Innolux Corporation

Corporate Social Responsibility Best Practice Principles

Chapter I General Principles

Article 1 In order to fulfill the company social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the company hereby enacts the principles in accordance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM to manage our economic, environmental and social risks and impact.

Article 2 The Principles applies to the entire operations of the company. The company actively fulfills our corporate social responsibility in the course of our 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, the company shall, in its corporate management guidelines and business operations, gives due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also gives due consideration to the environment, society and corporate governance. The Company shall conduct risk assessment against operation-related Environmental, Social, and Governance issues based on Materiality Principle.

Article 4 To implement corporate social responsibility 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 corporate social responsibility information.

Article 5 The company 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. When a shareholder proposes a motion involving corporate social responsibility, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter 2 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 its corporate social responsibility initiatives, examine 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 the company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives:
1. Identifying the company's corporate social responsibility mission or vision, and declaring 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 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, on a regular basis, organize education and training on
the 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, the
cOMPany establishes an exclusively 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.

The company shall 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 the employee performance evaluation system that shall be combined
with corporate social responsibility policies, and that a clear and effective
incentive and discipline system shall 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
corporate social responsibility issues which they are concerned about.

Chapter 3 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 shall 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

The company shall 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 shall evaluate the potential risk and opportunities to the company brought by climate change and implement adequate measures and actions.

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 externally purchased or acquired electricity, heating, or steam.

The company is advised to inventory the greenhouse gas emissions, water withdrawal amount, and total waste amount. The Company shall establish management policy in energy conservation, reducing emissions of carbon and greenhouse gas, reducing water withdrawal or other waste management. Acquisition of carbon credits should be included and promoted in the Company’s carbon-reduction strategy to minimize the impact of the business operations on climate change.

Chapter 4 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 handing 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.

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**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.

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**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 ensure its products and services are in compliance of relevant laws, regulations and international guidelines in the fields of customer’s health and safety, customer’s privacy, marketing or labeling. The Company 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 shall establish supplier management policy to require suppliers’ compliance of relevant standards in the fields of environmental protection, occupational safety and hygiene or labor human 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 enters 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.

Chapter 5 Enhancing Disclosure of Corporate Social Responsibility 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 their corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which the 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  The company 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:
1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility 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 6 Supplementary Provisions

Article 30 The company 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.

Article 31 The Principles shall be implemented after adoption by the board of directors, and the same shall also apply to all the revisions.

The Principles were set up on October 27, 2017
The first amendment was made on May 5, 2020