

## **E.SUN FHC Corporate Social Responsibility Guidelines for Suppliers**

### **I. Purposes**

These guidelines are devised in accordance with the E.SUN FHC Corporate Social Responsibility Best Practice Principles for the purposes of fulfilling the company's commitment to and responsibility of supplier management, working with suppliers to meet good ethical standards, respecting human rights of workers while achieving the sustainability target, and supporting and encouraging the company's suppliers to fulfill their corporate social responsibilities.

### **II. Scope and Applicability**

These Guidelines apply to E.SUN FHC wholly owned subsidiaries. Suppliers mean parties who supply products and services to the company and its wholly owned subsidiaries.

### **III. Code of Conduct**

The company encourages best practices and provides related assistance programs to help suppliers achieve sustainability in the following aspects.

- (I) Corporate Standards: Suppliers should establish a corporate culture of ethical management to promote a business philosophy of integrity, transparency and accountability.
- (II) Ethical Standards: Suppliers should comply with the laws and regulations promulgated by relevant governments and competent authorities. Suppliers are also encouraged to implement higher standards than regulatory requirements.
- (III) Labor Standards: Suppliers should ensure all dismissals and layoffs comply with the appropriate regulations, and should not employ child labor or subject workers to inhumane, discriminatory or prohibited treatment.
- (IV) Environmental Standards: While conducting its business activities and providing products and services, suppliers should comply with the environmental regulations in respective countries and take action to prevent or reduce pollution caused in any form.
- (V) Health and Safety Standards: Suppliers should provide a healthy and safe work environment for all employees and ensure that its business activities do not threaten directly or indirectly the health and safety of employees or other people.

#### IV. Implementation

Methods by which the company urges suppliers to fulfill their corporate social responsibilities include the following:

- (I) Supplier communication meetings: The company holds supplier communication meetings from time to time to raise awareness of the corporate social responsibility policy. Results can be used to provide a basis for supplier management plans.
- (II) Training and campaigns: The company may provide education and training as needed to help suppliers establish the capabilities to manage and fulfill their corporate social responsibilities.
- (III) Eligibility: Suppliers who engage the company in transactions of NT\$100,000 or more, or who engage the company in three or more transactions annually, will be required to submit a Supplier's CSR Self-Assessment Form along with the price quotation. The company will not proceed to engage in a transaction until its procurement department has confirmed the absence of any violation of laws and regulations. Furthermore, suppliers who had engaged the company in transactions where a single transaction or the sum of all transactions reached NT\$10,000,000 in the previous year will be required to sign the Statement of Commitment to Human Rights and Environmental Sustainability to ensure that they fulfill their corporate social responsibilities.
- (IV) Onsite visits: E.SUN FHC may pay onsite visits to key suppliers (suppliers with a single transaction of NT\$30,000,000 or more) and record the results to verify the status of corporate social responsibility practices at these companies.

#### V. Contracts and agreements

Suppliers who enter into contracts of NT\$1,500,000 or more with the company will be required to comply with the ethical management and corporate social responsibility clause and include it in the contracts. The suppliers will also be required to sign documents as required under these Guidelines.

#### VI. Oversight and improvement

The company should try to find out corporate social responsibility practices of its suppliers by providing training and campaigns. For suppliers who are not yet in compliance with the rules, the company should urge them to do so and help these suppliers formulate appropriate improvement plan.

#### VII. Roles and responsibilities

Supplier communication meetings, training, and onsite visits are organized, managed and conducted by the Administrative Management Division under the Office of Integrated Management. The division is also responsible for gathering supplier information and contacting suppliers. Other divisions should provide assistance as needed.

#### VIII. Rewards

- (I) Suppliers with excellent corporate social responsibility records should be rewarded with recognition and excellent supplier certificates.
- (II) The effectiveness of corporate social responsibility practices may be included as one of the criteria in supplier selection to reward excellent suppliers with an advantage in the bidding process.

#### IX. Response to material breach

Suppliers who commit a breach of the ethical management and corporate social responsibility clause and cause damage to the company's image or reputation or financial losses to the company may be placed on a watch list and have their right to tender suspended in procurement, maintenance and other special projects.

#### X. These Guidelines shall come into effect with the approval of the CEO.