

# **Apex International Co., Ltd.**

## **Principle of Sustainability Development**

### **Chapter I General Principles**

#### **Article 1**

In order to fulfill corporate social responsibility initiatives, and to promote economic, environmental and social advancement for purposes of sustainable development, the Company to formulate these Principles in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” for all Group entity to comply with.

#### **Article 2**

The Company shall actively fulfill sustainability development 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 sustainability development.

#### **Article 3**

In promoting initiatives of sustainability development, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The Company shall evaluate the risk of the environment, society and corporate governance related to the Company's operations and establish the relevant risk management policy or strategy in accordance with the materiality principle.

#### **Article 4**

To implement initiatives of sustainability development, the Company shall follow the principles below:

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

#### **Article 5**

The Company shall take into consideration the correlation between the development of domestic and international sustainability development 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 sustainability development programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainability development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

## **Chapter II Exercising Corporate Governance**

### **Article 6**

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

### **Article 7**

The directors of Company shall exercise the due care of good administrators to urge the company to perform its sustainability development 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 sustainability development policies.

The board of directors of Company is considered to include the following matters in the company's performance of its sustainability development initiatives:

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

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, 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**

The Company shall appropriately organize education and training on the promotion of sustainability development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

### **Article 9**

For the purpose of managing sustainability development initiatives, the Company shall set up

corporation structure of promoting sustainability development and assign a dedicated team to be in charge of proposing and enforcing the sustainability development 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.

The Company will consider 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 sustainability development policies, and that a clear and effective incentive and discipline system be established.

#### **Article 10**

The Company shall, based on respect for the rights and interests of stakeholders, 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 sustainability development issues which they are concerned about.

### **Chapter III Fostering a Sustainable Environment**

#### **Article 11**

The Company 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**

The Company are advised to endeavor to increase energy utilization efficiency and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### **Article 13**

The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

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

#### **Article 14**

The Company establish a committee in operation entity 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**

The Company is 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, The Company shall properly and sustainably use water resources and establish relevant management measures.

The Company 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**

It is advised that the Company needs to evaluate the potential risks and opportunities of climate change for the Company now and in the future, and take corresponding measures to deal with the related issues.

In an appropriate time, the Company shall consider to adopt standards or guidelines generally used in Taiwan and abroad 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 obtained or acquired electricity, heating, or steam.
3. Other indirect greenhouse gas emissions: it means emission generated from business activities that is not related to energy-wise but from other companies' emission source.

The Company is advised to calculate the greenhouse gas emissions, water consumption and total

weight of the waste and establish company strategies for energy conservation, carbon and greenhouse gas reduction, water consumption or other waste management. Such strategies should include obtaining carbon credits to promote and minimize the impact of their business operations on climate change.

## **Chapter IV Preserving Public Welfare**

### **Article 18**

The Company 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.

The Company 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.

The Company 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**

The Company 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**

The Company are advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company are advised to organize training on safety and health for their employees on a regular basis.

### **Article 21**

The Company are advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

The Company shall formulate and implement reasonable employee welfare measures (including

remuneration, vacation and other benefits, etc.), and 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**

The Company 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.

The Company 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. The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

## **Article 22-1**

The Company is advised to treat customers or consumers of products or services in a fair and reasonable manner, including fair and honest contracts, obligations of attention and loyalty, true advertising solicitation, suitability of goods or services, notification and disclosure, remuneration and performance balance, complaint protection, professionalism of business personnel and other principles, and establish relevant implementation strategies and specific measures.

## **Article 23**

The Company 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, the company shall ensure the transparency and safety of their products and services. They further 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**

The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines when it related to consumer's health and safety, customer privacy, marketing or labeling 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**

The Company 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.

The Company are advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall 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**

The Company is 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.

The Company is advised to establish the supplier management policy, and require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights. Prior to engaging in commercial dealings, The Company is 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 The Company enter into a contract with any of their major suppliers, the content is advised to include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded 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.

The Company 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.

### **Chapter V Enhancing Disclosure of Sustainability Development Information**

#### **Article 28**

The Company 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 sustainability development initiatives to improve information transparency.

Relevant information relating to sustainability development which The Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainability development 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 promoting the sustainability development 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 sustainability development initiatives.

### **Article 29**

In an appropriate time, the Company shall adopt internationally widely recognized standards or guidelines when producing sustainability development reports, to disclose the status of their implementation of the sustainability development 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:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainability development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

## **Chapter VI Supplementary Provisions**

### **Article 30**

The Company shall at all times monitor the development of domestic and foreign sustainability development standards and the change of business environment so as to examine and improve their established sustainability development framework and to obtain better results from the promotion of the sustainability development policy.

### **Article 31**

These Principles, and any amendments hereto, shall be enforced following approval by Board of Directors of the Company.