



2017

Corporate Social Responsibility Report

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A. Celxpert CSR



1.1 CSR at Celxpert

Celxpert Energy Corp.

Headquarter	Taoyuan , Taiwan
Chairman	Steve Huang
Founded	Nov 1997
Number of Employees	1,500
Stock listing	Taiwan stock exchange
Major Products	Battery pack for 3C, ESS, etc.

(AS of May 31, 2017)

It is the core corporate responsibility of Celxpert to society to pursue its corporate value enhancement through innovation and sound business practices and contribute to developing a sustainable society.

(Celxpert code of conduct)

Companies today are expected to engage in responsible business conduct. Celxpert's corporate social responsibility (CSR) activities reflect its philosophy of implementing sound business practices, and innovating to realize products, services and content that inspire and excite. In order to help build a more sustainable world, Celxpert employs its CSR initiatives as a measure of the social impact of its business operations. At the same time, Celxpert is engaged in ongoing efforts to contribute to society while enhancing corporate value.

- About this report

This report follows the Global Reporting Initiative's core G4 Guidelines. This annual report focuses on sustainable development and explains Celxpert's viewpoints on CSR, actions taken, 2017 outcomes with regards to corporate governance, economics, the environment, and society, as well as future plans. Importance and issue analyses (see the chapter on stakeholder engagement) were also used to select critical issues for Celxpert in the hopes to create the most benefit for all stakeholders through disclosure, communication, and feedback in order to accomplish our ultimate goal of becoming the greatest energy business.

The preparation of this report is based on the principle of practically presenting the business of Celxpert and responding to the issues concerned by many, plus

demonstrating the economic, social and environmental efforts put in by the Company. In this year's report, we specifically present the results and planning of the issues concerned by the stakeholders, including the sustainable social care environmental education, with the hope of showing our mindful effort devoted in the sustainable issues to our stakeholders.

- Dates, scope, and data included in this report

This report covers 2017 (January to December in 2017) dominated the whole year. The scope includes Celxpert HQ, plants in Kunshan and Taoyuan.

- Contact information

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or visit us at www.celxpert.com.tw for more

1.2 Letter from Chairman



Celxpert produces high-quality 3C, energy storage and power battery module products on the concept of continuous development of green energy products. Celxpert has been dedicating to the business for 20 years, and constantly refining its products and services. Celxpert also adopts more efficient internal policies, more robust internal controls, risk management, internal audit, etc. to perfect its corporate governance practice, and thereby ensure that all operations are compliant with government regulations. When pursuing profit growth and enhancing operational performance, enterprises should consider the rights and interests of all stakeholders and develop CSR strategies that originate from the corporation's own core competence. Celxpert is dedicated to its corporate mission, "To provide innovative and energy-efficient solutions" as we put our CSR strategies into practice. Through its main operational and business development projects, the Company continues to promote energy conservation through its core expertise in high-efficiency battery and investment in research and development of energy-saving products and solutions. Our broad range of green solutions and experience are replicated into our major operational locations worldwide for the benefit of our customers and stakeholders.

Shipment	Sales	Employees
21.7 Million unit	\$247 million	1,500

Our care to public welfare activities is also one of our company's sustainable business core values. We have implemented corporate social responsibility, implemented feedback and deepened related public welfare activities; let the employees in public welfare participation and self-realization. We will do our best for a better society and participate in charitable donation activities in various parts of Taiwan every year.

B. Corporate governance

2012

1999

2001

1997

2002

2007

2004



2.1 Company Profile

A world-class business leader must be held to world-class ethics standards. This is the spirit of Celxpert, and its key to success. To achieve high ethical standards, Celxpert values corporate governance and acts upon operational transparency. We continuously create added value for the Company based on our core values and sound internal management. Celxpert is committed to the welfare of its stakeholders. We believe an impartial and independent Board of Directors and a clearly defined management team can balance the benefits of employees, shareholders/investors, customers, suppliers, and society.

- Background

Founded in 1997, Celxpert is one of the global leaders in the development and manufacturing of battery pack. In addition to gaining a place in the laptop and communication domain, Celxpert also has expanded into other products, including energy storage system, cloud computing and power tool. Celxpert is the global leader in battery module ODM/OEM industry for its R&D, design, manufacturing and service capabilities. The Company has built its reputation and leadership in the technology industry through its outstanding R&D capabilities and sophisticated manufacturing services. We provide the best overall value to customers by offering the most competitive total solutions in design, manufacturing and logistics services in the market. Total shipment of battery pack in 2017 reached 21.7 million units, making Celxpert the world's important leader for battery pack. In recent years, Celxpert continues to devote efforts in our core manufacturing business providing the market with lighter and more powerful laptop computers. We have also developed more advanced battery pack to meet the booming demands in ESS industry.

Celxpert operates on the philosophy of “innovation as core competence”. We devoted to the best practice on the coordination of mass production and distribution. Celxpert also creates “new product development division”, where we integrate global technology resources to ensure Celxpert’s superior advantages in research, development, design and production of high value-added products and solutions are delivered to our customers.

Celxpert has worked closely with top computer and electronic brands worldwide for decades, and has established long-term and trustful business relationships

with our customers. Our R&D strength, product quality, manufacturing efficiency enables Celxpert to provide superior services to our customers and to ensure Celxpert's leading position in the global market.

Project	Description
Company full name	Celxpert Energy Corporation
Number of employees	Taiwan About 200 people Kunshan About 1,300 people
Capital	Taiwan: NT \$ 868 million Kunshan: US \$ 15 million
Land area	Taiwan: 3,163 square meters Kunshan: 34,000 square meters
Built area	Taiwan: 2,650 square meters Kunshan: 12,000 square meters
Set up date	Taiwan: AD 1997, November 20 Kunshan: AD 2002, December
The main products and technologies	Notebook, tablet battery Network products battery pack Smart phone battery pack Power Tools battery Pack E-bike/E-Moto battery pack Energy storage, UPS battery pack
Chairman	Huang Shi Ming (Steve Huang)
Operating area	Head quarters: No.128, Gong 5th Rd., Longtan Dist., Taoyuan City 325, Taiwan (R.O.C.) Kunshan plant: No. 1111, Hanpu Road , Kunshan City, Jiangsu Province, China (C.H.N)

- Milestones

1997 Founding of Celxpert

1999 Began technical Notebook Battery Pack Development with Japan

2001 R & D design, production notebook battery pack

2002 Founding of Celxpert (Kunshan)

2004 Kunshan factory official production shipments

2007 Officially OTC

2012 Enter Power Tool, ESS market



- Company history

DATE	HISTORY
11.1997	Investment in the creation of Celxpert Energy Corporation registered capital of NT \$ 13,587,000, paid-in capital NT \$ 13,587,000. 1997/11/20 The company was formally established.
1.1999	Technology cooperation with Japan NEC , began production NB battery pack.
12.1999	Obtained ISO 9002 Certificate.
7.2000	Import WorkFlowERP, Notes and other e-management processes.
9.2000	Founded Celxpert Holdings Ltd. (BVI), an indirect investment in Celxpert Electronics Co., mainland China (Kunshan).
9.2001	Obtained UL/TUV Certificate.
12.2002	Celxpert (Kunshan) Electronics Co., Ltd. was formally established.
1.2003	Taiwan obtained ISO 9001: 2000certification.
8.2005	Kunshan obtained ISO 9001: 2000certification.
1.2006	Kunshan obtained ISO 14001: 2004certification.
11.2006	Taiwan obtained ISO 14001: 2004certification.
12.2006	Taiwan obtained Shanghai Chemical Industry Institute UN 38.3certification.
6.2007	2007/06/25 OTC Listed.
9.2008	Kunshan obtained OHSAS 18001: 2007certification.
2.2009	Taiwan obtained ISO 17025: 2005 certification, as well as IECQ test laboratory quality requirements of all project certification.
12.2009	Taiwan and Kunshan obtained QC 080000: 2005 certification.
6.2010	Kunshan obtained ISO 9001: 2008certification.
9.2010	Taiwan obtained ISO 9001: 2008certification.
11.2012	Enter Power Tool, ESS market.
11.2012	Taiwan and Kunshan obtained QC 080000: 2012 certification.
3.2017	Kunshan obtained ISO 9001: 2015certification.
8.2017	Kunshan obtained ISO 14001: 2015certification.
11.2017	Taiwan obtained ISO 9001: 2015 and ISO 14001: 2015certification.

- Internal Control

For the purpose of promoting the Company's sound management, Celxpert has the Company's internal control system designed and established in accordance with the "Rules Governing the Establishment of Internal Control System by the Public Companies" and the consideration of the Company's overall operating activities. The Company's internal control system is resolved in the board meeting to reasonably ensure operational effectiveness and efficiency, the reliability of financial statements, and the compliance with the governing regulations. The Auditing Office is formed in accordance with the law and it is responsible for the effectiveness and integrity of the internal control system enforcement as well as for the persistent and ad hoc supervision of an audit. The Auditing Office is to have the annual auditing plan drafted up for the approval of the board of directors in advance. All audit reports must be audited by Independent Directors and Supervisors or by members of the Audit Committee. The director of Audit Office is invited to attend the board meeting to report the enforcement of the internal audit and present audit reports for reference.

Celxpert has been without any significant internal control nonconformities identified and has had its internal control system implemented in 2017.

- Business Ethics

Celxpert has created, Guidelines for Ethical Corporate Management, Corporate Governance Best Practice Principles, and Guidelines for Codes of Ethical Conduct. The Code of Ethical Business Conduct requires all employees to have integrity and be trustworthy, and includes a list of rules for corporate governance and employees. The Human Resource Department will oversee the state of the Company, and check the need to adjust, revise, or expand the Code of Conduct. The revised Code shall be approved by the General Manager and announced on the intranet and include a declaration of avoid conflict interest before being implemented accordingly.

Celxpert will remind corporate governance members and employees to read and sign the Code of Ethical Business Conduct online to indicate compliance. All employees must substantiate and ensure understand, accept, and comply with the requirements. And we also seek for the understanding and support of the Company's customers, suppliers, business partners, and others related to the Company's business operation.

Stakeholders can use our official website to get more information about CSR or business conduct, which are offered in two languages: Chinese, and English.

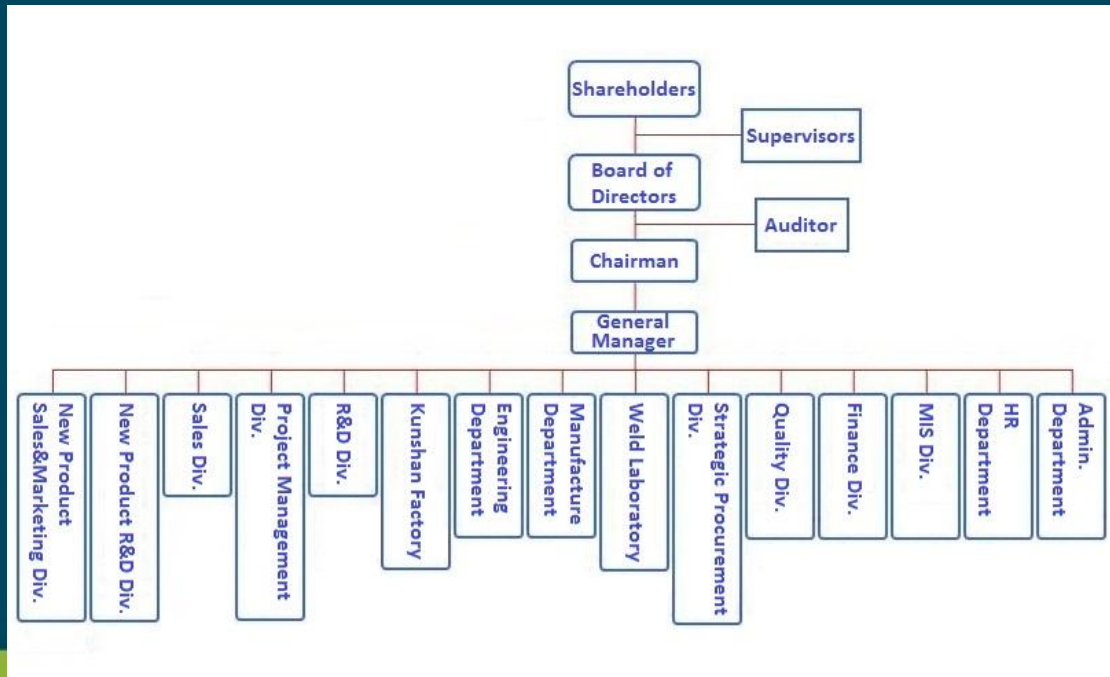
- Anti-corruption and Avoid conflict of interest

Employees must avoid causing any conflict of interest or potential influence between personal interest and corporate interest. Therefore, employees must fully report and explain the conflict of interest between personal interest and corporate interest voluntarily and immediately upon the occurrence of the following: Employees or their family dependents/close relatives hold an employment relationship with Celxpert's suppliers, customers, or competitors, or, there is a direct or indirect financial interest in existence, or, employees or their family dependents/close relatives cause direct competition against Celxpert in business with their activities outside the company, or, any work or responsibility that may interfere with their job performance in the company, or, utilize the Company's resources without authorization to conduct private activities outside the company. The receipt and transfer of gifts or entertainments by direct blood relatives, spouses, or family members shall also be prohibited.

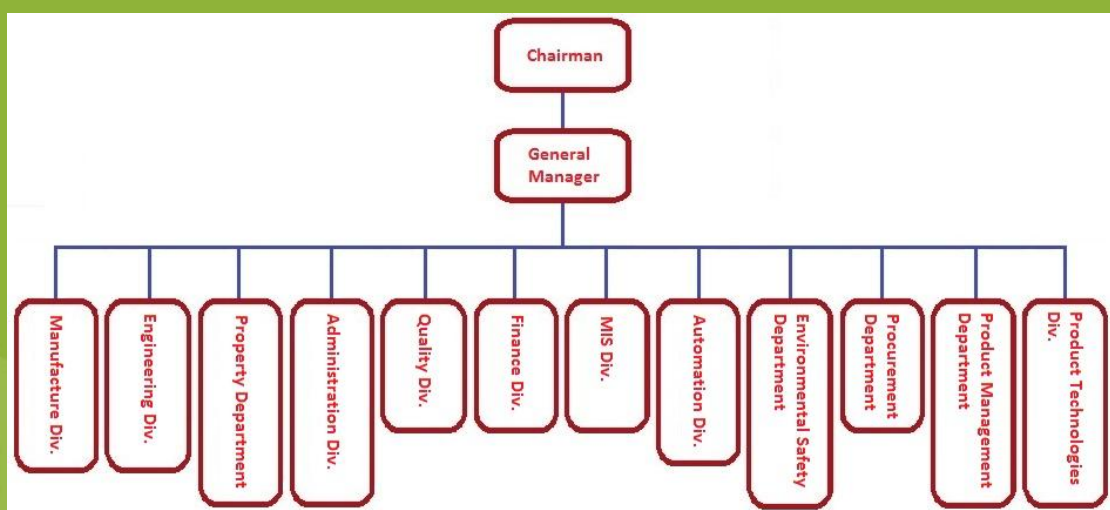
The work regulation stipulates "employees should not use their office positions to seek profit for themselves or others; they may also not accept kickbacks, inappropriate gifts, invitation or other unlawful benefits". Every year, the colleagues need to fill in the "conflict of interest avoidance declaration", which clearly states the employment ethics regulations. The declaration requests all employees to perform their duties by upholding the spirit of honesty, meticulousness and dedication. No bribes in any form may be demanded, accepted or offered by the employees.

2.2 company organization

- Taiwan Corporation



- Kunshan Corporation



2.3 Business Operations

- Business philosophy and policy

Celxpert 's corporate vision - to be a company that protects the earth's environment and provides alternative generations of energy. And as a goal, develop the following business philosophy:

- A. Honesty and pragmatism:
Build trust with all clients.
- B. Quality Assurance:
Ensure the products will be the most immediate and the best.
- C. Innovative excellence:
Provide the best customer service and support.

The Company, based on Integrity, public and responsible corporate attitude, has formulated a based policy – Honesty, and established a sound corporate governance, and risk control mechanism to create a sustainable business environment.



- Shareholders' regular meeting

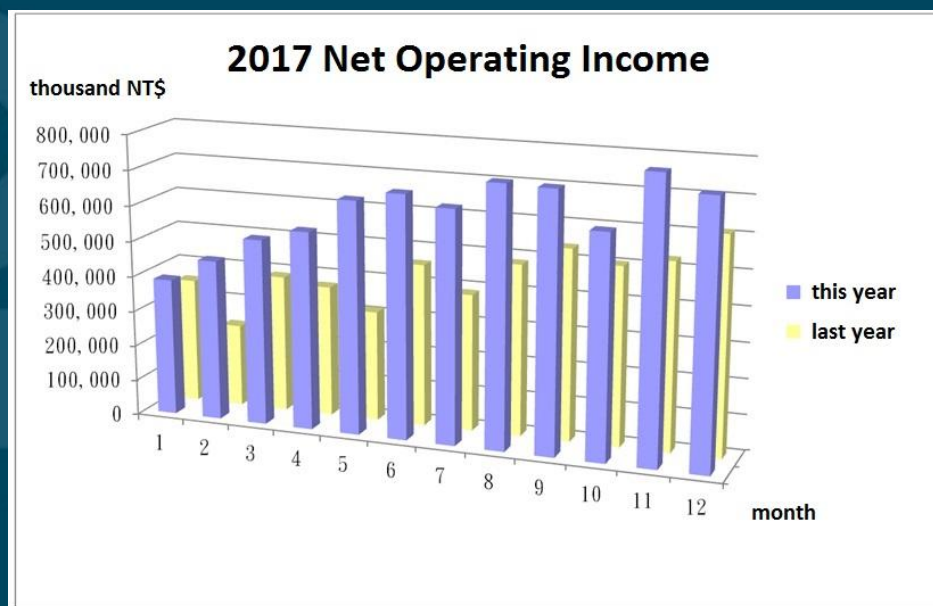
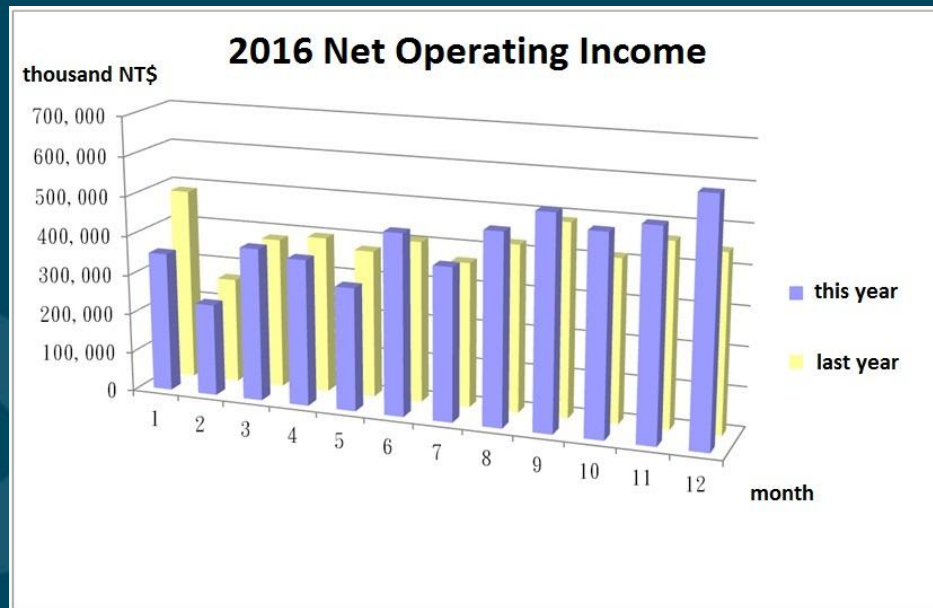
In addition to monthly earnings reports, the Company holds a shareholders' meeting once a year. Shareholders may in according to the provisions of the company, submit proposals to the company at each shareholders meeting. The company also has a spokesperson, investor and stock units. Responsible for communicating company information to investors to ensure that investors fully understand the company's operating principles.

The Company make a public announcement on the "Market Observation Post System" (<http://emops.twse.com.tw>) and regularly update its financial information for investors' reference.

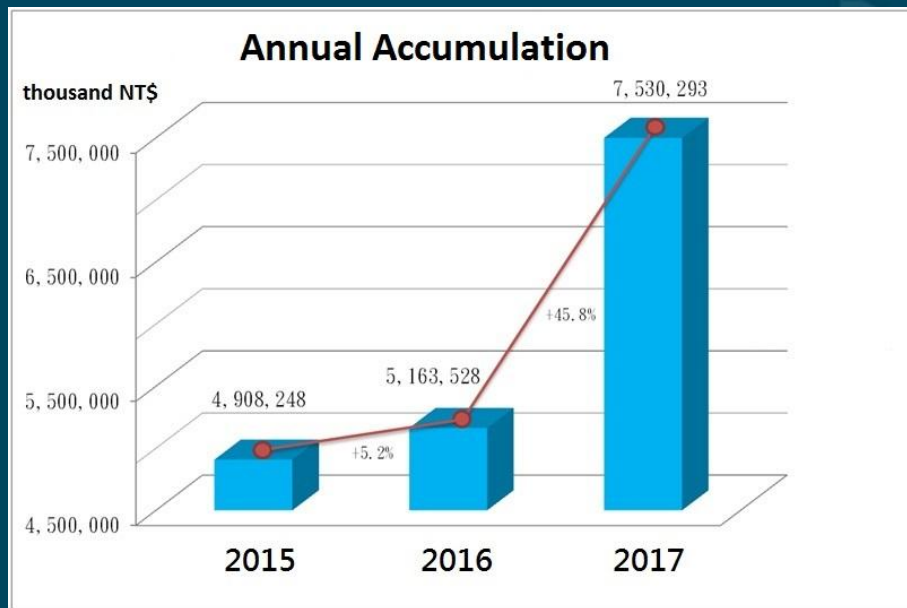
Celxpert is committed to improving the transparency of its operations, and when investors and shareholders are being executive decision, they can obtain more relevant information and protect their rights and interests.



- business performance

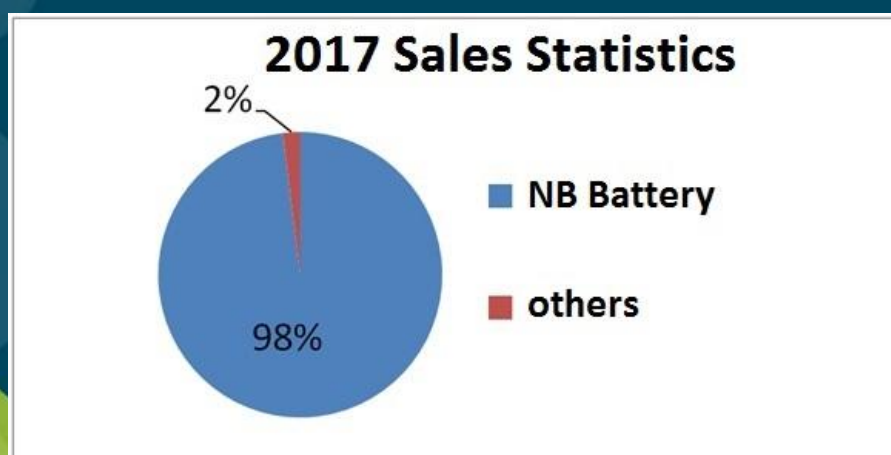
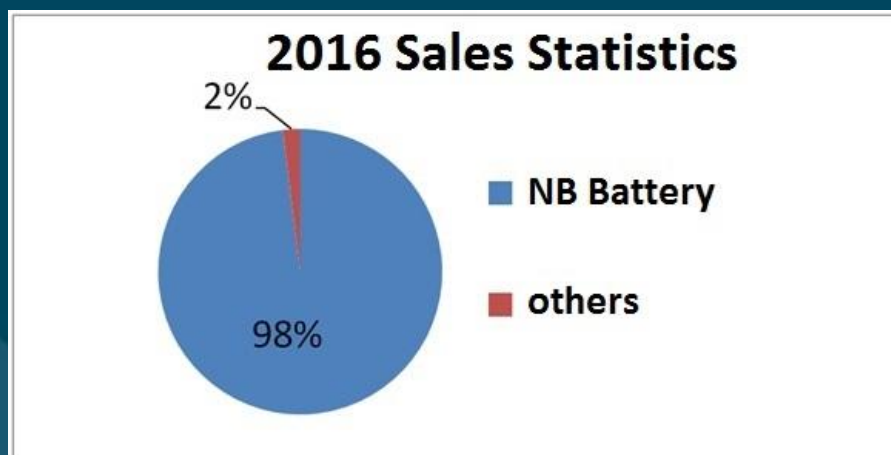
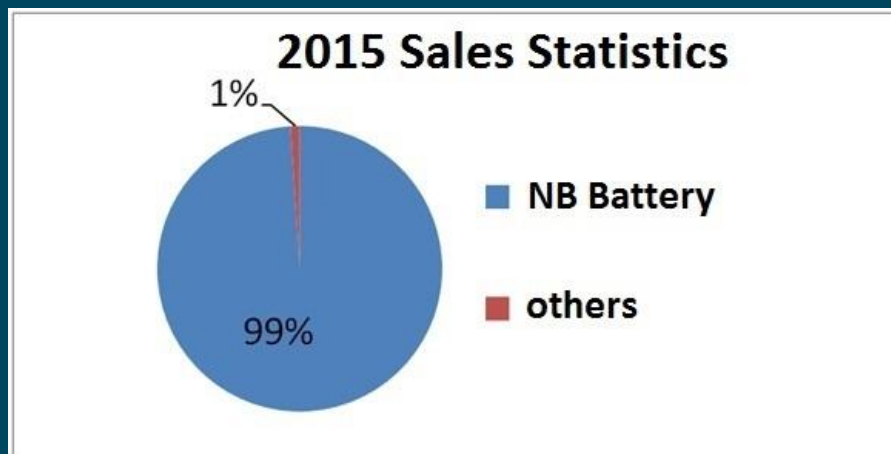


Celxpert Energy Corporation 2016 full-year consolidated net operating revenue of about NT \$ 5.16 billion, increase 5.2% from 2015; while full year net consolidated operating revenue of about NT \$ 7.53 billion in 2017, a substantial growth of 45.8% compared from 2016.



In order to ensure the operational performance of Celxpert as scheduled, the Company conducted a review on the planning and implementation of the operation and management system, the operation performance and the control and assessment of the project business, reviewed the performance of each unit and proposed improvement plans, achieved the annual overall profit-making target through active management, In line with the expectations of shareholders and stakeholders, a sustainable development of enterprises.

- Product sales



Celxpert main products for the laptop battery, compared to the net operating income of 97% to 98%; and product categories can refer to the company's official website information.

- Business risk management

Celxpert focus on all risks and take preventive measures to effectively manage and strengthen the resilience of the crisis.

The business operation process is accompanied by various operational risks such as changes in production demand, natural disasters, supply systems and supply chain disruptions. In addition to diversifying risks through cross-strait distribution , Celxpert also works with suppliers and clients to draw up drills to review incidents from different perspectives After the horizontal and vertical communication process, Cooperate with the impact analysis of operational production and collect the internal and external risk threats and disasters select the risk of the situation, and then against its risk assessment, the identification of high-risk key conditions, and this Put forward plans for prevention, transfer, early warning, emergency response, post-disaster recovery, crisis management and ongoing operations, and minimize the risk through regular drills.

The Company's high-risk key conditions and corresponding methods are summarized as follows

- A. Increased production demand:
Appropriate use of existing stock supply, and make the best use of existing human resources in the production line to make the most appropriate arrangements for scheduling, and gradually increase manpower and increase production lines.
- B. Power failure:
Start Celxpert's own generator supply. Power failure until generator stable power supply has risks associated with the production or laboratory parameters important data is lost, so the company has set up UPS (Uninterruptible Power Supply). In order to meet the needs of production and operation, the generator is given priority to supply the production line and with the production line staff deployment generator operation downtime maintenance. The nearest gas station is about 500 meters and can be replenished at any time.
- C. Information security shut down:
Use consistent and automatically updated anti-virus host to ensure that will not be affected by viruses and malicious invasion, even if affected can still do interception action, blocking the expansion of the scope of influence. If the network is interrupted or the connection between the two sides is interrupted, you can use the host switch to avoid the problems caused by a single

point of failure and keep track of maintenance progress. If there is a problem with the host, it can enable backup to backtrace the data, or carry the data for reconstruction.

D. Fire:

Production capacity can be transferred across the Taiwan Strait, and the night shift can be used for capacity expansion. Outsourcing can also be used for production capacity support. Third-phase plant leasing, equipment installation and personnel transfer are completed in three weeks and normal operation resumes within a short period of time.

E. Earthquake, wind disaster, biological virus:

When necessary, all support units maintain minimal operation at home through the Internet and transfer production capacity across the Taiwan Strait.

F. Raw material suppliers cannot be shipped:

Do a good job in the stock of safe and manufacturers supply confirmation, in the event of sudden shortage of raw material suppliers shipped, the appropriate use of existing stock supply, and require suppliers to provide recognized other third-party raw materials, let the company's production capacity is not limited.

Above the relevant high-risk key conditions and the corresponding method In addition to natural disasters and biological viruses are unpredictable, the remaining risks plus all well in the usual preventive measures to prevent accidents or reduce disaster losses, 1 to 3 days according to standard procedures to make contingency plans for manufacturing, support units and redundant mechanism start, and gradually restore production capacity to ship within 1 to 2 weeks and achieve customer demand.

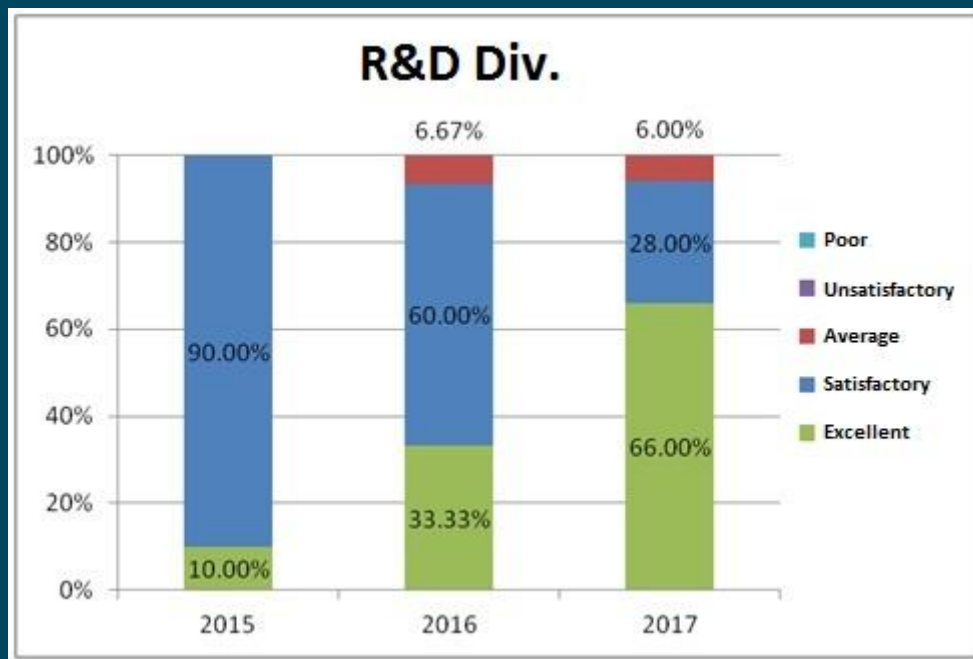
2.4 Customer Relationship

- Customer satisfaction

To understand customer satisfaction with the company's services, Celxpert conducts an annual customer satisfaction survey that identifies three aspects of the company's procurement, research and development, and quality. Customer and corporate purchasing unit with the reply and attitude, Customer and R & D unit for the development and compliance extent, Customer's attitude to the quality assurance unit to deal with complaints and effectiveness, with five different levels of satisfaction, the data collection is completed and submitted to the management review meeting to set goals, review related issues and track implementation of the improvement strategy as a plan to enhance customer satisfaction.

According to the chart below, under the continuous improvement of service between the Company and its customers, the overall customer satisfaction from 2015 to 2017 is not only good but also gradually increasing. Hope that in the interaction with customers, it will provide the quickest and most Quality service.





It is inevitable that there will be some gaps in communication without understanding the mode of operation between both sides, as a result, many questionnaires have been filled in "ordinary" since 2016, which also leads down the Quality projects "very satisfied" ratio, but in the company's efforts and improvement, we can see in 2017 for the integrity of the survey, the customer's procurement of the company, research and development and quality units provided by the coordination, Service attitude and effectiveness are improved.

- Quality management

Excellent product quality has always been Celxpert pursuit of the goal, but also the performance of business competitiveness. Through quality system management, strengthen the existing quality system, integration of headquarters and production plant uniform standards, the establishment of parts purchase test items and standards, will not be affected by the movement of personnel. Integration related system processes, reduce human negligence, and continue to improve the value of products and services, achieve customer satisfaction, and always grasp the quality of information, identify problems early to reduce losses. All products for the factory from the production process of the anomaly, real-time tracking, and informed the relevant units for analysis and verification, with continuous improvement of quality, customer satisfaction mainly.

Celxpert 's quality policy includes: customer satisfaction, innovation excellence, full participation.

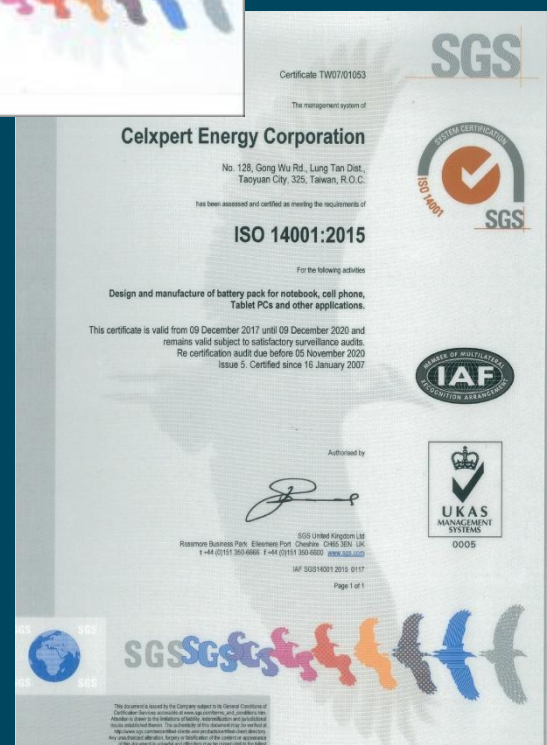
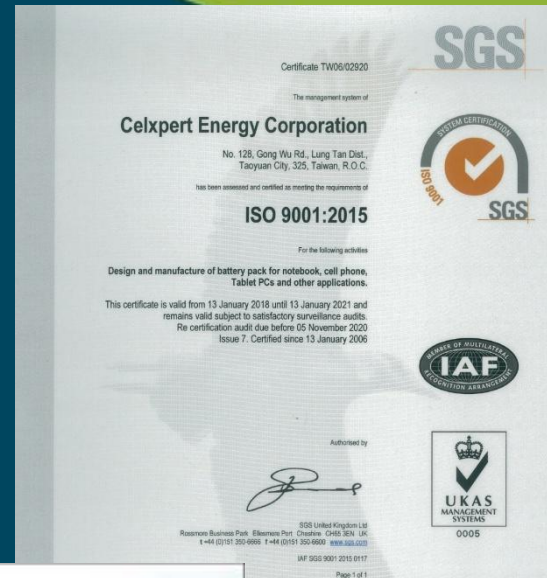


Celxpert implement the promotion of quality management system to innovate in product design, process optimization and process management to achieve excellence. Through full participation and continuous improvement, we provide our customers the best service to meet and exceed our customers' expectations.

● Related certification

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System	Quality System	QuEnSH	HSPM	Lab
Plant	ISO 9001	ISO 14001	OHSAS18001	IECQ QC000000
Taiwan	 Since 2003,Jan	 Since 2006,Nov	 Since 2009,Dec	 Since 2009, Feb
KunShan	 Since 2005,Aug	 Since 2006,Jun	 Since 2008,Sep	 Since 2009,Sep





2.5 Supply Chain Management

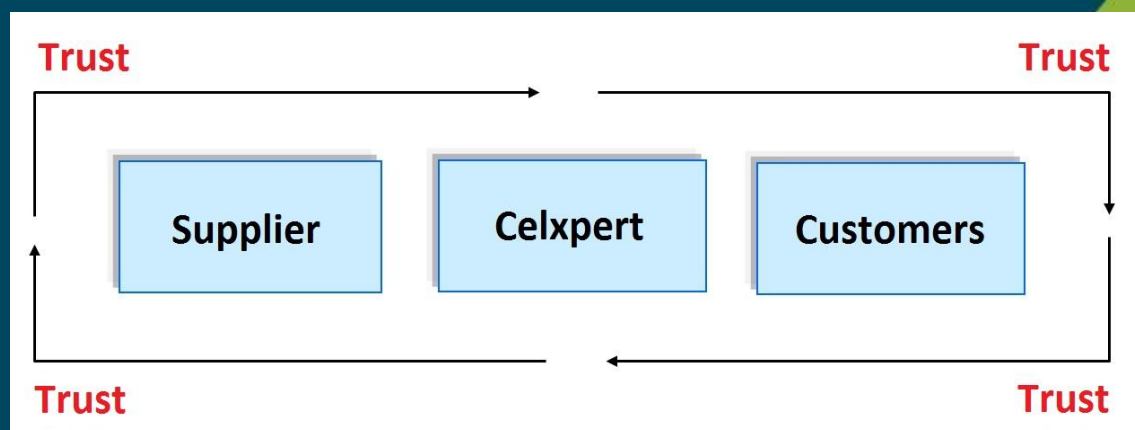
- Supplier Assembly

2017 Celxpert supplier conference held to invite various vendors to participate in the meeting product quality policy and procurement of seminar, Celxpert introduced to the various suppliers product quality requirements, and advocacy related supplier related matters, while Celxpert also take this opportunity to each supplier description of the company's procurement policy.



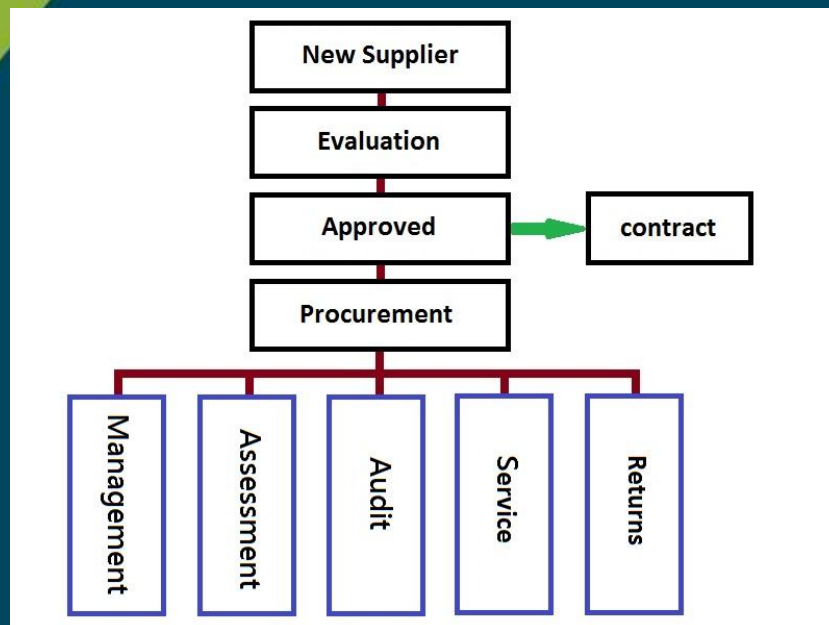
A. Customer and supplier

Celxpert will be the core value of the bridge of customers and suppliers - "Trust", convey to the supplier in this conference, expect each battery module supplier to establish sustainable supply chain with common values and build with Celxpert Good and long-term relationship.



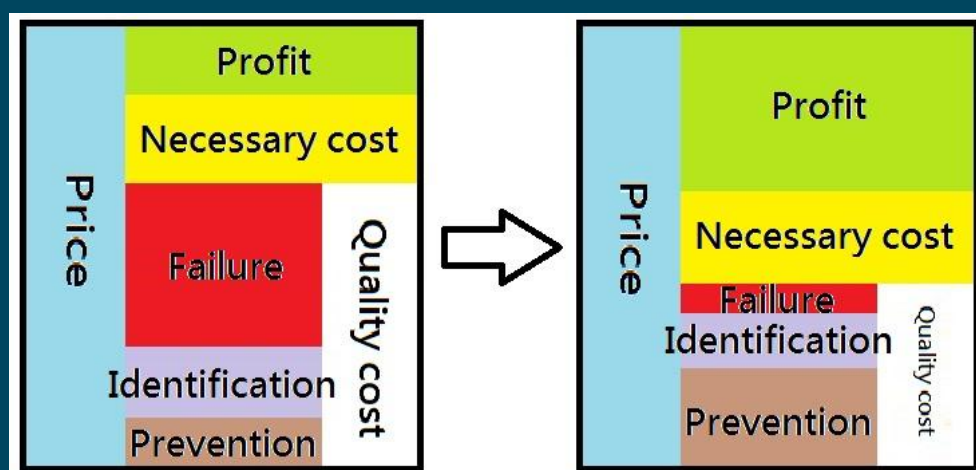
B. Supplier management process

After evaluating the suppliers and signing the quality contract, the company will purchase the materials, including quality management, assess, check, exception handling and return. The process is as follows



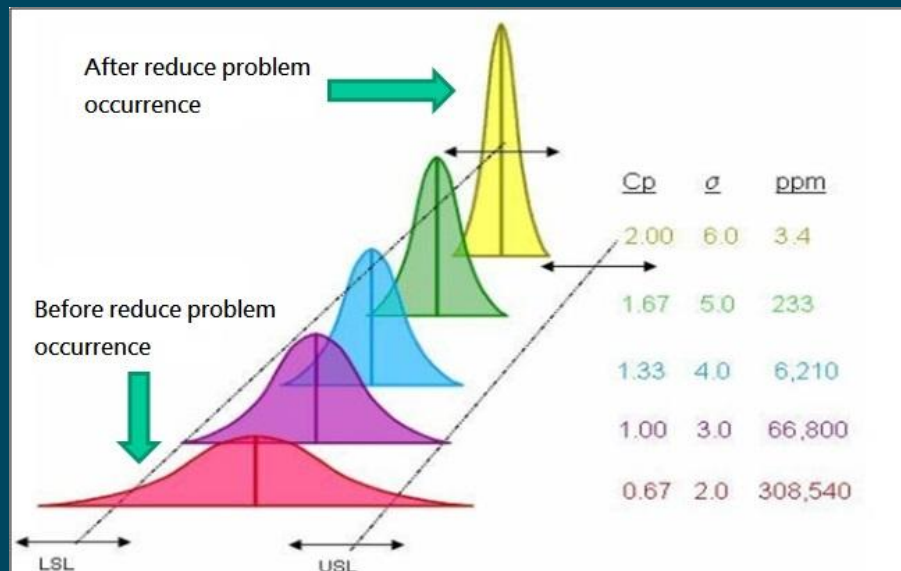
C. Quality cost management

To achieve the goal of increasing corporate profits, Celxpert upholds the concept of quality control costs, which is to reduce the cost of failure. How to effectively reduce the cost of failure is the test of how to effectively prevent, so Celxpert want to achieve reduce the cost of failure, and create the maximum profit.



D. Improve quality and ability

Product quality is one of the important factors that determine a company's revenue growth and competitiveness. If the product quality of Celxpert is superior to that of its competitors, the customer's confidence in its products will be enhanced and the market share will increase, improve the company's profits. So Celxpert expected to reduce variation of the process in the supplier to improve the quality of materials.



E. Supplier quality objectives

Lot quality goal

aims	category
LAR \geq 98%	Case / PCB / Packaging materials
LAR \geq 99%	Electronic materials

LAR = (weekly sampling qualified batch \div weekly sampling test batch) %

Functional quality goal

aims	category
DPPM = 0 PPM	Electronic components
	PCB / PCBA
	Case components

F. Supplier quality requires matter

In addition to the quality contract requirements, suppliers must also cooperate with

the following matters:

- (1) Quality system certification, ISO 9001: 2015.
- (2) Green products: Must comply with Celxpert's "Green Product Management Specification".
- (3) The supplier guarantees that no engineering changes shall be made without the prior written approval of Celxpert.
- (4) Abnormal analysis should follow the 8D principle.

Celxpert expects with suppliers to pursue flawless together, we rely on and trust each other, to meet customer expectations for quality, work together to achieve our goals together.

G. Purchasing policy and commitment

Policy:

- (1) Establish a supply chain that emphasizes social responsibility, labor and human rights, environmental protection and sustainable development and management.
- (2) Depending on suppliers, we expect long-term cooperation to establish a stable development partnership.
- (3) To manage supplier quality, cost leadership, delivery and supply capacity, service team capability and sustainability management to meet the requirements of Celxpert and enhance the competitiveness of the company.
- (4) Help upstream and downstream manufacturers to enhance the competitiveness of the green, a total of creating sustainable business opportunities.

Commitment:

Commitment the integrity management by any form of illicit gain, corruption, extortion and misappropriation of public funds are expressly forbidden, and a mechanism of accusation identity protection is established.

H. Supplier selection criteria



Supply chain management is an open system, the supplier is part of the system, including the following about affect main factors that Celxpert selection of suppliers:

(1) Quality factors -

Mainly refers to the quality of raw materials, primary products or consumer products supplied by the suppliers. The quality of the products is the basis for the survival of the supply chain, the value of the products is based on the quality of the products. If the quality of the products is poor, the products will be lack of market competitiveness, and quickly exit the market. So the suppliers products quality is the key of the consumer products quality.

(2) Price factors -

Mainly refers to the suppliers of raw materials, primary products or consumer goods components of the price, the supplier's product price determines the price of consumer goods and the entire supply chain input-output ratio, it will have certain degree of impact in the profits of producers and vendors.

(3) Product diversification factor -

Under the circumstance of intensified global competition and ever-changing product demand, the products produced by enterprises must be diversified to meet the needs of consumers and achieve the goal of market possession and profit-making. As a result, most companies have adopted JIT (Just In Time) production methods. In order to improve the market competitiveness of enterprise products, it is necessary to develop diversified production capacities. Because the variety of suppliers determines the types of consumer goods, the

diversified production capacity of enterprises is based on the diversification of suppliers.

(4) Design capability factors -

Integration is the direction of the supply chain to develop, update products are also market power of enterprise, in R & D and product design is not just a matter within the parts manufacturer, and integrated supply chain to require suppliers should also bear part of R & D and design work. Therefore, the design capabilities of suppliers are also considered.

(5) Special technical capacity factors -

Each product are unique, there is no unique product in the market less viable. The uniqueness of the product requires special production techniques. Therefore, special manufacturing technology providers are also a factor of influence.

(6) Delivery advance factors -

For the enterprise or supply chain, it is the external market system, its changes and instabilities can affect the company's or supply chain's inventory, due to the existence of advance delivery, It will inevitably cause the inventory levels of inventory stagnation and proliferation. Business-to-market faster reaction speed, can effectively control the amount of early delivery, the higher sensitivity of the enterprise market reaction, the smaller impact of fluctuations in inventory, it is also an important factor in the delivery of a quantity in advance.

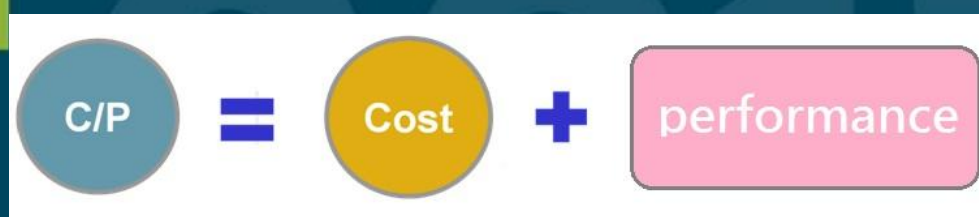
(7) Delivery punctuality factor -

Delivery punctuality is the time required by the ordering party, the supplier will be designated products delivered to the designated location on time. If the supplier's delivery on time is low, it is bound to affect the manufacturer's production plan and vendor sales plan and timing, which will cause a lot of waste and the disintegration of the supply chain. Therefore, on time delivery is also a more important factor.

(8) Other factors -

Other factors such as project management ability, supplier's geographical location, supplier's stock level and so on.

I. Product price, quality, technology and stability

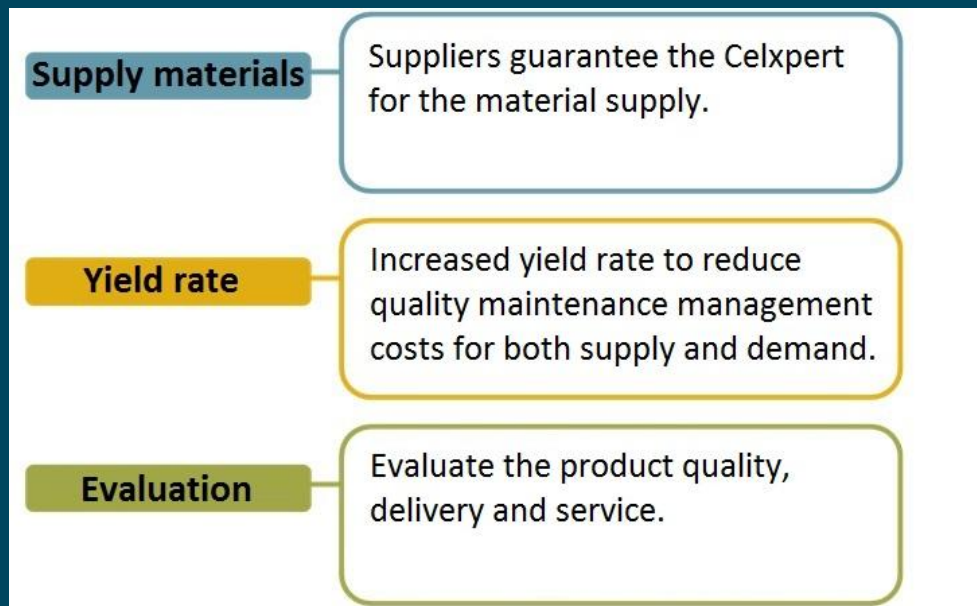


Price:

The supplier provides Celxpert more competitive prices in the market so that it can win more orders and opportunities, which in turn allows third parties to get more cooperation opportunities and grow together to create profits.

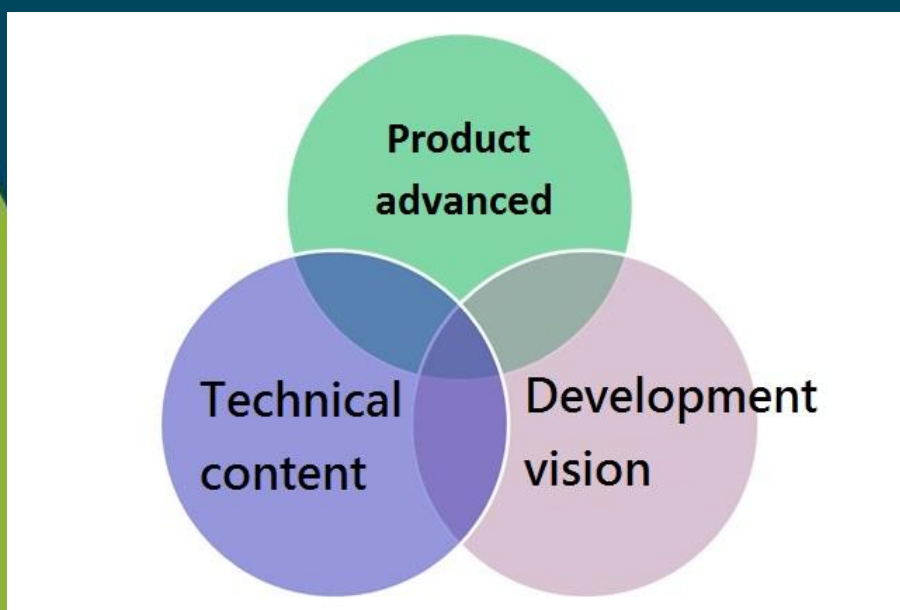
Quality:

Celxpert quality commitment - we promise to deliver quality products to customers on time, so for the supplier's product quality, Celxpert to ensure the supply of materials, improve the yield rate and semi-annual evaluation.



Technology:

Require suppliers to meet the expectations of Celxpert in terms of product advanced, technical content, and development vision.



Stability:

In response to the challenges of the changing market, Celxpert has taken the following measures

- (1) In response to the supply and demand in the existing market, the allocation of production capacity by suppliers to various industries will affect the distribution of the proportion of cooperation.
- (2) Due to the fact that the customer's actual demand is not easy to grasp due to the single emergency response, it is necessary for the manufacturers with high utilization rate to cooperate with each other to double profits.
- (3) In line with the JIT production mode of Celxpert, to reduce the inventory risk of third parties and Celxpert.
- (4) Procurement Monthly provision of estimates, so that suppliers stocking.
- (5) Buffer stock preparation mechanism, mainly for the common materials:
Case - Manufacturers are required to prepare safety stock for 7 working days.
Electronic materials - manufacturers have to prepare a pre-estimated 2 times stocking mechanism to provide flexible use.

J. Key work

- (1) Strengthen the cooperation with the existing supply chain
- (2) Increase the " high-power " material supply chain
- (3) Establishment of supply chain of local and overseas materials
- (4) Find more competitive materials and supply chain

● Supplier Audit

The Electronic Industry Code of Conduct management structure covers the five facets of labor, health and safety, environment, management systems and ethics.



Celxpert refers to the Electronic Industry Code of Conduct , abides by the law, acts in good faith, abides by the highest standards of integrity, prohibits any forms of corruption, extortion and misappropriation of public funds, and eradicates corruption, discrimination and unfair practices in the procurement process, areas prohibiting discrimination, racial, cultural and political factors such as commitments and ensure compliance with fair, just and open principles in the transaction process, and in procurement and supplier certification, assessment and optimization process.

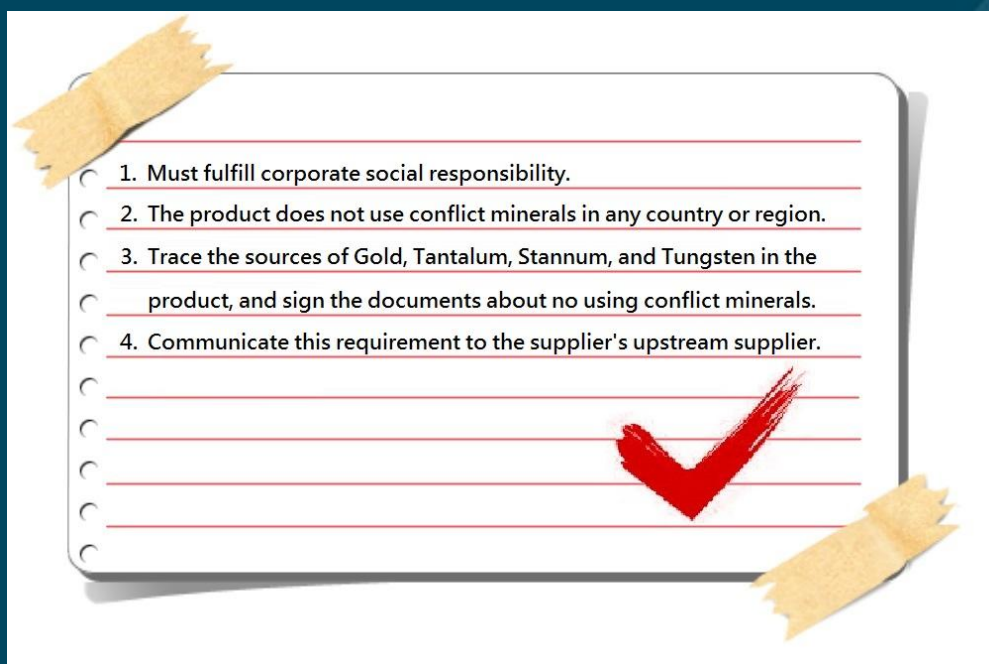
Celxpert suppliers are mainly divided into two categories: the customer designated and Celxpert designated. All activities of the supplier are required to comply fully with the laws and regulations of the country / region in which they operate and to clarify the supplier's social and environmental responsibility in the operation and decision-making process.

Celxpert advocated supply chain management by reference the EICC, with its own characteristics, the supplier established a audit mode for labor rights and the environment by commitments and protection; for health and safety, the supplier commitment adequate protective measures; for morality, the supplier commitment to adhere to the highest ethical standards; and for management systems, suppliers will establish the institutions comply with the relevant regulations and customer requirements.

Expect suppliers work with Celxpert, improve corporate social responsibility together.

- Conflict minerals

The EICC pointed out that some of the metal ores have become the main source of funding for armed insurgent groups in the Democratic Republic of Congo in Africa that illegally collect taxes and extort money around many mines and force people and even child laborers to dig their ores for arms sales and to extend their cooperation with the government. Bloody clashes that ravaged the civilian population and sparked international controversy. Celxpert body for the citizens of the world, we declare and promise not to accept the use of metal from conflict mines; at the same time, Celxpert also requires suppliers:



Because the armed regime, the republic of the Congo People's be forced of mining tantalum (Ta), tin (Sn), tungsten (W), gold (Au) four kinds of minerals produced, causing long-term political instability and human rights atrocities, and such the use of these four metals indirectly contributes to the interest of local soldiers in abusing people by benefiting from the economic flows of neighboring countries throughout the manufacture, sale and produce.

Celxpert hopes that through the power of supply chain unity, let all manufacturers in the electronic supply chain will jointly check off any conflict minerals so as to cut off any inhuman or exploitation incidents and make social contributions to the social, environmental and human rights.

C. Take care of staff



Employees are the most important asset of Celxpert, and also the key to sustaining our competitive advantage. Our key mission is to create an energized organization and inclusive workplace, and to enable employees' continuous contribution and growth in the Company.

-Chairman, Steve Huang

3.1 Talent composition

Celxpert is a human-centric company, which means we are committed to creating a non-discriminatory work environment and culture. Corporate management in both Taiwan and China may not discriminate against employees in recruitment process and career-related affairs (such as promotion, rewards, or offering of training opportunities) in terms of ethnicity, skin color, age, gender, sexual orientation, race, disabilities, pregnancy, religious /political beliefs, membership in social groups, or marital status with the hope of ensuring that every employee could maximize their potential and skills. Various management policies must comply with statutory regulations stipulated by local governments. These policies would also be promptly revised and modified accordingly to changes of government regulations.

- No child labor and protection of young workers

In order to fulfill our obligations to the international human rights conventions, comply with local laws, and answer responsibly to our clients and stakeholders, Celxpert forbids the recruitment and use of child labor. Minors shall not be engaged in dangerous tasks and any employees under 18 shall be given proper legal protections of their rights and interests in accordance with the law. As for the prohibition of child labor and protection for under aged labors, various sites in China have established risk contingency plans (there are no high-risk sites after assessments in 2016), which include: In the event that employees under 16 years of age have been recruited, or when employees under 18 have been recruited but the site failed to identify his/her age in time, these incidents must be disclosed accordingly. Once verified, the HR supervisor and social responsibility management units must be notified as soon as possible. The HR supervisor shall then notify the relevant authorities accordingly. HR must stipulate a fallback plan for upper management and decision makers (the plan must include: termination of contract, contacting the minor's family members to take him/her home, providing necessary compensation, trainings for recruiters on identity verification, and enhancing the

function of identity verification systems). The plan shall be implemented and records shall be maintained accordingly.

- Staff distribution

Classification	Project	Celxpert Longtan plant	Celxpert Kunshan plant	Total
Number of people	Total	226	1511	1737
	Male(M)	125	848	973
	Female(F)	101	663	764
	※ Direct employees(M)	5	678	683
	※ Indirect employees(M)	120	170	290
	※ Direct employees(F)	30	536	566
	※ Indirect employees(F)	71	127	198
	Managers(M)	43	46	89
	Managers(F)	11	22	33
Age	<16	0	0	0
	16~19	0	401	401
	20~29	39	585	624
	30~39	93	329	422
	40~49	73	186	259
	50<	21	10	31
Education	master's degree or Dr.	41	—	41
	University	113		113
	Junior college	37		37
	High school	29		29
	junior high school and below	6		6
	(China) junior high school and below	—	914	914
	(China) High school		100	100
	(China) Specialized School		351	351
	(China) Junior college		101	101
	(China) University		45	45
	Kunshan plant Taiwanese employees	※ 9	—	9

※Direct employees means the production line operators, indirect employees are the general office employees.

※Taiwanese employees belong to the distribution of Longtan plant, the actual working place is in Kunshan plant.

- Human rights management

Celxpert adheres to its core values and complies with international standards and principles. We promulgated "Human Rights Policy" to ensure our employees' human rights. Celxpert also strives to create harmonious employee relations and a high-involvement working environment to make sure that its own code of conduct is consistent with and no less stringent than the EICC Code of Conduct.

Celxpert has established all personnel rules and regulations in accordance with the law to ensure employees' rights and interests in work are protected and socially responsible. In order to enable each and every one of his colleagues to understand their own rights and policies, introduce the company's relevant human rights policies, employee manuals, working rules and related management work procedures through the induction training of new entrants, clearly declare the protection of employees' human rights, including legal requirements, freedom of employment, humane treatment, prohibit improper discrimination and sexual harassment, and further establishment of multiple effective communication mechanism, to build the whole compensation and benefits, training opportunities and course selection. Celxpert also strictly abides by the Labor Standards Law, the Gender Equality Act and other government-related laws and regulations and provides employees with the right to employment on a gender basis. Also explicitly banned child labor in corporate sustainability, human rights policies, and recruiting methods to ensure that no employs any child under the legal age, including Kunshan Plant.



Employees may raise complaints in accordance with "Regulations for Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" for any threat, abuse, exploitation, and coercive sexual harassment they encounter at work,

whether in the form of body gesture, verbal or body contact. Celxpert provides sexual harassment complaint hotline while Celxpert has a sexual harassment mailbox set up at factory to assure employees that all complaints are properly handled.

- Human Rights Protection

Celxpert and overseas production centers all assure employees the right to work free of retaliation, threat, and indebted labor. Employees are entitled the freedom of resigning from their current employment, provided that an advanced notice and all necessary procedures are completed in accordance with local regulations.

- Recruitment

The Headquarter of Celxpert Taiwan, overseas production centers have committed themselves to recruiting employees solely based on personal character, ability, and match with the duties assigned. Under no circumstances would the Company allow different treatment for race, ethnicity, social status, lineage, religion, disability, gender, sexual preference, family attachment, marital status, political association, age or any other form of discrimination. No complaint had arisen in 2017 due to discrimination against employee.

- Compensation

Celxpert offers competitive compensation to retain our employees. In addition, the company allocates fixed ratio from monthly revenues and income of scraps to the Employee Welfare Fund for conducting welfare affairs such as travel allowances, gift certificates for employees' birthday, festivals and the Chinese New Year.

Annual Leave Policy:

Celxpert's annual leave policy benefits employees better than according to laws and regulations that they can apply their leave easily when necessary.

Career Insurance:

Celxpert provides labor insurance and national health insurance for all employees according to relevant laws and regulations. Moreover, the company provides package insurance including medical insurance, cancer insurance, life insurance and accident insurance to all employees and their relatives (alternatively) for better insurance coverage.

Pension:

Celxpert has a pension plan for all employees in compliance with “Labor Standard Act” and “Labor Pension Act”, that the company makes monthly contributions to the personal pension fund of Bureau of Labor Insurance, which helps to maintain a lifestyle after retirement for employees.

- Training and development

Celxpert provides comprehensive training program from on-board training, professional job training to self-growth learning. The various learning resources can help employees improve their professional ability and personal growth.

Celxpert Career System:

Celxpert's career system has been established to support the Company's overall strategies, talent plans, organization structure, and corporate vision. Each year, Celxpert re-defines the focus of its talent development by identifying the key skills needed to support its operating strategies and organizational development. A training plan is then devised based on talent requirements in different levels of management. The annual training plan is executed with the help of department managers, who guide employees to identifying areas that require improvement and making personal development plans in reference to the career roadmap.

Professional and Management Training:

Case study and development training designed by supervisor managers are provided to increase employees' professional knowledge and skills in Celxpert.



Celxpert organizes a series of leadership and management courses allowing the development of excellent management skills to lead the Celxpert crew in

continued growth. Experience is invaluable to an organization. In an attempt to promote life-long learning and transfer of knowledge among R&D personnel, Celxpert has created a system specifically for the purpose of introduction and transfer of new knowledge and technologies. Meanwhile, internal events such as: "Practical Workshop "and "Senior Management Seminar" are being held to facilitate sharing of practical experience and to provide employees the means to refine their professional skills and access the latest market and academic information.

Self-Growth:

Celxpert provides various self-growth activities such as languages learning classes, art lectures and leisure clubs that employees can keep learning and improving themselves.

Celxpert has nice relationship with employees and values the opinions from employees. The company holds internal meetings between management and employees periodically in which employees can express their opinions directly, or employees can email to management whenever they have any idea or proposal regarding the company business and operations that the management will respond and adopt those e-mails constantly.

3.2 Welfare

Employees are the most important capital to Celxpert. Celxpert values the work-life balance of all its employees, and in addition to providing them with basic benefits, the Company also has many other welfare measures in place to provide employees with proper care, recreation and entertainment. The following figure is a list of benefits and welfare measures provided to Celxpert's employees in Taiwan.

- Occupational Health and Safety

Health is the most valuable asset to any individual. We hope to provide employees an environment where they can work free of safety concerns, therefore we maintain a security system, organize regular disaster/fire safety drills, promote environment safety and offer employees recreational facilities where they can relax after work. In doing so, we hope to make employees feel satisfied and at peace with their work, and thereby reduce chances of work injury and absenteeism.



- Social security and retirement welfare: Refer to relevant regulations of social welfare bureaus and make relevant insurance payments

Provide “Five Social Insurances/One Housing Fund” for employees with urban household registration (including endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and Housing Provident Fund).

Provide “New 5 Social Insurances” for employees with rural household registration (including endowment insurance, medical insurance, employment injury insurance, maternity insurance, and unemployment insurance).

- Life if Kunshan plant

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In order to solve the problem of field staff accommodation, Celxpert provides comprehensive staff quarters, in addition to have the comfort, safety, health accommodation for Longtan plant on a business trip to Kunshan plant employees, there're also have gym, pool area, basketball courts, catering and hawkers department, provided Celxpert employees in Kunshan plant can also enjoy life in break time.





- Dining area

Longtan corporation currently not available for staff meals, but with a staff dining area, whether it is ordering lunch or use the company's microwave or lunchbox heater, staff can use this area at meal times, convenient staff noon break while watching news, while enjoying lunch, can also use this area in leisure time for reading books and magazines.



- Attached parking lot

Celxpert is located in Longtan Wushulin industrial area, it's difficult to find a parking space, so the company provide free parking lot in the basement for this problem, which can accommodate about 40 cars, and about 160 motorcycles, and currently the company has lease a outdoor parking lot, distance less than 100 meters, which can accommodate about 70 cars, let the staff not to worry about parking problems.



- Anniversary celebration



2017 was Celxpert established on 20 anniversaries, the reception buffet was held on November 22nd, opening by the chairman of the board and sharing why Celxpert has such good performance. It is dependent on the previous 20 years of hard work, encourage Celxpert staff fulfill dreams and create glory! In addition to the day to enjoy gourmet cuisine, the company invited each department employees gathered to challenge all kinds of fun competitions and celebrate anniversary.



In addition to the anniversary celebration, the company also held an internal competition sports, include 3 on 3 basketball games, table tennis singles and doubles matches, the benefits committee will continue to promote sports culture, so that each participate employees of department will balance with work and health.



Through sweat and hard work, left many wonderful shots for this sports competition, the company' s colleagues are join it, and after a month or two of enthusiasm, the centripetal of all departments has also increased.

- Freedom of association

Celxpert existing official Society is the yoga club, each employees can participate freely, subsidy fixed cost every month, and also encourage employees to relax after work, to further enhance the effectiveness of the work up.

Yoga club:

Hire a aerobic yoga teacher to teach employees aerobic yoga every week, the employees involved in yoga classes after work, to activate cells, improve blood circulation, strengthen muscles and bones, boost the immune system, promote nervous system relaxation and balance, yoga can also help build employee ideas to improve the quality of sleep.



In addition to the yoga club, climbing clubs, basketball clubs and table tennis clubs although not yet established, but there are still scheduled activities for off-duty and vacation time to provide company colleagues to participate in, to formal establishment those clubs, build the unity of work and leisure environment.





- employee activity



2017 employees in three days and two nights of travel , take NATCHAN RERA sailing in the Pacific Ocean on the quiet, overlooking the landscape of eastern Taiwan, after arriving in Hualien a leisurely walk in the total length of 4 km Shakadang trail, Majestic's valleys, clear streams beautiful rock folds and lush forests, in the past have more than one Aboriginal settlement to make Shakadang trail has beauty of ecological and cultural landscape; in addition to fishing experience Amis tribe, also enjoy Mataian Wetland, far away layer upon layer of mountains, clear Fudeng creek from south to north winds through flow throughout the wetland, with an endless supply of underground stream springs together to create a rich and diverse environment.



Back to the urban jungle, in addition to enjoying Hualien Tungtamen Night Market must eat specialties, but also go to the Farglory Ocean Park in combination of amusement and educational, there has dolphins and sea lion shows, manatee ecology commentary, Broadway and procession show, let everyone in the joy, through invented a game to learn more how to cherish and care for marine resources and animals.



Dragon Boat Festival in 2016, company colleagues participated in the Mayor's Cup Dragon Boat Race held in Taoyuan City, from the pre-match warm-up preparation, gunfire sounded the beginning of the game, until the last moment of capture the flag, colleagues mustering efforts, struggling to paddle, the boat speeding arrow, constantly along the way splash, shore colleagues also plays cheerleader, cheer loudly for the game of colleagues, let the race no cold field. Even if not winning, but aim to participate, let the company colleagues also through dragon boat races more unity, more cohesion.



- Birthday party

Celxpert invite the company colleagues to holds birthday parties every quarter, to celebrate and share the joy together, also has an afternoon snack to cohesion the colleagues, and feel the company's blessing.



3.3 Health care

- Health Check and Management

The company is superior to the 【Occupational Safety and Health Act】 and 【worker health protection rules】 and other laws and regulations, the implementation of a health check of all employees each year to protect the physical and mental health colleagues, prevention of occupational diseases, and as the organization of work and the improvement of the working environment reference. The implementation of the annual health check, the cost of fully subsidized by the company, colleagues can also add other inspection items at their own expense, and dependents can also enjoy preferential price to join in welfare health check.

Based on employee care and care policy, the company will staff health checks and health management as one of the important work of the project, so the frequency of inspections and health inspection items etc is far superior to laws and regulations.

【worker health protection rules】		Celxpert company policy	
age	Health check frequency	age	Health check frequency
≥ 65 years old	every years	Regardless of age	every years
≥ 40 and < 65 years old	every 3 years		
< 40 years old	every 5 years		

Taiwan Corporation health check participation situation in 2017

project	Number of people
Health check day incumbency staff	204
The staff of health check day	172
The participants staff of health check day	186
Application business trip or vacation at health check day	32
Business trip or vacation but still health check	14

The company deducted on a business trip or vacation staff, as long as the health check has joined the company to work employees the same day, the full participation

of health checks, completion rate of 100 %, reaching the purpose of the company concerned colleagues; and nearly 50 % of the business trip or vacation who still choose take a moment to participate in the health check, while Celxpert also happy to see the employees value their own health.



Whether or occupational disease contagious disease, health inspection results for the Company will be conducted in accordance with individually significant anomalies each of my colleagues proper tracking and management, while providing relevant information and services, and with the follow-up health check unit planning measures, so that employees body health check has practical results.

In accordance with the results of the health check our colleague classification
Normal groups: The normal value.

Track the population: There are abnormal data shall be regular or irregular followers.

Rest the group: Data severe abnormalities shall be observed at large hospitals or long-term medical persons.

- AED

Celxpert values workplace safety maintenance, so regular training courses are held every year, and in response to [Emergency Medical Act], the company set up an Automated External Defibrillator(AED) in the lobby, related training courses in addition to the Cardiopulmonary Resuscitation(CPR), AED use is also included in the training curriculum and training requirements of all colleagues, and in the resilience plus aid techniques, to create a reassuring environment friendly workplace, when the accident occurred, in the company of my colleagues every can in a prime time to rescue precious lives.



- Infirmary

Taking into account the company all colleagues in good working condition, the company has an internal infirmary, there are beds, refrigerators and related medical medicine, but also for colleagues in case of illness or work hours short physical pain, the infirmary is being managed by the Administration Department, colleagues are free to apply, for protect the company all colleagues.



- Leave without pay and return

Celxpert according to provide the employees on leave without pay policies for physical and mental recuperation, babysitting and post-natal breast-feeding issues provided, before the child reaches the age of three, employees serve over six months can accordance with [Gender Equality in Employment Act to follow] and [nursery leave without pay implementing measures], apply for leave without pay in accordance with the employee's own health status, no more than two years.

After the expiry of leave without pay, the company will arrange for colleagues return to the original units and positions, and provide education and training programs to facilitate colleagues to understand the latest situation. The following is leave without pay and return condition

project	male	female
2016 the number of apply leave without pay	1	3
2016 the number of apply return	1	3
2016 the rate of return	100 %	100 %
2017 the number of apply leave without pay	2	2
2017 the number of apply return	1	2
2017 the rate of return	50 %	100 %

3.4 Education and Training

- Learning and Development

To enhance the professional functions of company employees and management, human resources department construct a systematic cultivation. According to each employee not different stages of the implementation of the education and training needs, such as: new employee guide training, quality training, safety and health training, professional skills training, management skills and other training. Through various training to help employees understand the knowledge and skills needed for work, and to enhance the professional quality and work efficiency.

- Professional training courses

external		seminar		
		professional training		
	license			
Special operations		special operation course		
Quality		process improve course		
		quality course		
Safety and Health		safety and health course		
Management		senior executive course		
		manager course		
General Education		common course		guide training
		law course		
Professional		R&D course		
		internal course		
		marketing course		
		procurement course		
		management course		
project hierarchy	senior executive	manager	employees	new employees

Celxpert education to post functional framework as the basis for each category of education and training, according to the annual training plan, than education and training system, with the required training in the areas of production, research

and development, marketing, and management, enabling colleagues balanced and sustainable development, content and learned directly applied to work.

Starting Units	lessons
Chairman office	2
R & D Div.	33
HR Department	15
Finance Div.	9
Quality Div.	27
New Product R&D Div.	67
New Product Sales & Marketing Div.	6
MIS Div.	11
Manufacture Department	7
Admin. Department	9
Strategic Procurement Div.	6
Engineering Department	6
Weld Laboratory	10
Sales Div.	1
Project Management Div.	4
total	213

	internal	external
lessons	149	64
proportion	69.9%	30.1%
hours	798 hrs	
Average per person	※ 3.7 hrs	

※ to 2017 the average number of persons per month

2017 years a total out of 213 lessons, including 64 lessons external training courses accounted for more than 30.1%, while the total number of training is 798 hours. Celxpert, as the talent is the cornerstone of business success, so employee whether to play in the workplace is also a purpose of the company to take forward the purpose of education and training, each employee can expect continuous learning on the job.

3.5 Work safety

- Occupational Safety and Management

Celxpert uphold the spirit of sustainable development policy, we are committed to complete the construction of occupational safety and health management systems, to promote the prevention of occupational accidents and contingency measures, specific planning factory machine equipment, chemicals, fire facilities and safety management program, and complete standard specification and education and training, the implementation of its personnel, equipment, operating environment implementation of various inspection measures to protect employee health and safety, maintenance of safety equipment, process operational safety, and to ensure that work and workplace have a quality and safe and healthy working environment, in order to maintain the company colleagues can reach zero duty disaster , protect employees and the company's sustainable development.

A. Strengthening plant safety and health management:

Machine equipment: Import machine equipment procurement safety and health standard, high strengthen risk prevention and response mechanism machine.

Chemicals and hazardous substances: Safety Data Sheet (SDS) and safety labeling, storage and inventory control and use.

Hazard prevention: risk assessment, and with daily drills of emergency.

Emergency Response: Construction of emergency response organizations, strengthen incident handling capability and later on to investigate and evaluate improvements.

B. Emergency response and drills:

Decision Team: Assist research planning the strain and disaster relief measures.

Commander: When the accident occurred, lead with each group carried out.

Evacuation guide: Immediate evacuation guide field personnel, associated personnel and avoid entering the accident area.

Rescue: If injuries occur, the injured require immediate emergency treat, continue to support the ambulance arrived at the scene.

Emergency power: Case of power failure situation, ensure the supply of emergency power.

Contact: Time of the accident, communications to the plant external.

Relief: In case of fire, extinguishing under the control of fire, and continue to support the fire scene.

C. Vendors management:

Celxpert margin to zero duty disaster for the management foundation, and continue to sophisticated internal management and vendors management for construction site safety, in addition to routine general construction requirements Contractors play a self-care, mutual care, monitoring functions, for dangerous work safety promotion, its contractors, head of engineering, factory an inner ring must be on-site to ensure construction safety, expect Celxpert and its contractors to complete infrastructure management system, lead the team to implement safety and health self-management mechanism, to reach a contract providers, enterprises and governments win-win situation.

- Injury situation

2016 Celxpert the number of occupational accidents pieces of colleagues does not contain a traffic accident is 0 pieces, and 2017 is also the same, factory successfully reach zero duty disaster within targets. Celxpert will continue to demand the factory each organizational unit complete implementation of occupational safety and health management, including education and training, improvement measures work environment, the hazards of prevention management, audit, vendors management and health promotion, continued to require employees to hazards awareness, hope that through the whole company colleagues to work together to create a safe workplace.

For traffic accidents, 2016 Celxpert colleagues number of traffic accidents to commute to 0 pieces, and 2017 the number of traffic accidents on the commute, compared with 2 pieces, total lost 16 hours without any deaths. Celxpert will continue to conduct traffic safety-related advocacy to promote each employee happy to go to work, return home safely.

D. Green environment



4.1 Green results

- Environmental Sustainability

Celxpert margin to business continuity for the long-term goals, and with “honesty and pragmatism” as the company philosophy, to build a guardian of the global environment, providing the next generation of alternative energy companies.

Celxpert starting from environmentally friendly, the production base has passed acquired ISO 9001 & 14001 Quality Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, as well as IECQ QC080000 hazardous materials management process system validation, take the initiative to implement the banned hazardous substances, improve product environmental protection and maintenance enterprise green sustainable development, pay the most concrete actions and effective implementation of corporate compliance with the EICC, and then actively promote "corporate social responsibility", committed to economic, environmental and social improvement in the balance.

Celxpert increased year by year funding for energy conservation projects, and gradually improve and enhance energy efficiency in all areas of power systems such as lighting, through inter-departmental co-operation, the implementation of energy cost reduction project year by year; the implementation of the project in conjunction with the performance of energy-saving projects, at the same time propose incentives to encourage my colleagues in the corporate energy conservation, reduce production costs and enhance many areas of productivity, or output per capita, recycling and other innovative and enterprising; promotion of effective energy-saving measures to promote the production optimized conditions, living environment and people's livelihood continuous quality improvement.

Celxpert hoped that through the implementation of a full range of enterprise to achieve sustainable development, sustainable environmental protection, social care, business and other interested parties to give the power of positive growth, get an extraordinary achievement on this path.

- Environmental Policy

Celxpert for the production of high-quality battery module products, the spirit of enterprise business philosophy to respond to the green movement, and we are committed to adhere to the following guidelines for environmental policies and actions of all out:

- A. Environmental protection:
Comply with national environmental regulations and other requirements, and enhance the environmental awareness of all employees.
- B. Market services:
Adhere to continuous improvement of environmental performance, strengthen environmental pollution prevention and control of substances, to broaden the company's services market.
- C. Improve performance:
Fully rational use of resources and energy, and gradually achieve environmental goals of saving energy and reducing waste, reduce production costs.
- D. People care:
Improve employee working and living environment, to ensure the effective operation of the system.

This environmental policy, the Company will continue to staff advocacy and education, making it the highest understand and maintain guidelines for this policy-oriented environmental management of the company.

- No harmful substances

The face of increasingly complex and growing international environmental regulations and customer requirements, whether the use of harmful substances in the product seems to have become a important of topics on the environment, which includes supplier management, hazardous materials management, material parts file management ... and so on.

In view of this, Celxpert begin planning the development of "Green Product Management System (GPM)" in 2016, and the same year on-line in September. Through automation systems integration capabilities, allowing companies to quickly colleagues instantly, conveniently material specification inquiry, acknowledged the

progress and green compliance analysis results in a systematic manner vendor survey and questionnaire to collect information on the green, so green strengthen customer to produce goods the management confidence, enhance customer satisfaction, achieve the ultimate goal product without harmful substances.



Welcome to Celxpert WebFTP system



Celxpert Account Login WebFTP

Account

Password

登入

Since its founding in1997, Celxpert Energy Corporation has experienced incredible growth. With its customer base in the rapidly evolving notebook computer, cellular phone and handheld device markets, the company's future is likewise very bright. Thereupon, Celxpert has dedicated its considerable energies and resources to developing products in its current core markets, as well as new battery technologies for emerging applications such as automotive sector. The principles that guided the company in its energetic pursuit of growth are honesty and pragmatism-Always putting customers first, emphasizing standards-based quality and delivering lowest-cost products. These are the deliverables and tools Celxpert is using to be an enterprise affording energy of substitute and next generation for protection of earth environment.

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加百裕工業股份有限公司

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Report

公告

標題	生效日期
105年第2018年度第三方案(C)報告更新事宜	2017/11/21
FAUCS 更換更新	2017/09/17
2017年10月1日起開始辦理第四版更新事宜	2017/07/03
最新綠色產品管理規範(CS-3R-012-V)版	2017/07/14
GPMK收發更新(9-1上總)	2017/06/25

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待辦事項

常用文件

標題	生效日期
物質組成成分表	2016/06/31
HSR材料管理規範	2016/06/31
材質證明	2016/06/31
FAU尺寸報告	2016/06/31
CPKR尺寸報告	2016/06/31

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- Import electronic sign-off system: EFGP. Its related documents, forms, was signed paperless, achieve internal company personnel to communicate electronically, while the internal network establishment of Celxpert Family page, the factory notices and bulletins mused by family page delivery, to reduce paper usage amount.



- Carbon reduction

Since the entry effective of the Kyoto Protocol, global warming and climate change has become an important issue of sustainable development, and the reduction of greenhouse gas emissions has become the most important national issue. The company in response to protect the earth to reduce emissions of carbon demand, according to the data Taiwan Power Company and Taiwan water company, i.e. the consumption of electricity and water are calculated based on the amount of carbon dioxide emissions. Although in the rising number of the Company and the amount of production, and the overall amount spent relative to carbon emissions amount significantly increasing trend, but in august 2017 the Company from the traditional lamp replace the more save and electrical life longer LED flat lamp, to reduce the power consumption and the object in the traditional lamp after consumption of scrap treatment effects on the environment, and achieve reduced carbon emissions, save resources and reduce the cost of electricity, to protect the global environment.





Longtan plant carbon emissions statistics (Kg):

year	Electricity CO2 emissions	Water CO2 emissions	Total CO2 emissions	Save carbon ratio
2012	666504	623	667127	-
2013	599021	575	599596	10%
2014	472182	538	472720	21%
2015	475040	1101	476141	-1%
2016	661095	1966	663061	-39%
2017	747864	844	748708	-13%

2016 company policy put the power battery produce in Taiwan, Taiwan expand the plant and increase production line equipment associated, so the increase in emissions.

The Company have responsibility to achieve carbon reduction purposes, in addition to the inventory of greenhouse gas emissions, but also take the initiative to encourage companies to colleagues from everyday life carbon reduction action to promote environmental awareness individual, turning off lights, water shut off, the air conditioner, more stairs rather than take the elevator, the main energy-consuming equipment as the company focused on improving and so on, and thus enhance the environmental performance, reduce greenhouse gas emissions, in order to achieve sustainable development of enterprises.

- Waste Reduction

For waste management, Celxpert attention to waste reduction and pollution prevention, in addition to strict compliance with the waste and pollution regulations, the full implementation of waste management, effectively perform waste classification and processing, to achieve waste disposal the legality.

In order to achieve maximum sustainable use of resources, technical and economic feasible cost basis for the next, uphold the implementation of the reduction, recycling, reuse, to reduce the amount of waste generated, to achieve waste management goals, to achieve recycle and prevent environmental pollution.

At home and abroad are already strict regulatory of battery products, raw materials must meet all RoHS and battery specifications and require manufacturers to establish a recycling system in order to avoid waste batteries are discarded to landfill or incineration area, damage environmental ecology.

The company will be divided to three categories of waste generate - general waste, recyclable waste, hazardous waste, and this waste were taken three different management approaches:

- A. General waste: mainly garbage of employees, belonging to the non-recyclable waste.
- B. Recyclable waste: the recyclable waste recycling, including recycling paper cartons, cans of iron, plastic holding bottles and the aluminum foil package, etc.
- C. Hazardous waste: if not properly disposed of hazardous waste will cause environmental damage, including waste batteries and PCB board.

Above classification include sorting, packing, weighing, removal, treatment by the professional supervision, and the company commissioned vendor cleanup in order to achieve reduction of waste.

4.2 green production

Celxpert year after year to increase funding for energy conservation projects, gradually improve and enhance energy efficiency in the fields of lighting, air conditioning, compressed air, ventilation, hot water, etc., through inter-departmental cooperation, promote projects and implement them, and proposed incentives to encourage colleagues to continue to innovate and forge ahead in business energy efficiency, reduce production costs and enhance productivity or output per capita, recycling and many other fields, to promote effective energy-saving measures encourage enterprises to optimize production conditions, living environment and quality of people's livelihood continued to improve.

- Pollutants

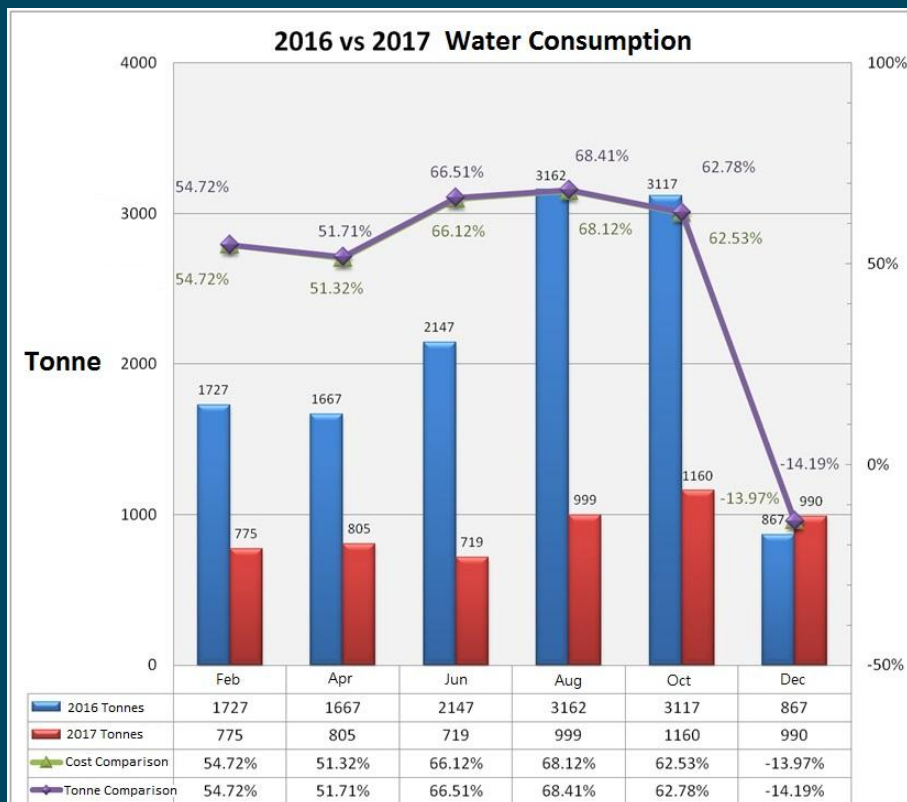
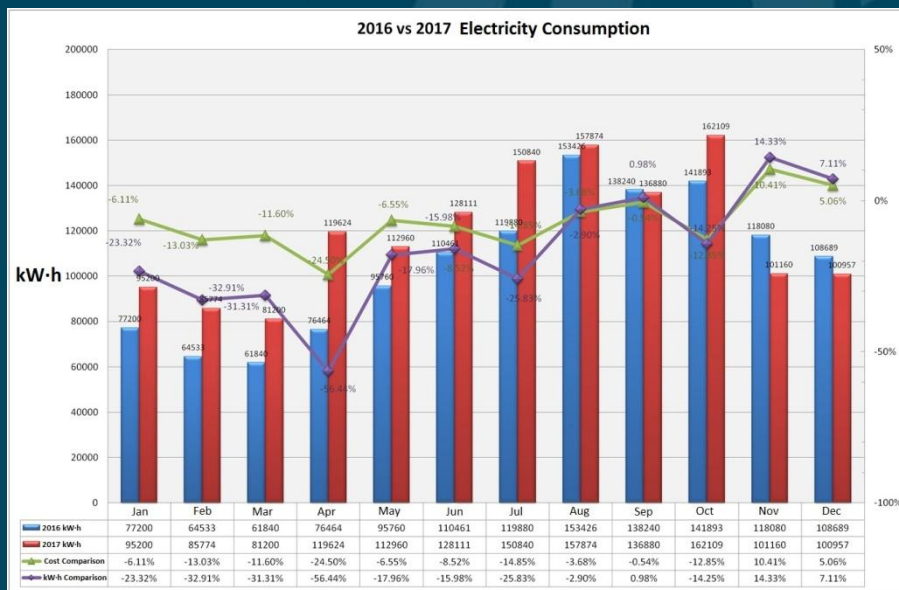
The company has no process water, nor generating device of the exhaust gas, so the production operation has reached the standard low environmental pollution, and the company without using the toxic chemicals.

- Electricity and Water saving

The company purchased the equipment has water saving label and energy label, so that the electricity and water to form a positive impact on environmental performance.

Longtan plant usage statistics:

years	Electricity(kWh)	water(m ³)
2014	904564	3446
2015	910039	7102
2016	1266466	12687
2017	1432689	5448



Power consumption is Celxpert main source of greenhouse gas emissions for power management and conservation projects each year continues to improve, this year we not only maintain energy saving and carbon reduction, further use LED panel light replace the traditional fluorescent lamps ; and respect for the water, Celxpert continued to expand the annual water-saving projects, in addition to advocating water summer province, also install the water saving faucet to improve the environmental performance of small places to start from everyday life.

- Waste

Celxpert effective to management of plant waste clearance, and actively committed to promoting diversified waste disposal policy, about garbage classification , garbage disposal 4R - Reduce; Reuse; Recycle; Replace, by technology to improve the manufacturing process, and the subsequent reduction of raw materials recycling, etc., so that waste recycling by weight of 95% or more. Waste disposal, waste clearance process to select qualified manufacturers and the most appropriate treatment, and waste clean-up business for campaign audits, strict control tube waste flows.

Related Waste Management:

- A. Strict compliance with the relevant laws and regulations of waste and pollution, and actively implement the ISO 14001 environmental management system, the full implementation of waste management.
- B. Develop regulatory documents, effective removal and disposal of waste, improve sanitation, health maintenance employees.
- C. Seeks changes to improve product design and manufacturing process to achieve waste reduction targets, can also reduce the relative cost of the company.
- D. Statistics hazardous waste removal amount of recovered waste disposal clear understanding of the situation.

Specific practices include:

- A. The implementation of office paper and life paper reduction.
- B. Strict implementation of waste separation, and sent people to clean administration.
- C. Promote supplier of packaging materials for recycling.
- D. Unscheduled environmental protection propaganda.
- E. The consolidation of waste recycling, follow-up treatment by qualified manufacturers.



4.3 green products

Celxpert comply with customers and relevant international environmental regulations, all products are in line with environmental requirements of international environmental regulations and customer products, the company product design and development, procurement and suppliers to comply with environmental standards, and expect to reduce the Earth's environment damage and the human influence.



Celxpert margin according to HSF regulations and customer requirements of households, developed [green product management practices], expect the company's internal and supplier can really understand its specifications and regulations to ensure that no mix with any harmful substances in products in order to enhance the company competitive products and comply with the relevant laws and regulations to protect the global environment and to mitigate the environmental and ecological systems of influence.

- product design

The Company is a professional manufacturer of battery modules, in electronic 3C and Network products applications, product design in addition to follow the existing domestic and international environmental regulations, the main green product specifications based on the implementation of the customers; battery product specifications, quality and safety under the stringent requirements and restrictions, the green design "can be recovered easily disassembled ", "low pollution (toxic) " and "save energy (resources) source" as the three faces of the goal, and import the concept of life cycle, in the initial design considerations for the selection a friendly environment of raw materials, in order to reduce such greenhouse effect, ozone

depletion, eutrophication, human toxicity ... and other of environmental impact index, to achieve true green products on human health and the environment a high degree of protection.

We also understand the current industry trends, to follow and refer to the relevant environmental regulations and standards and formulated the relevant international green product design development, as follows:

Can be recovered easily disassembled - the WEEE , an EPR , the PPW

Pollution (toxic) - RoHS , the REACH , Battery , the PPW , Halogen

Provincial energy (resources) source - ErP , ISO 14067 , ISO 14046

For product life cycle, the company has made in raw materials, manufacturing, product transportation, use and end-consumer recycling and disposal, in addition to consideration in the product design phase, to be considered for possible impact on the environment throughout all of the factors, but also to avoid potentially damaging the environment and increasing social costs, production could reach low pollution, low energy consumption and low toxicity of the product.

International rise of environmental awareness, non-green products have been gradually phased out by the consumer society, such as the violation of environmental regulations, penalty or sentence will be hammered the company's image; but so far, Celxpert company's products are not violation of environmental regulations related to green or regulations, or even fines or litigation arising from customer requirements.

- Halogen-free products

Current research indicates that the organic halide itself immune system toxicity, carcinogenicity, mutagenicity, reproductive toxicity and maintain durability of pollution, it will influence the environment and human health hazards. Some organic halide (Ozone Depleting Substances) after release into the atmosphere, can cause depletion of ozone and formed the ozone hole, and certain halogen compounds in the waste incineration or fire, when combined with water vapor, forming harmful to human health harm, or even result in corrosion of the building. Highly toxic substances and also incomplete combustion of organic halides will harmful to human health.

However, halogen-free, also known as low-halogen, i.e. the company product parts,

materials and process materials, control the halogen content, meet certain threshold requirements.

Current specification is as follows:

specification	Limit	
International -IEC61249-2-21 Japan -JPCA-ES01 2003	Chlorine (Cl)	<900ppm
	Bromine (Br)	<900ppm
	Cl + Br	<1,500ppm

Celxpert has also been actively cooperate with the customer product halogen-free push, in addition to the development of products halogen-free program, but also made it clear to the suppliers of halogen-free requirements, and asked suppliers to provide halogen test report compliance with the above specification halogen content. While for non-halogenated product control, Celxpert added commercially XRF detection equipment, to achieve the RoHS the six substances and halogen compound fast identification and screening.

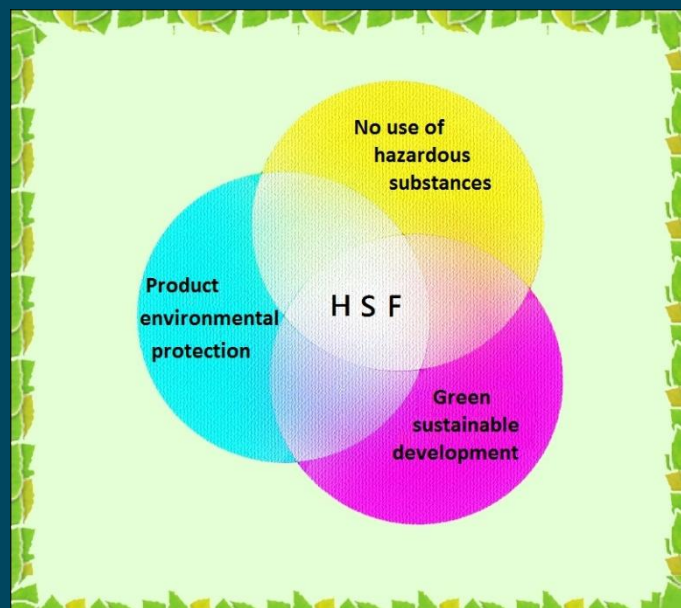


Production has introduced halogen and lead free manufacturing process, using environmentally friendly recyclable plastic materials and packaging materials, to create products without use of hazardous substances, to reduce heavy metal pollution in the electronics industry, substituted a halogen compound and the plasticizer, positive impact on the environmental, social and health.

- Hazardous Substance Management

The company in 2009 year execution Hazardous Substance Process Management (HSPM), and successfully obtain third-party notary certification unit IECQ QC080000 certificate , reducing the risk of violating various laws, requirements of the Directive, proved factory harmful substances the effectiveness of management systems. For persistent, bioaccumulative and toxic substances, will affect the ecological balance of the environment have; carcinogenic, cause induced degeneration, reproductive toxicity and endocrine disruptors and other toxic substances will affect human health and reproduction, Celxpert demonstrate their environmental respect and corporate policy of sustainable development. The following for no harmful substances (HSF, Hazardous Substances as Free) the Company policy is as follows:

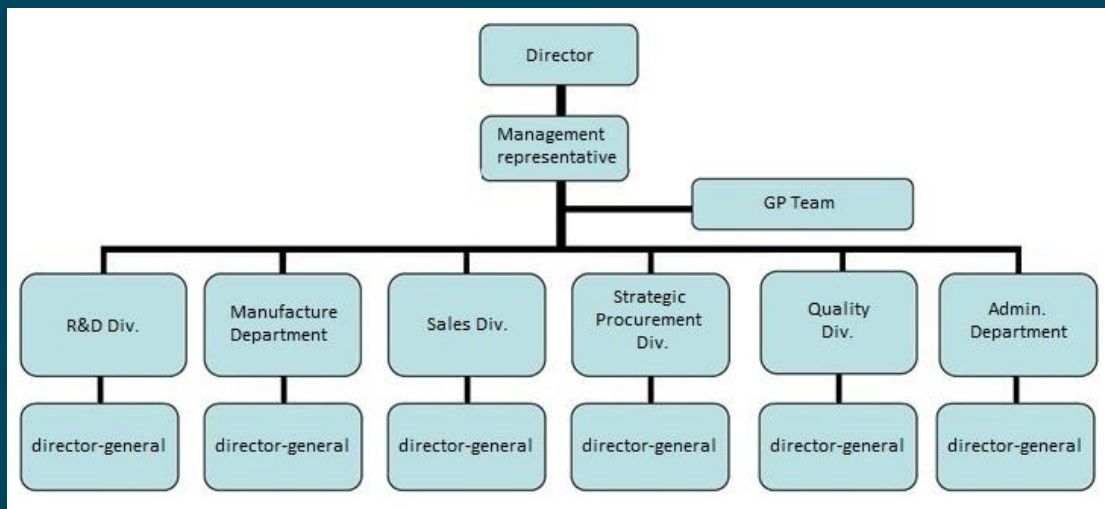
- A. No use of hazardous substances
- B. Improve product environmental protection
- C. Maintenance of green sustainable development of enterprises



Proposed HSF policy is aimed at reducing environmental impact, promote social harmony, safeguarding human health and enhance the company's green brand corporate image, meet customer requirements, enhance customer satisfaction and trust, and enhance the company's competitive advantage.

Is committed to the implementation of HSF policy, the company for hazardous substance process management, in particular the establishment HSPM promote team; the team are composed by the department Director-General to ensure that

HSF management processes and effective implementation, maintenance and tracking, and then reached the annual HSF goals; this system also annually after the company's internal audit unit with third-party notary review, continuous improvement sophisticated, to ensure the integrity and effectiveness of the operation of the system to produce green products that meet regulatory and customer requirements.



- GPM system

Green Product Management system(GPM) main integrate our products and green parts recognize the needs of the investigation, a systematic approach to management, to enhance the efficiency of the company admitted that communication with suppliers of parts and products, while reducing the risk management of hazardous substances.

If the company needs to update the relevant information or recognition needs, in the development process through the GPM system release, increase information transparency documents; parts and hazardous materials analysis and compliance test report output through the green database.

The supplier receives the GPM notice, it can recognize items for parts and other requirements will upload the appropriate documentation, when fully completed after approval to admit.

Celxpert will work with its suppliers to maintain good communication, in addition to the requirements of relevant colleagues with due diligence, but also require suppliers to complete the collection and submission of relevant information, in order to meet the company HSF policy.

E. Social welfare



5.1 direction and objectives

Celxpert allow employees to participate in public investment, self-realization, as well as make a contribution to a better society, public interest groups to participate in the annual charity donation activities around Taiwan, until 2017 Celxpert participate LEOFOO Village Theme Park hold Santa Claus send love to the park, so that social welfare units and disadvantaged groups have the opportunity to play in LEOFOO; and sponsored EDEN Social Welfare Foundation peace of mind home care services program, inviting local former mayor's women and children and disadvantaged groups jointly reunion dine; Celxpert also sponsor World Vision, a gift of love and hope distant needy children; and sponsoring ChiHui SDSY teaches kids planting pineapple.

The remaining donations and other charitable activities as follows

08.2011 Corporate donations Hualien Yuli Elementary School baseball set

04.2013 Corporate donations Hualien Yuli Elementary School baseball set

07.2013 Company conduct a organic vegetable bazaar at Hualien hill tribes

08.2014 Company conduct a MALAWI organic coffee bazaar at Bijiashi foundation

09.2014 Company donations office furniture at Taipei for the development Aboriginal Care Association

Celxpert encourage their own employees contribute to society through public donations manner, so that experience difficulties or disadvantaged groups of people are still optimistic and enterprising, but also to help the affected children have a better character education, become other schoolchildren life model.



5.2 Contribution Activities

- participate LEOFOO in Christmas to send love to the park activities

In the joy of welcoming Christmas Eve, in order to allow disadvantaged children in Taiwan can also have a warm Christmas, Hsinchu Kansai LEOFOO Village Theme Park held "Santa Claus send love to the park" public service activities, invited 32 social care for vulnerable children unit came to the park for free, but also about three hundred people to send their love, with their family dress up as Santa Claus to donation of children's books, to spend Christmas with vulnerable children.

That day about 1,200 people free admission, even if only 10 degree temperatures, but these usually cannot come to the amusement park people, still can't conceal their excitement. LEOFOO said that for these people afraid of the cold, with his family, regardless of size are makeup into Santa Claus to join the festivities, and donated nearly a thousand children's books, it feel very moved and very grateful, these books will be meaningful Christmas gift, donated to the disadvantaged social welfare institutions, to encourage more children to read more and to broaden their horizons, the future will continue to hold garden parties related to public welfare activities, hoping to bring the warmth of more people in need.



- Company sponsored EDEN Social Welfare Foundation peace of mind home care services program

EDEN Social Welfare Foundation in Fuxing District Taoyuan City, with large park organized "peace of mind home care service plans - Love dine" campaign, the former mayor who invited local women and children, as well as hundreds who received early treatment and education services to disadvantaged children less services family members together reunion dine, no matter how strong cold invasion, everyone's heart is filled with warm sunshine, let's face was filled with gratitude and happiness and joy, enjoy each desk with a rich cuisine.

Partial rural mountainous area due to the young population loss, many older people even need to shoulder the care of upbringing responsibility for children, the economy, education, many difficulties of employment, the homeland of elderly care services will be particularly important; and the problem of vulnerable families face, often is diverse and interlocking, disadvantaged children and families in need more energy to take care of medical expenses, so also indirectly affect the human and economic household labor force.

Through EDEN Social Welfare Foundation this campaign, Celxpert hope by this public participation can evoke peers companies, and even the general public for partial township care and attention to the elderly, while understanding vulnerable households living conditions and demand, along with concern these population that we care about it.



- Company through World Vision gift catalog conduct donate

World Vision "love bread" piggy bank, through donations from Taiwan to help over the world's 70 countries children successfully to school, grow up healthy, give them a safe home, bring hope to the livelihoods of poor households, pocket money become a large parts of love, these gifts for needy children from afar, brought into their lives!

For children living in poverty, happiness is very simple, in a special day, through the "gift catalog" give a present for child, let the life change, full fo joy and blessing. Whether a tent, a goat, a glass of clean water, construction of classrooms and desks and chairs, involved in combating human trafficking ... and so on, through the pledges of different projects, Celxpert margin by this appeal to the public, in addition to take care the others, particularly goods, but also more opportunity to learn about the world there are many people who need help, on the one hand the response of love, but it is also advocated to take the initiative, a little pocket money can also help others.



- Company sponsoring ChiHui SDSY teaches kids planting pineapple

ChiHui SDSY for Educational Research Academy care Gaoshu township Pingtung County disadvantaged families have deep roots for many years, its dean could not bear to vulnerable children due to partial located in rural, urban education resources is better, families lack, and so many children wandering lost in edge.

And Celxpert to enhance children's self-confidence and competitiveness, designated donation to ChiHui SDSY, so that volunteers personally teach these kids how to planting pineapple. After 18 months of maturation, mining income pineapple, handmade pineapple cake, crispy crust with sweet fillings, each one can get to eat pineapple fruit pulp, better feel to the children shed sweat, the harvest full of happiness and warmth.

Celxpert also encourage colleagues and the public, regardless of donation or, practical action to help others, we can give love to people in need, even bring extraordinary change.

- Corporate donations Hualien Yuli Elementary School baseball set

In the witnessed of the Hualien County Government Services Center, Yuli Elementary School baseball team obtained Celxpert provided nearly TWD\$ 200,000 baseball set, let the team even more powerful, with better perform to feedback the community.

The Celxpert chairman presented these baseball set and other equipment to the Yuli Elementary School baseball team, receive the players a warm welcome. Yuli principal said the baseball in Taiwan are known as the national sport, has always been loved by the children, and to become a baseball player is the dream of many people's childhood.

Yuli Elementary School located in rural areas, than metropolitan areas schools have in socio-economic and cultural gap significantly, 32 children participate in the team, of which there 26 children who was from aboriginal, single parents, grandparent raising or foreign spouses. It needs of all long-term care and support of enthusiastic people. Celxpert support these child to have these dream, specially donated the baseball set, helping them to play well, to complete their dream.

F. Vision of the future



The company will continue to green products, the gist of extended battery life and reduce the risk of environmental pollution due to battery scrap generated excess, therefore the future of the company during the development phase will focus on reducing the drain on battery during using, stable battery using performance, aims to make each a tiny battery to play its most important function, for a wide variety of electronics in the hands of consumer bring great benefits.

Expectations Celxpert in the future whether to strengthen green procurement management, environmental technology and standard communicate, or take the initiative to accept the government's green products or client supervision and guidance, able to keep the green advantages of qualified suppliers to establish our own company reputation and have strong competitiveness.

The company will also put forward four items to require the suppliers to cooperate for jointly create a better corporate image.

A. Certification:

In addition to quality, delivery and pricing of products in line with the Company's demand also need to have ISO 9001, ISO 14001, OHSAS 18001 and other quality, environmental, health and safety management system certification related.

B. management:

Regular meetings, review, analysis reviewing the guidelines and norms to ensure that our processes and products are implement the banned hazardous substances, to avoid violating the relevant laws and regulations.

C. Audit:

The future does not rule out occasional use of the site audit mode for the supplier service, quality, delivery, and corporate social responsibility conduct appraisals, and the annual on-site audits at key suppliers to improve product quality and technology as the goal, and requires that vendor' s together commitment to saving waste reduction.

D. Counseling:

In addition to counseling on existing quality, environmental safety and management, the company has continued to focus on the impact of conflict minerals brought, and suppliers should also provide conflict minerals report or undertaking to ensure that the company does not use from Congo Republic of conflict minerals.

To achieve Celxpert's corporate social responsibility, whether it is green product development or management of suppliers, the company expects to meet customer requirements, as well as achieve the goal of sustainable development.

2021



Celxpert

Energy Corporation