

# NOVA TECHNOLOGY CORP.

## Sustainable Development Best Practice Principles

### Chapter I General Principles

**Article 1** In order to fulfill the corporate social responsibility initiatives and to promote economic, social and environmental balance and sustainable development, the company established these principles for compliance based on “Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies.”

**Article 2** The principles apply to the Company, including entire operations of the company and its business group.  
The company shall actively fulfill its sustainable development in the course of its 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** In promote sustainable development initiatives, the company shall, in its corporate management and business operations, give due consideration to the social mores and the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.  
In accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

**Article 4** To implement sustainable development initiatives, the Company comply 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 development issues and corporate core business operations, and the effect of the operation of individual company and of its respective business groups as a whole on stakeholders, in establishing its policies, systems or relevant management

guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the board of directors.

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 board of directors of the Company shall exercise the due care of good administrators to urge the Company to perform its 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 its 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 furtherance of its sustainable development objectives:

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

**Article 7** For the purpose of managing sustainable development initiatives, the General Manager Office serves as the 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.

**Article 8** The Company shall respect 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 respond to the important sustainable development issues which such parties are

concerned about.

**Article 9** The Company shall follow Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM listed Companies to establish effective corporate governance framework and relevant ethical standards so as to enhance corporate governance.

**Article 10** The Company shall comply with relevant laws and regulations and observe the following guidelines to maintain a fair competition environment:

1. Avoid engaging in unfair competition.
2. Faithfully fulfill tax-related obligations.
3. Not tolerate bribery or corruption and establish appropriate management systems.
4. Corporate endowments should be made in accordance with the company's internal procedures.

**Article 11** 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 Article 6 and the preceding article, and should incorporate the foregoing into its employee performance appraisal system to establish a clear and effective reward and discipline system.

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

**Article 12** 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 activities.

**Article 13** The Company is advised to improve its energy efficiency and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

**Article 14** The Company is advised to establish proper environment management systems based on the characteristics of their industries. Such environment management 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 15** ISEP Department serves as the dedicated unit for environment management to maintain the environment management system and should hold environment education courses for their managerial officers and employees on a periodic basis.

**Article 16** 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 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.
7. Enhance the conservation of marine and terrestrial biodiversity and ecosystems, promote the sustainable use of resources, and ensure fair and equitable benefits.

**Article 17** To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures. The Company shall avoid polluting water, air and land in the course of its business operations. If pollution is unavoidable, the company shall take into account cost efficiency, technology and financial feasibility and use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

**Article 18** The Company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.

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 acquired electricity, heating, or steam.
3. Other indirect emissions: emissions resulting from the company's operations (excluding indirect emissions from energy usage), where emission sources are owned or controlled by other companies.

The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

## **Chapter IV Preserving Public Welfare**

**Article 19** laws and regulations, and the International Bill of Human rights, with respect to rights such as gender equality, right to work, and prohibition of discrimination. The Company shall adopt relevant management policies and processes to fulfill its responsibility to protect human rights, 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 necessary enabling 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 the human resource policies adopted 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 while the Company shall respond to any employee's grievance in an appropriate manner.

- Article 20** The Company shall provide information for its 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 21** The Company is advised to provide safe and healthful work environments for its 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 advised to organize training on safety and health for their employees on a regular basis.
- Article 22** The Company is advised to create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills.  
It is advisable for the company to establish placement programs to cultivate future industry talents.  
The Company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and 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 23** 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 23-1** 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. The Company shall also develop the relevant strategies and specific measures for implementation.

- Article 24** The 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, 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 25** The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industries.
- The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, 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 26** 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 relevant laws and regulations for respecting consumers' rights of privacy and shall protect personal data provided by consumers.
- Article 27** The Company is advised to assess the impact its procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with its suppliers on environmental protection, safety, or health, etc. to jointly foster a stronger sense of corporate social responsibility.
- The Company is advised to establish supplier management policies and request suppliers to comply with rules governing 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 28** The Company is advised to evaluate the impact of its business operations on the community and adequately employ personnel to enhance community acceptance.

The Company is advised to, through commercial activities, endowments, volunteering service or other charitable professional services, 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 28-1** The company should invest the resources in art and culture activity or cultural and creative industries through donations, sponsoring, investing, procurement, strategy cooperation, volunteering technical service, or other supporting activities for culture development.

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

**Article 29** The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and shall fully disclose relevant and reliable information relating to its sustainable development initiatives to improve information transparency.

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

1. The policy, systems and relevant management guidelines 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 Company.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues. Result of implementing corporate social responsibility initiatives.
6. Other information relating to sustainable development initiatives.

**Article 30** The Company is advised to shall adopt internationally widely recognized standards or guidelines when producing sustainable 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 report is 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 and preservation of public welfare.
4. Future improvements and goals.

## **Chapter VI Supplementary Provisions**

**Article 31** 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 its established sustainable development framework and to enhance the performance of sustainable development.

**Article 32** These principles, and any amendments hereto, shall be implemented upon approval by board of directors, and shall be reported to the shareholders meeting.