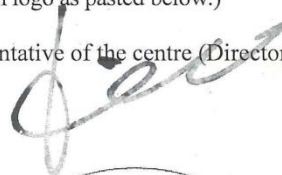
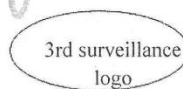
Date of update: 04-19-2019

(The surveillance audits shall be performed in a yearly manner during the validation. The continual effectiveness of  
the certificate shall be marked by the surveillance qualification logo as pasted below.)

Organization stamp:



Representative of the centre (Director):

中国认可  
管理体系  
**MANAGEMENT SYSTEM**  
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UCC telephone number: (+86 755)83355888 Address: 6/F, Yuhe Building, Qiaoxiang Road, Shenzhen, P.R.China

WeChat account:





### Return on Environmental Investments

Does environmental management systems (EMS) or other reporting capabilities (e.g. ERP) allow to track financial data related to environmental projects and programs at the corporate level for the entire enterprise or for any portion of business?

☐ Yes, our EMS allows us to track capital investments, expenses, cost savings and avoidance from environmental investments for all or a part of our business.

Currency: NT	FY2015	FY2016 年	FY2017	FY2018
Capital Investments	13,545,000	14,726,000	18,327,000	15,507,000
Operating Expenses	1,491,000	1,593,000	2,035,000	2,648,000
Total Expenses (= Capital Investment + Operating Expenses)	15,036,000	16,319,000	20,362,000	18,155,000
Savings, cost avoidance, income, tax incentives, etc.				
% of operations covered Indicate the basis for the coverage (revenue, production volume, employees, etc.): employees	100%	100%	100%	100%

### Environmental Violations

Has company paid significant fines or penalties related to the environment or ecology in the past four fiscal years? By "significant" fines or penalties, means the fine/penalty individually costs more than \$10,000 USD (or equivalent when converted from local currency). Amounts individually equal to or less than \$10,000 do not have to be reported. This should also include fines paid as part of settlements related to environmental or ecological issues.

☐ No, the company has not paid any significant fines (> USD \$10,000) related to environmental or ecological issues in the past four fiscal years.

## 2. Topic-specific disclosures

### **301-1 Materials used by weight or volume**

### **301-2 Recycled input materials used**

### **301-3 Reclaimed products and their packaging materials**

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 :

Year	China Region	Taiwan Region	Total	Paper Recycled
2016	3,309,000Kg	1,408Kg	3,310,408Kg	The actual recovery and recyclable rate was about 90%, 2,979,367kg.
2017	4,149,660Kg	1,265Kg	4,150,925Kg	The actual recovery and recyclable rate was about 90%,3,735,833kg.
2018	4,301,300Kg	19,527Kg	4,320,827Kg	The actual recovery and recyclable rate was about 90%,3,888,744kg.

## **GRI 302 : Energy**

### **1. Management approach disclosures**

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	2016	2017	2018
	kilowatt-hour	kilowatt-hour	kilowatt-hour
Taiwan Region	217,375	248,529	385,029
China Region	11,550,637	11,576,278	11,614,716
Total	11,768,012	11,824,807	11,999,745

Locations	2016		2017		2018	
	Local currency	Reporting currency	Local currency	Reporting currency	Local currency	Reporting currency
Taiwan	NTD 948 thousand	NTD 948 thousand	NTD 1,061 thousand	NTD 1,061 thousand	NTD2,235 thousand	NTD 2,235 thousand
China	RMB 10,207 thousand	NTD 49,473 thousand	RMB 13,845 thousand	NTD 62,839 thousand	RMB14,245 thousand	NTD 63,751 thousand
Total		NTD50,421thousand		NTD63,900thousand		NTD 65,986 thousand
2016annual average RMB@NTD=4.847 ; 2017annual average RMB@NTD=4.539 ; 2018 annual average RMB@NTD=4.475						

### **EP - Energy Consumption**

Total energy consumption	Unit	FY2015	FY2016	FY2017	FY2018	What was target for FY 2018?
a) Nonrenewable fuels (nuclear fuels, coal, oil, natural gas, etc.) purchased and consumed	MWh	—	—	—	—	—
b) Nonrenewable electricity purchased	MWh	9,525	11,768	11,825	12,000	
c) Steam / heating / cooling and other energy (non-renewable) purchased	MWh	—	—	—	—	—

d) Total renewable energy (wind, solar, biomass, hydroelectric, geothermal, etc.) purchased or generated. Please specify:	MWh	—	—	—	—	—
e) Total nonrenewable energy (electricity and heating & cooling) sold	MWh	—	—	—	—	—
<b>TOTAL NONRENEWABLE ENERGY CONSUMPTION (A+B+C-E)</b>	<b>MWh</b>	<b>9,525</b>	<b>11,768</b>	<b>11,825</b>	<b>12,000</b>	
Total costs of energy consumption <input type="radio"/> Costs <input type="radio"/> Costs, net of income <input type="radio"/> Costs and depreciation, net of income	Currency: NT thousand	43,329	50,421	63,900	65,986	
Data coverage (as % of denominator)	percentage of: operations	100%	100%	100%	100%	

#### **PUBLIC REPORTING**

☒ The data is publicly available.

#### **THIRD-PARTY VERIFICATION**

☒ The data has been third-party verified in the most recent financial year reported.

## **2. Topic-specific disclosures**

### **302-1 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 2016 , 2017 and 2018 are as follows:

significant locations of operation	2016	2017	2018
	kilowatt-hour	kilowatt-hour	kilowatt-hour
Taiwan Region	217,375	248,529	385,029
China Region	11,550,637	11,576,278	11,614,716
Total	11,768,012	11,824,807	11,999,745

Locations	2016		2017		2017	
	Local currency	Reporting currency	Local currency	Reporting currency	Local currency	Reporting currency
Taiwan	NTD 948 thousand	NTD 948 thousand	NTD 1,061 thousand	NTD 1,061 thousand	NTD2,235 thousand	NTD 2,235 thousand
China	RMB 10,207 thousand	NTD 49,473 thousand	RMB 13,845 thousand	NTD 62,839 thousand	RMB14,245 thousand	NTD 63,751 thousand
Total		NTD50,421thousand		NTD63,900thousand		NTD 65,986 thousand
2016annual average RMB@NTD=4.847 ; 2017annual average RMB@NTD=4.539 ; 2018 annual average RMB@NTD=4.475						

**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.**

### **302-2 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.

### **302-3 Reduction of energy consumption**

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

### **302-4 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 (CO<sub>2</sub>) from the outsourcing electricity which needed for the company operation. Voltronic Power is a single greenhouse gases (CO<sub>2</sub>) low emission company, but still cooperated with local government energy policies and measures and adopted "energy saving, consumption reduction, waste reduction" awareness policy.

#### **302-5 Reductions in energy requirements of products and services**

In 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.62%, 0.65% and 0.58%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2016, 2017 and 2018 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue" all achieved.

In 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.78%, 0.85% and 0.71%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2016, 2017 and 2018 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 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 3.00%, 3.49% and 3.13%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2016, 2017 and 2018 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.

In 2016 , 2017 and 2018,the sales volume of Voltronic Power provides customers with carbon emission reduction statistics as follows:

#### PV Inverter

year	Sales Units	Annual power generation/per unit	Total power generation	Each kilowatt-hour corresponds to CO2 (kg)	Reduction of carbon emissions (metric tons)
2016	101,128	4496	454,671,488	0.28307	128,704
2017	168,280	4496	756,586,880	0.28307	214,167
2018	168,859	4496	759,190,064	0.28307	214,904

#### UPS

2016 year				
	Item	Sales Units	Carbon reduction per unit - metric tons	Total carbon reduction - metric tons
On Line	< 5K	358,519	0.168.	60,231
	6-10K	50,716	0.672	34,081
	11-20K	7,973	1.47	11,720
	>20K	4,214	4.20	17,699
Total				123,731
2017 year				
	Item	Sales Units	Carbon reduction per unit - metric tons	Total carbon reduction - metric tons
On Line	< 5K	467,366	0.168.	78,517
	6-10K	67,411	0.672	45,300
	11-20K	10,335	1.47	15,192
	>20K	7,074	4.20	29,711
Total				168,721
2018 year				
	Item	Sales Units	Carbon reduction per	Total carbon reduction

			unit - metric tons	- metric tons
On Line	< 5K	467,366	0.168	100,172
	6-10K	67,411	0.672	54,456
	11-20K	10,335	1.47	18,557
	>20K	7,074	4.20	32,117
Total				205,303

In 2016, 2017 and 2018, Voltronic Power provides customers with 252,435 and 382,888 tonnes and 420,207 tonnes of carbon emission reduction respectively. According to the calculation method of the Energy Bureau of the Ministry of Economy Taiwan, Taiwan's forestry phase can absorb about 20.2 tonnes of Co<sub>2</sub> per hectare per year. Therefore, Voltronic Power's sales volume, providing customers with carbon emission reduction converted into forestry phase are 12,497 hectares (planting 2000 trees per hectare is calculated to be 24,994 thousand trees.) in 2016, 18,955 hectares (planting 2000 trees per hectare is calculated to be 37,910 thousand trees.) in 2017, and 20,802 hectares (planting 2000 trees per hectare is calculated to be 41,605 thousand trees.) in 2018.

#### **Product Design Criteria**

Specify the environmental criteria considered in the development of new products (and services), providing supporting evidence that these factors are included (e.g. a product design case study, internal manual, staff training document, etc).

Voltronic Power has "Environmental Operation Control Guidelines", "Design Management Guidelines", "Environmental Management Material Management Guidelines" and "Quality & Environment Manual". It has passed the certification of "Quality Management System ISO 9001" and "Environmental Management System ISO 14001".

Voltronic Power is a professional ODM manufacturer of Uninterruptible Power Supply and Inverters worldwide. The new products developed by Voltronic Power are mainly InfiniSolars and Solar Inverters with higher efficiency, which can help users save energy and reduce carbon emission.



In accordance with the requirements of the EU WEEE Directive, at the beginning of product design, the recovery and scrapping of products after the end of their service life, Voltronic Power should comply with the objectives of the WEEE Directive concerning recovery, reuse or recycling.

After the service life of Voltronic Power's products is over, customers can recycle, reuse or recycle most of the components of Voltronic Power's products.

Voltronic Power participates in product recycling and scrap assessment in the design stage: after the end of the life of Voltronic Power's products, the reuse rate is over 80%, and the recycling rate is over 70%, which meets the latest requirements of the EU WEEE Directive. Voltronic Power mainly does ODM for customers, and will not participate in product recycling and scrapping by end users.

(For products of category 2, since Aug-15-2018, WEEE Recovery Targets: Reuse rate > 80%, and Recycling rate > 70%)

☐ Yes, consider environmental criteria in the development of new products (and services). These include the following:

☐ Choice of raw materials or components that have a lower environmental footprint (e.g. reduced water/energy/material use, increase in renewable raw materials, reduction of hazardous substances and toxic materials)

1、Raw materials or components are purchased locally whenever possible.

2、Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.

3、The Reuse rate is over 80%, and the Recycling rate is over 70%, which meets the latest requirements of the EU WEEE Directive.

☐ Direct operations, production & manufacturing (e.g. reduction of emissions/energy/water use/waste generation)

The Reuse rate is over 80%, and the Recycling rate is over 70%, which meets

the latest requirements of the EU WEEE Directive.

- ☐ Distribution, storage and transportation (e.g. increased safety, packaging choice, or reduced environmental impact)

The Reuse rate is over 80%, and the Recycling rate is over 70%, which meets the latest requirements of the EU WEEE Directive.

- ☐ Use phase - operation and servicing/ maintenance (e.g. provides energy/water/material savings, increased product durability)

1、The Reuse rate is over 80%, and the Recycling rate is over 70%, which meets the latest requirements of the EU WEEE Directive.

2、The new products developed by Voltronic Power are mainly InfiniSolars and Solar Inverters with higher efficiency, which can help users save energy and reduce carbon.

- ☐ End of life management (e.g. recovery, disposal, biodegradation)

1、The Reuse rate is over 80%, and the Recycling rate is over 70%, which meets the latest requirements of the EU WEEE Directive.

2、Voltronic Power mainly does ODM and OEM for customers, and will not participate in product recycling and scrapping by end users.

### Life Cycle Assessment

Indicate what impacts are covered by the life cycle assessment.

Resource Use	Ecological Consequences	Human Health
<input type="checkbox"/> Abiotic depletion (fossil fuels, minerals) <input type="checkbox"/> Land use <input type="checkbox"/> Water depletion	<input type="checkbox"/> Acidification <input type="checkbox"/> Dust & particulate matter <input type="checkbox"/> Ecotoxicity <input type="checkbox"/> Eutrophication <input type="checkbox"/> Global warming <input type="checkbox"/> Ozone depletion <input type="checkbox"/> Photochemical ozone formation	<input type="checkbox"/> Human toxicity <input type="checkbox"/> Ionizing radiation

	<input type="checkbox"/> Species richness	
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Indicate the percentage of total products covered by the following Life Cycle Assessment approaches. The total sum should not exceed 100%.

Life Cycle Assessment Approach	% of Total Products	Description of Assessment Approach
Total (should not exceed 100%)		
Full LCAs		
Simplified LCAs	100%	ISO14040: Environmental Management - Life Cycle Assessment - Principles and Framework
Other externally recognized tools (e.g. material flow accounting, ecological footprinting, MIPS)		
<p><b>ISO14040: Environmental Management - Life Cycle Assessment - Principles and Framework</b></p> <p>Life cycle assessment includes the following four stages:</p> <ol style="list-style-type: none"> <li><b>1. Goal and Scope Definition</b>, which clearly defines the purpose and scope of life cycle assessment research and makes it consistent with the expected application.</li> <li><b>2. Inventory Analysis</b>, which compiles a list of inputs and outputs related to the research product system, including data collection and calculation, in order to quantify the relevant inputs and outputs of a product system, including the use of resources and pollution emissions to air, water and land, etc.</li> <li><b>3. Impact Assessment</b>, which uses the results of life cycle inventory analysis to assess the potential environmental impacts associated with these inputs and outputs.</li> <li><b>4. Interpretation</b>, which combines the findings of inventory analysis and impact assessment related to research purposes to form conclusions and recommendations.</li> </ol>		

### Product Benefits

What percent of products provide resource efficiency benefits during their use phase

to customers and consumers? Benefits include decreased energy consumption, decreased water consumption, decreased waste generation, GHG emissions reduction, pollution reduction, decreased raw material consumption, or increased product durability/longevity. Explain what and how much benefit is provided through the use of products.

<b>% of Total Products</b>	<b>Description of benefits</b>
<b>14.44%</b>	PV Inverters and On-Line UPSs can provide significant benefits of energy saving and carbon reduction for users. According to the amount of products sold in 2018, provides customers with a total of 420,207 tonnes of carbon emission reduction; according to the calculation method of the Energy Bureau of the Ministry of Economy, Taiwan's forestry phase can absorb about 20.2 tonnes of Co2 per hectare per year; therefore, providing customers with carbon emission reduction converted into forestry phase are 20,802 hectares (planting 2000 trees per hectare is calculated to be 41,605 thousand trees.).

#### **Hazardous Substances**

What percent of products contain the following hazardous substances at a concentration above 0.1% by weight? If none, please enter 0.

<b>Hazardous Substances</b>	<b>% of Products</b>
<b>Regulated substances listed in the following:</b> - European REACH Substances of Very High Concern (SVHC) Authorization, Candidate, or Restriction Lists - European Restriction of Hazardous Substances (RoHS) Directive - California prop 65 list	<b>0</b>
<b>Substances of international concern:</b> - Causing damage to the ozone layer under the Montreal	<b>0</b>

<b>Protocol</b> - Persistent Organic Pollutants (POPs) under the Stockholm Convention - Substances subject to prior informed consent under the Rotterdam Convention - Hazardous pesticides classified as WHO Class I - CMRs (Carcinogenic Mutagenic Reprotoxic) classified as GHS category 1A/1B - Carcinogens classified by IARC group 1 & 2A or NTP - Endocrine disruptors included in UN SAICM Overview Report on EDCs	
<b>Substances on the SIN List</b>	<b>0</b>

#### **Commitment**

Does company have a commitment to reduce or phase-out hazardous substances in its products? The commitment can be specific to particular products or substances, or general to product portfolio. If company does not use any hazardous substances in products and answered "0" in all the fields of "Hazardous Substances" question, mark NAP and provide an explanation.

☐ Not applicable : Continue to achieve 100% products compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.

#### **End of Life Cycle Responsibility**

To what extent is company actively and directly involved in product take back programs (e.g. disassembly, re-manufacturing, reuse or recycling of the product and its components)? Indicate what percentage of products, sold last year, are reusable (i.e. for the same purpose) or recyclable (i.e. can be processed and reused in raw material or other product forms). Also indicate the proportion of these products taken back that are reused/re-manufactured, or recycled.

☐ Not applicable. Voltronic Power's products meet the latest requirements of the EU

**WEEE Directive: the reuse rate is over 80%, and the recycling rate is over 70%.**

**Voltronic Power is a professional ODM manufacturer of Uninterruptible Power Supply and Inverters worldwide, and will not directly participate in product recycling and scrapping by end users.**

### **Environmental Labels and Declarations**

**Does company provide product environmental declarations or other types of eco-labelling 《Type I or other ecolabels (in accordance with ISO 14024 or independent ecolabels e.g. WWF, national and international labels e.g. energy star, LEED, or accepted industry-specific best practices). Please specify standards or labels used ; Type II self-declared environmental claims (in accordance with ISO 14021) ; Type III Environmental Product Declarations (in accordance with ISO 14025 or the European construction standard EN 15804)》 to customers? Indicate the types of labeling below and attach supporting documents. Do not double count products with more than one label (e.g. products that are already counted under Type III should not also be included in Type I), the three figures should not exceed 100%.**

☐ **Not applicable : Voltronic Power is a professional ODM manufacturer of Uninterruptible Power Supply and Inverters worldwide, does not have our own brand products, but fully accept the client's entrustment to do ODM. Therefore, according to the requirements and regulations of each customer, the products processed by its entrustment should be affixed with the product environmental declarations or other types of eco-labelling belonging to each customer. The product environmental declarations or other types of eco-labelling are dominated and decided by customers, not by Voltronic Power.**

## **GRI 303 : Water**

### **1. Management approach disclosures**

Voltronic Power's offices and factories in Taiwan and China all are located in 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 former rented industrial district office building in Taiwan Region, is public regional water supply, there is no individual company water meter, since 2018, the self-built office building has been opened, and only 430 degrees (0.043 thousand cubic meters) of water has been used after acceptance and pay NT\$18 thousand water expense.

In China Region, the annual use of water was 37,832 degrees ( 37.832thousand cubic meters ) and paid NT \$1,165 thousand water expense of 2015, the annual use of water was 36,905 degrees ( 36.905 thousand cubic meters ) and paid NT \$1,071 thousand water expense of 2016, the annual use of water was 46,692degrees ( 46.692 thousand cubic meters ) and paid NT \$1,084 thousand water expense of 2017, the annual use of water was 48,760degrees ( 48.76thousand cubic meters ) and paid NT \$1,136 thousand water expense of 2018.

#### **EP - Water Consumption**

Provide your company's total net fresh water consumption, including data for fresh water extraction and consumption.

Water Consumption	Unit	FY2015	FY2016	FY2017	FY2018	Indicate what was target for the FY 2018
A. Withdrawal: Total municipal water supplies (or	Million cubic meters	0.037832	0.036905	0.046692	0.048803	

from other water utilities)						
<b>B. Withdrawal: Fresh surface water (lakes, rivers, etc.)</b>	<b>Million cubic meters</b>	—	—	—	—	
<b>C. Withdrawal: Fresh groundwater</b>	<b>Million cubic meters</b>	—	—	—	—	
<b>D. Discharge: Water returned to the source of extraction at similar or higher quality as raw water extracted (only applies to B and C)</b>	<b>Million cubic meters</b>	—	—	—	—	
<b>E. TOTAL NET FRESH WATER CONSUMPTION (A+B+C-D)</b>	<b>Million cubic meters</b>	<b>0.037832</b>	<b>0.036905</b>	<b>0.046692</b>	<b>0.048803</b>	<b>&lt; 0.07</b>
<b>Data Coverage (as % of denominator)</b>	<b>percentage of operations</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

## PUBLIC REPORTING

☒ The data is publicly available.

## THIRD PARTY VERIFICATION

☒ The data has been third-party verified in the most recent financial year reported.

## 2. Topic-specific disclosures

### 303-1 Water withdrawal by source

a. Total volume of water withdrawn, with a breakdown by the following sources:

i. Surface water, including water from wetlands, rivers, lakes, and oceans :  
nil



- ii. Ground water : nil
- iii. Rainwater collected directly and stored by the organization : nil
- iv. Waste water from another organization : nil
- v. Municipal water supplies or other public or private water utilities : All are municipal water supply.

The water supply of former rented industrial district office building in Taiwan Region, is public regional water supply, there is no individual company water meter, since 2018, the self-built office building has been opened, and only 430 degrees (0.043 thousand cubic meters) of water has been used after acceptance and pay NT\$18 thousand water expense.

In China Region, the annual use of water was 37,832 degrees ( 37.832thousand cubic meters ) and paid NT \$1,165 thousand water expense of 2015, the annual use of water was 36,905 degrees ( 36.905 thousand cubic meters ) and paid NT \$1,071 thousand water expense of 2016, the annual use of water was 46,692degrees ( 46.692 thousand cubic meters ) and paid NT \$1,084 thousand water expense of 2017, the annual use of water was 48,760degrees ( 48.76thousand cubic meters ) and paid NT \$1,136 thousand water expense of 2018.

- b. Standards, methodologies, and assumptions used : not applicable

**303-2 Water sources significantly affected by withdrawal of water : not applicable**

**303-3 Water recycled and reused : not applicable**

## **GRI 304 : Biodiversity**

### **1. Management approach disclosures**

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.

## **2. Topic-specific disclosures**

**304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas : nil**

**304-2 Significant impacts of activities, products, and services on biodiversity : not applicable**

**304-3 Habitats protected or restored : not applicable**

**304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations : not applicable**

## GRI 305 : Emissions

### 1. Management approach disclosures

The Emissions Aspect includes Indicators on greenhouse gas (GHG) emissions as well as ozone-depleting substances, NO<sub>x</sub>, SO<sub>x</sub>, 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, there are no Direct (Scope 1) GHG emissions, while Indirect (Scope 2) GHG emissions only are carbon emission (CO<sub>2</sub>) 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	2016		2017		2018	
	kilowatt-hour	KgCO <sub>2</sub> e	kilowatt-hour	KgCO <sub>2</sub> e	kilowatt-hour	KgCO <sub>2</sub> e
Taiwan	217,375	138,469	248,529	158,313	385,029	245,263
China	11,550,637	10,193,437	11,576,278	10,216,065	11,614,716	10,216,065
Total	11,768,012	10,331,906	11,824,807	10,374,378	11,999,745	10,461,328
Carbon emissions from the outsourcing electricity in Taiwan : kgCO <sub>2</sub> /kWh=0.637						
Carbon emissions from the outsourcing electricity in China : kgCO <sub>2</sub> /kWh=0.8825						

Locations	2016		2017		2018	
	Local currency	Reporting currency	Local currency	Reporting currency	Local currency	Reporting currency
Taiwan	NTD 948 thousand	NTD 948 thousand	NTD 1,061 thousand	NTD 1,061 thousand	NTD2,235 thousand	NTD 2,235 thousand
China	RMB 10,207 thousand	NTD 49,473 thousand	RMB 13,845 thousand	NTD 62,839 thousand	RMB14,245 thousand	NTD 63,751 thousand
Total		NTD50,421thousand		NTD63,900thousand		NTD 65,986 thousand
2016annual average RMB@NTD=4.847 ; 2017annual average RMB@NTD=4.539 ; 2018 annual average RMB@NTD=4.475						

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

item	2016		2017		2018	
	Amount	CEC@%	Amount	CEC@%	Amount	CEC@%
Operating revenue	NTD8,120,220 thousand	0.62%	NTD 9,862,230 thousand	0.65%	NTD 11,407,894 thousand	0.58%
Costs and Expenses	NTD6,440,945 thousand	0.78%	NTD7,527,157 thousand	0.85%	NTD9,296,931 thousand	0.71%
Operating net profit	NTD1,679,275 thousand	3.00%	NTD1,828,597 thousand	3.49%	NTD2,110,963 thousand	3.13%
Operating net profit rate	20.68%		18.45%		18.50%	
Earnings per share	NT\$18.25		NT\$17.46		NT\$23.18	

According to the above statistics can gather that Voltronic Power is a business growth (operating revenue:NT11,407,894 thousand, NT9,862,230 thousand, NT8,120,220 thousand,)single greenhouse gases (CO<sub>2</sub>) low emission company, but still adopted "energy saving, consumption reduction, waste reduction" awareness policy.

In 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.62%, 0.65% and 0.58%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2016, 2017 and 2018 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue"all achieved.

In 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.78%, 0.85% and 0.71%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2016, 2017 and 2018 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 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 3.00%, 3.49% and 3.13%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2016, 2017 and 2018 year, the "energy saving and carbon reduction "evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit "all achieved.

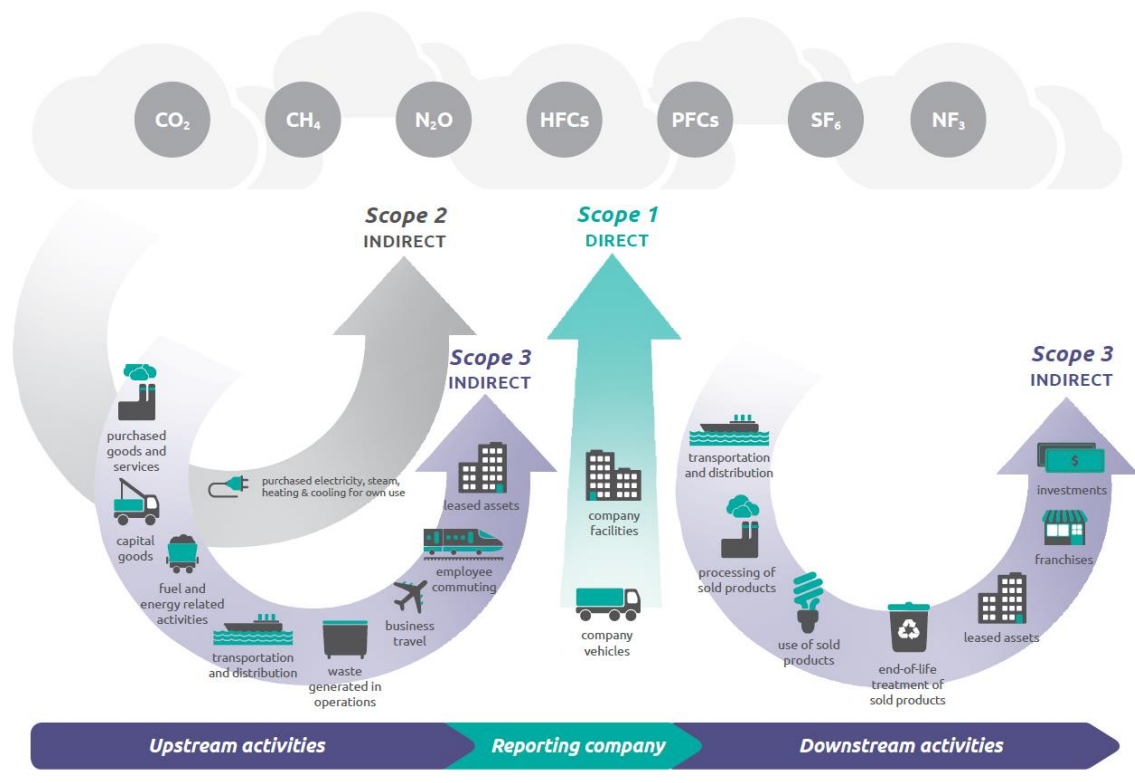
"Energy conservation and carbon reduction" is the most important cross-border issue all over the world. Governments and enterprises have also incorporated the

"energy conservation and carbon reduction" plan into their economic objectives. Therefore, Voltronic Power cooperates with various energy conservation and carbon reduction measures to fulfill the environmental responsibility of enterprises in the global village. For Other indirect (Scope 3) GHG emissions, energy conservation and carbon reduction measures are as follows:

Category	Practice and content	Environmental protection target
Paperless	1.Internal information transmission is conducted by e-mail, not by paper. 2. The company does not set up fax machines. 3. Payroll issuance is bank transfer, employee salary information system inquiries, do not print payroll notice. 4. All kinds of financial reports and CSR reports are inquired systematically without printing paper reports separately. 5. Avoid providing disposable paper cups. 6.No hand washing paper for employees	Reducing the amount of paper used and reduce the amount of trees felled.
Purchased goods and services also Upstream transportation and distribution	1,Require important upstream suppliers which must have energy saving and carbon reduction measures and provide relevant reports. 2, Increase the proportion of local purchases.	Reducing Carbon Emissions from Purchasing Goods and Services and also from Upstream transportation and distribution.
Business travel	Make the best use of e-mail or/and Telephone conference or/and Videoconference with customers to reduce unnecessary business travel.	Reducing Carbon Emissions from Business Travel.
Employee commuting	1. Increase the proportion of employees hired locally. 2. Encourage employees to use mass transit as much as possible.	Reducing Carbon Emissions from Employee Commuting

	<p>3. Encourage employees to commute together as much as possible.</p> <p>4. In Shenzhen and Zhongshan factories, China, free accommodation for direct workers is provided.</p>	
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## 2. Topic-specific disclosures



### 305-1 Direct (Scope 1) GHG emissions

- Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent : nil
- Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all : nil
- Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent : nil

### EP - Direct Greenhouse Gas Emissions (Scope 1)

Provide company's total direct greenhouse gas emissions (DGHG SCOPE 1) for the part of company's operations for which have a reliable and auditable data acquisition and aggregation system.

Direct GHG (Scope 1)	Unit	FY2015	FY2016	FY2017	FY2018	What was target for FY 2018?
Total direct GHG emissions (Scope 1)	metric tonnes CO2 equivalents	0	0	0	0	0
Data coverage (as % of denominator)	percentage of:operations	100%	100%	100%	100%	

#### PUBLIC REPORTING

☒ The data is publicly available.

#### THIRD-PARTY VERIFICATION

☒ The data has been third-party verified in the most recent financial year reported.

#### 305-2 Energy indirect (Scope 2) GHG emissions

a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent :

The greenhouse gas emission of Voltronic Power, only is carbon emission (CO<sub>2</sub>) 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	2016		2017		2018	
	kilowatt-hour	KgCO <sub>2</sub> e	kilowatt-hour	KgCO <sub>2</sub> e	kilowatt-hour	KgCO <sub>2</sub> e
Taiwan	217,375	138,469	248,529	158,313	385,029	245,263
China	11,550,637	10,193,437	11,576,278	10,216,065	11,614,716	10,216,065
Total	11,768,012	10,331,906	11,824,807	10,374,378	11,999,745	10,461,328
Carbon emissions from the outsourcing electricity in Taiwan : kgCO <sub>2</sub> /kWh=0.637						
Carbon emissions from the outsourcing electricity in China : kgCO <sub>2</sub> /kWh=0.8825						

#### EP - Indirect Greenhouse Gas Emissions (Scope 2)

Provide company's indirect greenhouse gas emissions from energy purchased (purchased and consumed, i.e. without energy trading) (IGHG SCOPE 2) for the



part of company's operations for which have a reliable and auditable data acquisition and aggregation system.

Direct GHG (Scope 2)	Unit	FY2015	FY2016	FY2017	FY2018	What was target for FY 2018?
Indirect greenhouse gas emissions from energy purchased and consumed (scope 2)	metric tonnes CO2 equivalents	8,356	10,332	10,374	10,461	
Data coverage (as % of denominator)	percentage of:operations	100%	100%	100%	100%	

#### PUBLIC REPORTING

☒ The data is publicly available.

#### THIRD-PARTY VERIFICATION

☒ The data has been third-party verified in the most recent financial year reported.

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

#### 305-3 Other indirect (Scope 3) GHG emissions :

		ton CO <sub>2</sub> e		
Category	Category description	2016year	2017year	2018year
1.Purchased goods and services	Includes all upstream (i.e., cradle-to-gate) emissions from the production of products purchased or acquired by the reporting company in the reporting year. Products include both goods (tangible products) and services	9,761	10,247	10,355

	(intangible products).			
<b>2.Capital goods</b>	Includes all upstream (i.e., cradle-to-gate) emissions from the production of capital goods purchased or acquired by the reporting company in the reporting year. Emissions from the use of capital goods by the reporting company are accounted for in either scope 1 (e.g., for fuel use) or scope 2 (e.g., for electricity use), rather than in scope 3.	<b>347</b>	<b>417</b>	<b>938</b>
<b>3. Fuel- and energy-related activities (not included in scope 1 or scope 2)</b>	Includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.	—	—	—
<b>4. Upstream transportation and distribution</b>	Emissions from transportation and distribution of products when purchasing components and raw materials from tier 1 suppliers.	56	72	83
<b>5.Waste generated in operations</b>	Includes emissions from third-party disposal and treatment of waste generated in the reporting company's owned or controlled operations in the reporting year. This category includes emissions from disposal of both solid waste and wastewater.	5	6	7
<b>6.Business travel</b>	Includes emissions from the transportation of employees for businessrelated activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.	<b>91</b>	<b>109</b>	<b>92</b>
<b>7. Employee commuting</b>	Includes emissions from the transportation of employees between	345	429	472

	<p>their homes and their worksites.</p> <p>Emissions from employee commuting may arise from:</p> <ul style="list-style-type: none"> <li>• Automobile travel</li> <li>• Bus travel</li> <li>• Rail travel</li> <li>• Air travel</li> <li>• Other modes of transportation (e.g., subway, bicycling, walking).</li> </ul>			
8. Upstream leased assets	<p>Includes emissions from the operation of assets that are leased by the reporting company in the reporting year and not already included in the reporting company's scope 1 or scope 2 inventories. This category is applicable only to companies that operate leased assets (i.e., lessees). For companies that own and lease assets to others (i.e., lessors), (Downstream leased assets).</p>	Not applicable	Not applicable	Not applicable
9. Downstream transportation and distribution	<p>Includes emissions that occur in the reporting year from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company.</p>	69	87	114
10. Processing of sold products	<p>Includes emissions from processing of sold intermediate products by third parties (e.g., manufacturers) subsequent to sale by the reporting company. Intermediate products are products that require further processing, transformation, or inclusion in another product before use, and therefore result in emissions from processing subsequent to sale by the reporting company and before use by the end consumer.</p>	Not applicable	Not applicable	Not applicable

	Emissions from processing should be allocated to the intermediate product.			
<b>11. Use of sold products</b>	Includes emissions from the use of goods and services sold by the reporting company in the reporting year. A reporting company's scope 3 emissions from use of sold products include the scope 1 and scope 2 emissions of end users. End users include both consumers and business customers that use final products.	( 242,435 )	( 382,888 )	( 420,207 )
<b>12. End-of-life treatment of sold products</b>	Includes emissions from the waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life. This category includes the total expected end-of-life emissions from all products sold in the reporting year.	<b>189</b>	<b>230</b>	<b>265</b>
<b>13. Downstream leased assets</b>	Includes emissions from the operation of assets that are owned by the reporting company (acting as lessor) and leased to other entities in the reporting year that are not already included in scope 1 or scope 2. This category is applicable to lessors (i.e., companies that receive payments from lessees). Companies that operate leased assets (i.e., lessees) should refer to (Upstream leased assets).	Not applicable	Not applicable	Not applicable
<b>14. Franchises</b>	Includes emissions from the operation of franchises not included in scope 1 or scope 2. A franchise is a business operating under a license to sell or distribute another company's goods or services within a certain location. This category is applicable to franchisors	Not applicable	Not applicable	Not applicable

	(i.e., companies that grant licenses to other entities to sell or distribute its goods or services in return for payments, such as royalties for the use of trademarks and other services). Franchisors should account for emissions that occur from the operation of franchises (i.e., the scope 1 and scope 2 emissions of franchisees) in this category.			
15. Investments	Includes scope 3 emissions associated with the reporting company's investments in the reporting year, not already included in scope 1 or scope 2. This category is applicable to investors (i.e., companies that make an investment with the objective of making a profit) and companies that provide financial services. This category also applies to investors that are not profit driven (e.g. multilateral development banks), and the same calculation methods should be used.	Not applicable	Not applicable	Not applicable

#### **305-4 Reduction of GHG emissions**

The greenhouse gas emissions of Voltronic Power are energy indirect (Scope 2) GHG emissions, which all are CO<sub>2</sub> generated by municipal power supply, and also Other indirect (Scope 3) GHG emissions.

Specify the top three most relevant sources of scope 3 emissions to organization which accounted for the majority of scope 3 emissions in FY 2018. For each source select, provide an explanation of the relevance of the source to business and an explanation of the calculation methodology used.

Source	Explanation for relevance	Metric tons CO <sub>2</sub> e	Emissions calculation methodology	Percentage of emissions
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				calculated using data obtained from suppliers or value chain partners
<input checked="" type="radio"/> Purchased goods and services (upstream)  <input type="radio"/> Capital goods (upstream) <input type="radio"/> Fuel- and energyrelated activities (not included in Scope 1 or Scope 2) <input type="radio"/> Upstream transportation and distribution <input type="radio"/> Waste generated in operations (composting, incinerating) <input type="radio"/> Business travel <input type="radio"/> Employee commuting <input type="radio"/> Upstream leased assets <input type="radio"/> Downstream	Major components of the company's product costs and some operating expenses	10,355	Spend-based method – estimates emissions for goods and services by collecting data on the economic value of goods and services purchased and multiplying it by relevant secondary (industry average) emission factors (average emissions per monetary value of goods).	

<b>transportation and distribution</b> <input type="radio"/> Processing of sold products (downstream) <input type="radio"/> Use of sold products <input type="radio"/> End-of-life treatment of sold products <input type="radio"/> Downstream leased assets <input type="radio"/> Franchises <input type="radio"/> Investments <input type="radio"/> Other upstream <input type="radio"/> Other downstream				
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Source	Explanation for relevance	Metric tons CO <sub>2</sub> e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
<input type="radio"/> Purchased goods and services (upstream) <input checked="" type="radio"/> Capital goods (upstream)	Constituting part of the company's product cost and part of the operating expenses	938	Average spend-based method, which involves estimating emissions for goods by collecting data on the economic value of goods purchased and multiplying by relevant secondary (e.g.,	

<p><b>○Fuel- and energyrelated activities (not included in Scope 1 or Scope 2)</b></p> <p><b>○Upstream transportation and distribution</b></p> <p><b>○Waste generated in operations (composting, incinerating)</b></p> <p><b>○Business travel</b></p> <p><b>○Employee commuting</b></p> <p><b>○Upstream leased assets</b></p> <p><b>○Downstream transportation and distribution</b></p> <p><b>○Processing of sold products (downstream)</b></p> <p><b>○Use of sold products</b></p> <p><b>○End-of-life treatment of sold products</b></p> <p><b>○Downstream leased assets</b></p> <p><b>○Franchises</b></p> <p><b>○Investments</b></p>			<p><b>industry average) emission factors (e.g., average emissions per monetary value of goods).</b></p>	
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<input type="radio"/> Other upstream <input type="radio"/> Other downstream				
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Source	Explanation for relevance	Metric tons CO <sub>2</sub> e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
<input type="radio"/> Purchased goods and services (upstream) <input type="radio"/> Capital goods (upstream) <input type="radio"/> Fuel- and energyrelated activities (not included in Scope 1 or Scope 2) <input type="radio"/> Upstream transportation and distribution <input type="radio"/> Waste generated in operations (composting, incinerating) <input type="radio"/> Business travel <input checked="" type="radio"/> Employee commuting	Constituting part of the company's product cost and part of the operating	472	Average-data method, which estimating emissions from employee commuting based on average data on commuting patterns.	

<input type="radio"/> Upstream leased assets <input type="radio"/> Downstream transportation and distribution <input type="radio"/> Processing of sold products (downstream) <input type="radio"/> Use of sold products <input type="radio"/> End-of-life treatment of sold products <input type="radio"/> Downstream leased assets <input type="radio"/> Franchises <input type="radio"/> Investments <input type="radio"/> Other upstream <input type="radio"/> Other downstream	expenses			
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### Internal Carbon Pricing

Indicate if company uses an internal price of carbon. If yes, specify company's objective to implement an internal carbon price and provide details of how this is being used within the organization and what the internal carbon price is. In case company uses more than one type of internal carbon prices, report the price that has the greatest impact on your organization ( i.e. price \* quantity of emissions generated).

☐ No, do not use an internal price of carbon

### 305-5 Reduction of GHG emissions

item	2016	2017	2018
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	Amount	CEC@%	Amount	CEC@%	Amount	CEC@%
Operating revenue	NTD8,120,220 thousand	0.62%	NTD 9,862,230 thousand	0.65%	NTD 11,407,894 thousand	0.58%
Costs and Expenses	NTD6,440,945 thousand	0.78%	NTD7,527,157 thousand	0.85%	NTD9,296,931 thousand	0.71%
Operating net profit	NTD1,679,275 thousand	3.00%	NTD1,828,597 thousand	3.49%	NTD2,110,963 thousand	3.13%
Operating net profit rate	20.68%		18.45%		18.50%	
Earnings per share	NT\$18.25		NT\$17.46		NT\$23.18	

According to the above statistics one can gather that Voltronic Power is a business growth (operating revenue:NT11,407,894 thousand, NT9,862,230 thousand, NT8,120,220 thousand,) single greenhouse gases (CO<sub>2</sub>) low emission company, but still adopted "energy saving, consumption reduction, waste reduction" awareness policy.

In 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.62%, 0.65% and 0.58%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2016, 2017 and 2018 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue"all achieved.

In 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.78%, 0.85% and 0.71%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2016, 2017 and 2018 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 2016, 2017 and 2018 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 3.00%, 3.49% and 3.13%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2016, 2017 and 2018 year, the "energy saving and carbon reduction "evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit "all achieved.

**305-6 Emissions of ozone-depleting substances (ODS) : nil**

**305-7 Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions :**

**nil**

## **GRI 306 : Effluents and Waste**

### **1. Management approach disclosures**

#### **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).

#### **Company product recycling and scrapping**

In accordance with the requirements of the EU WEEE Directive, at the beginning of product design, the recovery and scrapping of products after the end of their service life, Voltronic Power should comply with the objectives of the WEEE Directive concerning recovery, reuse or recycling.

After the service life of Voltronic Power's products is over, customers can recycle,

reuse or recycle most of the components of Voltronic Power's products.

Voltronic Power participates in product recycling and scrap assessment in the design stage: after the end of the life of Voltronic Power's products, the Reuse rate is over 80%, and the Recycling rate is over 70%, which meets the latest requirements of the EU WEEE Directive. Voltronic Power mainly does ODM and OEM for customers, and will not participate in product recycling and scrapping by end users.

(For products of category 2, since Aug-15-2018, WEEE Recovery Targets: Reuse rate > 80%, and Recycling rate > 70%)

### **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.

### EP - Waste

Provide company's total solid waste disposed (i.e. not recycled, reused or incinerated waste for energy recovery) for the part of company's operations for which have a reliable and auditable data acquisition and aggregation system.

Waste disposed	Unit	FY2016	FY2017	FY2018	What was target for FY 2018?
a) Total waste generated	metric tonnes	3,310	4,197	4,257	
b) Total waste used/recycled/ sold	metric tonnes	2,979	3,777	3,831	
<b>TOTAL WASTE DISPOSED (A B)</b>	metric tonnes	331	420	426	
Data coverage (as % of denominator)	percentage of : operations	100%	100%	100%	

### **PUBLIC REPORTING**

☒ The data is publicly available.

### **THIRD-PARTY VERIFICATION**

☒ The data has been third-party verified in the most recent financial year reported.

### EP - Hazardous Waste

Provide company's direct hazardous waste generation for the part of company's operations for which have a reliable and auditable data acquisition and aggregation system.

HAZARDOUS WASTE	Unit	FY2016	FY2017	FY2018	What was target for FY 2018?
Hazardous Waste Generated	metric tonnes	0.368	0.392	0.898	
Data coverage (as % of denominator)	percentage of : operations	100%	100%	100%	

### **PUBLIC REPORTING**

☒ The data is publicly available.



### THIRD-PARTY VERIFICATION

☒ The data has been third-party verified in the most recent financial year reported.

#### EP - Volatile Organic Compounds Emissions

Provide company's direct Volatile Organic Compounds (VOC) emissions for the part of company's operations for which have a reliable and auditable data acquisition and aggregation system.

☐ Not applicable. There is no obvious direct volatile organic compounds (VOC) emissions for the part of company's operations, and the air in the workplace is regularly tested by the local Preventive Health Care Institutes, and all testing items meet the regulatory standards.

## 2. Topic-specific disclosures

### 306-1 Water discharge by quality and destination : not applicable

### 306-2 Waste by type and disposal method

a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable :

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 3,310 metric tons ( 90% was recyclable ) respectively. The total weight of wastes disposed of by the waste disposal contractor in 2017 : hazardous waste was 0.392 metric tons and non-hazardous waste 4,197 metric tons ( 90% was recyclable ) respectively. . The total weight of wastes disposed of by the waste disposal contractor in 2018 : hazardous waste was 0.898 metric tons and non-hazardous waste 4,257 metric tons ( 90% was recyclable ) respectively.

The non-hazardous wastes (recoverable wastes and non-recoverable wastes) of Voltronic Power are all entrusted to the waste recycling station in the industrial zone. Generally, the proportion of recyclable waste is about 90%. The non-hazardous wastes of Voltronic Power, the feedback from the waste recycling station in the industrial zone that the ways of waste disposal can

be divided into the following four categories according to the materials:

- 1, Host case iron shell: scrap iron packing, resale and recycling.
- 2, Plastics: The recyclable part is resold, and the non-recyclable part is pulled to the landfill for disposal.
- 3, Carton: Paper mill recycling.
4. Waste other than the above three categories: landfill treatment.

In summary, the proportion of landfill waste is small, about 10%, and most of the waste is recycled, accounting for about 90%.

**b. How the waste disposal method has been determined :**

Disposed by the waste disposal contractor in accordance with PRC ( People's Republic of China ) regulations; in 2016 and 2017, there was no contractor default on waste disposal.

**306-3 Significant spills : nil**

- a. Voltronic Power doesn't had any waste pollution incidents so far.
- b. The products manufactured and shipped by Voltronic Power are all qualified products, which meet the quality, safety and environmental protection requirements specified by customers, as well as the requirements of corresponding regional laws and regulations.
- c. As a professional OEM/ODM factory specializing in Uninterruptible Power Systems and Inverters worldwide, Voltronic Power's products not only meet customer requirements, but also meet the quality standards, safety standards and environmental protection regulations of the corresponding regions, including EU RoHS directives, REACH regulations and WEEE directives.

**306-4 Transport of hazardous waste**

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

**306-5 Water bodies affected by water discharges and/or runoff**

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

## **RI 307 : Environmental Compliance**

### **1. Management approach disclosures**

Comply with the provisions of “Law of the People's Republic of China on Conserving Energy “on "Industrial Energy Conservation".

Comply with the provisions of "Environmental Protection Law of People's Republic of China" on” Protection and Improvement of the Environment" and” Prevention and Control of Environmental Pollution and Other Public Hazards".

Comply with the provisions of “Cleaner Production Promotion Law of the People's Republic of China" on "Realization of Cleaner Production" and” Implementation of Cleaner Production".

Comply with the provisions of "Law of the People’s Republic of China on the Prevention and Control of Ambient Noise Pollution" on” Prevention and Control of Industrial Ambient Noise Pollution ”.

### **2. Topic-specific disclosures**

**307-1 Non-compliance with environmental laws and regulations** : nil

## **GRI 308 : Supplier Environmental Assessment**

### **1. Management approach disclosures**

#### **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.

### **Supply Chain Management**

#### **Supply Chain Management Objectives**

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

#### **Supply Chain Management Commitment**

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

#### **Supply Chain Management Orientation**



## Supplier Corporate Social Responsibility Management Agreement

### Supplier Code of Conduct

Does company have a Supplier Code of Conduct and is it publicly available?

**Corporate Social Responsibility Management Agreement for Suppliers of Voltronic Power**

#### **1, Purpose**

Concern about corporate social responsibility has become an increasingly important issue. Voltronic Power will take social responsibility as our goal, implement social responsibility procurement, to ensure that suppliers produce products or provide services in a socially responsible manner, and promote the sustainable development of the industrial chain and the sustainable operation of the company.

Through this agreement, we will clarify the CSR management requirements of Voltronic Power for suppliers, encourage suppliers to implement relevant management, and effectively control risks.

#### **2, definition**

**CSR** : Corporate Social Responsibility, corporate social responsibility includes

environmental protection, health and safety, labor rights and interests, business ethics and other requirements.

**Children :** Anyone under the age of fifteen. If the minimum working age or compulsory education age prescribed by local law is higher than 15 years old, the higher age shall prevail. If the local law stipulates that the minimum working age is 14 years old and complies with the exceptions of ILO Convention 138 concerning developing countries, the lower age shall prevail. Chinese regulations stipulate that the age of child labour is less than 16 years old.

**Child Labour:** Any work performed by a child below the age specified in the above definition of a child, unless it complies with the provisions of ILO Recommendation No. 146.

**Young Worker:** Any worker who is older than the child defined above but not older than eighteen years of age. According to Chinese regulations, workers over 16 years old but under 18 years old are defined.

### **3, Management Requirements**

**3.1 Labor Requirements:** The supplier shall implement the requirements of social responsibility management in accordance with SA8000 international standards for social responsibility.

#### **3.1.1 human rights**

The supplier shall respect internationally recognized human rights standards and shall not participate in or support any human rights violations. Everyone's dignity, privacy and rights should be respected.

#### **3.1.2 prohibition of child labour**

The supplier shall not use or support the use of child labour in accordance with the above definition (under the age of 16), and effective measures shall be taken to avoid misrecruitment of child labour.

The supplier shall establish and maintain remedial procedures for child labour in accordance with national laws and effectively communicate them



to all employees. Once the use of child labour is found, the supplier shall support child labour to receive school education until they are older than the age of child.

#### **3.1.3 forced or compulsory labour**

The supplier shall not use prison labour, debt-paying labour, forced labour or other forms of involuntary labour, shall not use prisons or similar institutions as suppliers or subcontractors, and shall not require employees to pay "deposits" or surrender identity documents when they are employed.

The supplier shall not withhold part of the wages, benefits, property or certificates of the workers in order to force them to work continuously.

Supplier employees have the right to leave the workplace after completing the standard working hours.

#### **3.1.4 Working hours and rest**

The supplier shall abide by the applicable laws and industry standards concerning working hours and rest.

The supplier shall keep accurate working hours records regardless of the timing, piece-counting or comprehensive working hours approved by local laws and regulations.

The supplier should establish an effective overtime control mechanism to ensure that employees' overtime is voluntary and that employees' physical and mental health is ensured.

#### **3.1.5 basic wage guarantee and social insurance**

The wage paid by the supplier shall meet the minimum wage standard stipulated by the local government and provide the basic welfare stipulated by the national law.

The supplier shall pay overtime wages as required by law.

When employing an employee, the supplier shall specify in advance the

working conditions, wages and salaries, and the period of payment of wages in an easy-to-understand written form. The deduction of wages should not be used as a punishment. Any deduction should be notified to the employees in advance and made clear to them.

Wage payment time shall be operated in accordance with local government regulations and no arrears or delays shall be allowed.

The supplier shall provide social insurance for employees, including industrial injury insurance, and pay corresponding insurance premiums according to law.

#### **3.1.6 establish a system to protect employees' rights and interests**

The supplier shall establish rules and regulations to protect the rights and interests of employees according to law, including working hours, rest and vacation, wage payment, labor discipline, dismissal and other matters, and publicize these systems through appropriate means so that employees can access them at any time.

The supplier should establish a system of labor safety and health, strictly implement local regulations and standards of labor safety and health, carry out labor safety and health education, prevent accidents in the process of labor and reduce occupational hazards.

#### **3.1.7 labor contract**

The supplier shall sign a labor contract with the employees. The conclusion and change of the labor contract shall follow the principle of equality, voluntariness and consensus through consultation, and shall not violate the provisions of laws and administrative regulations.

The supplier shall terminate the employee's labor contract in accordance with the law, and notify and compensate the parties in advance in accordance with the law.

#### **3.1.8 protection of young workers and female workers**

The supplier may employ young workers as required, but shall provide labor protection in accordance with regulations, including but not limited to : young workers shall not be allowed to work in toxic and harmful positions, young workers shall not be allowed to work in night shifts, etc. Women enjoy equal employment opportunities with men except for locally prescribed jobs or posts that are not suitable for women.

The supplier shall prohibit the arrangement of female workers to engage in taboo labour prescribed by the local government, and prohibit the arrangement of female workers to engage in high, low temperature, cold water work and other taboo labour prescribed by local laws during menstruation or pregnancy.

The supplier shall prohibit the arrangement of female workers to engage in local taboo work, extended working hours or night shift work while breastfeeding babies under one year of age.

#### **3.1.9 Disciplinary Measures**

The supplier shall give dignity and respect to all personnel. It shall not engage in or support corporal punishment, mental or physical coercion, verbal insult or treat employees in a crude and inhuman manner.

#### **3.1.10 no discrimination system and behavior**

In matters involving employment, remuneration, training opportunities, promotion, dismissal or retirement, the supplier shall not engage in or support discriminatory systems and acts based on race, nationality, religion, physical disability, gender, marital status, political affiliation or age.

The supplier should respect employees of different races and religions and provide necessary conveniences and conditions in customs.

The supplier shall not permit any threat, abuse, exploitation or coercive sexual harassment, including gesture, language and physical contact, in

the workplace, in the shelter provided or managed by the supplier or in other places.

Under no circumstances shall the supplier require the employee to undergo pregnancy or virginity tests.

### **3.1.11 respect for employees' right to freedom of association and equal consultation**

The supplier should have organizations that can represent and safeguard the legitimate rights and interests of employees and can carry out activities independently according to law (e.g. trade unions, workers' representatives, employee relationship management).

Employees have the right to participate in democratic management and equal consultation through staff congresses, staff representatives or other forms in accordance with the law.

The supplier shall ensure that the employees and workers' representatives participating in the workers' organizations will not be discriminated against, harassed, coerced or retaliated on the basis of the trade union members or their participation in trade union activities, and that the employees' representatives may maintain contact with the employees they represent at the workplace.

### **3.2 Health and Safety Requirements**

The suppliers shall refer to the requirements of OHSAS 18001 standard to implement occupational health management.

The supplier should provide a safe and healthy working environment, pay attention to industry safety knowledge and specific safety risks. Through practical measures to reduce the hidden safety hazards in the working process and environment, take adequate measures to prevent accidents or personal injury.

Employees should receive appropriate and adequate health and safety training

so that they can fully recognize the risk factors associated with the work process and work environment and how to minimize the risk.

The supplier shall regularly detect, prevent and deal with factors that may endanger the occupational health and safety of employees.

The supplier shall provide labor protection articles in accordance with local regulations, conduct regular health checks for employees engaged in occupational hazards operations, conduct specialized training for employees engaged in special operations and require qualifications for special operations.

The supplier shall provide clean and hygienic toilet facilities, drinking water and, if necessary, food storage facilities.

If the supplier provides accommodation for the employees, the facilities should be clean and meet the basic needs of the employees.

If the supplier provides the staff canteen, it needs to ensure the canteen environment and food hygiene and safety according to relevant regulations.

The supplier shall regularly provide employees with effective health and safety instructions, including on-site instructions, warning signs, and (if necessary) specific work instructions.

If an employee is injured at work, the supplier shall provide first aid and assist the worker in obtaining follow-up treatment.

All personnel shall have the right to leave the imminent serious danger, even without the permission of the supplier.

The supplier should identify and assess possible emergencies and accidents, and minimize the impact by implementing emergency plans, including emergency reports, staff evacuation, training and drills, fire alarms and fire extinguishing devices, safety exits and recovery plans.

The supplier should establish the process of investigation, analysis and statistics of work-related injuries to reduce the incidence of accidents and work-related injuries.

### **3.3 Environmental Protection**

#### **3.3.1 pollution control**

**Establishment of environmental system :** The suppliers should establish and implement environmental management system according to the requirements of ISO14001 standard.

**Environmental licensing and reporting :** The supplier shall obtain the environmental license, approval document and registration certificate required by the applicable laws and regulations, and update them in time, as well as comply with the operation and reporting requirements of the license.

**Hazardous substances:** Suppliers should identify and control hazardous chemicals and other substances released into the environment to ensure their safe handling, transportation, storage, recovery or reuse and disposal.

**Wastewater and solid wastes:** Wastewater and hazardous wastes produced in the process of production and operation of the supplier shall be classified, monitored, controlled and treated according to requirements before discharge or disposal.

**Air emissions:** Volatile organic chemicals, aerosols, particulates, ozone chemical consumables and combustion by-products produced by the supplier in the course of operation should be identified, monitored, controlled and handled as required before discharge.

#### **3.3.2 energy conservation and emission reduction**

The supplier should reduce and eliminate all types of consumption (including water, electricity, natural gas, etc.) from the source or through practice (such as improving production, maintaining facility technology, replacing materials, saving natural resources, material recycling and reuse).

**The supplier should continuously introduce new technologies, new products and new management in energy saving, material saving and land saving.**

**Suppliers should increase the proportion of green energy and new energy, reduce greenhouse gas emissions and achieve a low-carbon economy.**

**The supplier should improve the energy efficiency of equipment, reduce energy consumption of products, promote dynamic energy saving and reduce energy consumption of travel and transportation.**

**The supplier should promote packaging standardization and realize visual green packaging and logistics.**

### **3.3.3 Environmental Protection of Products**

**The supplier shall abide by all applicable laws, regulations and customer requirements concerning the prohibition or restriction of specific substances, including markings relating to regeneration and disposal.**

**All products should meet environmental protection directives such as RoHS, REACH, green packaging and environmental protection regulations of target market countries and regions.**

**Lead-free and low toxicity control should be implemented in all product production to meet the requirements of relevant regulations on chemical management and control of toxic and harmful substances.**

**The supplier should implement green purchasing, and the materials provided by the supplier should be inspected or managed for environmental protection.**

### **3.4 Business Ethics Requirements**

**Business integrity : All business activities of the supplier should abide by the standards of integrity and prohibit any form of embezzlement, extortion, embezzlement of public funds, money laundering and other acts, in order to avoid being ordered to suspend business or subject to legal sanctions by the**

government.

**No unfair interest:** The supplier shall not provide or accept bribes or other forms of unfair gains, including inappropriate gifts.

**Information disclosure:** The supplier discloses information on business activities, organizational structure, financial situation and performance in accordance with applicable regulations and major industry practices.

**Intelligent property rights:** The supplier should respect and protect the intellectual property rights, and the transfer of technology and production experience should properly protect the intellectual property rights.

**Fair trade, advertising and competition:** The supplier should establish a fair trade, advertising and competition system, and take measures to protect customer information.

**Identity information protection:** The supplier shall protect the supplier and its employees' whistleblowers and ensure the confidentiality of their identities.

**Community participation:** Encourage participation in community activities to promote social and economic development.

☐ Yes, company has a Supplier Code of Conduct and it is publicly available. The

Code covers the following issues:

☐ Environmental standards for the suppliers' processes, products or services

☐ Child labor

☐ Fundamental human rights (e.g. labor rights, freedom of association, ILO conventions)

☐ Working conditions (e.g. working hours, lay-off practices)

☐ Remuneration

☐ Occupational health and safety

☐ Business ethics (e.g. corruption, anti-competitive practices)

☐ Suppliers should have a sustainable procurement policy in place for their own suppliers



### Awareness

Does company identify critical suppliers?

☐ Yes, company identifies critical suppliers

#### Definition of critical suppliers

Indicate which of the following elements are considered in the definition of critical suppliers:

☐ High-volume suppliers or similar

☐ Critical component suppliers or similar

☐ Non-substitutable suppliers or similar

#### Critical tier 1 and non-tier 1 suppliers

Indicate how many critical tier 1 and critical non-tier 1 suppliers you have identified.

Type of supplier	Absolute number of suppliers	Share of total procurement spent (%)
Total tier 1 suppliers	42	64.44%
Critical tier 1 suppliers	18	47.97%
Critical non-tier 1 suppliers	24	16.47%

#### Content Management of Prohibited Substances in Green Products

Components and parts (contain raw material /auxiliary material /half-finished products/finished products) in the supply chain shall be guaranteed to be green products (GP). The content of prohibited substances shall be in conformity of following stipulation:

A. The restricted substances for use :

Item	Substances	Controlled Applications	Limit (ppm)	Testing methods
		Paint and inks	< 100ppm	Pretreatment method: IEC62321Section11,12or13
		Plastic	< 300ppm	

<b>Metal Compounds</b>	<b>Pb</b>	<b>Others</b>	< 1000ppm	<b>Inspection instruments:</b> ICP-AAS ( OES ) /ICP-MS
		<b>Steel alloys</b>	< 3500ppm	
		<b>Aluminum alloys</b>	< 4000ppm	
		<b>Copper alloys</b>	< 40000ppm	
	<b>Cd</b>	<b>All</b>	< 100ppm	<b>Pretreatment method:</b> IEC62321Section11,12or13 <b>Inspection instruments:</b> ICP-AAS ( OES ) /ICP-MS
	<b>Hg</b>	<b>All</b>	< 1000ppm	<b>Pretreatment method:</b> IEC62321Section10 <b>Inspection instruments:</b> CV-AAS,AFS,ICP-OES,ICP-MS
	<b>Cr<sup>+6</sup></b>	<b>Metal</b>	<b>not detection</b>	IEC62321Section8 ( Metal Only )
		<b>Non-Metal</b>	< 1000ppm	IEC62321Section9 ( Ploymers )
<b>Halogenated Organic Compounds</b>	<b>PBBs</b>	<b>All</b>	< 1000ppm	<b>Pretreatment method:</b> IEC62321Section7 <b>Inspection instruments:</b> GC/MS
	<b>PBDEs</b>	<b>All</b>	< 1000ppm	
<b>Packaging Content Restrictions</b>	<b>Pb + Cd + Hg + Cr<sup>+6</sup></b>	PE bags, instructions, gift boxes, solders, partitions, roof and bottom panels, PE films, angle guards, pallets, sealing tapes, buckles, PPO bales	< 100ppm	Same as the above Pb/Cd/Hg/Cr <sup>+6</sup> testing methods
<b>Phthalates (PAE)</b>	<b>Bis(2-ethylhexyl) phthalate (DEHP)</b>	<b>Non-Metal</b> For example: A. Plastic and rubber (cable, connector,	< 1000ppm	<b>Pretreatment method:</b> IEC62321-8 : 2017 <b>Inspection instruments:</b> GC-MS,Py/TD-GC-MS
	<b>Butyl benzyl phthalate</b>		< 1000ppm	

	(BBP)	housing, tape,		
	Dibutyl phthalate (DBP)	insulating tape, tie band)	< 1000ppm	
	Diisobutyl phthalate (DIBP)	B. Labels, Signs, Foam cottons C. Coating (Paint, Ink), Sealant, Adhesive D. other	< 1000ppm	

**B. Bundle Tie and product package material (Buffer Cushion, Hop Bag, Bag, packaging tie and paper box, etc.) is prohibited to use PVC and its blends intentionally.**

**C. Conform to the newest requirements of the EU Restriction of Hazardous Substances (RoHS) directive.**

#### **EU REACH SVHC Management**

**Components and parts (contain raw material /auxiliary material /half-finished products/finished products) in the supply chain shall comply with the EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act, the concentrations of SVHC-Substances of Very High Concern must meet the requirements of the Act.**

**The list of Substances of Very High Concern is a dynamic document, which changes with the publication of the European Chemicals Agency (ECHA) and should be actively concerned about its latest changes.**

#### **Code for the management of the conflict minerals**

##### **Conflict Minerals**

**Does company have a comprehensive strategy in place to avoid contributing to conflict through your purchasing decisions and practices?**

☐ **Yes, have such a policy in place.**

**Policy**

**Does have a publicly available policy in place for minerals from conflict-affected**

and high-risk areas? Yes.

In the Democratic Republic of the Congo and the surrounding area, non-government military group control Au, Ta, W, Sn and so on, metals by the armed mastery, resulting in the deterioration of the social, environmental and human rights. Voltronic Power abides by customers and 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.

### **Risk Identification**

Does company have a formalized process/operating procedure in place to track minerals through the supply chain and identify and assess risks from minerals from conflict-affected and high-risk areas? The process covers the following:

- ☐ Necessity (e.g. what conflict minerals are used, how and why they are necessary to the functionality of the product)
- ☐ Supplier survey
- ☐ Response verification
- ☐ Country of origin determination

### **Risk Management**

Has company developed a risk management plan at smelter or refinery (SOR) or supplier level to mitigate or remediate identified risks from minerals from conflict-affected and high-risk areas? Provide a brief explanation: Details of the following **Code for the management of the conflict minerals.**

#### **Code for the management of the conflict minerals**

##### **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.**

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

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

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

**5.3.5.8 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.**

**5.3.5.9 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.

5.3.5.10 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

### Quantification

Provide with the revenue from products containing minerals from conflict-affected and high-risk areas.

	FY2015	FY2016	FY2017	FY2018
Percentage of total revenues from products containing minerals from conflict-affected and high-risk areas	0	0	0	0
Percentage of total revenues from products containing minerals from conflict-affected and high-risk areas coming from suppliers that have been verified conflict-free	0	0	0	0

### Risk Exposure

Does company have a formalized process in place to identify potential sustainability risks in the supply chain?

☐ Yes, has a formalized process in place.

### Formal risk identification process

Provide a brief description of company's sustainability risk identification process. Explain, for instance, how company identifies suppliers with potentially higher sustainability risks, or describe the higher risks which are typically found or

expected to be found, or how these potential risks are linked to overall supply chain management strategy.

#### **Supply Chain Sustainability Risk Identification Process**

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

In order to further understand the suppliers ' risk situations, a sustainability risk questionnaire survey was conducted for critical suppliers, requiring critical suppliers to reply to the sustainability risk questionnaire. After the completion of the questionnaire survey, risk assessment will be carried out for identified high-risk suppliers, and on-site audits will be conducted for critical suppliers with high risk, or the validity auditing process (VAP) of RBA (Code of Conduct-Responsible Business Alliance Code of Conduct) will be required to be completed.

Through the above risk assessment procedures, identify the potential risks of supply chain in economic, environmental and social aspects, as well as potential suppliers with high risks. Audit and coach suppliers who may have higher risks to ensure that their risks can be effectively controlled and reduced.

#### **Sustainability risk assessment scope and targets**

Indicate the scope of the sustainability risk assessments performed for tier 1 and critical non-tier 1 suppliers. Site visits, questionnaires, external sustainability agencies, stakeholder information, external databases, news watches, etc., are all acceptable types of assessments in this part of the question. If a supplier has been assessed multiple times in the last three years, it should only be counted once.

Also indicate if has a target in place and by what year that target should be achieved.

Type of supplier	Number of suppliers	Percentage of suppliers in that	Description of target
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	assessed in the last 3 years	category assessed in the last 3 years (based on total number of suppliers in that category provided in "Awareness" question). The values should not exceed 100%.	
<b>Tier 1 suppliers</b>	<b>18</b>	<b>100%</b>	<p><b>Provide a description of target:</b></p> <p>Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.</p> <p>Continue to achieve 100% non-use of conflict mineral raw materials.</p> <p><b>Target year: Annually Ongoing</b></p>
<b>Critical non-tier 1 suppliers</b>	<b>24</b>	<b>100%</b>	<p><b>Provide a description of target:</b></p> <p>Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act</p>

			<p>on SVHC-Substances of Very High Concern.</p> <p>Continue to achieve 100% non-use of conflict mineral raw materials.</p> <p>Target year: Annually Ongoing</p>
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#### **Definition of "sustainability high-risk"**

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

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

##### **1. Economy:**

- (1) Quality, Cost and Delivery Time**
- (2) Business Ethics**
- (3) Compliance with Regulations**
- (4) Critical Rare Metals Supply**
- (5) Only Source of Supply**

##### **2. Environmental aspects:**

- (1) Environmental management system**
- (2) Climate change**
- (3) Water resources management**
- (4) Waste and air pollution management**

##### **3. Social aspects:**

- (1) Safety and health**
- (2) Labor rights**
- (3) Conflict minerals management**

#### **Share of sustainability high-risk suppliers**

**Indicate the current share of company's total number of tier 1 suppliers (both critical and non-critical) as well as the share of your non-tier 1 suppliers for which**

have identified a high level of sustainability risk in the table below. If has not identified any suppliers as being high sustainability risk, reports "0" in the relevant fields.

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

#### Risk Management Measures

Indicate which measures company has taken in order to manage sustainability risks amongst critical suppliers (tier 1 and non-tier 1) and high sustainability risk suppliers.

☐ Company measures sustainability risks in the supply chain on an ongoing basis

#### Ongoing sustainability monitoring

Indicate the standard frequency of a more comprehensive assessment of your suppliers and attach supporting documents (for example a process describing the system that tracks assessments' frequency). By "more comprehensive," means an assessment including at least a company visit either by company's own personnel or by external third parties, for instance sustainability agencies. Note that the percentage of suppliers assessed at least once every three years should NOT include the companies assessed annually.

Type of supplier	Percentage assessed annually	Percentage assessed at least once every 3 years	Total (should not exceed 100%)
Critical suppliers (tier 1 and non-tier 1)	43%	57%	100%

Suppliers with high sustainability risk. If has not identified any suppliers with high sustainability risks, please ensure that "0" is marked in applicable fields the "Risk Exposure" question.	0	0	0
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#### **Corrective action plans for suppliers**

Attach a sample as supporting document and indicate the percentage of assessed or audited suppliers for which corrective action plans have been developed. Further, indicate what percentage of suppliers with a corrective action plan has improved their ESG performance since the action plan was launched.

Measure	Percentage
% of current suppliers with high sustainability risk (following the definition in the question "Risk Exposure") where gaps have been identified have corrective action plans.	
% of current suppliers with corrective action plans that have improved their ESG performance within 12 months of the plan's launch.	
Since no supplier with high sustainability risk was found, no corrective action plan was initiated.	

#### **ESG Integration in SCM Strategy**

Indicate the main priorities of company's general supply chain management strategy as well as the environmental, social and governance (ESG) objectives that have been identified in company. Further, indicate how ESG factors are integrated in supplier selection decisions.

##### ☐ General supply chain strategy

Provide a brief description of the top five priorities of company's general supply chain management strategy and attach supporting evidence. Note that this should refer to the general approach that the company is taking in order to manage the

supply chain with regards to aspects such as cost, time, quality and continuity of supply and not to a sustainable sourcing or a sustainable supply chain strategy.

The five priorities of Voltronic Power 's general supply chain management strategy are: 1. local purchasing; 2. stable quality; 3. accurate delivery time; 4. supply sustainability; 5. cost price.

### **Integration of ESG objectives**

Indicate which formalized environmental, social and governance (ESG) objectives have been identified for supply chain management strategy. Further, indicate how these are connected to the overall supply chain strategy by providing supporting documents. Note that in this section can refer to a sustainable sourcing strategy or a sustainable supply chain strategy as well as to objectives relating to ESG factors already integrated in the strategy above.

	Description of ESG objective	Link to overall supply chain strategy
Key ESG Objective 1	Supply chain products do not use conflict mineral raw materials at all.	Continue to achieve 100% non-use of conflict mineral raw materials.
Key ESG Objective 2	Supply chain products fully comply with the green product requirements.	Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.

### **Integration of ESG factors into supplier selection**

Complete the table below, indicating how ESG factors impact supplier selection and

retention process. Attach supporting documents and provide a brief description on the scale and approach for the minimum threshold for either new suppliers, existing suppliers or both.

Indicate if the threshold is for new suppliers, existing suppliers or both:	Minimum quantitative/qualitative threshold required (i.e. certified management systems in place, requiring to replicate own standards down the supply chain, minimum score at ESG assessment, etc.):
<input type="checkbox"/> New suppliers <input type="checkbox"/> Existing suppliers <input checked="" type="checkbox"/> New and existing suppliers	minimum score : 70

Does company use a % (weight) of ESG in the overall assessment of suppliers (compared to other factors such as price, quality and delivery time), as a tool to ensure integration of sustainability into supplier selection and retention decisions? If so, provide an estimate of the average weight across supplier categories: The company ensures that sustainability is integrated into supplier selection and retention decisions, and stipulates that suppliers must meet the minimum 70-point threshold of “ESG assessment for CSR checklist”, which is a threshold requirement. After meeting the threshold requirement, do other evaluations (price, quality and delivery time, etc.).

And indicate for which supplier categories this weight factor is being applied: New and existing suppliers

#### Transparency & Reporting

Which aspects of supply chain management approach does company publicly report on (on a consolidated basis)?

#### **Voltronic Power Supply Chain Management Norms**

In 2018, there were 604 suppliers of Voltronic Power, including 18 critical tier 1 suppliers and 24 critical non-tier 1 suppliers. 80% of the purchasing amount was locally purchased and 20% was imported from abroad.



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

Voltronic Power ensures that sustainability is integrated into supplier selection and retention decisions, and stipulates that suppliers must meet the minimum 70-point threshold of “ESG assessment for CSR checklist”, which is a threshold requirement. After meeting the threshold requirement, do other evaluations (price, quality and delivery time, etc.).

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

☐ Publicly report supply chain management approach

Supply chain management approach transparency

- ☐ Supply chain spend analysis (containing basic spend analysis information such as: number of suppliers, category, spend value and geographical spread)
- ☐ Supply chain awareness (identification of critical suppliers)
- ☐ Supply chain risk assessment and corrective actions (e.g. supplier sustainability assessment)
- ☐ ESG integration in supply chain management strategy (e.g. minimum thresholds or alignment of overall supply chain management strategy with ESG objectives)

Reporting quantitative KPIs and targets

Indicate below the extent to which company reports on supply chain management sustainability key performance indicators (KPIs) in the public domain and provide the targets linked to these indicators. The Annual Report, Sustainability

If available, select KPIs with at least three years of history, well defined targets and clear reporting on progress towards these targets.

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

## **2. Management approach disclosures**

### **308-1 New suppliers that were screened using environmental criteria**

In 2016 , 2017 and 2018 the percentage of new suppliers that were screened using environmental criteria was 35 /72 =48.61% and 54 /77 =70.13% ,68 /83, =81.93%.

### **308-2 Negative environmental impacts in the supply chain and actions taken : nil**

## **GRI 401 : Employment**

### **1. Management approach disclosures**

#### **Social Reporting - Coverage**

Is the coverage of company's publicly available social reporting clearly indicated in the report or in the online domain?

- ☐ Select the coverage of the company's publicly available social indicators from the dropdown list below (select **ONLY** if the coverage is the same for all social indicators your company reports on):
- ☐ >75% of revenues OR >75% of business operations
  - ☐ 50-75% of revenues OR 50-75% of business operations
  - ☐ 25-50% of revenues OR 25-50% of business operations
  - ☐ <25% of revenues OR <25% of business operations

#### **Social Reporting - Assurance**

Indicate below what type of external assurance company has received in relation to your company's social reporting.

- ☐ ☒ The assurance statement is based on a recognized international or national standard (e.g. AA1000AS, ISAE 3000).

The independent assurance statement witch issued by an external assurance specialist for the content of Voltronic Power's social report for 2018 , is based on AA1000AS standard.

#### **Social Reporting - Quantitative Data**

Indicate below to what extent company reports on social Key Performance Indicators (KPIs) in the public domain and provide the targets linked to these indicators. The Annual Report, Sustainability Report and corporate website are considered external communication sources. If available, select KPIs with at least three years of history, well defined targets and clear reporting on progress towards these targets.

	Specify the KPI	Specify the target that is linked to the KPI
KPI 1	KPI : Prohibition of child labor	Target: No child labor Target year: Annually Ongoing
KPI 2	KPI : Safety and Health	Target: The Lost-Time Injury Frequency Rate (LTIFR) and the Occupational Illness Frequency Rate (OIFR) of employees all were below 2. Target year: Achieved in 2017 and 2018
KPI 3	KPI : GenderEquality	Target: One-fourth or more of all directors are female(and at least one female non-independent director and one female independent director). Females in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as a % of total top management positions) are one-third or more. Target year: Achieved in 2018

### **Benefits provided to full-time employees**

#### **Taiwan Region**

Voltronic Power provides 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. "

## 2. Topic-specific disclosures

### 401-1New employee hires and employee turnover

- a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.
- b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.

In 2016 (from January 1 to December 31, 2016), 2017 (from January 1 to December 31, 2017) and 2018 (from January 1 to December 31, 2018), 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
	Taiwan	Male	1	1.28%	1	1.28%
		Female	2	2.56%	1	1.28%

2016	China	Total	3	3.84%	2	2.56%
		Male	106	5.92%	96	5.36%
		Female	60	3.35%	57	3.18%
		Total	166	9.27%	153	8.54%
2017	Taiwan	Male	1	1.35%	2	2.70%
		Female	1	1.35%	1	1.35%
		Total	2	2.70%	3	4.05%
	China	Male	165	7.50%	206	9.36%
		Female	99	4.50%	114	5.18%
		Total	264	12.00%	320	14.55%
2018	Taiwan	Male	15	16.30%	2	2.17%
		Female	8	8.70%	3	3.26%
		Total	23	25%	5	5.43%
	China	Male	70	3.01%	60	2.58%
		Female	40	1.72%	36	1.55%
		Total	110	4.73%	96	4.12%

**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 2016 (from January 1 to December 31, 2016), 2017 (from January 1 to December 31, 2017) and 2018 (from January 1 to December 31, 2018), 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
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	0.00%	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	0.00%	0	0.00%
		Total	166	9.27%	153	8.54%
2017	Taiwan	under 30 years old	3	4.05%	2	2.70%
		30-50 years old	16	21.62%	19	25.67%
		over 50 years old	0	0.00%	0	0.00%
		Total	19	25.67%	21	28.37%
	China	under 30 years old	190	8.64%	227	10.32%
		30-50 years old	74	3.36%	92	4.18%
		over 50 years old	0	0.00%	0	0.00%
		Total	264	12.00%	319	14.50%
2018	Taiwan	under 30 years old	7	7.61%	2	2.17%
		30-50 years old	15	16.30%	3	3.26%
		over 50 years old	1	1.09%	0	0%
		Total	23	25%	5	5.43%
	China	under 30 years old	72	3.10%	60	2.57%
		30-50 years old	38	1.63%	36	1.55%
		over 50 years old	0	0.00%	0	0.00%
		Total	110	4.73%	96	4.12%
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						

### Employee Turnover Rate

Indicate company's total turnover ( whether have left voluntarily or due to dismissal, retirement, or death in service )rates and voluntary turnover( employees who choose to leave ) rates for the last four years as a percentage of total number of employees in the table below. Also indicate the average hiring cost/FTE for the last fiscal year.

	FY2015	FY2016 年	FY2017	FY2018
Total employee turnover rate	6.42%	8.40%	15.20%	4.17%
Voluntary employee turnover rate	6.42%	8.39%	15.19%	4.14%

Indicate company's average hiring cost/FTE 《Refers to the average cost of hiring a new employee to the company in the last fiscal year. The figure should be calculated based on the costs of hiring all new full-time employees in the reporting period (not based on the costs of hiring full-time employees who were already at the company before the last fiscal year started)》 in the last fiscal year. This should specifically relate to the number of employees hired last year, not average cost for all employees. The absolute amount of any salary information shall not be disclosed as an important trade secret of the company.

#### Trend of Employee Engagement

Indicate in the following table the percentage of actively engaged employees based on company's scaled employee engagement surveys. Also indicate the coverage of these surveys and if this measurement can be broken down according to gender. For each row in the table, it is mandatory that the values provided are in the same unit. If company only conducts an Employee Engagement survey every two years, duplicate the value of the previous year in the table and provide the target for the most recent year a survey was conducted.

#### ☐ Standard Method

Employee engagement	Unit	FY2015	FY2016	FY2017	FY2018	What was target for FY 2018?
Employee engagement	% of actively engaged employees	65%	68%	66%	62%	60%
Data coverage	% of total employees	10%	10%	10%	10%	

#### PUBLIC REPORTING

☐ The results of surveys are publicly available.

The results of the employee engagement survey of Voltronic Power in 2018 are as follows: "62% of employees actively participate in the survey"="25% are very



satisfied or agreed”+”37% are more satisfied or agreed” ; ”14% are generally satisfied or agreed” ; ”13% are more dissatisfied or disagreed” ; ”11% are very dissatisfied or disagreed”.

### **GENDER BREAKDOWN**

☐ Due to that 10% of the employees in the company were randomly distributed the "Employee Engagement Questionnaire" to investigate employee engagement anonymously, so can not break down the results of employee engagement surveys based on gender.

### **SURVEY METHODOLOGY**

**Provide a definition of the company's approach to measuring employee engagement:**  
Investigation purposes: In order to improve the company's work, to understand employees' engagement with the company, to help managers find management loopholes, reflecting the humanistic concern of the enterprise to employees; at the same time, to improve employee engagement, create a satisfactory working environment and working atmosphere for employees; therefore, Voltronic Power carries out the employee engagement survey every year.

**Scope and method of the survey:** 10% of employees in the company were randomly distributed "Employee Engagement Questionnaire" to investigate employee engagement anonymously, and 100% of valid questionnaires were required to be returned.

**Provide the scale or options used in the survey (e.g. 5 point scale; "actively engaged", "disengaged", "strongly agree", "agree", "don't know", "disagree", "strongly agree".) :**

"very satisfied or agreed", "more satisfied or agreed", "generally satisfied or agreed", "more dissatisfied or disagreed", "very dissatisfied or disagreed".

### **401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees**

#### **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. "**

### **401-3 Parental leave**

**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
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
2017	A	The number of qualified to apply for parental leave in 2017.	65	18	83
	B	The number of actually to apply for parental leave in 2017.	1	0	1

	<b>C</b>	<b>The number of returned to work after parental leave ended in 2017.</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2018</b>	<b>A</b>	<b>The number of qualified to apply for parental leave in 2018.</b>	<b>63</b>	<b>11</b>	<b>74</b>
	<b>B</b>	<b>The number of actually to apply for parental leave in 2018.</b>	<b>1</b>	<b>0</b>	<b>1</b>
	<b>C</b>	<b>The number of returned to work after parental leave ended in 2018.</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Note: The number of qualified to apply for parental leave, estimate by the number of who had applied maternity leave or paternity leave from 2016 to 2018.</b>					

## **GRI 402 : Labor/Management Relations**

### **1. Management approach disclosures**

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.

### **2. Topic-specific disclosures**

#### **402-1 Minimum notice periods regarding operational changes**

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.

## **GRI 403 : Occupational Health and Safety**

### **1. Management approach disclosures**

#### **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 2018, 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 2018.



## **2. Topic-specific disclosures**

### **403-1 Workers representation in formal joint management–worker health and safety committees**

In 2018, 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

**403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities**

2016				
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%				
2017				
region	China		Taiwan	
gender	Male	Female	Male	Female
number of work-related injury	6	2	0	0
number of Employees	1,360	830	36	38
rates of injury	0.44%	0.25%	0%	0%
type of injury	one is non-labor injury ( Traffic accident ) Five is labor injury	one is non-labor injury ( Traffic accident ) one is labor injury		



lost days	467.50	109	0	0
work-related fatalities	0	0	0	0
Total lost days of injury are 576.5 days, Lost Time is 4,612 hours, Lost Time Incident Rate = 4,612 hours / (2,264 person @ 2,000 hours/per person) = 0.10%				
<b>2018</b>				
region	China		Taiwan	
gender	Male	Female	Male	Female
number of work-related injury	5	3	0	0
number of Employees	1,501	827	50	42
rates of injury	0.33%	0.35%	0%	0%
type of injury	Five is labor injury	one is non-labor injury ( Traffic accident ) Two is labor injury		
lost days	48	132.5	0	0
work-related fatalities	0	0	0	0
Total lost days of injury are 180.5 days, Lost Time is 1,444 hours, Lost Time Incident Rate = 1,444 hours / (2,420 person @ 2,000 hours/per person) = 0.03%				

**403-3 Workers with high incidence or high risk of diseases related to their occupation : nil**

**403-4 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.

**Fatalities**

Complete the following table with the number of work-related fatalities for employees and contractors.

Fatalities	FY2015	FY2016	FY2017	FY2018	Explain trend
Employees	0	0	0	0	
Contractors	—	—	—	—	

**Lost-Time Injury Frequency Rate (LTIFR) - Employees**

Provide company's lost-time injury frequency rate for employees (per one million hours worked). For each row in the table, it is mandatory that the values provided

are in the same unit. If company's LTIFR for employees is equal to zero for one or more fiscal years, this data will only be accepted if evidence of third-party verification is provided.

LTIFR	Unit	FY2015	FY2016	FY2017	FY2018
Employees	n/million work h		4.27	1.79	1.65
Data coverage (as % of employees, operations or revenues)	percentage of: <input checked="" type="radio"/> Employees <input type="radio"/> Operations <input type="radio"/> Revenues		100%	100%	100%
LTIFR=(Number of lost-time injuries ) / (Total hours worked in accounting period) x 1'000'000					

#### PUBLIC REPORTING

☒ The data is publicly available.

#### THIRD-PARTY VERIFICATION

☒ The data has been third-party verified in the most recent financial year reported.

#### Lost-Time Injury Frequency Rate (LTIFR) - Contractors

☐ Not applicable. There are no contractors.

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

Provide company's occupational illness frequency rate for employees (per one million hours worked). For each row in the table, it is mandatory that the values provided are in the same unit. If company's OIFR for employees is equal to zero for one or more fiscal years, this data will only be accepted if evidence of third-party verification is provided.

OIFR	Unit	FY2015	FY2016	FY2017	FY2018
Employees	n/million work h		1.22	1.12	1.24
Data coverage (as % of employees,	percentage of: <input checked="" type="radio"/> Employees <input type="radio"/> Operations		100%	100%	100%

operations or revenues)	<input type="radio"/> Revenues				
$\text{LTIFR} = (\text{Number of lost-time injuries}) / (\text{Total hours worked in accounting period}) \times 1'000'000$					

#### **PUBLIC REPORTING**

☐ The data is publicly available.

#### **THIRD-PARTY VERIFICATION**

☐ The data has been third-party verified in the most recent financial year reported.

## **GRI 404 : Training and Education**

### **1. Management approach disclosures**

**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 adjustment.**
- 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.

#### **Employee Development Programs**

Provide two examples of employee development programs in company that have been developed to upgrade and improve employee skills. Provide a brief description of the business benefits for each program and, where possible, provide a quantitative measure of the positive impact that these programs have had on business (e.g. increase in employee engagement, productivity, cost reduction or revenue generation).

<b>Employee Development Program, specify two different examples:</b>	<b>Description of business benefits</b>	<b>Quantitative impact of business benefits (monetary or non-monetary)</b>	<b>% of FTEs that participated in this program</b>
Through regular meeting reviews and training, marketing department employees can develop business and maintain customer capabilities, and combine with key performance indicators of employees.	Increase revenue	Sales revenue grew by 15.67% in 2018.	FTEs in marketing departments: 100% participation
Taiwan's R&D department: Invite professional consultants to the company every week,	Enhancing R&D capabilities	Continuous development of new products every year	FTEs in Taiwan R&D departments: 60% participation

to give professional guidance on the hardware design of the product industry, the components, circuits, etc..."			
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### **Human Capital Return on Investment**

Indicate the following information on a standard Human Capital Return on Investment metric, serving as a global measure of the return on Human Capital programs.

	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>a) Total Revenue</b> Currency : NT	<b>8,121,775,000</b>	<b>8,163,166,000</b>	<b>9,862,230,000</b>	<b>11,407,894,000</b>
<b>b ) Total Operating Expenses</b> Currency : NT	<b>6,361,104,000</b>	<b>6,440,945,000</b>	<b>8,017,476,000</b>	<b>9,296,931,000</b>
<b>c) Total employee related expenses (salaries + benefits)</b> Currency : NT	<b>992,611,000</b>	<b>1,087,589,000</b>	<b>1,148,858,000</b>	<b>1,362,647,000</b>
<b>Resulting HC ROI (a - (bc)) / c</b>	<b>277%</b>	<b>258%</b>	<b>261%</b>	<b>255%</b>
<b>Total FTEs</b>	<b>1,635</b>	<b>1,869</b>	<b>2,237</b>	<b>2,420</b>

### **Return on Employee Development Investment**

Does company have a metric to quantitatively measure the benefits from its investments linked to a specific employee development program?

By investments in a specific employee development program, mean expenses related to education, training, incentive programs, etc. This does not include base salary or standard benefits (e.g. vacation, insurance, etc.)

By return on investments linked to a specific employee development program, mean the increase in profits, savings or changes in other metrics such as employee engagement, employee retention, absenteeism per monetary unit spent (e.g. USD 1 million) associated with an employee development program. The metric used in Human Capital Return on Investment is not accepted here.

☐ Yes, have a metric for calculating our return on program-specific employee development investments.

☐ Can estimate the increase in sales or the changes in company's profitability per monetary unit spent (e.g. USD 1 million) linked to a specific training and employee development program (such as sales training). Specify:

Evaluate changes in business bonus incentive plans for business department colleagues on sales growth: annual sales revenues/annual business bonus for business department colleagues.

#### Metric

Provide the value of the metric used to measure the return on investments linked to a specific employee development program:

FY2015	FY 2016	FY 2017	FY 2018
387	275	229	318

## 2. Topic-specific disclosures

### 404-1 Average hours of training per year per employee

2016				
region	China		Taiwan	
gender	male	female	male	female
Per capita training time	3.52 hrs	3.12 hrs	6.75 hrs	12.45 hrs

2017				
region	China		Taiwan	
gender	male	female	male	female
Per capita training time	7.00hrs	4.00hrs	10.00hrs	14.50hrs
2018				
region	China		Taiwan	
gender	male	female	male	female
Per capita training time	7.50hrs	5.00hrs	31.00hrs	42.50hrs

2016		
region	China	Taiwan
Management Department	per capita training time 1.91 hrs	per capita training time 15.50hrs
Procurement Department	per capita training time 2.00hrs	-
R&D Department	per capita training time 3.64 hrs	per capita training time 7.00hrs
QA Department	per capita training time 3.00 hrs	-
Production department	per capita training time 2.69 hrs	-
Sales Department	-	per capita training time 10.80hrs
2017		
region	China	Taiwan
Management Department	per capita training time 2.00 hrs	per capita training time 17.38 hrs
Procurement Department	per capita training time 2.00 hrs	-
R&D Department	per capita training time 6.00 hrs	per capita training time 10.00 hrs
QA Department	per capita training time 2.00 hrs	-
Production department	per capita training time 5.00 hrs	-
Sales Department	-	per capita training time 7.00 hrs
2018		
region	China	Taiwan
Management Department	per capita training time 3.00 hrs	per capita training time 50.50 hrs
Procurement Department	per capita training time 2.00 hrs	-
R&D Department	per capita training time 6.00 hrs	per capita training time 13.00 hrs
QA Department	per capita training time 10.00 hrs	-
Production department	per capita training time 6.00 hrs	-



Sales Department	-	per capita training time 10.00 hrs
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#### **404-2 Programs for upgrading employee skills and transition assistance programs**

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

#### **404-3 Percentage of employees receiving regular performance and career development reviews**

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	66/.29%	44	51.16%
female	476	33.71%	42	48.84%
Direct employees	662	46.88%	0	0%
Indirect employees	750	53.12%	86	100%
Performance reviews in 2017: by gender and by employee category				
region	China		Taiwan	
gender	number	percentage of employees	number	percentage of employees
male	1,360	62.87%	36	48.64%
female	803	37.12%	38	51.35%
Direct employees	1,136	52.51%	0	0%
Indirect employees	1,027	47.48%	74	100%
Performance reviews in 2018: by gender and by employee category				
region	China		Taiwan	
gender	number	percentage of employees	number	percentage of employees
male	1,501	64.48%	50	54.35%
female	827	35.52%	42	45.65%
Direct employees	1,201	51.59%	0	0%
Indirect employees	1,127	48.41%	92	100%

### **Training & Development Inputs**

Provide the following data related to training, development and internal mobility for the last fiscal year and indicate the percentage of global employees that this data represents. Training hours and training costs should include activities related to further development of employee skills but should not include e.g. basic compliance training.

☐ Indicate the data coverage of the reported data:

☐ 100% of all employees globally

☐ > 75% of all employees globally

☐ > 50% of all employees globally

☐ < 50% of all employees globally

	FY 2018	
	China	Taiwan
Average hours per FTE of training and development	6.61	36.25
Average amount spent per FTE on training and development. Currency:NT	1,322	7,250
Percentage of open positions filled by internal candidates	33% ( Non-productive sector )	—

## **GRI 405 : Diversity and Equal Opportunity**

### **1. Management approach disclosures**

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.

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.

#### **Type of Individual Performance Appraisal**

Indicate the type and employee coverage of the individual performance appraisals used for individual performance-related compensation.

Type of performance appraisal	% of all employees
Management by objectives: systematic use of agreed measurable targets by line superior	100%
Multidimensional performance appraisal (e.g. 360 degree feedback)	
Formal comparative ranking of employees within one employee category	

### Long-term Incentives

Does company provide long-term incentives for employees below the senior management level? Long-term incentive programs are programs tied to an employee's performance. The performance can be measured during one or multiple years. These incentive programs do not include employee benefits. Senior management includes employees that are at most two management levels from the CEO (or equivalent). Below senior management level refers to all employees that are more than two management levels away from the CEO. If company uses a different definition for "below senior management level" please provide the definition in your answer. Long-term incentives for the executive management and/or senior management are not accepted in this question.

Describe the following aspects (both): 1) the type of long-term incentive program (e.g. stock options, restricted stock units, cash incentives, etc.); 2) the type of employees below the senior management level the program applies to:	Long-term incentives for employees below the senior management level are on average paid out after:	Report the percentage of workforce below senior management level (max. two levels from the CEO) that this program applies to:	Long-term incentives include targets associated with sustainability performance?
1) restricted stock for employees 2) Full-time employees below the manager level (including) in Taiwan	<input type="checkbox"/> 2 years <input checked="" type="checkbox"/> 3 years <input type="checkbox"/> Longer than 3 years	36.78% off full-time employees below the manager level (including) in Taiwan	

## 2. Topic-specific disclosures

### 405 -1 Diversity of governance bodies and employees

#### Diversity

Indicate which of the following indicators your company uses to monitor diversity :

Diversity Indicator	Percentage	Percentage
---------------------	------------	------------

	( 0-100% )	( 0-100% )
	Taiwan	China
Female share of total workforce (%)	45.65%	35.52%
Females in all management positions, including junior, middle and senior management (as % of total management workforce)	13.04%	11.92%
Females in junior management positions, i.e. first level of management (as % of total junior management positions)	7.61%	10.00%
Females in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as a % of total top management positions)	50%	
Females in management positions in revenue-generating functions (e.g. sales) as a % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	100%	

#### **405 -2 Ratio of basic salary and remuneration of women to men**

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.

#### **Equal Remuneration**

Provide information on the following indicators relating to equal remuneration.

☐ Not applicable.

The ratio of women to men is 100:100 for basic wages at Executive level, Management level or Non-management level (production and administration).

**Under the same conditions, the ratio of women to men is 100:100 for other cash incentives. The absolute amount is not disclosed on the basis of the company's commercial confidentiality considerations.**

## **GRI 406 : Non-discrimination**

### **1. Management approach disclosures**

#### **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.

## **2. Topic-specific disclosures**

**406-1 Incidents of discrimination and corrective actions taken : nil**

## **GRI 407 : Freedom of Association and Collective Bargaining**

### **1. Management approach disclosures**

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.

#### **Freedom of Association**

What percent of total number of employees are represented by an independent trade union or covered by collective bargaining agreements? employees who are eligible but are not actually covered by collective bargaining agreements should be excluded from the count.

<b>Region</b>	<b>% of employees represented by an independent trade union or covered by collective bargaining agreements:</b>	<b>Explanation</b>
<b>China</b>	<b>100%</b>	<b>Voltronic Power has set up an independent trade union representative in China, and all incumbency full-time employees participate in the union.</b>
<b>Taiwan</b>	<b>0%</b>	
<b>Total</b>	<b>96%</b>	

## **2. Topic-specific disclosures**

**407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk** : Voltronic Power has set up an independent trade union representative in China, and all incumbency full-time employees participate in the union.

## **GRI 408 : Child Labor**

### **1. Management approach disclosures**

#### **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 2016, 2017 and 2018 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 2016 , 2017 and 2018 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.**

## **2. Topic-specific disclosures**

**408-1 Operations and suppliers at significant risk for incidents of child labor : nil**

## **GRI 409 : Forced or Compulsory Labor**

### **1. Management approach disclosures**

#### **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.

## **2. Topic-specific disclosures**

**409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor : nil**

## **GRI 410 : Security Practices**

### **1. Management approach disclosures**

In Taiwan Region, the Security Practices of Office Building had signed the "Civil defense service contract" with "Liang Fu Security Corp., Ltd." in accordance with the provisions of Condominium Administration Act Building Administration Division. By the "Liang Fu Security Corp., Ltd." to provide security services, and ask "Liang Fu Security Corp., Ltd." should continue to strengthen the security team training and management, to ensure the quality of security services.

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.

### **2. Topic-specific disclosures**

#### **410-1 Security personnel trained in human rights policies or procedures**

As stated in the management approach.

## **411 : Rights of Indigenous Peoples**

### **1. Management approach disclosures**

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.

### **2. Topic-specific disclosures**

**411-1 Incidents of violations involving rights of indigenous peoples** : nil

## **GRI 412 : Human Rights Assessment**

### **1. Management approach disclosures**

#### **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**

##### **Human Rights - Commitment**

Does have a publicly available, company-specific policy in place for commitment to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights or other internationally accepted standards?

##### **Voltronic Power's Responsibility Policy of Respecting Human Rights**

One, Basis: United Nations Guiding Principles on Business and Human Rights.

Two, Foundational Principles

1, Business enterprises should respect human rights. : Should comply with the human rights protection laws and regulations in various countries and regions to avoid violations of the human rights of others, and when enterprises are involved in human rights issues, adequate measures should be taken to implement prevention, mitigation and, where appropriate, remediation, in order to eliminate adverse human rights impacts.

2, The responsibility of business enterprises to respect human rights refers to internationally recognized human rights – understood, at a minimum, as those expressed in the “International Bill of Human Rights” : a) Right to life; b) freedom from torture and inhuman treatment; c) freedom from slavery and forced labor; d) freedom from imprisonment for debt; e) prohibition of retroactivity of criminal law; f) right of personality before law; g) freedom of thought, conscience and

religion ; and the principles concerning fundamental rights set out in the “International Labor Organization’s Declaration on Fundamental Principles and Rights at Work” : a) Freedom of association and collective bargaining; b) Free choice of employment and prohibition of forced labor; c) Equal employment and equal remuneration for men and women for equal work; d) Prohibition of the use of child labor; e) Reasonable working conditions (including wages, working hours, rest, vacation and occupational safety and health).

**3, the responsibility to respect human rights requires that business enterprises:**

- (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;**
- (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.**

**4, the responsibility of enterprises to respect human rights should be fully and equally applied to all operating positions, all departments, all business areas and all group companies.**

**5, In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:**

- (a) A policy commitment to meet their responsibility to respect human rights;**
- (b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;**
- (c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.**

**Three, Operational principles**

**1, Policy commitment**

#### **Human Rights Policy Statement**

**Voltronic Power complies with the labor laws and regulations in various countries**

and regions, supporting and abiding by international human rights conventions such as the “International Bill of Human Rights”, the Guiding Principles of Business and Human Rights of the United Nations and the “International Labor Organization’s Declaration on Fundamental Principles and Rights at Work”, we formulate the “Voltronic Power ’s Responsibility Policy of Respecting Human Rights”, which guarantees the following basic rights: a) Freedom of association and collective bargaining; b) Free choice of employment and prohibition of forced labor; c) Equal employment and equal remuneration for men and women for equal work; d) Prohibition of the use of child labor; e) Reasonable working conditions (including wages, working hours, rest, vacation and occupational safety and health).

**Statement 1: Support and respect the protection of internationally recognized human rights;**

**Statement 2: Never go hand in hand with human rights abusers;**

**Statement 3: Strongly support the freedom of association and recognize the right of collective bargaining;**

**Statement 4: Eliminate all forms of forced or compulsory labor;**

**Statement 5: Actual and effective abolition of child labor;**

**Statement 6: Eliminate discrimination related to work and occupation.**

**Voltronic Power Technology Corp.**

**Chairman cum General Manager: Hsieh Juor-Ming**

## **2, Human Rights Regulations**

**Voltronic Power had formulated the following human rights regulations, which were fully and equally applicable and applied to all operating positions, all departments, all business areas and all group companies:**

**(a) Policies and remedial procedures for prohibiting recruitment of child labor**

**(b) Identity Card Identification Management System**

**(c) Protection Management Program for Young Workers**

**(d) Management System of Prohibiting Discrimination**

- (e) Management System of Special Labor Protection for Female Workers
- (f) Regulations on the Administration of Prohibiting Forced Labor
- (g) Staff Satisfaction Management
- (h) Employee Suggestions, Appeals System and Procedures
- (i) Measures for Religious Belief Management

For suppliers and partners, the special section of "Labor Requirements" in the "Supplier Corporate Social Responsibility Management Agreement" requires that suppliers should implement social responsibility management in accordance with the SA8000 international standard of social responsibility: (a) respect for human rights; (b) prohibit the use of child labor; (c) prohibit forced or compulsory labor; (d) working hours and rest; (e) basic wage guarantee and social insurance; (f) establish a system to protect employees' rights and interests; (g) labor contracts; (h) protection of young workers and female workers; (i) punishment measures; (j) no discrimination system or behavior; (k) Respect for employees' right to freedom of association and equal consultation.

### **3, Human rights risk identification and due diligence process**

#### **Human Rights Risk Identification and Due Diligence Procedure**

**A) Scope:** All operating positions, all departments, all business areas and all group companies.

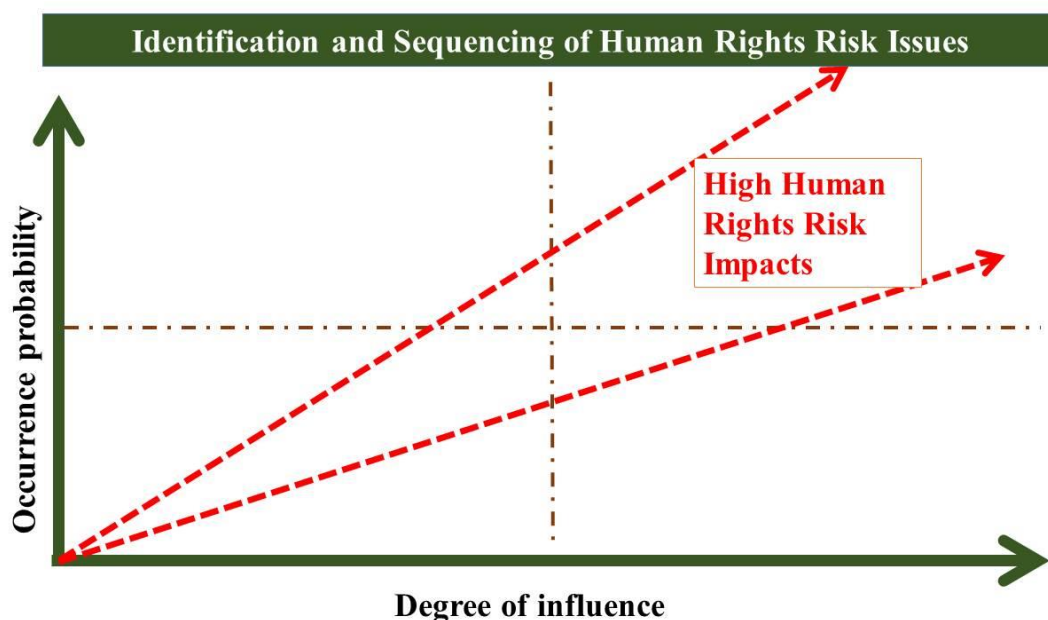
#### **B) Identification and sequencing of human rights issues**

**Issue Collection Pipeline:** Development trends of International Human Rights Issues and Human Rights Issues Report, laws and regulations, complaints and reporting pipes, Employee Satisfaction Survey, etc. These issues include basic human rights, working environment, safety and health.

Review related value chain in company, to identify the possible "stakeholders" of human rights issues, including government agencies, investors, suppliers, employees, customers, etc. Discuss with the corresponding responsible departments and stakeholders to identify human rights issues that have

significant negative impacts on different stakeholders (cover negative human rights impacts that may arise or intensify through a company's own activities or that are directly related to its business, products or services as a result of business relations). Particular attention should be paid to any particular human rights impact on individuals belonging to high-risk, vulnerable or marginalized groups or populations, as well as to the different risks faced by women and men.

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



#### C) Human rights due diligence in high-risk projects

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

#### D) Cycle

Human rights risk identification and due diligence are carried out on a regular basis every year.

**4, drawing up and implementing programmes to eliminate, mitigate or prevent adverse impacts**

The company should incorporate the results of impact assessment connecting relevant internal functions and processes and take appropriate action in accordance with the results of human rights due diligence in high-risk projects.

In setting priorities for action to eliminate, mitigate or prevent actual and potential adverse human rights impacts, first seek to prevent those most serious impacts, or slow responses that will lead to irremediable impacts.

**(a) Effective integration requires that:**

- (i) Responsibility for addressing such impacts is assigned to the appropriate level and function within the company;**
- (ii) Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts.**

**(b) Appropriate action will vary according to:**

- (i) Whether the company causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship;**
- (ii) The extent of its leverage in addressing the adverse impact.**

**5, tracking the effectiveness of the response**

In order to verify whether adverse human rights impacts are being addressed, the company should track the effectiveness of the response. Tracking should:

- (a) Be based on appropriate qualitative and quantitative indicators;**
- (b) Draw on feedback from both internal and external sources, including affected stakeholders.**

**6, Disclosure of Information**

In order to be responsible for how to eliminate human rights impacts, the company



should be prepared to publish the relevant information. In all cases, the following should be notified:

- (a) To adopt a form and frequency comparable to the impacts of human rights in the company and to be accessible to the target audiences;
- (b) Provide adequate information to assess whether company had taken appropriate responses to specific human rights impacts;
- (c) There will be no further risk to affected stakeholders and personnel or violation of legitimate commercial confidentiality requirements.

Notices can take various forms, including interpersonal meetings, online dialogues, consultations with affected stakeholders and official public reports. The formal report itself includes traditional annual reports and corporate social responsibility reports, up-to-date online information and comprehensive financial and non-financial reports.

## **7, Remedies**

If the company confirms that had caused or aggravated adverse impacts, should provide remedies through legal procedures or cooperate on remedial issues.

## **8, Commitment**

In all cases, the company shall:

- (a) Compliance with all applicable regulations and respect for internationally recognized human rights;
- (b) To seek to abide by internationally recognized human rights principles when conflicting demands arise;
- (c) To regard as a matter of law-abiding the acts that cause or aggravate serious human rights violations.

☐ Yes. Have a publicly available policy for our commitments to human rights. The policy covers the following:

- ☐ A statement of commitment to respect human rights in accordance with internationally accepted standards
- ☐ Requirements for our own operations (employees, direct activities, products

or services)

- ☐ Requirements for our suppliers
- ☐ Requirements for our partners
- ☐ Actions and procedures we undertake to meet our commitment

### **Human Rights - Due Diligence Process**

Has company developed a due diligence process to proactively identify and assess potential impacts and risks relating to respecting human rights?

- ☐ Yes, and process covers the following. Provide supporting evidence of a risk mapping or other form of assessment to identify areas of potential risk:
- ☐ Risk identification (usually in the form of risk mapping)
  - ☐ Identification of where potential human rights issues could occur in the own operations
  - ☐ Identification of where potential human rights issues could occur in the value chain or activities related to business
  - ☐ Identification of what actual or potential human rights issues could be of concern
  - ☐ Systematic periodic review of the risk mapping of potential issues

## **2. Topic-specific disclosures**

### **412-1 Operations that have been subject to human rights reviews or impact assessments :**

#### **Human Rights - Assessment**

Has company conducted an assessment of potential human rights issues across business activities in the past three years?

- ☐ Yes. Have proactively conducted an assessment of potential human rights issues in the last 3 years. If any of the business categories are not material to company, select "Not relevant" and provide an explanation.

Category	A. % of total assessed in last three years	B. % of total assessed (column A) where risks have been identified	C. % of risk (column B) with mitigation or remediation process implemented	D. Basis for reporting % (denominator, e.g. costs, FTEs, number of suppliers)

<input checked="" type="radio"/> Own Operations (including Joint Ventures where the company has management control) <input type="radio"/> Not relevant	15%	10%	100%	FTEs
<input checked="" type="radio"/> Contractors and Tier I Suppliers <input type="radio"/> Not relevant	100%	17%	100%	Critical tier 1 suppliers
<input type="radio"/> Joint Ventures <input checked="" type="radio"/> Not relevant No joint venture				

Which groups have been specifically assessed? Check all that apply and provide reference for each tick box.

- ☒ Own employees
- ☒ Children
- ☐ Indigenous people
- ☒ Migrant labor
- ☐ Third-party contracted labor
- ☐ Local communities
- ☐ Others, please specify

#### Human Rights - Disclosure

Does company publicly disclose its commitments and the status of its human rights assessment?

- ☐ Yes, company publicly reports on human rights commitments. Then following are publicly available:
  - ☒ Process to identify and mitigate risks
  - ☒ The number of sites with mitigation plans

☐ The main issues and vulnerable groups identified

☐ Remediation actions taken

**412-2 Employee training on human rights policies or procedures**

As stated in the management approach.

**412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human : nil**

## **GRI 414 : Supplier Social Assessment**

### **1. Management approach disclosures**

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.

## **2. Topic-specific disclosures**

### **414-1 New suppliers that were screened using social criteria**

In 2016 , 2017 and 2018 the percentage of new suppliers that were screened using human rights criteria was  $35 / 72 = 48.61\%$ ,  $45 / 77 = 70.13\%$  and  $68 / 83 = 81.93\%$ .

### **414-2 Negative social impacts in the supply chain and actions taken : nil**

## **GRI 415 : Public Policy**

### **1. Management approach disclosures**

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.

#### **Contributions and Other Spending**

Indicate annual total monetary contributions to and spending for political campaigns, political organizations, lobbyists or lobbying organizations, trade associations and other tax-exempt groups.

☐ Not applicable. Voltronic Power has never made contribution or political donation in the name of company.

#### **Largest Contributions and Expenditures**

Did company make any contributions to or expenditures to political campaigns or organizations, lobbying, trade associations, tax-exempt entities, or other groups whose role is to influence political campaigns or public policy and legislation? In this context, a "contribution" is the aggregate amount given during the fiscal period to an individual candidate, organization, ballot measure, or "issue area" or "topic" requiring lobbying efforts.

☐ Not applicable. Voltronic Power has never made contribution or political donation

in the name of company.

#### **Group-wide Strategy**

Does company have a group-wide strategy that provides guidance to corporate citizenship/philanthropic activities? Indicate how this strategy aligns with overall corporate strategy and the 17 UN Sustainable Development Goals.

#### **☐ Group-wide Strategy**

Specify and provide supporting documents:

#### **Voltronic Power Group-wide Strategic Statement on Sustainable Development of UN Citizens**

The most important goal of the Voltronic Power Group-wide Strategy on Sustainable Development of UN Citizens is to focus on the issue of Global Climate Change.

In addition to formulating the “Climate Change Strategy” and the “Action Plan for Climate Change”, in terms of “Financial Opportunities Arising from Climate Chang”, that Voltronic Power is a global professional ODM manufacturer of Uninterruptible Power Supply and Inverters, the products produced enable product users to save energy and reduce carbon emission, among them, PV Inverters and On-Line UPSs have significant energy saving and carbon emission reduction efficiency.

Therefore, focusing on the issue of “Global Climate Change” and “Financial Opportunities Arising from Climate Change”, producing more energy-saving and carbon emission-reducing Uninterruptible Power Supplies and Inverters have become the “Strategic Goal of the Group's Sustainable Development”, the “Group-Wide Strategic Goal”, as well as the “Sustainable Development Goal of the United Nations Citizens”.

Under the “Strategic Goal of the Group's Sustainable Development”, the “Group-Wide Strategic Goal”, and the “Sustainable Development Goal of the United Nations Citizens” that to produce more energy-saving and carbon-reducing Uninterruptible Power Supliess and Inverters, continuous R&D and innovation, expanding production capacity, striving for more and larger orders, and sustained growth of



sales revenues to provide”Decent Work and Economic Growth”is the “Strategic Goal of the Group's Sustainable Development”, the “Group-Wide Strategic Goal”, as well as the “Sustainable Development Goal of the United Nations Citizens”.

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

**Voltronic Power Technology Corp.**

**Chairman cum General Manager: Hsieh Juor-Ming**

#### **Priorities & KPIs**

Indicate the three main priorities as outlined in group-wide corporate citizenship/philanthropy strategy specified above. For each priority, indicate which UN Sustainable Development Goal the priority is aligned with. Furthermore, provide a short description of how the priority is aligned with business drivers and attach supporting evidence. In addition, indicate which KPIs company uses to measure the benefits of the three main priorities and provide a reference to where the KPIs are reported in the public domain. The KPIs need to be measurable, but do not need to provide quantitative results. Clearly describe the benefit KPIs as well as the activity in the provided text boxes.

<b>Priorities and SDG alignment</b>	<b>Description of alignment between priority and business drivers. Provide supporting evidence.</b>	<b>Business Benefit KPI</b>	<b>Social / Environmental Benefit KPI</b>
<b>Priority 1</b> ○1.No Poverty ○2.Zero Hunger			

<p>○3.Good Health and Wellbeing</p> <p>○4.Quality Education</p> <p>○5.Gender Equality</p> <p>○6.Clean Water and Sanitation</p> <p>○7.Affordable and Clean Energy</p> <p>○8.Decent Work and Economic Growth</p> <p>○9.Industry, Innovation and Infrastructure</p> <p>○10.Reduced Inequalities</p> <p>○11. Sustainable Cities and Communities</p> <p>○12.Responsible Consumption and Production</p> <p>○13.Climate Action</p> <p>○14.Life Below Water</p> <p>○15.Life on Land</p> <p>○16.Peace, Justice and Strong</p>	<p>Continuous sales of high energy-saving carbon reduction products to assist users in energy-saving carbon reduction.</p>	<p>In 2018 sales revenue grew by 15.67%</p>	<p>Assist users of high energy-saving and carbon-reducing products with energy-saving and carbon-reducing benefits that at least equal to plant twenty-five million trees annually.</p>
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<b>Institutions</b> ○17. Partnerships for the Goals ○18. Other			
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<b>Priorities and SDG alignment</b>	<b>Description of alignment between priority and business drivers. Provide supporting evidence.</b>	<b>Business Benefit KPI</b>	<b>Social / Environmental Benefit KPI</b>
<b>Priority 1</b> ○1.No Poverty ○2.Zero Hunger ○3.Good Health and Wellbeing ○4.Quality Education ○5.Gender Equality ○6.Clean Water and Sanitation ○7.Affordable and Clean Energy <input checked="" type="radio"/> 8.Decent Work and Economic Growth  ○9.Industry, Innovation and Infrastructure ○10.Reduced Inequalities ○11. Sustainable Cities and	Continuous sales revenues growth and work opportunities.	In 2018 sales revenue grew by 15.67%, and employee salaries and benefits grew by 18.61%.	In 2018 sales revenue grew by 15.67%, and employee salaries and benefits grew by 18.61%.

<b>Communities</b> <b>○12.Responsible Consumption and Production</b> <b>○13.Climate Action</b> <b>○14.Life Below Water</b> <b>○15.Life on Land</b> <b>○16.Peace, Justice and Strong Institutions</b> <b>○17. Partnerships for the Goals</b> <b>○18. Other</b>			
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<b>Priorities and SDG alignment</b>	<b>Description of alignment between priority and business drivers. Provide supporting evidence.</b>	<b>Business Benefit KPI</b>	<b>Social / Environmental Benefit KPI</b>
<b>Priority 1</b> <b>○1.No Poverty</b> <b>○2.Zero Hunger</b> <b>○3.Good Health and Wellbeing</b> <b>○4.Quality Education</b> <b>○5.Gender Equality</b>	<b>Female directors account for a certain proportion of all directors.</b> <b>Females in top management positions, i.e. maximum two levels away from the</b>	<b>One-fourth or more of all directors are female(and at least one female non-independent director and one female independent director).</b> <b>Females in top management positions,</b>	<b>One-fourth or more of all directors are female(and at least one female non-independent director and one female independent director).</b> <b>Females in top management positions,</b>

	CEO or comparable positions (as a % of total top management positions) account for a certain proportion	i.e. maximum two levels away from the CEO or comparable positions (as a % of total top management positions) are one-third or more.	i.e. maximum two levels away from the CEO or comparable positions (as a % of total top management positions) are one-third or more.
<p>○6.Clean Water and Sanitation</p> <p>○7.Affordable and Clean Energy</p> <p>○8.Decent Work and Economic Growth</p> <p>○9.Industry, Innovation and Infrastructure</p> <p>○10.Reduced Inequalities</p> <p>○11. Sustainable Cities and Communities</p> <p>○12.Responsible Consumption and Production</p> <p>○13.Climate Action</p> <p>○14.Life Below Water</p> <p>○15.Life on Land</p> <p>○16.Peace, Justice and Strong Institutions</p> <p>○17. Partnerships for the Goals</p> <p>○18. Other</p>			

**Type of Philanthropic Activities**

For the last fiscal year, please indicate on a consolidated group-wide basis what percentage of corporate citizenship and/or philanthropic contributions falls within

each category.

Category	Percentage of Total Costs
Charitable Donations	
Community Investments	
Commercial Initiatives	100%
Total (must equal 100%)	100%

### **Input**

For the last fiscal year, estimate the total monetary value (at cost) of company's corporate citizenship/philanthropic contributions for each of the following categories. Note that marketing and advertising budgets should be excluded from the calculation.

Currency:

Type of Contribution	Total amount (in local currency)
Cash contributions	
Time: employee volunteering during paid working hours	
In-kind giving: product or services donations, projects/ partnerships or similar	
Management overheads-employee salaries and benefits	1,362,647,000

## **2. Topic-specific disclosures**

**415-1 Political contributions : nil**

## **GRI 416 : Customer Health and Safety**

### **1. Management approach disclosures**

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.

#### **Customer Relationship Management**

##### **Online Strategies & Customers Online**

Provide information regarding the use of online services by customers and revenues derived from online services.

☐ Not applicable. Voltronic Power is a professional ODM company, provides customized and specialized services for different customers, and therefore does not provide online automation services.

#### **Satisfaction Measurement**

Does company monitor and set quantitative targets to improve customer satisfaction and are targets and results communicated externally?

☐ Measure customer satisfaction with the unit "% of satisfied customers out of total number of customers responding to the survey."

Customer Satisfaction	unit	FY2015	FY2016	FY2017	FY2018	target for FY 2018
Satisfied customers	% of satisfied customers out of total number of	73%	74%	72%	70%	

	customers responding to the survey					
Data coverage: % of customers surveyed (both respondents and nonrespondents) out of total number of customers, % of revenues, etc..	percentage of sales	60%	60%	60%	60%	

#### **Quality of Distribution Networks - Quality Management & Audits**

Does company have a Quality Management System to ensure that external product/service distribution networks comply with defined customer service quality standards?

- ☐ Not applicable. Voltronic Power is a professional ODM company, provides customized and specialized services for different customers, and therefore does not applicable to the issues of distribution networks.

#### **Quality of Distribution Networks - Incentives**

Does company incentivize the majority of its external distributors through rebates or other discounting policies?

- ☐ Not applicable. Voltronic Power is a professional ODM company, provides customized and specialized services for different customers, and therefore does not applicable to the issues of distribution networks.

#### **Impact Valuation**

Does company value the positive/negative social or environmental externalized impacts of its business operations, products and services? Provide supporting evidence and note that community investments and philanthropic initiatives are not accepted in this question.

- ☐ Yes, we value our environmental/social external impacts quantitatively or we convert them into monetary values.

Impact	Input metric or description of business activity	Output	External Impact	Documentation



	<p><b>What resources have been used for business activities? Which of company's business activities have a social or environmental result?</b></p>	<p><b>What is the environmental and/or social direct result of business activity?</b></p>	<p><b>What is the impact of business activity on society and on the environment?</b></p>	<p><b>Provide the following documentation and indicate if this information is available in public reporting.</b></p>
	<p><b>1. Select 'Operations' or 'Products / services' from the dropdown menu.</b></p> <p><b>2. Describe the input metric or provide description of the business activity.</b></p>	<p><b>1. Select 'Environmental', 'Social' or 'Environmental &amp; Social' from the dropdown menu.</b></p> <p><b>2. Describe the direct environmental and/or social results of the business activity and the metric used to measure these outputs.</b></p> <p><b>3. Specify the quantitative value of the metric being used.</b></p>	<p><b>1. Select the corresponding impact valuation technique.</b></p> <p><b>2. Provide a description of the impact of the business activity on the lives of targeted individuals / populations or on society at large, or on the environment and the metric / approach used to measure these impacts.</b></p> <p><b>3. Specify the quantitative value of the metric being</b></p>	<p><b>1. Evidence that the impact valuation assessment has been conducted.</b></p> <p><b>2. Evidence of the methodology adopted for the calculation of environmental or social external impact.</b></p>

			used.	
Impact 1 Positive impacts on climate change	<p>1.</p> <p><input type="radio"/> Operations</p> <p><input checked="" type="radio"/> Products / Services</p> <p>2. Voltronic Power's products: Solar Inverters and on-line Uninterruptable Power System are two kinds of products, which are conducive to energy saving and carbon reduction.</p>	<p>1.</p> <p><input checked="" type="radio"/> Environmental</p> <p><input type="radio"/> Social</p> <p><input type="radio"/> Environmental &amp; Social</p> <p>2. Aggregate the sales units of two types of products such as Solar Inverters and on-line Uninterruptable Power System. The total reduction of carbon emissions is calculated by multiplying the sales units of solar inverters by the number of power generation per unit, and then multiplying the corresponding carbon emissions per kilowatt hour. Calculate the total reduction of carbon emissions by multiplying the</p>	<p>1.</p> <p><input checked="" type="radio"/> Quantification</p> <p><input type="radio"/> Monetary</p> <p>2. According to the calculation method of the Energy Bureau of the Ministry of Economy of Taiwan, about 20.2 tonnes of carbon dioxide can be absorbed by one hectare forestry facies of Taiwan every year, and 2,000 trees will be planted in one hectare forestry facies.</p> <p>3. Voltronic Power's sells products in 2018, providing customers with reduced carbon emissions converted into 20,802 hectares forest phase (2,000 trees per hectare, 41,605</p>	The statistical information is as attached.

		<p>sales units of on-line Uninterruptable Power System by the number of carbon reduction per uni.</p> <p>3. A total of 420,207 tonnes of carbon emissions will be reduced in 2018.</p>	thousand trees).	
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In 2016 , 2017 and 2018,the sales volume of Voltronic Power provides customers with carbon emission reduction statistics as follows:

#### Inverter

year	Sales Units	Annual power generation/per unit	Total power generation	Each kilowatt-hour corresponds to CO2 (kg)	Reduction of carbon emissions (metric tons)
2016	101,128	4496	454,671,488	0.28307	128,704
2017	168,280	4496	756,586,880	0.28307	214,167
2018	168,859	4496	759,190,064	0.28307	214,904

#### UPS

2016 year				
	Item	Sales Units	Carbon reduction per unit - metric tons	Total carbon reduction - metric tons
On Line	< 5K	358,519	0.168.	60,231
	6-10K	50,716	0.672	34,081
	11-20K	7,973	1.47	11,720
	>20K	4,214	4.20	17,699
Total				123,731
2017 year				
	Item	Sales Units	Carbon reduction per unit - metric tons	Total carbon reduction - metric tons

On Line	< 5K	467,366	0.168.	78,517
	6-10K	67,411	0.672	45,300
	11-20K	10,335	1.47	15,192
	>20K	7,074	4.20	29,711
Total				168,720
2018 year				
	Item	Sales Units	Carbon reduction per unit - metric tons	Total carbon reduction - metric tons
On Line	< 5K	596,263	0.168.	100,172
	6-10K	81,036	0.672	54,456
	11-20K	12,624	1.47	18,557
	>20K	7,647	4.20	32,117
Total				205,302

In 2016 , 2017 and 2018, Voltronic Power provides customers with 252,435, 382,887 and 420,206 tonnes of carbon emission reduction respectively. According to the calculation method of the Energy Bureau of the Ministry of Economy Taiwan, Taiwan's forestry phase can absorb about 20.2 tonnes of Co<sub>2</sub> per hectare per year. Therefore, Voltronic Power's sales volume, providing customers with carbon emission reduction converted into forestry phase are 12,497 hectares (planting 2000 trees per hectare is calculated to be 24,994 thousand trees.) in 2016, 18,955 hectares (planting 2000 trees per hectare is calculated to be 37,910 thousand trees.) in 2017 and 20.802 hectares (planting 2000 trees per hectare is calculated to be 41,605 thousand trees.) in 2018.

## **2. Topic-specific disclosures**

### **416-1 Assessment of the health and safety impacts of product and service categories**

As stated in the management approach.

### **416-2 Incidents of non-compliance concerning the health and safety impacts of products and services : nil**



## **GRI 417 : Marketing and Labeling**

### **1. Management approach disclosures**

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.

### **2. Topic-specific disclosures**

#### **417-1 Requirements for product and service information and labeling**

	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)		

**417-2 Incidents of non-compliance concerning product and service information and labeling : nil**

**417-3 Incidents of non-compliance concerning marketing communications : nil**

## **GRI 418 : Customer Privacy**

### **1. Management approach disclosures**

#### **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.



## **2. Topic-specific disclosures**

**418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data : nil**

## **GRI 419 : Socioeconomic Compliance**

### **1. Management approach disclosures**

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.

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.

### **2. Topic-specific disclosures**

**419-1 Non-compliance with laws and regulations in the social and economic area :**  
nil