

Pacific Hospital Supply Co., Ltd.

Corporate Social Responsibility Best Practice Principles

Chapter I General Principles

Article 1

To fulfill their corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Companies promulgates these practice principles to follow.

Article 2

The Principles applies to the Company's entire operations.

The Company actively fulfills corporate social responsibility in the course of business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3

In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4

To implement corporate social responsibility initiatives, the Company follows the principles below:

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

Article 5

The Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

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

Chapter II Exercising Corporate Governance

Article 6

The board of directors of the Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, review the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the Company is advised to include the following matters in the company's performance of its corporate social responsibility initiatives:

1. Making corporate social responsibility the guiding principle of the company's operations and development.
2. Identifying the company's corporate social responsibility mission or vision, and declaring the corporate social responsibility policy.
3. Ensuring the disclosure of corporate social responsibility information.

Article 7

For the purpose of managing corporate social responsibility initiatives, the Company is advised to establish an exclusively (or concurrently) dedicated unit-Administration Division- to be in charge of proposing and enforcing the corporate social responsibility policies and systems and to report on the same to the board of directors.

Article 8

The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, understand the reasonable expectations and demands of stakeholders through proper communication and stakeholders' involvement, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Article 9

The Company is advised to follow the "Corporate Governance Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 10

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

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

Article 11

The company is advised to, on a regular basis, organize education and training on the corporate ethics or promotion of the matters prescribed in the preceding paragraph. It is advised that the employee performance evaluation system be combined with the education and training, and that a clear and effective incentive and discipline system be established.

Chapter III Fostering a Sustainable Environment

Article 12

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations.

Article 13

The Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 14

The Company is advised to establish proper environment management systems based on the characteristics of its industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Examining the development of the goals of environmental sustainability.

Article 15

The Company is advised to establish a dedicated unit or assign dedicated personnel for maintaining relevant environment management systems, and should hold environment education courses for the managerial officers and other employees on a periodic basis.

Article 16

The Company is advised to take into account the effect of business operations on ecological efficiency, promote and educate the concept of sustainable consumption, and conduct research and development, production, and services based on the following principles to reduce the impact on the natural environment and human beings from the business operations:

1. Reduce resource and energy consumption of products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 17

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall avoid polluting water, air and land. But if the situation seems inevitable, the Company shall use its best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 18

The Company is advised to monitor the impact of climate change on their operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon operations and the result of a greenhouse gas inventory in order to minimize the impact of business operations on climate change.

Chapter IV Preserving Public Welfare

Article 19

The Company shall comply with relevant labor laws and regulations, respect internationally recognized principles of the labor force's human rights, such as caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall not commit violations against the fundamental labor rights.

The human resources policies of the Companies shall be founded on the principles of the labor force's human rights and shall contain appropriate management methods and procedures.

The Company shall ensure that the human resource policies do not contain differential treatments based on gender, race, age, or marital and family status, so as to achieve equality and fairness in remuneration, hiring conditions, training, and promotion opportunities.

Article 20

The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the company have business operations.

Article 21

The Company is advised to provide safe and healthful work environments for employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents and to organize training on safety and health for employees on a regular basis.

Article 22

The Company is advised to create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills.

Article 23

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employees' rights, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 24

The Company is advised to take responsibility for their products and take marketing ethics seriously, and further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations.

Article 25

The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 26

The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 27

The Company is advised to assess the impact the procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with suppliers to jointly implement the corporate social responsibility initiative.

Article 28

The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company is advised to, through commercial activities, non-cash property endowments, volunteering service or other charitable professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter V Enhancing Disclosure of Corporate Social Responsibility Information

Article 29

The Company shall disclose information according to relevant laws, regulations and the “Corporate Governance Best Practice Principles” and shall fully disclose relevant and reliable information relating to the corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which the company shall disclose includes:

1. The governance mechanism, strategy, policy, or management guidelines for corporate social responsibility initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the Company.
4. The performance in implementation of corporate social responsibility.
5. Other information relating to corporate social responsibility initiatives.

Article 30

When the Company produces corporate social responsibility reports to disclose the status of the implementation of the corporate social responsibility, the reports are advised to include:

1. The institutional structure, policy, action plans for implementing corporate social responsibility initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment and preservation of public welfare.
4. Future improvements and goals.

Chapter VI Supplementary Provisions

Article 31

The company shall at all times monitor the development of domestic and foreign corporate social responsibility and the change of business environment so as to examine and improve the established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

Article 32

The Corporate Social Responsibility Best Practice Principles and any amendments hereto, shall come into in force after adoption by a resolution of the board of directors.