



**Corporate Social Responsibility Best Practice
Principles**
企業社會責任實務守則

Doc. No.: CM-IP-15

Version: v1.0

Effective Date: 27th May 2016

Approved by Board of Directors: 27th May 2016



Article 1

In order to assist companies listed on the Taiwan Stock Exchange Corporation ("TWSE") and GreTai Securities Market ("GTSM") to fulfill their corporate social responsibility initiatives and to promote economic, environmental and social advancement for purposes of sustainable development, the TWSE and GTSM hereby jointly adopt the Principles to be followed by companies.

Companies are advised to promulgate their own corporate social responsibility principles in accordance with the Principles to manage their economic, environmental and social risks and impact.

Article 2

The Principles applies to companies, including the entire operations of each such company and its business group.

The Principles encourages companies to actively fulfill their corporate social responsibility in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3

In fulfilling corporate social responsibility initiatives, companies shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4

To implement corporate social responsibility initiatives, companies are advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

Article 5

Companies shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the Board of Directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving corporate social responsibility, a company's Board of Directors is advised to review and consider including it in the shareholders meeting agenda.



Article 6

Companies are advised to follow the Corporate Governance Best Practice Principles for the Company, the Ethical Corporate Management Best Practice Principles for the Company and the Code of Ethical Conduct for The Company to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7

The directors of a TWSE/GTSM listed companies shall exercise due care while urging the company to perform its corporate social responsibility initiatives, review the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The Board of Directors of a TWSE/GTSM listed companies are advised to include the following matters in its corporate social responsibility initiatives:

1. Identify the company's corporate social responsibility mission or vision, and declare its corporate social responsibility policy, systems or relevant management guidelines;
2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

The Board of Directors shall appoint executive-level positions with responsibility for economic, environmental and social issues resulting from the business operations of a TWSE/GTSM listed companies and to report the status of the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

Article 8

Companies are advised to organize educational and training programs for seamless implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding Article.

Article 9

For the purpose of managing corporate social responsibility initiatives, companies are advised to establish an exclusive (or concurrent) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems or relevant management guidelines, and concrete promotional plans and to report on the same to the Board of Directors on a periodic basis.

Companies are advised to adopt reasonable remuneration policies to ensure that remuneration arrangements support the strategic aims of the organization and align with the interests of stakeholders. It is advised that the employee performance evaluation system be combined with corporate social responsibility policies and that a clear and effective incentive and discipline system be established.



Article 10

Companies shall identify stakeholders of the company and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Article 11

Companies shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12

Companies are advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13

Companies are advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include:

1. Collection of sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establish measurable goals for environmental sustainability and examine whether the development of such goals are relevant and should be maintained.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 14

Companies are advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.

Article 15

Companies are advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.



4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 16

To improve water use efficiency, companies shall properly and sustainably use water resources and establish relevant management measures.

Companies shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17

Companies are advised to adopt standards or guidelines generally used in Taiwan and globally to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating or steam.

Companies are advised to monitor the impact of climate change on their operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon their operations and the result of a greenhouse gas inventory. Such strategies should include obtaining carbon credits to promote and minimize the impact of their business operations on climate change.

Article 18

Companies shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination. A TWSE/GTSM listed companies, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

Companies shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment



discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

Companies shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

Article 19

Companies shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20

Companies are advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavour to curb dangers to employees' safety and health and to prevent occupational accidents. They are also advised to organize safety and health training for employees on a regular basis.

Article 21

Companies are advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills. Companies shall appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22

Companies shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions. Companies shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives. Companies shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23

Companies shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations and



services, companies shall ensure the transparency and safety of their products and services. They shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24

Companies shall ensure the quality of their products and services by following the laws and regulations of the country and relevant global standards of the industry.

Companies shall follow relevant laws, regulations and international guidelines when marketing or labelling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts, which would betray consumers' trust or damage consumers' rights or interests.

Article 25

Companies are advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

Companies are advised to provide a clear and effective procedure for accepting consumer complaints for fair and just handling of consumer complaints. They shall also comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26

Companies are advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Prior to engaging in commercial dealings, companies are advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When companies enter into a contract with any of their major suppliers, the content may include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be reconsidered any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 27

The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

Companies are advised to, through commercial activities, non-cash property endowments, volunteering service or other charitable professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.



Article 28

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

Relevant information relating to corporate social responsibility which a company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the Board of Directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to corporate social responsibility initiatives.

Article 29

Companies shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include: policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives; major stakeholders and their concerns; results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development; future improvements and goals.

Article 30

Companies shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.