

# AXIOMTEK CO., LTD.

## Sustainable Development Best Practice Principles

### Chapter I General Principles

#### Article 1

For the purpose of establishing sound corporate governance systems, the Company hereby formulates this principles in accordance with the 『Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies』 adopted jointly by The Taiwan Stock Exchange Corporation (TWSE) and the GreTai Securities Market (GTSM), and discloses this principles through the Market Observatory Post System (MOPS).

#### Article 2

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

The Principles encourages the Company to actively fulfill sustainable 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 sustainable development.

#### Article 3

To promote sustainable development initiatives, 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 execute risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies.

#### Article 4

To implement sustainable development initiatives, the Company is advised to follow the principles below:

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

## Article 5

The Company shall take into consideration the correlation between the development of domestic and international sustainable issues 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 sustainable 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 sustainable 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 is advised to follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

### Article 7

The Directors of the Company shall exercise the due care of good administrators to urge the Company to perform sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of sustainable development policies.

The Board of Directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of sustainable development initiatives:

1. Identifying the Company's sustainable development mission or vision, and declaring sustainable development policy, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the the Company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of sustainable 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 is advised to, on a regular basis, organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

## **Article 9**

For the purpose of managing sustainable development initiatives, the Company is advised to establish a governance structure to promote sustainable development and establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable 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 is 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 sustainable 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 sustainable 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 is advised to endeavor to improve energy 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 is 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

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

The Company is advised to assess the potential risks and opportunities of climate change for current and future, and take relevant countermeasures.

The Company is advised 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 inputted electricity, heating, or steam.
3. Other indirect emissions: emissions from operations that are not indirect energy emissions but come from emission sources owned or controlled by other companies.

The Company is advised to count greenhouse gas emissions, water consumption and total weight of waste and should establish management policy for energy conservation and carbon, greenhouse gas, water and other waste reduction. Such strategies should include obtaining carbon credits to promote and minimize the impact of their business operations on climate change.

## Chapter V 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, 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.

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 is 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 is advised to organize training on safety and health for their employees on a regular basis.

### Article 21

The Company is 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 salary, vacation and other benefits, etc.) and shall appropriately reflect the business performance or achievements in the employee remuneration, 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 its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation

## **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. The Company 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 marketing or labeling their products and services about customers' health, safety and privacy 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 is 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 is 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 formulate supplier management policies 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 should 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 is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

### **Article 27-1**

The Company shall continue to inject resources for cultural and artistic activities or cultural and creative industries through donations, sponsorship, investment, procurement, strategic cooperation, corporate voluntary technical services, or other support models to promote cultural development.

## **Chapter VI Enhancing Disclosure of Corporate Sustainable Development Information**

### **Article 28**

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company shall disclose includes:

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

### **Article 29**

The Company shall adopt internationally widely recognized standards or guidelines when producing corporate sustainability reports, to disclose the status of their implementation of the sustainable 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 sustainable 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 VII Supplementary Provisions**

### **Article 30**

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

### **Article 31**

These Principles, and any amendments hereto, shall be implemented after adoption by the Board of Directors.

### **Article 32**

These Principles are agreed to and signed on October 26, 2016 by all the promoters of the Company.

The first Amendment of the Principles was made on March 25, 2020.

The second Amendment of the Principles was made on February 25, 2022.

The third Amendment of the Principles was made on February 23, 2023.