



# 2020 **TAIFLEX** SCIENTIFIC CO., LTD.


Corporate  
Social Responsibility  
Report



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The logo for Taiflex Scientific Co., Ltd. features a stylized red and white icon to the left of the company name. The name "TAIFLEX" is in a large, bold, black sans-serif font, with "SCIENTIFIC CO., LTD." in a smaller, black sans-serif font directly beneath it.

Adobe Acrobat 7.0 or above is recommended to enhance your reading experience.





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## Message from the Chairperson



As global temperature continues to hit record highs in recent years, energy issues have drawn increased attention. Taking into account air pollution and the safety issue concerning nuclear energy, green power would be the prioritized solution for governments and major corporations given its minimum environmental impact.

The major electricity consumer clause is officially enacted in 2021, starting a brand-new chapter for Taiwan's green power market. Although Taiflex is not a major electricity consumer, we have constructed solar power systems with a capacity of nearly 800 kilowatts back in 2013 and 2017. An additional 375 kilowatts are scheduled to be installed this year. Our goal is to realize the vision of generating 10% of our overall electricity consumption within ten years. To take one step further in green power development, we have established Taiflex Green Power Co., Ltd. at the beginning of this year. Besides renewable energy development, enhancing energy-saving technology for the factories is also an essential objective of the new company. To this end, we have regularly cooperated with the Taiwan Green Productivity Foundation every year, engaging it to perform energy diagnosis on factories and improve energy efficiency. We have also commenced our collaboration with the Industrial Sustainable Development Center (ISDC) of National Cheng Kung University this year and plan to introduce ISO 50001 Energy Man-

agement System (EnMS) in the same year. Through systematic energy inventory, energy consumption analysis, energy-saving actions and regular inspections and improvements, we intend to effectively enhance energy efficiency and receive a third-party certification.

Where the environmental impact of climate change is concerned, energy conservation and carbon reduction shall not only be reduced to slogans. By taking actions in response to the government's green energy promotion, we not only fulfill our corporate social responsibilities but also help contribute to the environment we live in.

*Chairperson*



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## Message from the President



The spread of COVID-19 worldwide in the past year not only brought numerous changes to people's lives but also gave rise to challenges of increasing operating costs to corporations. Taiflex managed to reach an all-time high in terms of first-quarter revenue in 2021 amid the difficulties thanks to our government's efforts to combat the pandemic as well as the cooperation and assistance of all colleagues.

The pandemic remains a serious threat worldwide this year on top of various environmental and social issues such as climate change and the lack of supplies for disadvantaged groups. In order to fulfill our corporate social responsibilities, the Company has undertaken the following measures since last year:

1. Employee health is the utmost priority for Taiflex. In addition to split team arrangement, the majority of employees are to work from home with meetings held through video conferencing. Enhanced disinfection and cleaning measures are carried out.

2. To reduce water consumption during normal course of operation, we have started with improving the facilities and developing better water use habits. We have also built water storage tanks for possible shortages.

3. We have founded the Taiflex Green Power Co., Ltd. to invest in the construction of rooftop solar systems so as to satisfy customers' demand for clean energy as well as to re-

spond to the government's green energy policy while fulfilling our corporate social responsibilities. The objective is to generate at least 10% of Taiflex's total power consumption by 2030.

4. Due to the pandemic, there has been a significant drop in supplies and donations to numerous charity organizations compared to previous years. We donate alcohol, automatic sterilizers, ultraviolet germicidal lamps, forehead thermometers and other protective supplies in the name of "Taiflex Youth Care Association" to disadvantaged families and charitable organizations in hope to overcome the hurdle safely.

"The best way to predict the future is to create the future."

Although we cannot predict when the pandemic will come to an end, I believe that as long as we strive to do our best, continue to strengthen pandemic prevention efforts, care for each other, and comply with the government's pandemic control policies, we will be one step closer to the future we expected.

*President* Tzong-Hann Jiang



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## Awards and Outstanding Achievements

While pursuing corporate growth, Taiflex remains committed to fulfill corporate social responsibilities and the role of a corporate citizen. We carry out measures concerning the welfare of employees and customers, social care and environmental protection while continue to improve our practice of “environmental sustainability”, “social participation”, “corporate governance”, and “corporate commitment”. Our progress in corporate social responsibility has received external recognitions as evidenced in winning the iconic awards of the year. Awards garnered between 2018 and 2020 are as follows:

Year	Milestones
2018.01	Approved by the Ministry of Finance to be an Authorized Economic Operator (AEO).
2018.05	Received Devotion to Social Welfare Award from Export Processing Zone Administration, Ministry of Economic Affairs (MOEA)
2018.08	Ranked 31st in the CommonWealth Magazine's Corporate Citizenship Awards - Large-Scale Enterprises.
2018.10	Received Sports Corporation certificate from Sports Administration, Ministry of Education.
2019.05	Received Outstanding Employment Relations Award from Export Processing Zone Administration, MOEA
2019.05	Received Devotion to Social Welfare Award from Export Processing Zone Administration, MOEA
2019.09	Obtained ISO45001:2018 Occupational Health and Safety Management Systems certification.
2019.09	Obtained CNS45001:2018 Chinese National Standard Occupational Health and Safety Management Systems certification.
2019.12	Received Commitment Prize and Jury Prize in the Enterprise Elite Award event organized by the Kaohsiung City Government.
2019.12	Received Occupational Health Promotion Certificate from the Health Promotion Administration, Ministry of Health and Welfare.
2020.04	Received Enterprise with Outstanding Employment Relations Award from Export Processing Zone Administration, MOEA
2020.04	Received Devotion to Social Welfare Award from Export Processing Zone Administration, MOEA
2020.10	Received Happiness and Friendliness Prize in the 2020 Enterprise Elite Award event organized by the Kaohsiung City Government.
2020.12	Approved by the Customs Administration, Ministry of Finance to be a Security and Safety AEO.



## About This Report

Taiflex has adopted the widely-used Global Reporting Initiative (GRI) Standards and taken the initiative to prepare corporate social responsibility (CSR) reports annually since 2012. A CSR section has also been established at the corporate website to fully disclose Taiflex's commitments and achievements from the economic, environmental and social aspects. While pursuing sustainable operation and profitability, the Company has fulfilled its corporate social responsibilities, protected the rights and interests of stakeholders as well as focused on environmental, social and corporate governance factors. These factors are incorporated into the Company's management policies and operating activities when conducting risk assessments on environmental, social and corporate governance issues related to the Company's operation, and relevant risk management policies or strategies are formulated.

This Report covers sustainable development issues most relevant to individual stakeholders and the Company, and the sustainability performance of Taiflex's major factories in Taiwan between January 1 and December 31, 2020. Figures related to financial performance have been audited by Ernst & Young and are expressed on a consolidated basis. All other figures are disclosed on the parent company only basis. Numbers are expressed in New Taiwan Dollars while the environmental protection, safety and health performance is expressed by global indicators.

The reporting framework of this Report is based on the GRI Standards and the core options are adopted for information disclosures on relevant indicators. A comparison table is provided in the appendix. This Report is issued and disclosed at the corporate website at [www.taiflex.com.tw](http://www.taiflex.com.tw).

## Reporting Period

Previous Report: June 2020

Current Report: June 2021

Next Report: Scheduled for June 2022

## Contact

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# 2. Stakeholder Engagement and Management

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## Stakeholder Engagement and Management under CSR

To fulfill our commitments to stakeholders as well as respect and safeguard their rights and interests, Taiflex has established the CSR Committee under the joint supervision of the Chairperson and the President. The Committee’s operation covers environmental protection, occupational safety, corporate governance, employees’ care, green product procurement, green product research and development, product quality, audit, supplier management, and customer relationship. Besides regulatory compliance and customer satisfaction, we also emphasize on the importance of risk assessment and management. The CSR team involves all divisions of the Company and manages topics associated with stakeholders including the government, society, shareholders, employees, customer, and suppliers in hope to fulfill our CSR missions and responsibilities.

Taiflex has explicitly assigned units to properly respond to and address economic, environmental and social issues arising from the operation. The roles and responsibilities of the CSR Committee members are presented as follows:

### Roles and Responsibilities of CSR Committee Members

Committee Member	Scope	Stakeholder
Legal	Code of Business Ethics, regulatory compliance, confidential information	Government, Employee, Society
Customer service	Customer service and satisfaction	Customer
Procurement	Raw material and supply chain risk management, supplier management, conflict minerals, green supply chain	Supplier
Quality assurance	Product quality management	Customer
Research and development	Innovation management, green product	Employee, Customer
Risk management	Risk management, crisis management, emergency procedures and action plans	Customer, Employee, Society, Investor
Finance	Financial information disclosures, dividend policy, tax-related strategies	Government, Investor
Investor relations	Properly address investors’ concerns, build long-term mutual trust, manage effective two-way communications, compile annual reports	Investor
Environment protection,	Environmental policy and management system, pollution control, energy and resource utilization efficiency, carbon emission management, reporting mechanism of environmental issue, environmental expenditure, occupational safety and health policy and management mechanism, workplace safety, prevention of occupational disease and health promotion, communication on environmental protection, safety and health regulations	Employee, Customer, Government, Society, Contractor, Investor
safety and health (ESH)	Environmental policy and management system, pollution control, energy and resource utilization efficiency, carbon emission management, reporting mechanism of environmental issue, environmental expenditure, occupational safety and health policy and management mechanism, workplace safety, prevention of occupational disease and health promotion, communication on environmental protection, safety and health regulations	Employee, Customer, Government, Society, Contractor, Investor
Human resources	Talent recruitment and retention, mental and physical health and safety of employees, employee training and development, compensation and benefits, freedom of association and collective bargaining, labor-management relations and complaint mechanism, labor right complaint mechanism, working hour and leave management, gender equality, ban on child labor	Employee, Society
Taiflex Youth Care Association	Corporate citizen, charity activities, community relations	Society
CSR team	Stakeholder engagement, CSR Report preparation	Society

To facilitate effective communications with different stakeholders, Taiflex identifies the scopes and boundaries of aspects following the GRI Standards. Steps taken are as follows:

#### Step 1:Identify stakeholders

We define stakeholders as internal/external groups or individuals who may affect or be affected by our operation. Based on this definition, our major stakeholder groups include the government, society, investors, employees, customers, and suppliers.

#### Step 2:Gather sustainability issues

We identify the scope of our sustainability issues based on the aspects of the GRI Standards indicators and take into account the sustainability reports of domestic and foreign benchmark corporations.

#### Step 3:Conduct materiality analysis and prioritize issues based on their level of importance

The CSR Committee members would hold meetings with representatives from internal divisions to discuss the scope of aforementioned issues. Topics of concerns raised through general communication channels are incorporated in the determination of impact level on the Company’s operation. Finally, material aspects are concluded based on issues of high concern and high impact as material issues to be communicated first.

#### Step 4:Identify the scopes and boundaries of aspects

Material aspects ranked by their level of importance are further defined by whether their impact on operations, procedures and services takes place internally or externally in order to present a complete picture of the value chain covered by the Company.

#### Step 5:Review and discuss

Base on the results of materiality analysis, the CSR report team would hold discussions to identify sustainability issues of higher disclosure priority.



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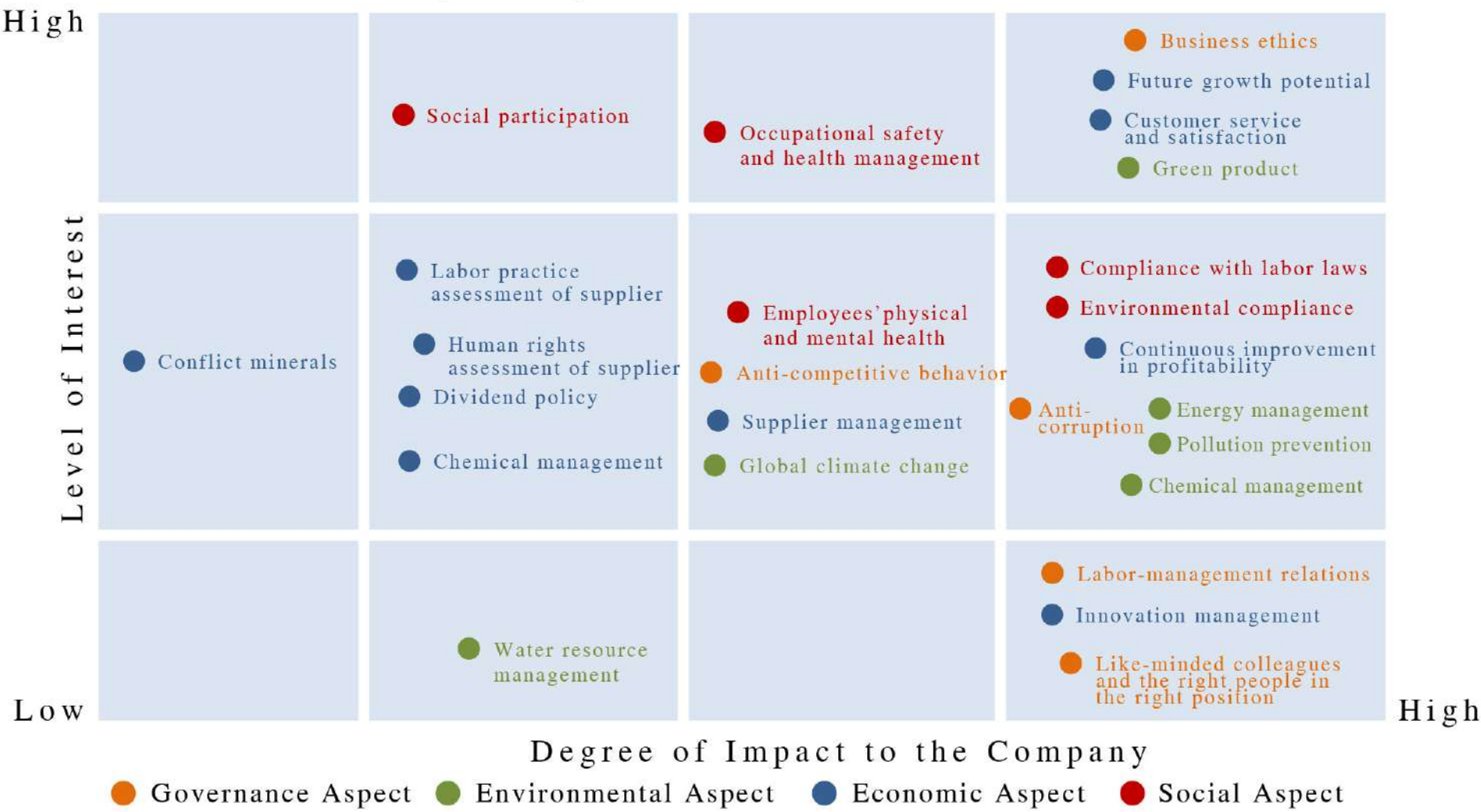
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Material Aspects and Boundaries of Issues are as Follows:

Boundary Identification of Issues to Stakeholders

Issues to Stakeholder	Aspect	Internal Boundary		External Boundary		
		Taiflex	Within the Organization	Customer	Supplier	Community
Governance Aspect						
Rènlàijiàorìbōnjìjiāngè	Business ethics	●	●			
	Anti-competitive behavior	●	●			
	Anti-corruption	●	●			
	Environmental compliance	●	●			
	Compliance with labor laws	●	●			
Economic Aspect						
Future growth potential	Economic performance	●	●			
Innovation management	Economic performance	●	●			
Customer service and satisfaction	Customer satisfaction	●	●	●		
Continuous improvement in profitability	Economic performance	●				
Supplier management	Procurement practice (local purchases and recruitment)	●			●	
Dividend policy	Economic performance	●				
Compliance with Responsible Business Alliance (RBA) Code of Conduct	Labor practice assessment of supplier			●	●	
	Human rights assessment of supplier			●	●	
	Conflict minerals			●	●	
Environmental Aspect						
Water resource management	Water resource	●	●			
Energy management	Energy	●	●			
Pollution prevention	Wastewater discharge and waste	●	●			●
	Air pollutant emissions	●	●			●
Green product	Products and services	●	●	●	●	
Global climate change	Greenhouse gas (GHG) emissions	●	●			
Chemical management	Compliance	●	●		●	
Social Aspect						
Employees’ physical and mental health	Occupational health and safety	●	●			
Occupational safety and health management	Occupational health and safety	●	●	●		
Promotion of employee work-life balance	Labor-management relations	●	●			
Employee engagement	Labor-management relations	●	●			
	Freedom of association and collective bargaining	●	●			
	Labor practice complaint mechanism	●	●			
	Human rights complaint mechanism	●	●	●		
	Non-discrimination	●	●	●		
Like-minded colleagues and the right people in the right position	Education and training	●	●			
	Diversity and equal opportunity	●	●			
	Child labor	●	●	●		
	Forced or compulsory labor	●	●	●		
	Gender equality in wages	●	●			
Social participation	Others	●	●			●

Chart of Materiality Analysis on Issues to Stakeholders



Communication Channels with Stakeholders

As a corporate citizen, Taiflex is devoted to interactions with stakeholders to achieve a balance of interests. The following table lists communication channels with stakeholders.

Stakeholder	Communication Channel	Communication Frequency
Investor	1. Annual shareholders’ meeting 2. Investor relations website 3. Investor email (corporate website)	1. Annual 2. Any time 3. Any time
Customer	Email (corporate website)	Any time
Supplier	1. Email (corporate website) 2. Annual supplier audit	1. Any time 2. At least once a year
Employee	1. E-hr platform (Taiflex forum) 2. Enterprise information portal (Eip) forum 3. Employee suggestion boxes 4. President mailbox to convey messages, receive complaints or interact 5. Employee satisfaction survey 6. Face-to-face communication between the President and employees semi-annually	1. Any time 2. Any time 3. Any time 4. Any time 5. Depending on the situation 6. Twice a year
Non-profit organizations	Various channels including email, hotline or spokesperson	Any time



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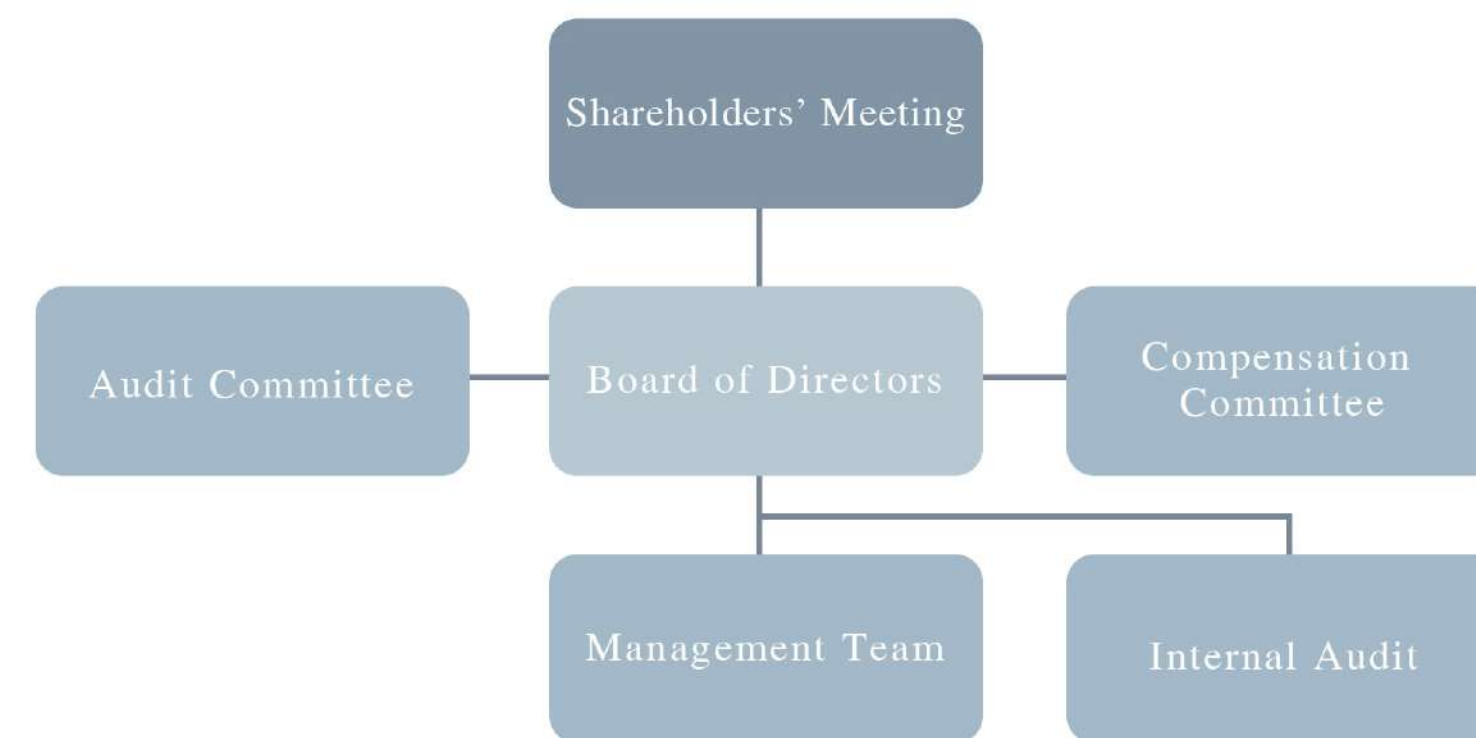
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### 3.1 Corporate Governance



#### 3.1.1 Board of Directors Structure of the Board

The Company's highest governance body is the Board of Directors which is composed of nine Directors who have extensive industry experience. Taiflex has elected the ninth-term Board of Directors in the annual general meeting on May 28, 2020. Three of the nine Directors are Independent Directors. They are Mr. Wen-I Lo, the former President of China Venture Management, Inc.; Mr. Duen-Jen Cheng, the Chairperson of APAQ Technology Co., Ltd (Note: Resigned on March 17, 2021); and Mr. Shi-Chern Yen, an adjunct professor of Chemical Engineering in National Taiwan University. The qualifications and elections of these three Independent Directors are in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

Besides laws, regulations and the Articles of Incorporation, the Company's Director election shall comply with its "Director and Supervisor Election Procedures", which require Board members to possess the following abilities: operational judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, international market perspective, leadership and decision-making. In addition, all Directors attend professional courses on subjects including finance and operations where necessary. Details of their continual education can be found at the Market Observation Post System ([http://mops.twse.com.tw/mops/web/t93sc03\\_1](http://mops.twse.com.tw/mops/web/t93sc03_1)). Our Board members and managers conduct themselves in strict compliance with the Code of Ethical Conduct. There has been no gender discrimination incidents and the Company has yet to receive any complaints on sexual harassment and gender inequality.

Note: Please refer to our 2020 Annual Report for details on Board members' education, work experience and concurrent positions at other companies.

### Responsibilities of the Board

The Board shall supervise, set business directions in line with the long and short-term market demand and appoint a management team with virtue, honesty, and professionalism to carry out business strategies formulated by the Board in order to guarantee the Company's business performance. To fulfill its supervisory duties, the Board has established various functional organizations and communication channels, including the Compensation Committee and internal audit unit. The Board is also responsible for leading the management team in formulating long-term strategies favorable to the corporate development. The Board regularly receives reports from, as well as communicates and holds discussions with, the management team to ensure effective implementation of strategies. Development strategies are periodically proposed by the management team to the Board and are carried out only after thorough reviews on their feasibility and consents from the Board. The Board would regularly examine the overall implementation results in subsequent periods and urge the management team to make proper adjustments when necessary. We believe that excellent communication between the Board and the management would build the foundation for our sustainable operation.

Our long-term steady operation relies not only on strategies formulated by the Board and the management based on the market trends and changes, but also our prudent business approaches as well as the formulation of and control over internal management systems. Our business performance in 2020 has met the Board's expectation; thus, there has been no material disputes. In the case of major disputes or significant events, the Company would disclose relevant information at the Market Observation Post System and the corporate website by means of material information announcement.

### Remuneration to Directors and Managers

The Company's Articles of Incorporation stipulate that remuneration to Directors and Supervisors shall not exceed 4% of the annual profits and the remuneration to Directors and managers shall be reviewed by the Compensation Committee and approved by the Board before it can be distributed. Please refer to our 2020 Annual Report for details on remuneration to Directors and managers.

### Avoidance of Conflict of Interests

To avoid conflict of interests, Directors and managers shall secure approvals from the shareholders' meeting and the Board in accordance with relevant laws and regulations when they take actions that are within Taiflex's business scope for themselves or on behalf of others. Furthermore, the Company shall comply with the strict requirements imposed by securities laws of the Republic of China on reporting to fully disclose all transactions with related parties.



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## 3.1.2 Audit Committee

Taiflex held a Director election in the 2020 shareholders’ meeting and appointed three Independent Directors, Mr. Wen-I Lo, Mr. Duen-Jen Cheng (Note: Resigned on March 17, 2021), and Mr. Shi-Chern Yen, to be the members of the second-term Audit Committee. Their term of office starts on May 28, 2020 and ends on May 27, 2021. Mr. Wen-I Lo was elected by members to be the convener and chairperson of the Committee. With their professional competencies, these three Independent Directors can supervise all aspects of the Company’s operational governance and corporate development so as to fulfill corporate governance, strengthen supervisory function and improve management mechanism.

The Audit Committee Charter is available on the corporate website at [http://www.taiflex.com.tw/c/cor\\_policies.php](http://www.taiflex.com.tw/c/cor_policies.php) and the Market Observation Post System at <http://mops.twse.com.tw>.

## 3.1.3 Compensation Committee

The Compensation Committee was established by the Board in 2011. Its function is to evaluate the policies and the systems concerning salary and compensation of Directors and managers from a professional and objective point of view, making recommendations to the Board as a reference for their future decision making.

The laws of the Republic of China require the Board to appoint the Compensation Committee members. Based on the Company’s Compensation Committee Charter, the Committee shall consist of three Independent Directors where they shall elect one member among themselves to be the convener and the chairperson. At present, the Board has appointed all three Independent Directors to be the Compensation Committee members of whom Mr. Duen-Jen Cheng (Note: Resigned on March 17, 2021) was elected to be the convener. Taiflex Chairperson, Ta-Wen Sun, is invited to attend each Committee meeting for discussion and would recuse himself during the discussion on his compensation. Pursuant to the Charter, the Compensation Committee is entitled to engage independent consultants to assist it with evaluating the salaries of CEO or managers.

The Compensation Committee Charter is available on the corporate website at [http://www.taiflex.com.tw/c/cor\\_policies.php](http://www.taiflex.com.tw/c/cor_policies.php) and the Market Observation Post System at <http://mops.twse.com.tw>.

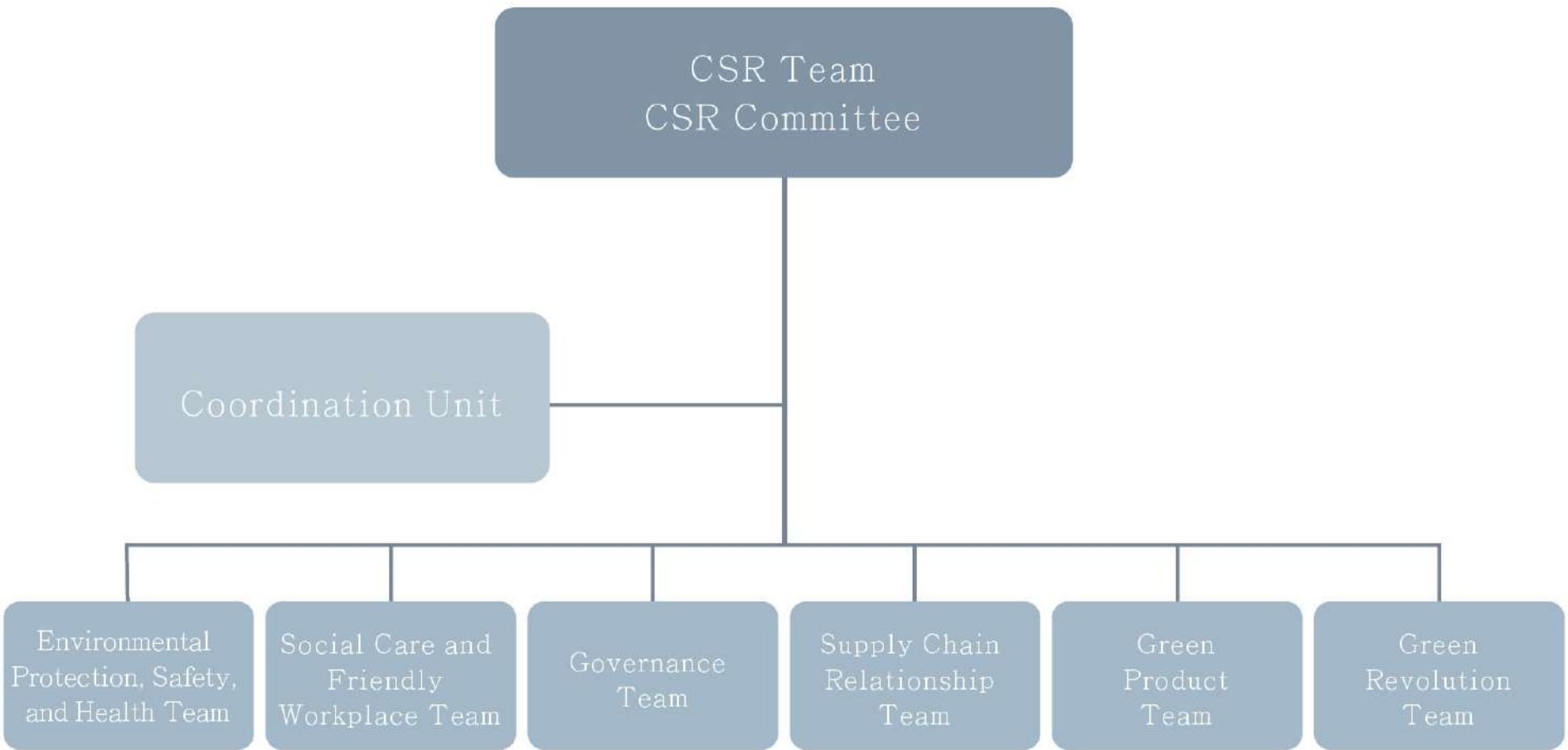
## 3.1.4 CSR Committee

To carry out corporate social responsibilities, Taiflex has established a CSR Committee comprises of representatives from all divisions with the Human Resources & Administrative Division being the dedicated unit in promoting relevant activities. Each

team reports to the Committee chairperson at different intervals depending on its operation.

The Chairperson and the President jointly supervise the Committee’s operation which covers environmental protection, occupational safety, corporate governance, employees’ care, green product procurement, green product research and development, product quality, audit, supplier management and customer relationship. It also manages issues in the economic, environmental and social aspects to fulfill our mission of taking on social responsibilities in terms of “environmental sustainability”, “social participation”, “corporate governance”, and “corporate commitment”.

## Organizational Chart of the CSR Committee:



In addition, the Board approved on July 30, 2020 to appoint Mr. Chi-Yuan Pan, the Senior Director of Finance & Accounting Division, the Corporate Governance Officer to safeguard shareholders’ rights and interests and strengthen the Board’s functions. Mr. Pan has served in the financial managerial position of a public company for over three years. The main duties of a Corporate Governance Officer are to handle matters relating to Board meetings and shareholders’ meetings according to laws and regulations, prepare minutes of these meetings, assist Directors with assuming office and continual education, provide information required for business execution of Directors, and assist Directors with regulatory compliances.



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3.2 Business Ethics

3.2.1 Core value and business ethics

Our code of conduct consists of enthusiasm, responsibility, integrity, creativity and execution, which are the essential core value of our culture. Taiflex has also established the “Code of Ethical Conduct” for all personnel to comply with when performing their duties, and upheld the corporate culture of being helpful and friendly to colleagues as well as respecting discipline, integrity and diligence. We are committed to the Code of Ethical Conduct which contains the eight principles below:

I.Avoid conflict of interests:

Personnel of the Company shall perform their duties with objectivity and efficiency. They shall prevent themselves, their spouses, parents, children or relatives within second degree of kinship from obtaining improper benefits as a result of their positions in the Company. When the Company engages in loans, guarantees, significant asset transactions, sale or purchase with affiliated companies at which the said family members are employed, personnel of the Company shall voluntarily clarify if there is any potential conflict of interests.

II.Avoid opportunities to pursue personal benefits:

Personnel of the Company owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. They shall remove themselves from the following situations:

- i.Through the use of corporate property, information or position to discover opportunities for personal benefits;
- ii.Through the use of corporate property, information or position to obtain personal benefits;
- iii.To compete with the Company.

III.Confidentiality:

Except when disclosure is authorized or required by laws or regulations, personnel of the Company shall maintain the confidentiality of information entrusted to them by the Company or our customers and suppliers. Confidential information includes all non-public information that may be of use to our competitors, or harmful to the Company or our customers if disclosed.

IV.Fair dealing:

Personnel of the Company shall deal fairly with all customers, suppliers, competitors and employees. They are prohibited from obtaining improper benefits through manipulation, concealment or abuse of information obtained due to their positions, misrepresentation of material facts, or any other unfair-dealing practice.

V.Protection and proper use of corporate assets:

Personnel of the Company shall protect the Company’s assets and ensure that these assets are efficiently used for legitimate business purposes. Theft, negligence, and waste would directly impact the Company’s profitability.

VI.Compliance with laws and regulations:

Personnel of the Company shall observe all applicable corporate policies, the Securities and Exchange Act and other laws and regulations.

VII.Encourage the reporting of illegal behavior or violations of the Code of Ethical Conduct:

The Company shall raise awareness of ethical standards and encourage employees to report suspected or observed violations of laws and regulations or the Code of Ethical Conduct to the Audit Committee, management team, internal audit officer or other appropriate personnel of the Company. There are mechanisms in place to encourage the reporting of misconduct. The Company shall establish an explicit whistleblowing system and make the employees aware that the Company would make every effort to protect the whistleblowers against retaliation.

VIII.Disciplinary measures:

Where Directors or managers seriously violate the Code of Ethical Conduct, the Company shall handle the matter in accordance with the disciplinary measures defined in the Code of Ethical Conduct. Details of the violation shall promptly be released at the Market Observation Post System, including the date of violation, particulars of the violation, code violated and disciplinary measures taken. The Company shall also establish a complaint system for violators to file appeals.



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## Protection of Intellectual Property

To protect trade secrets, proprietary information and other intellectual property of the Company as well as avoid the abuse or infringement of confidential information or other intellectual property of the alliance companies, Taiflex has established the “Confidential Information Protection Policy” to uphold absolute respect for customers’ and relevant parties’ intellectual property rights, confidential information and trade secrets. All employees are required to comply with the policy and put it into practice in order to protect the Company’s trade secrets, proprietary information and other intellectual property. Details of intellectual property management were presented in the Board meeting on October 29, 2020.

## Information Disclosure

Under the Board’s supervision, Taiflex’s management team shall ensure that the financial and accounting information filed per requests of the competent authority or disclosed to external parties is complete, fair, accurate, timely and understandable. Taiflex has taken considerable measures to ensure our compliance with the aforementioned requirements.

Amendments to the Code of Ethical Conduct would take effect after being approved by the Board and shall be reported to the shareholders’ meeting to ensure we maintain our high ethical standards.

### 3.2.2 Implementation of the Code of Business Ethics

A culture of high business ethics standard: The Code of Ethical Conduct shall be observed by the Company’s Directors, the management team (including the President, Vice President, Assistant Vice President or personnel of equivalent ranks; heads of finance and accounting departments; and other personnel delegated with managerial responsibilities and signatory authority) and all other employees.

Self-reflection of the organization and employees: Self-reflection of internal organizations and employees is an important part of business ethics. Through self-assessment on internal control and orientation course on reward and discipline policy associated with corporate ethics, each unit can review whether its personnel have sufficient understanding on the Code of Business Ethics so as to evaluate and strengthen the effectiveness of relevant internal control. The Company also has a dedicated unit responsible for the formulation, supervision and execution of ethics policy as well as preventive measures. The unit reports to the Board when the need arises.

Internal audit: The Company’s internal audit unit plays a key role in safeguarding

ethical and regulatory compliance. To achieve the goals of securing the accuracy, reliability and timeliness of financial, managerial and operational information as well as ensuring that employees’ conducts are in compliance with relevant policies, standards, procedures and regulations, the internal audit team performs various audits in accordance with the annual audit plan approved by the Board. The audit results and improvement measures are reported to the Board and the management team in order to accomplish effective audits.

Training and promotion: To maintain employees’ awareness on the Code of Business Ethics, relevant policies and documents are available on the intranet for employees to access. The Company also organizes corporate ethics education and trainings as well as promotes the concept through posters and internal newsletters. All employees are required to take online or classroom training which is linked to their performance assessments. Moreover, we conduct relevant audits on our major suppliers and business partners, provide them with training and regular seminars to promote our Code of Business Ethics and monitor whether there has been any breach in their behaviors. A serious violation of ethical standards committed by our supplier would result in termination of contracts.

### 3.2.3 Reporting Channels and Whistleblower Protection

To ascertain the Company’s conducts are in line with the highest regulatory and ethical standards, Taiflex has established the “Procedures and Guidelines of Business Ethics”, encouraging internal employees and external parties to report any unethical or improper behaviors concerning finance, laws and ethics. The Internal Auditing Office has also set up a whistleblower system.

The Company adopts the standard investigation procedures and confidentiality mechanism in handling incidents reported through the whistleblower system. It maintains confidentiality of the incidents and the subsequent investigations and proceeds in a rigorous manner to protect whistleblowers from retaliation.

### 3.2.4 Disciplinary Measures for Violations of the Code of Business Ethics

Violation of business ethics is subject to severe disciplinary actions, including termination of employment or business relations and appropriate legal actions. Internal personnel making false accusations or malicious claims would also be disciplined. Serious offense can lead to termination of employment.



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## 3.3 Regulatory Compliance

Since our establishment, our vision has been to “become the most trustworthy supplier of flexible materials in the world.” Thus, our regulatory compliance measures include the tracking of updates in domestic and foreign laws and regulations, regulatory compliance education and training, and internal reporting systems. Taiflex has established the General Administrative Office - Legal & Intellectual Property Department as the professional legal team to assist with implementing legal compliance, realizing corporate vision, fulfilling social responsibilities as well as protecting the intellectual property.

### 3.3.1 Tracking and Evaluation of Laws and Regulations

Our business has spread across Asia and we aggressively expand our presence worldwide. Thus, we regularly review domestic and foreign laws and regulations and closely monitor changes in policies and regulations that may have significant impact on our business and finance both at home and abroad. The Legal & Intellectual Property Department also provides the latest updates to all relevant departments as well as the management team, assisting all internal units to fulfill regulatory requirements as well as formulating countermeasure strategies.

### 3.3.2 Formulation and Implementation of Policy and Regulatory Compliance Scheme

Taiflex has established policies and procedures for regulatory compliance within the business scope, including but not limited to anti-corruption, anti-harassment/discrimination, environmental protection, financial disclosure/internal control, protection of intellectual property right, and protection of confidential information and privacy. To ensure the Company meets its regulatory requirements and fulfills its commitments to the protection of employees’ rights, Taiflex encourages employees to file complaints online or via the hotline in the face of unfair treatments (including but not limited to sexual harassment and workplace bullying) and thereby protect their personal rights and workplace safety.

### 3.3.3 Regulatory Compliance Education and Training

Regulatory compliance education and training are essential in Taiflex’s compliance scheme. Taiflex sets up projects targeting relevant laws and regulations, and regularly organizes courses and promotes them to relevant units. Key actions and measures are as follows:

- I.For employees to understand the key aspects of regulatory compliance, we organize relevant courses including the protection of environment, intellectual property right and confidential information.
  - II.Personnel of the Legal & Intellectual Property Department periodically attend external courses to stay current with amendments and the latest developments in laws and regulations.
  - III.We hold seminars or lectures where legal professionals and experts are invited to share fresh developments in regulations and the latest news of the industry with employees.
  - IV.Measures associated with compliance are regularly reviewed to ensure our regulatory compliance is in line with the industry or international requirements.
- Besides training and courses, the Legal & Intellectual Property Department publishes e-newsletters monthly and sends out emails on topics concerning compliance to promote the concept of regulatory compliance.

### 3.3.4 Open Reporting Systems

As mentioned above, the Company offers open reporting channels to employees and external parties (e.g., customers, suppliers or contractors). In 2020, there was no incidents associated with ethics violation, finance and accounting.

### 3.3.5 Others

The Company complied fully with the Company Act, the Securities and Exchange Act, laws and regulations concerning environmental protection and labors, and other requirements set by the competent authorities in 2020. There was no incident requiring corrective or disciplinary actions. Moreover, the Company remained politically neutral and made no political contributions.

\*Disclosure of corruption-related administrative penalties, fines or settlement costs: None.



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## 3.4 Confidential Information Protection

Taiflex is well aware of the significance of confidential information to business operation and the absolute importance of its protection in maintaining the Company’s competitive advantages. Thus, we specifically establish the “Confidential Information Protection Policy” to regulate and govern measures concerning the protection of confidential information (including confidential (and proprietary) information or other intellectual property) so as to preserve the best interests of stakeholders. The Company adopts the following measures for proper and effective protection over confidential information:

- I.Use access control, surveillance systems and security guards to monitor and manage personnel and vehicles entering/leaving the premises and prevent the use of prohibited items as instruments for stealing confidential information.
  - II.Promote the concept of confidential information protection regularly, collect feed backs and provide internal education and trainings for employees to carry on proper behavior with regard to confidential information protection.
  - III.The most serious punishment for a violation of above rules is immediate dismissal and Taiflex reserves the right to take legal actions.
- In addition, the Company stipulates that employees are prohibited to engage in the following actions without a prior written consent from another company:
- I.To use, retain, copy, distribute or transmit another company’s presentation materials, charts, tables, drawings, memorandums, format files, letters, agreements or contracts or any other information.
  - II.To use or copy another company’s trademark, name or labels.
  - III.To use another company’s patent-protected innovation or technology.
  - IV.To disclose or use another company’s confidential information or trade secrets.
  - V.To use trade secrets or other intellectual property rights obtained from previous employment in any way.

## 3.5 Risk Management

In addition to response planning for risks that could potentially affect the financial performance, the Company’s risk management includes risk assessments and emergency plans in the environmental and information aspects. We instill the concept of prevention in our corporate culture and strive to eliminate identifiable and avoidable risks so as to minimize potential loss from operation interruption.

With regard to major risks to our operation including markets, production, operation,

human resources planning, progress of new product development and financial and accounting controls, the Company proactively develops more advanced and highly sensitive procedures and standards on top of the existing systems, standards and procedures to supervise, assess and control risks so as to encompass both safety and efficiency as well as build a business model with better economic benefits. Examples include the strengthening of information system and the enhancement on prewarning and monitoring capabilities.

Moreover, to maintain the continuity of our operation, protect the information flows of key businesses, effectively carry out our emergency measures and lower damage to a tolerable level when the Company encounters major disasters, sabotages or equipment failure, and ensure information flow procedures can be reconstructed and recovered within a time frame, the Company established the Information Security Management System based on ISO 27001 in May 2016 and obtained the ISO 27001 certification for five consecutive years (The latest certification was in December 2020). The certification not only drives us forward in effectively safeguarding the internal intellectual property rights but also enhances our customer’s level of trust and assures our information safety control measures can secure stakeholders’ interests.

As for the environmental aspect, we have established and maintained our emergency procedures as a reference for the formulation of response procedures and planning in the face of possible future accidents or emergencies. The procedures include the scope of emergency plans; duties, responsibilities and framework of the organization; activation procedures; hazard identification and risk assessment; rescue plans; evacuation plan; Material Safety Data Sheet (MSDS); audit rules on emergency responses, etc. All units shall comply with the above procedures and rules to diminish or mitigate the impact and losses arising from personnel injuries, property losses and production interruption due to sabotages, natural disaster and other serious accidents in order to swiftly return to normal operation.

Even if the Company draws up a comprehensive risk management structure and adheres to an effective information security management system, there is no guarantee that Taiflex would be safe from the latest information technology and new types of cyberattacks amid the ever-changing cyber threats. Cyberattacks may attempt to steal the Company’s trade secrets, intellectual property and confidential information, e.g., proprietary data on suppliers or stakeholders and employee’s personal details. Through regular reviews on various information security procedures conducted by the Intangible Assets Security Committee, the Company has further strengthened and supplemented measures against information risk to protect the Company’s trade secrets from theft.



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## 4.1 Company Overview

### 4.1.1 Company Profile

Taiflex focuses on the research and development of green products and emphasizes environmental protection. Our strength is founded on safety, quality, speed as well as service, and we have obtained international certifications including ISO 9001, ISO 14001, ISO/TS16949, ISO 45001/CNS 45001, TOSHMS, OHSAS 18001, IECQ HSPM, UL, and TUV. Taiflex is listed on the Taiwan Stock Exchange under ticker number 8039.

Industry	Electronic component industry	Main business	Polymer film-based copper clad laminates, coverlay
Name	TAIFLEX Scientific Co., Ltd.	Date of incorporation	1997/08/16
Address	No.1, Huanqu 3rd Rd., Kaohsiung Export Processing Zone, Kaohsiung City, Taiwan, R.O.C.	Paid-in capital	NT\$2,091,196,920
Chairperson	Ta-Wen Sun	TWSE-listed date	2009/12/17
President	Zong-Han Jiang	TPEX-listed date	2003/12/19
Spokesperson	Chi-Yuan Pan	Emerging stock board-listed date	2003/01/15
Contact number of Spokesperson	+886-7-8139989 ext. 52802	International certification	ISO9001, ISO14001, ISO/TS16949, ISO 45001/CNS 45001, TOSHMS, OHSAS 18001, IECQ HSPM, UL, TUV, etc.

### 4.1.2 Market Overview

With core competencies of independent basic formula and precision process, Taiflex has become one of the major suppliers of flexible print circuits (FPC) materials in the world. We have a market share of 20% in the global FPC market and are also the number one supplier in the Greater China Region.

Our production bases worldwide include Taiflex 1 (founding place), Taiflex 2 (Headquarters), Taiflex 3 (R&D center), Taiflex 5 (manufacturing and logistics center), Koatech Factory in Hsinchu, and Rudong Factory in China. We also have subsidiaries and sales offices in the U.S., Japan, Linkou in Taiwan, and Qinhuangdao, Xiamen, Shenzhen and Zhuhai in China, offering timely business and technical services to global customers. Taiflex had approximately 900 employees worldwide by the end of 2020.

We have applied our core value to our supplier management. Suppliers are viewed as business partners and long-term partnerships are formed to jointly develop a sustain-

able supply chain. We assess potential long-term suppliers based on procurement strategies which are formulated in accordance with future product trends, market forecasts, directions of technical developments, etc., as well as the suppliers’ management systems of production capacity, technology innovation capability, quality, price and services, and the performance thereof. We also seek opportunities to forge strategic alliances with suppliers where new materials and new businesses are concerned. For assessments on new suppliers, personnel from procurement, quality assurance, R&D and technology units would be assembled to form an assessment team pursuant to relevant procedures in order to review suppliers’ competencies and verify the final outcomes. On the premises of mutual benefits, we collaborate with suppliers to lower production cost and prevent or diminish supply chain risks, thereby improving the competitive advantages for all while maintaining the service quality to our customers. We team up with suppliers to fulfill our corporate social responsibilities.

## Innovation and R&D

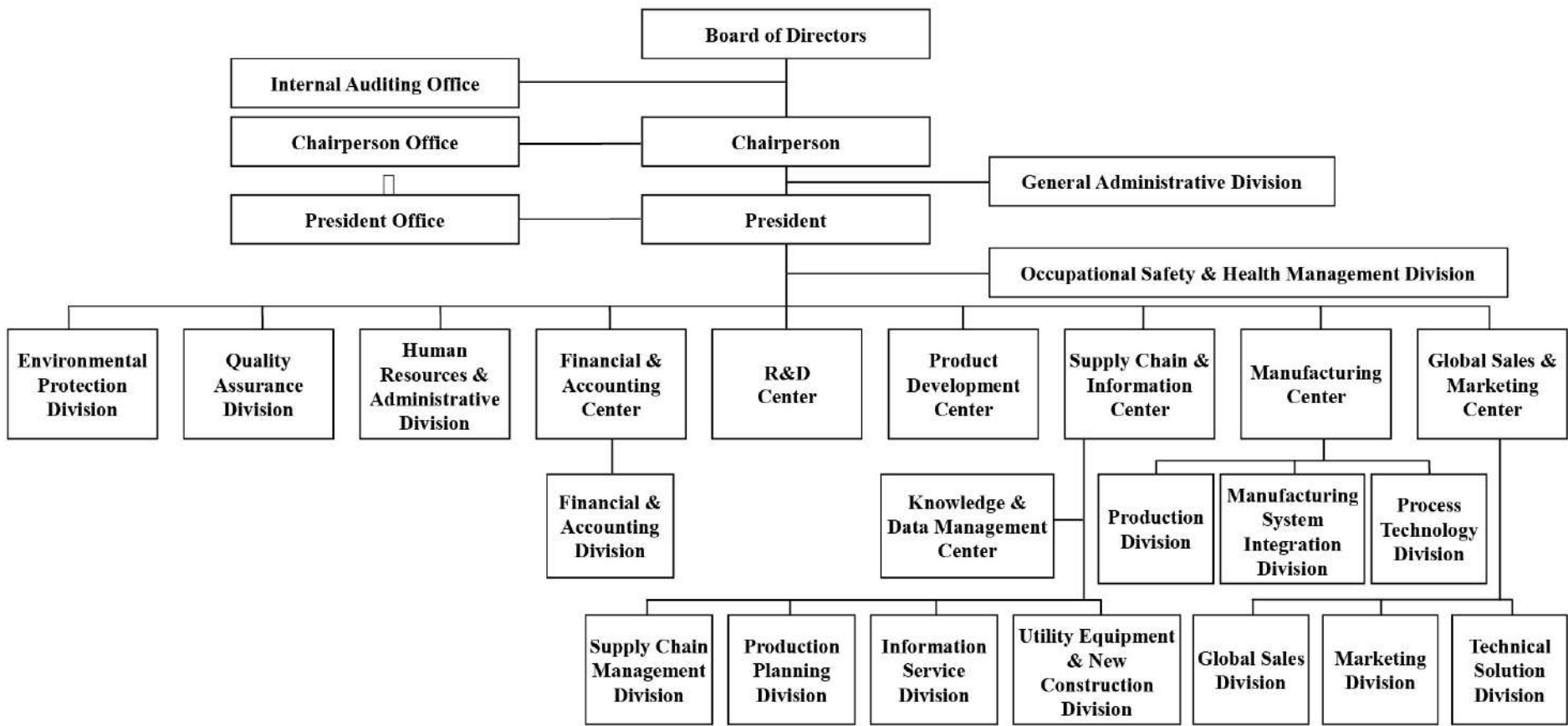
R&D unit is the core to sustainability. Vast experience of our outstanding technical teams in product R&D, manufacturing techniques and equipment development enables us to offer a complete range of FPC materials. We have precision coating, advanced pressing and testing techniques, and the capability of mass producing ultra-thin products. In terms of formula technology, we have developed advanced FPC materials featuring halogen free, heat dissipation, high frequency, high speed, high dimensional stability, high-density routing, etc. Moreover, we have assembled the best technical service team which has thorough understanding of downstream manufacturing processes, thus providing timely and appropriate guidance as well as after-sale services to meet customers’ demand. At the same time, we stay committed to our mission of environmental protection and channel resources into the research and development of green products.



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## Organizational Structure



## Membership of Associations

Taiflex proactively participates in activities organized by industrial associations and institutes and takes on the role of an industry leader. These actions facilitate our understanding of key information concerning CSR operation, e.g., systems and measures adopted with regard to CSR activities including environmental protection, community participation, social contribution and services, charity activities, consumers’ rights and interest, human rights, safety and health, and the implementation thereof. Improvement plans can be formulated through exchanges between members at the same time. Furthermore, our employees take on the positions of conveners or vice conveners in professional committees among various associations and institutes based on their job functions. Through cross-industry cooperation, we hope to raise our visibility in the global market, make recommendations to the governments and share our experience in sustainability.

### 4.1.3 Financial Performance

#### Dividend Policy

Taiflex’s dividend policy takes into account the environment and the development stage of the Company, considers the needs of capital in the future and long-term financial planning, and satisfies shareholders’ demand for cash flows. When there are earnings remaining after paying for taxes and setting aside legal capital reserve as required by laws, the Board would draw up an earnings distribution proposal and submit it to the sharehold-

ers’ meeting for approval. At least forty percent of the distributable earnings shall be appropriated as shareholders’ dividends, and the cash dividends shall not be lower than ten percent of the total dividends and shall be capped at one hundred percent.

Dividend payments from 2016 to 2020 are as follows:

Year	Cash Dividend (NT\$/Share)	Stock Dividend	
		From Earnings (NT\$/Share)	From Capital Reserve (NT\$/Share)
2016	2.00000000	-	-
2017	2.50000000	-	-
2018	2.00000000	-	0.50
2019	1.20000000	-	1.30
2020	2.50000000	-	-

## Operating Results

Net revenue of the Company amounted to NT\$8.77 billion in 2020, an increase of 15.6% from NT\$7.58 billion in 2019. Net income attributable to shareholders of the parent company came to NT\$773 million, up 22.5% year-over-year, with an earnings per share of NT\$3.70. 2020 was a volatile and challenging year, as COVID-19 unleashed drastic impact on life styles and economic activities worldwide. Global GDP shrunk by 4.5% compared to 2019 due to the pandemic and with the exception of China which maintained a positive growth of 2.3%, major economies plunged especially the advanced countries in Europe and America. To contain the spread of COVID-19, governments adopted a series of controls and restrictions on not only business activities, but also the freedom to social gathering, entertainment, shopping and even movements. Work from home (WFH) became the new work style which sparked surging demand for laptops, tablets and video equipment, and led to a fast-growing need for electronic materials such as electronic components.

Looking at 2021, global economy is expected to gradually get back on track with the successful rollout of vaccines for COVID-19. Nevertheless, variants of the virus and the swift control responses of each country still cast high level of uncertainty over the entire economy, and at the same time, as the relief packages are gradually scaled down, consumers’ willingness to spend may also be affected. In addition, the European Central Bank and the U.S. Federal Reserve continue to adopt unlimited quantitative easing monetary policy which puts pressure on New Taiwan dollars to appreciate. As a result, 2021 remains a challenging year for exporters. We will continue our focus on risk control so as to minimize losses from emergencies and maintain a sound supply capacity. We expect an upward trend in our overall operation through the launch of new products and the growth momentum stemming from 5G demand.



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Financial performance between 2018 and 2020 is presented in the table below:

I.Consolidated revenue and net income

(In Thousands of New Taiwan Dollars)

Item	2020	2019	2018	Changes in Dollar Amount from 2019 to 2020	Changes in Percentage from 2019 to 2020
Net revenue	8,766,318	7,583,654	9,643,051	1,182,664	15.59%
Gross profit	2,078,573	1,739,138	1,993,044	339,435	19.52%
Net income	784,353	618,282	679,474	166,071	26.86%

II.Profitability analysis

Item	2020	2019	2018
Net profit margin	8.94%	8.15%	7.04%
Return on assets	6.99%	5.43%	6.08%
Return on shareholders' equity	10.50%	8.39%	9.29%

Looking back at 2020, COVID-19 had severe impact on humanity. It changed the way people live and work as well as business activities and brought about higher risks to business operation. However, with outstanding risk management capacity, we seized the opportunities amid crises, strived to generate profits for shareholders and maintained momentum for operational growth.

Going forward, we will proactively implement a variety of operational and risk control measures, e.g., increase local purchases, adopt flexible stock optimization strategy for raw materials and products, optimize product structure, persistently carry out cost improvement and production efficiency enhancement as well as expense control to allow the Company better flexibility to maneuver. In addition to mitigating the adverse effects of uncertainty, it is of greater importance for the Company to develop the capabilities to seize growth opportunities. 5G mobile communication is entering the high-growth stage and we will not miss the golden opportunity. Our pursue of a long-lasting competitive and sustainable operation model will continue in the quest for long-term optimization of shareholders’ interests.

We will persistently strengthen our core competitiveness, invest research and development resources in advanced flexible electronics materials, heat dissipation materials and semiconductor materials, and work towards producing high-value products. We will also utilize our leading position in flexible materials to collaborate with customers in order to capture the driving forces of market growth and consolidate the foundation for sustainability.

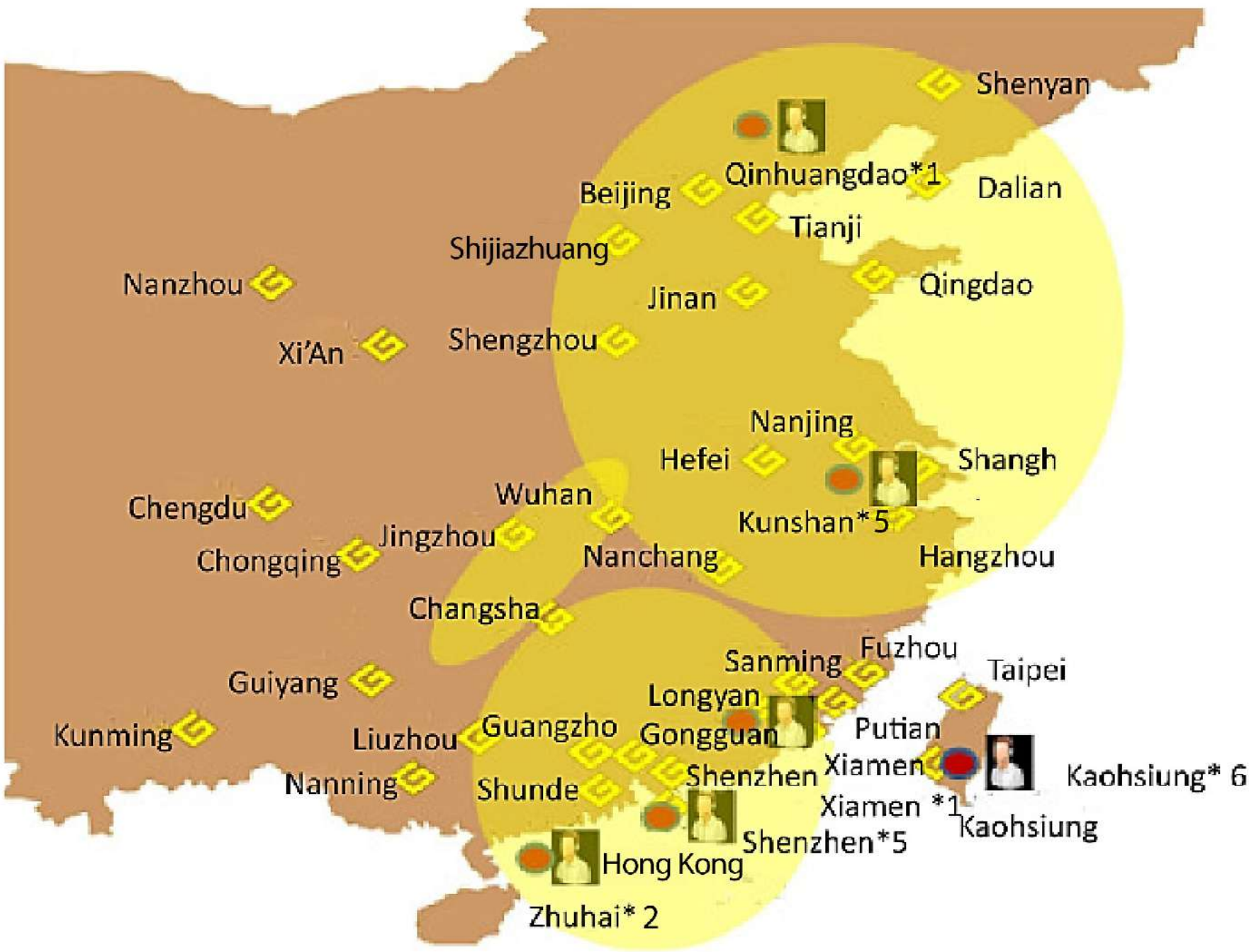
The Company received human capital enhancement and employment plan subsidies of approximately NT\$965 thousand from the government pursuant to relevant laws and regulations in 2020.

## 4.2 Customer Service and Supplier Management

### 4.2.1 Customer Service and Satisfaction

#### Product Quality Service

Customer satisfaction is at the heart of our management philosophy. We are committed to deliver innovative products and services to customers and uphold the core values of responsibility and enthusiasm. Taiflex has dedicated department providing product services to customers and working closely with the quality assurance department to solve product issues ranging from appearance to functionality. To cope with globalization of production among downstream customers, we have service personnel stationed at Kunshan, Shenzhen, Zhuhai, Xiamen, and Nantong besides Taiwan to enhance the accessibility and timeliness of our customer services.



※Taiflex sets up service centers in China to provide timely services※



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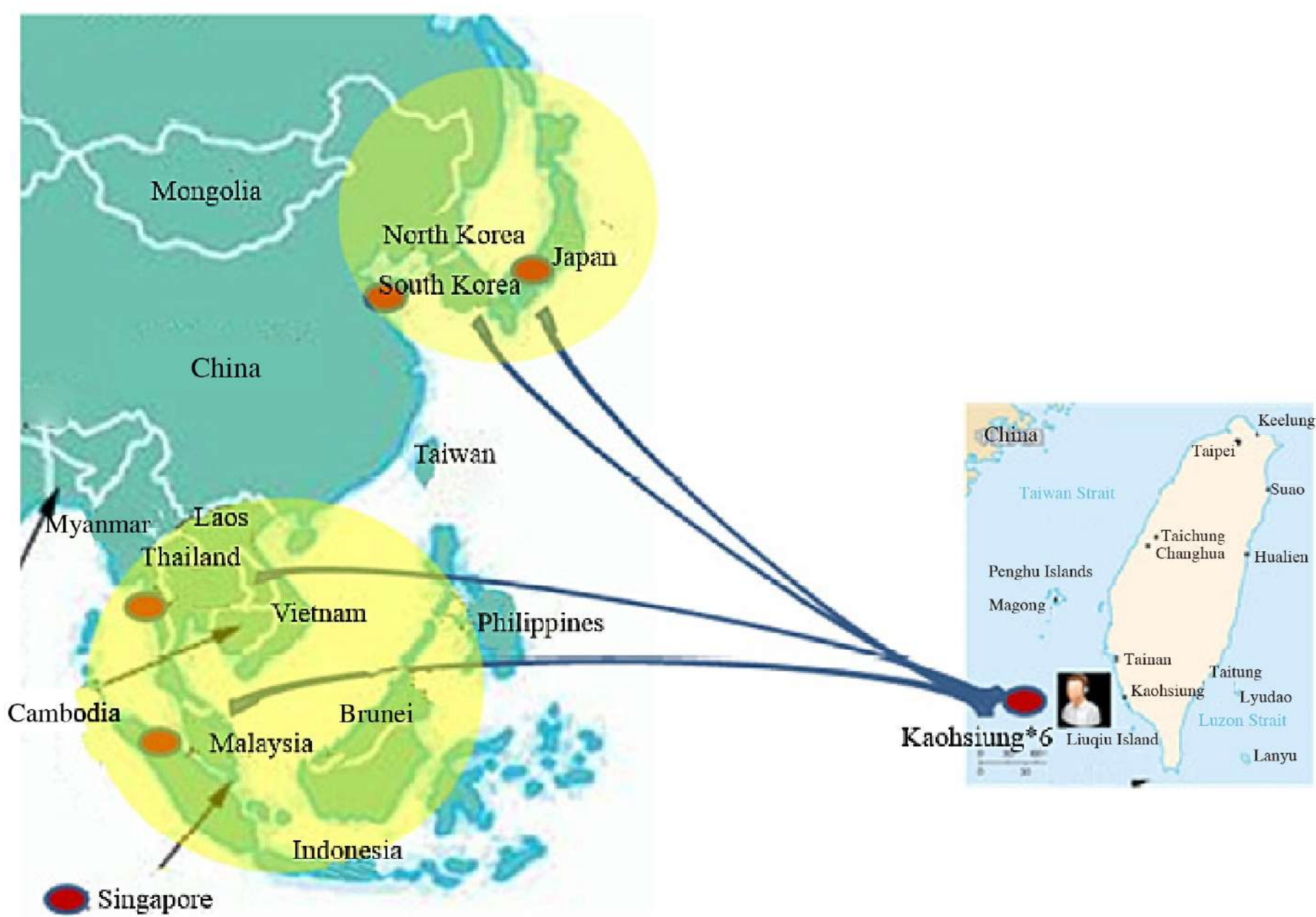
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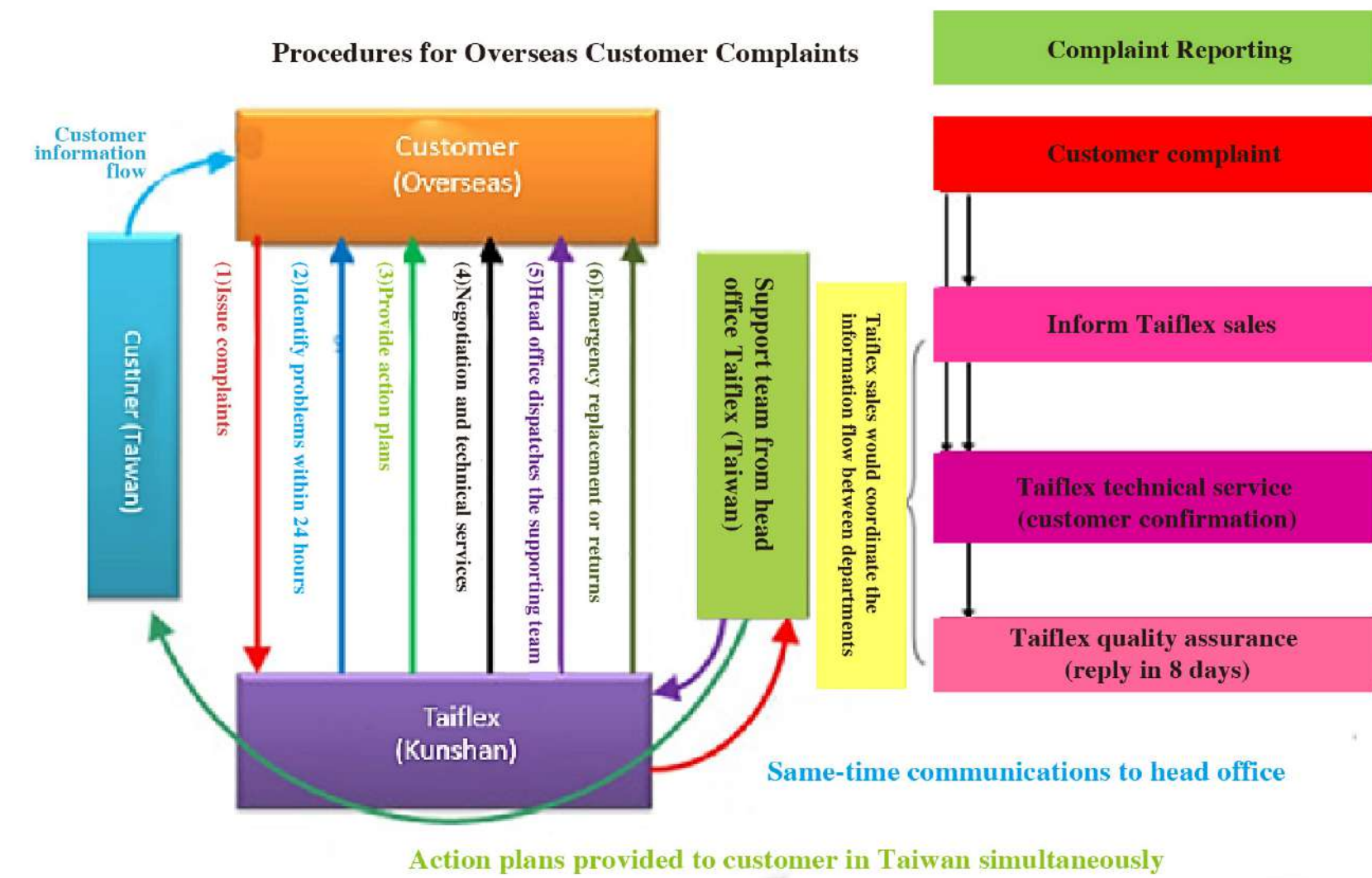
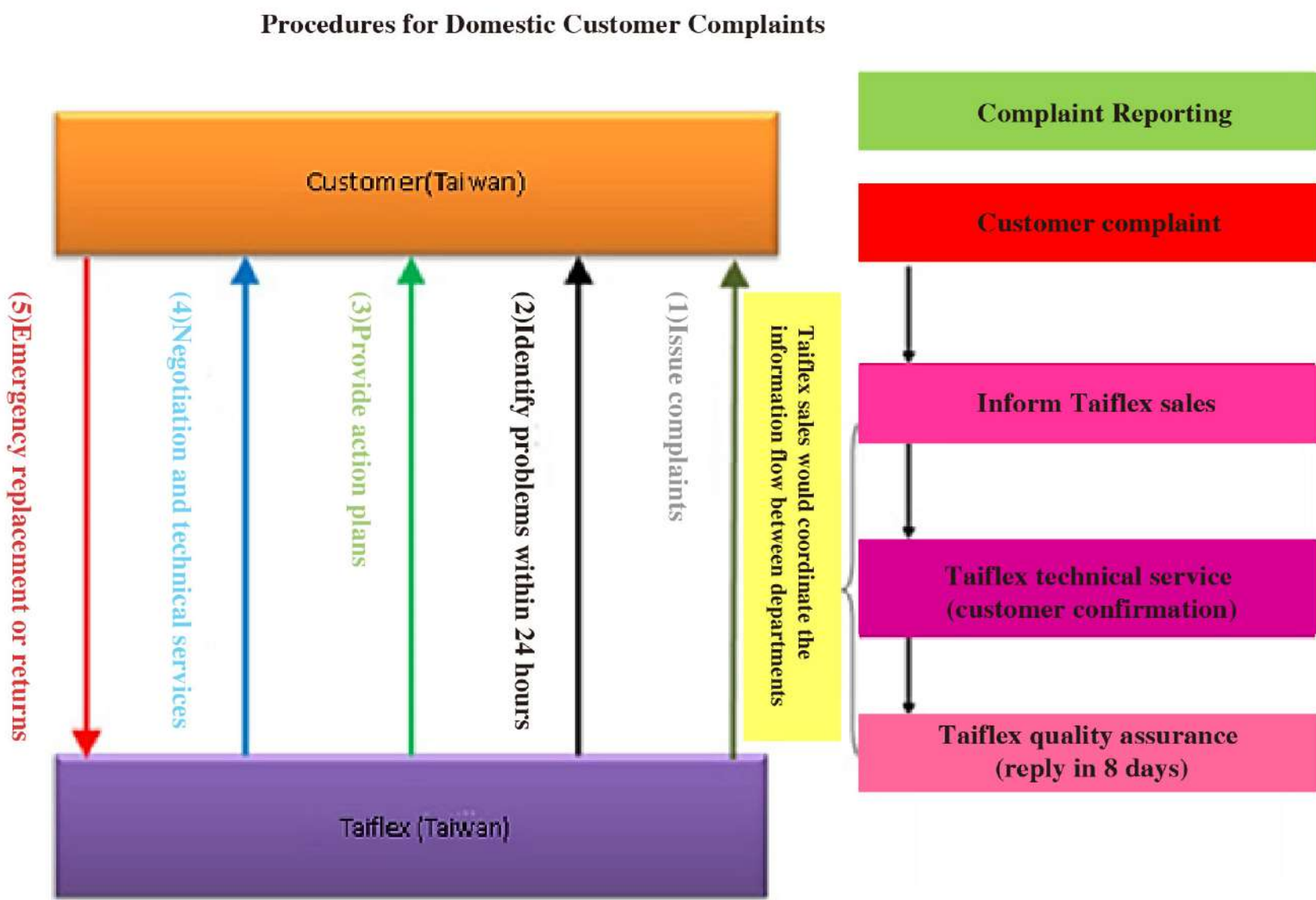
Standards Comparison Table



©Overseas services are available throughout Southeast and Northeast Asia©

## Management of Customer Complaints

In addition, once we identify feedback, a question or a complaint filed by our customers as a major customer complaint, a cross-department task force will be assembled to handle the issue. Immediate action and timely improvement measures would be taken by production, technology, R&D, and quality assurance departments based on their functions and authority to assist customers with resolving the issue as well as minimize the loss in labor, materials or equipment utilization. Our product service quality can therefore be enhanced to uphold our reputation and secure customer satisfaction.





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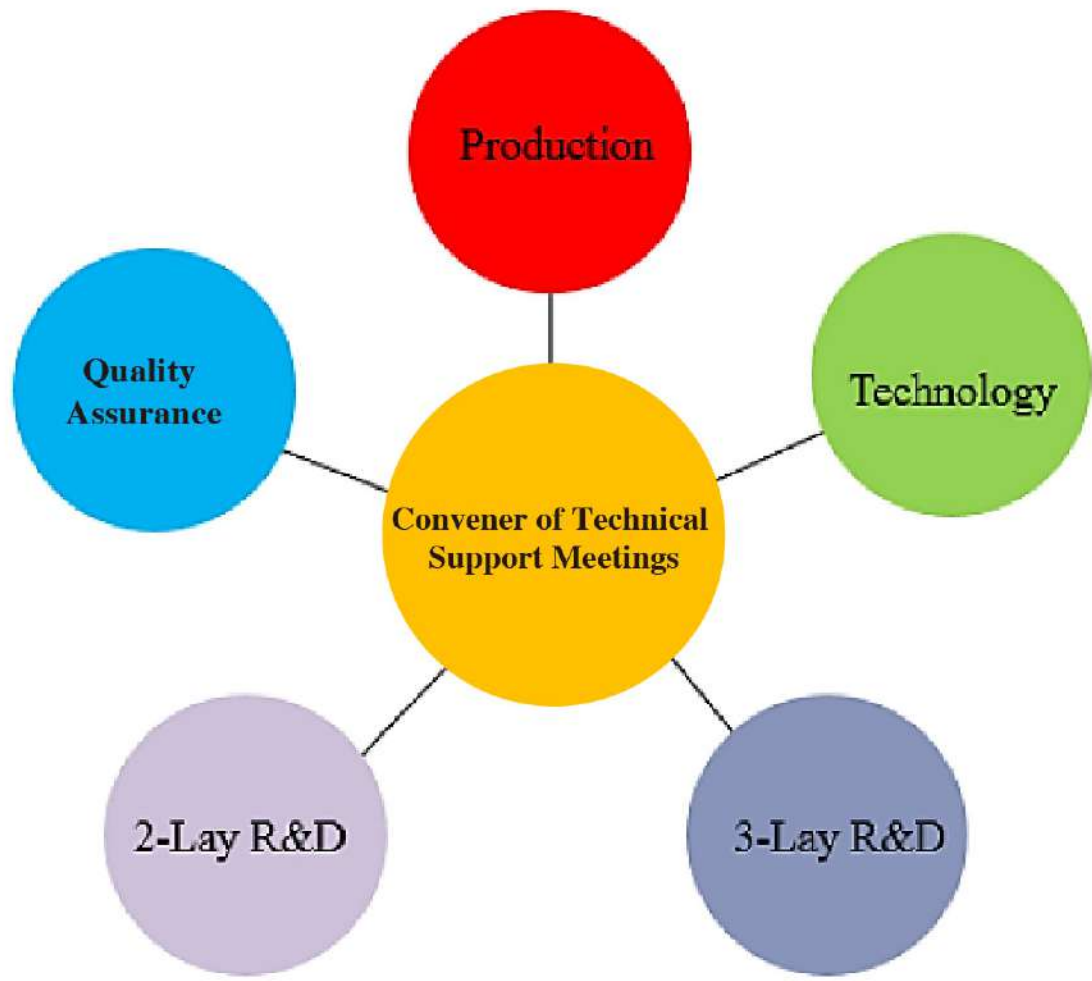
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Major Customer Complaint Task Force



## Testing requests from customers

To satisfy customers’ needs for material analysis and characteristic testing, Taiflex acquires a complete set of testing equipment including SEM/EDS, FTIR, metallurgical microscopes, TMA/DSC/DMA thermal analyzers and tension machines to be used in relevant internal departments as well as testing requests from customers.



SEM/EDS

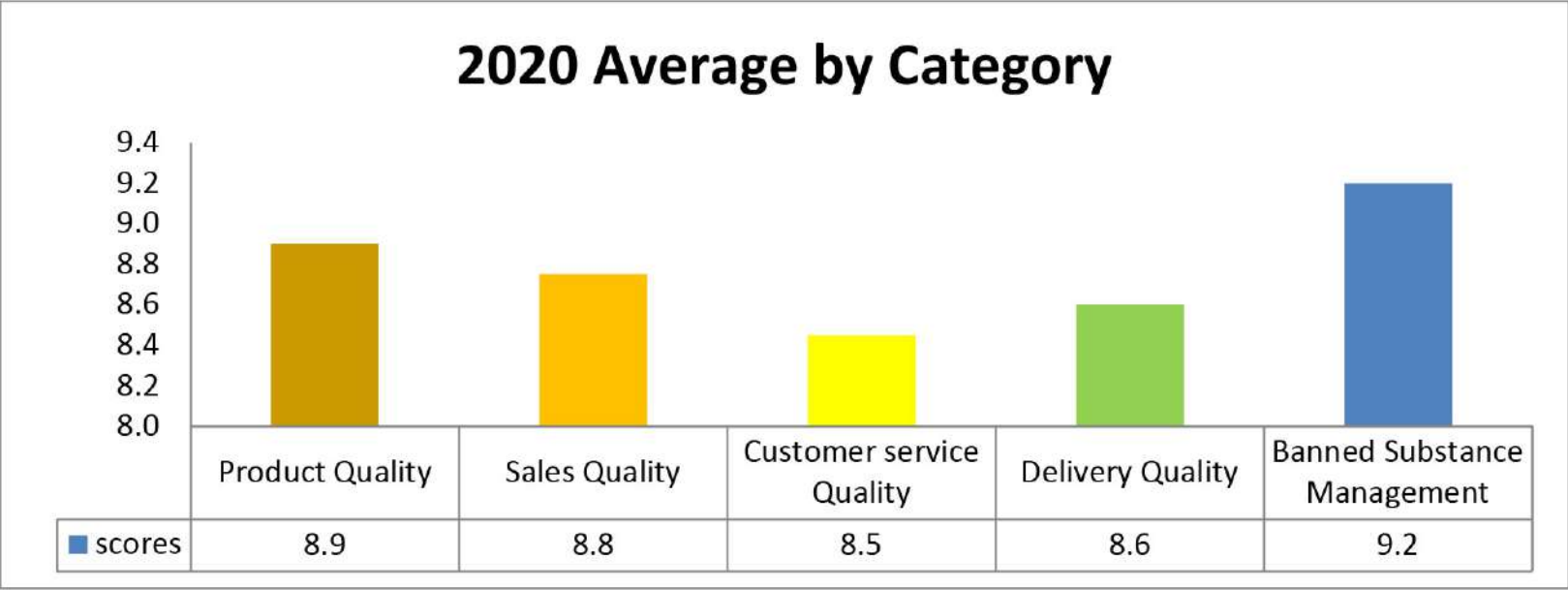


FTIR

## Management of Customer Satisfaction

To have a true understanding of our customers, Taiflex conducts customer satisfaction surveys annually. The survey covers overall performance on quality of product, sales, customer service and delivery as well as management of hazardous substance. Explicit unsatisfactory feedback or failed performance would be discussed in the management audit meetings for cross-department units to propose improvement schemes and suggestions. We hope to be a trustworthy long-term partner to our customers.

Aspects of Customer Satisfaction Survey





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4.2.2 Supplier Managemen

4.2.2.1 Policy and Management

Taiflex strives to maintain long-term relationships with suppliers both at home and abroad to jointly build a steady and sustainable supply chain. On top of quality, delivery schedule and prices, we also urge suppliers to carry out environmental protection, energy conservation and carbon reduction measures; improve safety and health; protect human rights; fulfill corporate social responsibilities as well as maintain sound risk management and sustainable operation plans.

We demand all suppliers (including new/potential suppliers) to comply with the quality management system, the ESH management system and the AEO assessment. Through our supplier procurement procedures, we examine suppliers by indexes including basic corporate information, relevant certifications, quality assurance records, ESH management investigation, operation, product information, manufacturing processes, financial status of raw material suppliers and business continuity management, procurement contracts, green product management, and social responsibilities. Taiflex has adopted the RBA as the supplier management assessment standard since 2017. The standard serves as the social responsibility standard for the electronics industry at present and covers areas including labor, health and safety, environmental protection and business ethics to ensure a safe working environment, respect for workers and environmentally responsible companies in the electronics industry. Moreover, the Company introduced the Supplier Relationship Management (SRM) platform in 2020. Suppliers can perform order maintenance, delivery confirmation, shipment query, acceptance query, return order query, etc. in a more efficient manner, thereby reducing information gap, increasing communication accuracy, and boosting efficiency.

We also reinforce the promotion of CSR and the rules of business ethics, and take appropriate measures to ensure our suppliers complying with legal requirements on environmental, health and safety, and labor issues. In addition to making certain their compliance with the local minimum wage requirements, our suppliers are urged to provide employees appropriate levels of wages and commit to the highest ethical and moral standards in their business.

To enhance the overall competitiveness of the supply chain, we conduct regular/unscheduled audits on suppliers and incorporate factors such as suppliers’ quality, prices and costs, service standards, environmental protection, work safety and technology into the assessment to ensure their quality level. Furthermore, we assist suppliers with identifying the root causes for abnormal supply of goods and offer necessary counseling in order to sustain the competitive edge of our supply chain.

4.2.2.2 Procurement of Conflict-free Raw Materials

To fulfill our corporate social responsibilities, we comply with the “conflict minerals disclosure rules” under Rule 13p-1 of the U.S. Securities Exchange Act of 1934 promulgated by the US Securities and Exchange Commission (SEC) for our conflict minerals management and do not source minerals from conflict-affected and high-risk areas. New suppliers are required to introduce assessment systems and not to source conflict miner-

als from conflict regions since the election process. As for existing suppliers, we initiate investigations to ensure that agreements or statements which ban the use of conflict minerals from conflict regions are signed or provided for specific materials (gold, tantalum, tin, tungsten, cobalt, and mica) and conduct due diligence in the same way we manage the supply chain. Next, we examine whether the upstream smelters of our suppliers use conflict minerals from conflict regions during the annual supplier audits. Lot traceability is also employed to reconfirm that conflict minerals from conflict regions are completely banned. We establish risk management procedures for responsible mineral procurement and carry out responsible mineral audits on suppliers/contractors regularly.

Taiflex purchases minerals from qualified smelters which comply with the Responsible Minerals Assurance Process (RMAP) and customer requirements, carries out due diligence for the supply chain, and ensures our purchases of mineral would not in any way, either directly or indirectly, benefit the armed rebel groups in the Democratic Republic of Congo or its neighboring countries.

· Surveys conducted by the Responsible Mineral Initiatives (RMI) indicate that rebel groups in the Democratic Republic of Congo and its neighboring countries obtain minerals such as tantalum, tin, tungsten, and gold through illegitimate means including forced labor and child labor, and sell these minerals to purchase weapons, causing unrest to the region. The four minerals obtained through illegitimate means are defined as conflict minerals.

· Tantalum, tin, tungsten, and gold are indispensable for the operation of electronic products. They are used in the production of resistors, inductors, CPUs, hard disks, memory motherboards, and connectors. As a brand, it is our social responsibility to avoid conflict minerals obtained through illegal means for human rights and environmental protection. We established the responsible mineral procurement policy, demanding suppliers to procure minerals from qualified smelters so as to avoid issues of oppressed labor, armed coercion, child labor, and ecological damage as a result of illegal mining.

· According to the European Union’s critical raw materials (CRMs) review reports, one-third of cobalt worldwide originates from the Democratic Republic of Congo and its neighboring countries in Central Africa, presenting the risk of illegitimate operations. Thus, the RMI listed cobalt as the fifth conflict mineral in 2019.

· Cobalt is a critical material in the manufacturing of batteries. Taiflex has included cobalt in the responsible mineral procurement management and carries out due diligence annually. As the number of qualified smelters for cobalt at present is limited, we have developed a five-year transition plan asking suppliers to increase their purchase proportions from qualified smelters every year to avoid material shortage. By 2025, 100% of cobalt shall be purchased from qualified smelters.

· In addition, through stakeholder engagement, we come to realize the issue of mica mining in some countries involving low-paid child labor is raising concern among human rights organizations. Mica is a key material for paint and is mostly used on the surface of electronic products. As mica mining imposes risks on supply chain management, we would constantly monitor relevant management requirements from international organizations and communicate with the supply chain in a timely manner.

Taiflex continues to investigate the source of minerals in the supply chain pursuant to



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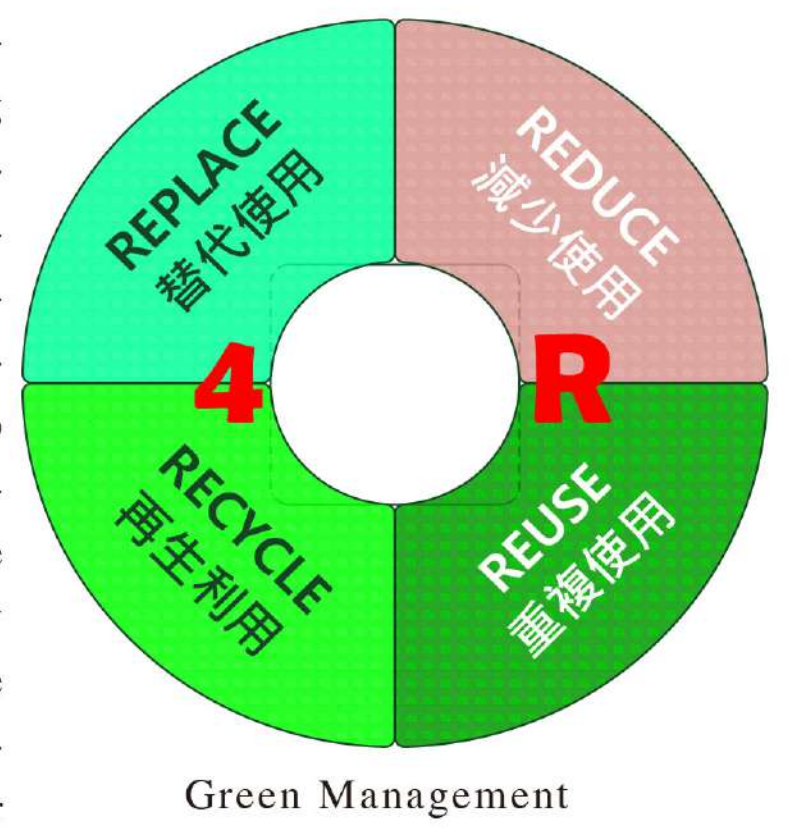
Global Reporting Initiative (GRI) Standards Comparison Table

the Conflict-Free Minerals Project. All the smelters and refineries disclosed on the list came from ones used by Taiflex's supply chain.

·Please access the official website for more information: <http://www.responsiblemineralsinitiative.org/minerals-due-diligence/>

### 4.2.2.3 Green Procurement Management

As a part of our social responsibilities and missions and line with our eco-policy, we have delivered our green procurement requirements along with purchase orders to our suppliers via the e-procurement system since 2015 to facilitate the execution of green procurement management. GP documents shall be provided or updated for the introduction of new materials and regular purchases to strictly comply with the green procurement management principles. We simultaneously promote the concept of green procurement to the supply chain, integrate the green supply chain to service customers and initiate measures to reduce and recycle packaging materials so as to mitigate their negative impact on the environment.



### 4.2.2.4 Requirements and Assistance Concerning Supplier Risk Control Mechanism

- Business continuity plan: We ask suppliers to formulate contingency plans and procedures for potential natural or man-made threats that may lead to production or service losses to ensure their business continuity and mitigate the impact on Taiflex.
- Earthquake risk: We take the initiative to help suppliers in need by teaching them how to improve the seismic design and performance of facilities. We also establish the emergency notification system so that suppliers can report their status and update their recovery progress in a timely manner for us to have a clear picture of their situation.
- Climate change risk: We ask suppliers to prepare response plans such as production backup plans or an increased safety stock factor to mitigate the impact brought on by any incidents.
- Fire risk: We share our experience to help suppliers with fire prevention.

### 4.2.2.5 Supplier Capability Enhancement

We place great importance on supply chain sustainability management. In order to improve management performance, we set goals and have assessments in place based on the quality, cost, delivery, and service of suppliers as well as sustainability indicators, encouraging suppliers to operate in coordination with our procurement strategies. We conduct periodic audits on suppliers to ensure all indicators meet our requirements. To improve the quality of materials from suppliers, we have adopted the COA e-system since 2019 for strict reviews on documents. Samples shall be provided to improve the efficiency of inspections on incoming materials. We replace regular visits with video conferencing to change the way we communicate with suppliers and enhance our presentation skills.

Besides continuous management, we encourage existing suppliers to diverse risks and jointly improve the supply chain flexibility. We hope that all qualified suppliers can work with us on strengthening the supply chain.

### 4.2.2.6 Recognition of Outstanding Suppliers

Taiflex halted the supplier conference in 2020 due to the pandemic. Instead, we expressed our gratitude towards suppliers’ support and contributions in the past year via video conferencing. Vice President, Jiang-Zhi Zhao, the CTO of our RD & Supply Chain Center, shared our visions with our partners during the meeting and stressed yet again our goal of overcoming the current challenges together to achieve better performance.



Recognition of Outstanding Suppliers



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## 5.1 Environmental Protection and Sustainability Policy

Taiflex was co-founded by professionals from the Industrial Technology Research Institute (ITRI) and the electronic materials field in Taiwan. Our production focuses on flexible materials with products including flexible copper clad laminate (FCCL), coverlay and optical materials. With industry-leading technology, we are the largest material supplier of FPC in Asia and a listed company in Taiwan. “Zero Accident and Environmental Protection” are the preconditions for all production-related activities within the Company. We stress the importance of issues associated with all employees, shareholders and environmental protection, fulfill our corporate social responsibilities, and adhere to the spirit of sustainable operation.

Taiflex views employees as the Company’s most valuable assets. Therefore, workplace safety and employee health are of utmost importance. All personnel and their families can rely on this promise of wellbeing. The Company strictly monitors risks arising from manufacturing, such as the risk of fire, explosion, exposure to chemicals, cuts and entanglement during the processes of synthesis, coating, slitting, and inspection. In view of a win-win solution for corporate development and environmental protection as well as occupational accident prevention, Taiflex is committed to carry out operation management in an eco-friendly manner and dedicated to pollution prevention and reduction control. The Company would implement reduction and effective utilization of energy and resources, risk controls, and intrinsic safety mechanisms.

Based on the aforementioned altruistic philosophy, Taiflex is united in making a concerted effort to cultivate an occupational safety and environmental protection culture for the entire workforce. We have established eight principal commitments as the foundation for major ESH policies and urged all personnel to comply with:

**I.Regulatory Compliance:** Commitment for all activities and products to comply with national environmental protection and occupational safety and health (OSH) laws, regulations, and requirements.

**II.Green R&D:** Commitment to green R&D from life cycle perspective in order to achieve energy conservation, carbon reduction and pollution prevention.

**III.Waste Reduction & Recycling:** Commitment to tirelessly improve manufacturing processes, the working environment and equipment, and enhance environmental protection, pollution prevention, and resource savings.

**IV.Full Participation:** Commitment to effective participation and consultation mechanisms. Strengthen full participation with all employees and stakeholders under the leadership of senior management and thereby promote environmental protection and safety awareness as well as emergency response capability.

**V.Workplace Safety:** Commitment to workplace safety as well as a healthy and friendly

working environment to safeguard all employees.

**VI.Risk Control:** Commitment to identify all ESH risks and opportunities. By controlling every operational risk from the source to enhance opportunities for improvement and thereby achieve the goal of Zero Accident.

**VII.Energy Conservation & Carbon Reduction:** Commitment to improve machinery and equipment efficiency and implement carbon reductions as well as environmental management throughout the production process in order to reduce GHG emissions.

**VIII.Continuous Improvement:** Commitment to continuous improvement in order to better ESH performance concerning injury and disease prevention. The policy is disclosed through appropriate means and media, allowing everyone to understand and carry through the ESH determination.

Issues on energy crisis, global warming and climate change have deteriorated since the start of the century while environmental protection laws and regulations have imposed tighter controls. The top mission of climate change management is GHG reduction. Besides complying with relevant laws and regulations and obtaining certifications associated with environmental management and system, we have also conducted various environmental sustainability reviews and implemented improvement measures including GHG inventory and reduction, resource inventory management, and waste reduction and recycling through examining the entire operation flows in response to climate change and our industry characteristics in order to achieve the goal of environmental sustainability.

### ESH policy of Taiflex:





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5.2 Investment and Risk Planning in Response to Climate Change

Climate change is inevitable among human activities. There are currently two ways to tackle the issue. One is to reduce GHG emissions through man made efforts in the spirit of the Greenhouse Gas Reduction and Management Act to mitigate the impact of climate change. Another method is the adoption of adaptation mechanism to diminish the risks for human and the nature under the influence of climate change. Taiflex has established the environmental sustainability policy, remained dedicated to pollution prevention and reduction control, implemented resource reduction and effective utilization, energy conservation and carbon reduction as well as kept up on climate change information and internal GHG inventory. The objective is to mitigate risks and seize opportunities from climate change.

5.2.1 Governance of Climate-Related Risks and Opportunities

For issues associated with climate change, the Company conducts assessments, establishes strategies accordingly, and sets up goals and implementation measures prior to holding discussions at Board meetings and allowing Directors to supervise the execution.

5.2.2 Strategies for Climate-Related Risks and Opportunities

- I.identify climate-related risks and opportunities
- II.identify climate-related risks and opportunities and their impact on the Company’s business, strategies, financial planning, etc.

5.2.3 Management of Climate-Related Risks

- I.To meet international requirements concerning climate change developments and build our capacity on climate change adaption, we have incorporated climate change management into our GHG inventory system.
- II.We have obtained ISO 14064-1 certification for our GHG inventory system, driving carbon reduction with the inventory results.
- III.Our renewable energy strategy: With support of senior executives, we have established a renewable energy task force dedicated to energy reduction. Where we fail to achieve the reduction target, we would purchase renewable energy for carbon neutrality so as to continuously promote the objective of sustainable development and comply with government policies as well as customer requirements.
- IV.Targets of renewable energy:
  - i.CO2 emission reduction target: Use year 2020 as the base year, the percentage of reduction target is twice the revenue growth rate in the base year. Where we fail to achieve the reduction target, we would purchase renewable energy for carbon neutrality.
  - ii.Over 10% of the Company’s electricity would be generated from renewable energy by 2030.
  - iii.50% of our operation worldwide would be using renewable energy by 2050.

5.2.4 Process of Climate-Related Risks and Opportunities

- I.Identify risks and opportunities
- II.Determine significant risks and opportunities
- III.Set risk and opportunity targets
- IV.Draw up implementation plans
- V.Evaluate the implementation effectiveness and formulate continuous improvement plans

5.2.5 Significant Risks and Potential Opportunities in Accordance with Climate Change are as Follows

Risk	Identification Result	Impact on Finance	Countermeasure
Physical Risk	Climate change results in increasing severity in natural disasters such as floods and droughts, and expansion of disaster areas.	Reducing production capacity and increasing material prices. Extreme rainfall leads to production interruption while drought results in water shortage and water rationing, and consequently shutdown.	Emergency generators, emergency water purchase, and carry out emergency response procedures to solve short-term issues of water supply and energy response.
Regulatory Risk	Total quantity control, air pollution and tightened emission standards.	Need to improve the efficiency of pollution control equipment which increases investment costs on equipment.	Invest in high-efficiency pollution control equipment to reduce pollution and operating costs and avoid exceeding the emission limit.
Policy Risk	Insufficient carbon allowance due to total quantity control policy.	Carbon allowance is subject to total quantity control. Excess shall be covered by the purchase of carbon rights through carbon trading which increases operating costs.	Enhance equipment to reduce energy consumption and carbon emissions.
Energy Opportunity	Set up condensation equipment for volatile organic compounds (VOC).	Reduce energy costs.	Adopt zeolite rotors and use highly-concentrated VOCs to assist combustion, thereby reducing natural gas consumption.
Green Energy Opportunity	Install solar panels on the roof of Taiflex 2.	Improve corporate image and reduce carbon emissions.	Renewable energy policy has been drawn up and will be implemented in 2021.
Resource Recovery Opportunity	Turn resource waste into fuel rods.	Evaluate waste recycling and achieve the objectives of mitigating environmental impact and increasing operating profits simultaneously.	Search for technologies which save resources and energy, thereby reducing waste incineration, lowering disposal costs and mitigating environmental impact.

5.2.6 Disclosure of Three-Year Total Operating GHG Emissions Data (Scopes 1, 2, and 3)

The production volume of Taiflex was 36,018 thousand m² in 2018, 34,564 thousand m² in 2019 and 39,105 thousand m² in 2020. The GHG emissions during operation are listed as follows:

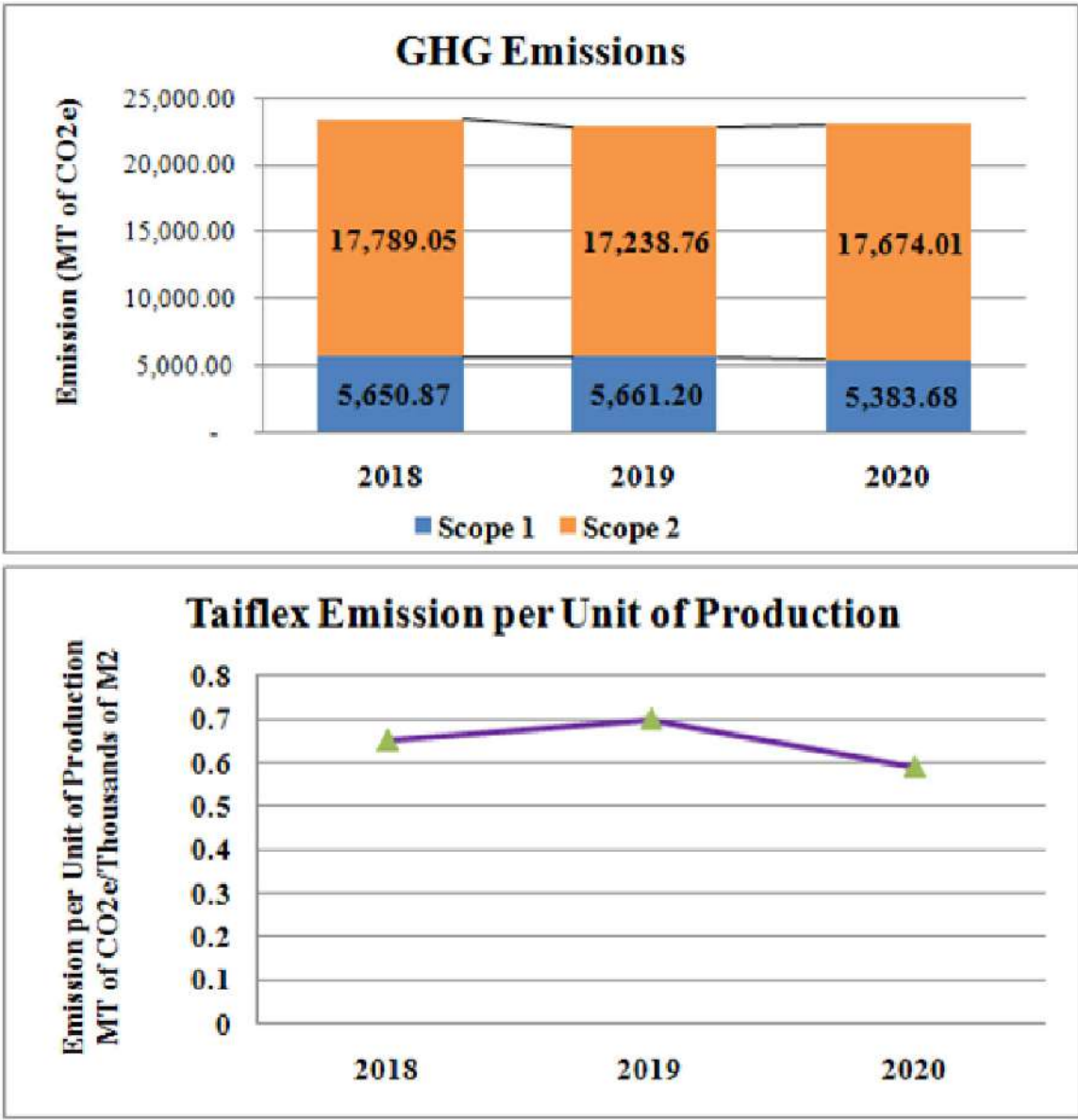
Taiflex GHG Emissions				
Unit: Metric ton (MT) of CO <sub>2</sub> e				
Year	Scope 1	Scope 2	Scope 3	Total
2018	5,650.87	17,789.05	0	23,439.92
2019	5,661.20	17,238.76	0	22,899.96
2020	5,383.68	17,674.01	0	23,057.69

Scope 1: Direct GHG emissions; Scope 2: Indirect GHG emissions; Scope 3: All other indirect GHG emissions



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5.2.7 Disclosure of Results for Targets Previously Set and Disclosed on Reducing Operating GHG Emissions

Key eco-measures adopted in 2020 and the results are as follows:

I.In 2020, green electricity generated from solar power was 1,000,899 kWh, equivalent to a reduction of 509.5 thousand KG of CO2e emissions. Green electricity refers to electricity which has zero or close to zero CO2 emission during production.

II.Natural gas consumption was 102,930 m3 in 2020, a reduction of 77,070 m3 compared to the base year.

III.The decrease in natural gas consumption also reduced the volume of secondary pollutants. The reductions of nitrogen oxides (NOx), total suspended particulate (TSP) and CO2 are shown in the table below:

Year	Reduction in Natural Gas (m³)	Reduction in NOx (kg)	Reduction in TSP (kg)	Reduction in CO₂ (kg)
2020	77,070	123.47	3.7	144,814.53

Calculated using the air pollution control fee factors and the Table of GHG Inventory Factors - version 6.04

5.2.8 Short-term and Long-term (use 5 years as the dividing line) GHG Emission Reduction Targets (Scopes 1 and 2)

Objectives in accordance with the Company’s renewable energy policy are:

I.CO2 emission reduction target: Use year 2020 as the base year, the percentage of reduction target is twice the revenue growth rate in the base year. Where we fail to achieve the reduction target, we would purchase renewable energy for carbon neutrality.

II.Over 10% of the Company’s electricity would be generated from renewable energy by 2030.

III.50% of our operation worldwide would be using renewable energy by 2050.

Significant risks in the short term come from stricter laws and regulations, floods, droughts, and power shortages. The Company formulates relevant countermeasures including the enhancement of carbon emission equipment to reduce energy use. Long-term risks are generated from the increasing awareness on climate change and controls implemented worldwide where carbon emission permits are obtained through emission trading at high costs. The Company's GHG reduction targets are as follows:

Short-term and Long-term GHG Emission Reduction Targets of Taiflex					
Unit: Emissions (MT of CO2e)					
Item	Year	Scope 1		Scope 2	
		Emission Target	Compared to Base Year	Emission Target	Compared to Base Year
Base year	2020	5,383	Base Year	17674	Base year
Short-term Target	2021	5,329	1%	17,497	1%
	2022	5,169	3%	17,322	1%
	2023	4,963	4%	17,149	1%
	2024	4,913	1%	16,978	1%
	2025	4,766	3%	16,808	1%
Long-term Target	2030	4,527	5%	15,967	5%
	2050	4,075	10%	8,837	50%



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5.3 Energy Management

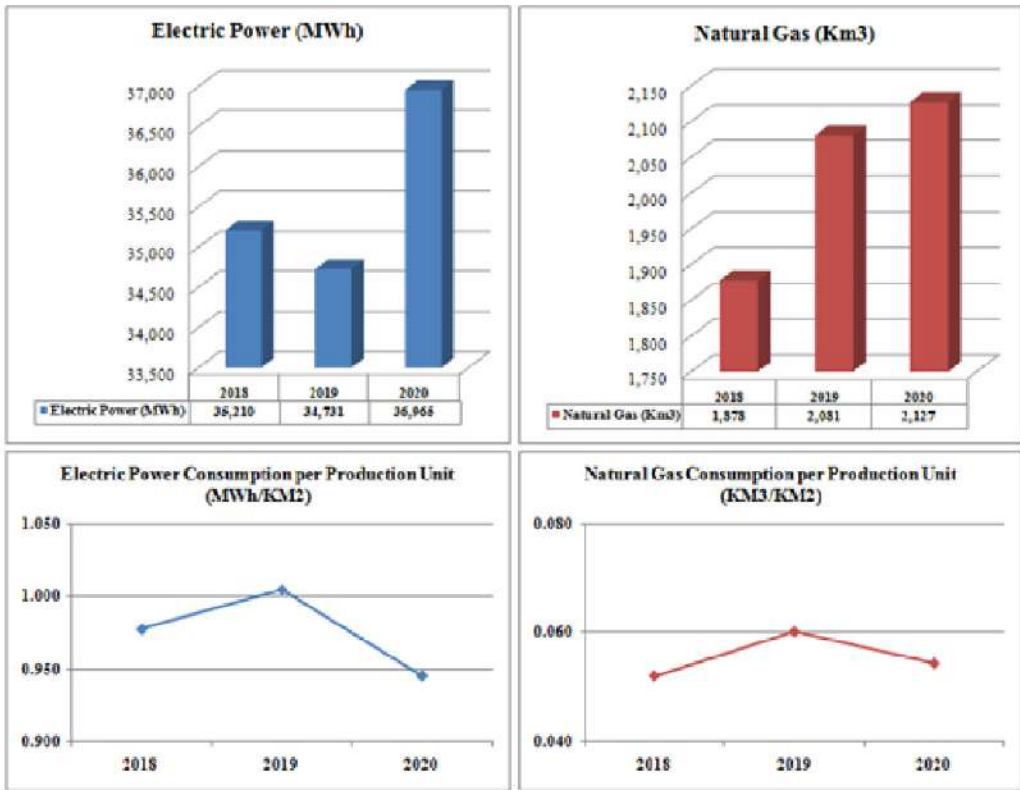
The Bureau of Energy, MOEA announced the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" pursuant to the "Renewable Energy Development Act" on December 31, 2020. The compulsory user of renewable energy shall perform its obligations either by installing renewable energy power generation equipment, purchasing renewable energy and certificates, installing energy storage facility or selecting a combination of the three within five years counting from the second year since notification of the compulsory installed capacity by the central competent authority. At present, the compulsory installed capacity of major electricity consumers (users with a chartered capacity exceeding 5,000 kW) shall be calculated as 10% of their average chartered capacity in the previous year.

The chartered capacity of Taiflex factories: 400 kW for Taiflex 1; 1,700 kW for Taiflex 2; 3,250 kW for Taiflex 3; and 700 kW for Taiflex 5. None of the factory is subject to the aforementioned regulations at this stage.

5.3.1 Energy Use

Taiflex mainly relies on electric power and natural gas while our process equipment relies mostly on electric power. The power consumption was 35,210 MWh, 34,731 MWh and 36,965 MWh from 2018 to 2020, respectively. Next, the total natural gas consumption was 1,878 Km3, 2,081 Km3 and 2,127 Km3 from 2018 to 2020, respectively.

In terms of percentage, electric power accounted for 94.9%, 94.3% and 94.6% while natural gas accounted for 5.1%, 5.7% and 5.4% from 2018 to 2020, respectively. (Please see the graphs below for details.)



5.3.2 Use of Renewable Energy

In response to the government’s continual encouragement for enterprises to use renewables, Taiflex has installed solar power systems on the roofs of Taiflex 3 and Taiflex 5 in 2015 and 2018, respectively. Solar power is one of the renewable energies. It is also called green power which refers to electricity that has zero or close to zero CO2 emission during production.

I.Electricity generated and carbon reductions by factory

Electricity generated was 1,001 MWh in 2020 (610 MWh from Taiflex 3 and 391 MWh from Taiflex 5), which reduced carbon emissions by 509 MT (310 MT for Taiflex 3 and 199 MT for Taiflex 5).

Electricity generated was 952 MWh in 2019 (607 MWh from Taiflex 3 and 345 MWh from Taiflex 5), which reduced carbon emissions by 485 MT (309 MT for Taiflex 3 and 176 MT for Taiflex 5).

Electricity generated was 1,058 MWh in 2018 (653 MWh from Taiflex 3 and 405 MWh from Taiflex 5), which reduced carbon emissions by 564 MT (348 MT for Taiflex 3 and 216 MT for Taiflex 5).

II.Electricity generated and carbon reductions by year

Between 2015 and 2020, electricity generated was 3,960 MWh with a carbon emission reduction of 2,463 MT. This is part of our efforts in environmental protection

The latest electricity carbon emission factor released by the Bureau of Energy on June 30, 2020 is used for the calculation.

2019 Electricity Carbon Emission Factor

Carbon emissions from electricity sold by electricity generating enterprises and self-use power generation facility installers at wholesale to electricity retailing utility enterprises - Carbon emissions due to line loss / Total electricity sold by electricity retailing utility enterprises = 0.509 kg CO<sub>2</sub>e/kWh

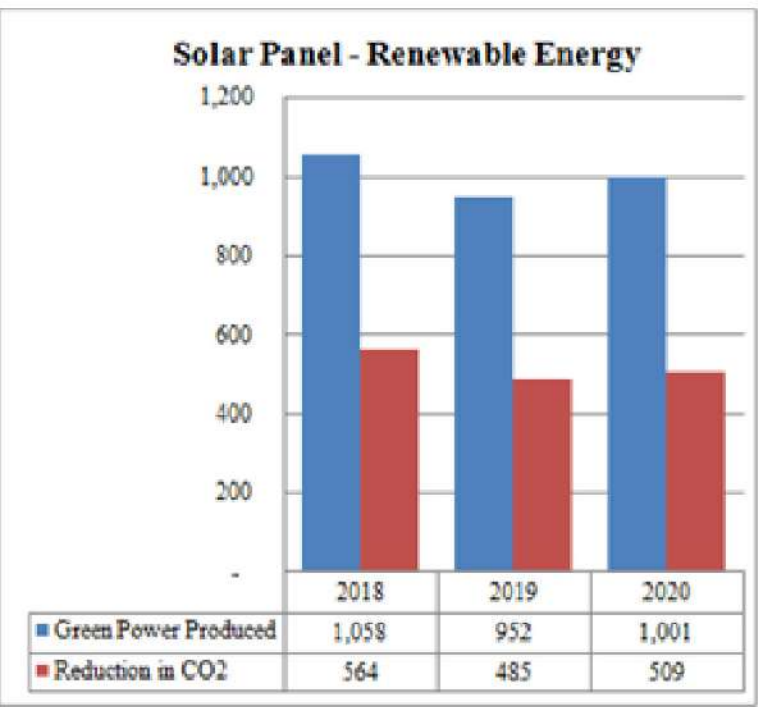
Description:  
1. Scope of application: As a reference for the calculation of GHG emissions from fuel burning indirectly borne due to the purchase or use of electricity from electricity retailing utility enterprises to cope with the quantification of GHG inventory.

2. The above result is calculated based on the "Standard Operating Procedures for the Calculation of Electricity Carbon Emission Factor for Electricity Retailing Utility Enterprise". It is used as a reference only. The emission factor over the years is as follows:

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Electricity Carbon Emission Factor	0.555	0.562	0.558	0.555	0.543	0.534	0.534	0.529	0.519	0.518	0.525	0.530	0.554	0.533	0.509

3. In accordance with Paragraph 1, Article 28 of the Electricity Act, "When an Electricity Retailing Utility Enterprise sells electric power to its users, the sold electric power shall have an Electricity Carbon Emission Factor that meets the electricity carbon emission factor criteria and be reported to the electricity industry regulatory authority", the "Electricity Carbon Emission Factor" has been replaced by the "Electricity Carbon Emission Factor of Electricity Retailing Utility Enterprise" since 2018. These two factors adopt the same calculation standards.

4. The "Electricity Carbon Emission Factor" will be a control item in the energy sector for the national periodic regulatory goals of GHG emissions in the future, with statistics derived from electricity sold by electricity retailing utility enterprises and renewable electricity through direct supply or wheeling. Once the direct supply or wheeling of renewable electricity takes place in the future, calculation would be performed based on the electricity carbon emission factor of electricity retailing utility enterprises along with renewable electricity through direct supply or wheeling.





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5.4 Raw Materials Management

5.4.1 Source Reduction – Reduce the Use of Raw Materials

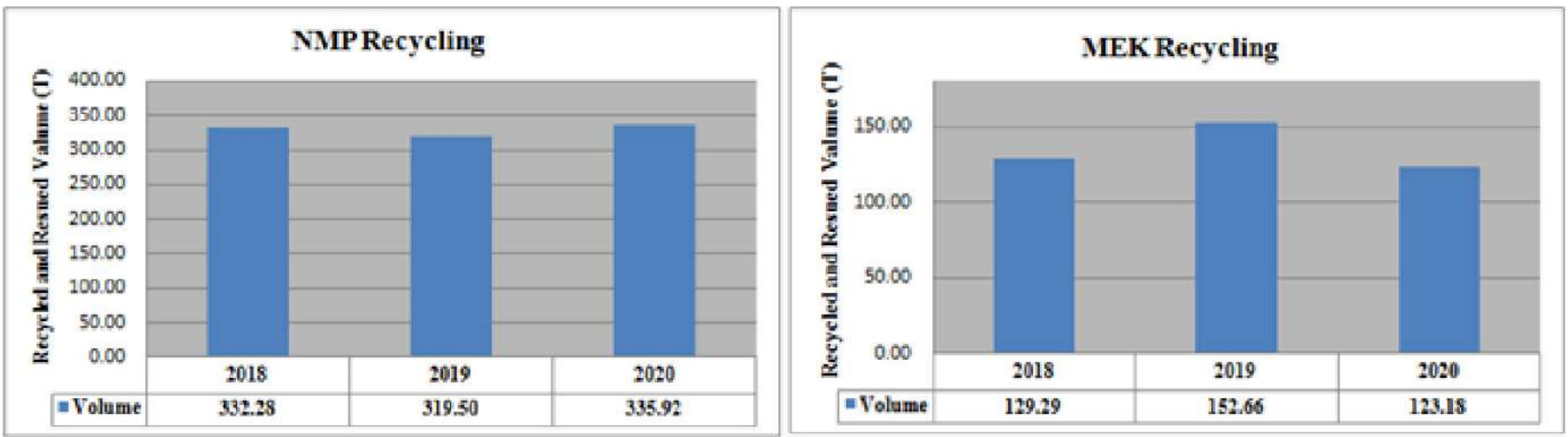
Taiflex has always insisted on directing the use of raw materials towards optimization with the best feasible practice so as to achieve minimal waste volume and production cost, accomplishing a win-win outcome where profitability and environmental protection are concerned. The consumption of raw materials in the past three years is as follows:

Year	2018	2019	2020
Raw Material Consumption (Km2)	81,711	80,505	88,433
Supplies Consumption (K pcs)	3,255	3,351	3,712

The consumption rate is slowly reduced based on annual output.

5.4.2 Recycled Raw Materials Management

Taiflex spent about NTS60 million to install the NMP recycling equipment at Taiflex 3 in May 2017. The equipment turns waste gases into solvent through condensation and refines NMP chemicals into industrial grade raw materials to be used at the production line through distillation and purification. NMP recycled was 332.28 MT, 319.50 MT, and 335.92 MT from 2018 to 2020, respectively. The recycling of NMP not only enhances the Company’ s competitiveness and cuts down stationary pollution sources and waste gases emissions, but also conforms to the concept of raw material recycling, reuse and zero waste. In terms of the organic solvent recycling system for plastic waste, MEK recycled was 129.29 MT, 152.66 MT, and 123.18 MT from 2018 to 2020, respectively. The recycling reduces waste as well as the volume of raw materials purchased, achieving environmental friendliness.



5.4.3 Green Products

Taiflex collaborates with upstream raw material suppliers and downstream FPC customers to mitigate the environmental impact as well as reduce the resources and energy consumed per production unit. For instance, FCCL and its technology development are driven by downstream demands. Following the trends of compact, reliable and multifunctional electronic products, the needs for high frequency, high speed and anti-electromagnetic interference products are increasing, boosting development of related products in the FCCL industry. Moreover, the use of electronic materials stresses on reducing pollution given the rising awareness in maintaining a green environment. Thus, suppliers intensify their efforts in the research and development of eco-friendly materials, initiating a material revolution in the CCL industry. Nowadays, electronics manufacturers gradually shifted to eco-friendly substrates. Driven by environmental awareness and regulations, eco-friendly materials will become the basic requirement for products.

FPC materials produced by Taiflex are widely used in various electronics, e.g., computer, mobile phone, camera, and consumer applications. Through our manufacturing techniques, customers’ designs can be realized and applied to daily life. These products have made significant contributions to the evolution of modern society. As the Company strives for growth, it also spares no efforts in protecting the environment and enhancing social value. Our products are listed as follows:

Environmental Impact of our Professional Manufacturing Services

- Continue to launch new process technology and satisfy end-product demand
- There are two directions in our design of FPC materials. One is the quest for thin, light, high frequency, high speed and high thermal conductivity products, namely mobile and wearable devices. With polarized demands, forefront material designs shall also meet the needs of end products. Taiflex’s research and development also aim to develop thin, light, high frequency, high speed, high thermal conductivity and high stability CCLs which are more advanced, energy-saving and eco-friendly to contribute to global sustainability.

Social Contribution of our Professional Manufacturing Services

- Assist customers with realizing the innovation and the rapid evolution of compact portable devices, offering fast and convenient mobile communication lifestyle.
- The rapid growth in smartphones and tablets reflects a robust demand for mobile device components. Portable devices bring about enormous convenience and the Company has made considerable contribution which include:
  - I.FCCL is categorized into two groups: 3L-FCCL with adhesive and 2L-FCCL without adhesive. 2L-FCCL enjoys the advantage of being thinner. Thus, it has gradually replaced the traditional 3L-FCCL and become the mainstream in the market due to the demand for thinner and lighter mobile devices; and
  - II.FPC is flexible, lightweight and thin. These characteristics satisfy the demand for compact data transmission and telecommunication products, allowing greater convenience in using mobile devices.



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II.FPC is flexible, lightweight and thin. These characteristics satisfy the demand for compact data transmission and telecommunication products, allowing greater convenience in ing mobile devices. People can communicate and manage affairs without time constraint, driving the mobility in modern life to a whole new level.

### Cooperate with Suppliers to Reduce Products’ Carbon Footprints Across the Board

•Where products are concerned, we insist on both quality and the production of green products. The environmental impact of the entire process, from the production and transportation of raw material to the production, transportation, application and disposal of products, is incorporated into the assessment. Carbon, water and other environmental footprints are all key indexes of the products’ environmental performance. Therefore, we demand our factories to duly conduct hazardous substance management, pollution prevention, energy and water conservation as well as waste reduction, and take one step further to ask or assist our suppliers to follow suit. Our major suppliers are also requested to set the same requirements where their suppliers are concerned. Step by step, the green supply chain is taking shape after several years of efforts.

### Compliance with or Stricter Controls than International Regulations Concerning Hazardous Substance Management

Through the establishment of IECQ QC080000 Hazardous Substance Process Management System, we can ascertain that our FPC materials are in compliance with international regulations and customers’ requirements associated with hazardous substance management, including:

•European Union’s Restriction of Hazardous Substances Directive (EU RoHS):

The maximum levels of restricted substances specified in the EU RoHS are as follows: Lead < 1,000 ppm, Cadmium < 100 ppm, Mercury < 1,000 ppm, Hexavalent Chromium < 1,000 ppm, Polybrominated Biphenyls < 1000 ppm, and Polybrominated Diphenyl Ethers < 1,000 ppm. The RoHS 2.0 adds four restricted substances: Bis(2-Ethylhexyl) Phthalate (DEHP) < 1,000 ppm, Benzyl Butyl Phthalate (BBP) < 1,000 ppm, Dibutyl Phthalate (DBP) < 1,000 ppm and Diisobutyl Phthalate (DIBP) < 1,000 ppm. All our products meet the regulatory requirements.

•Halogen-free electronics:

In general, halogen-free requirement means the product must contain less than 900 ppm of bromine and chlorine each, with a total of less than 1,500 ppm of halogen. All our products meet the aforementioned requirements.

•Restrictions on Perfluorooctane Sulfonate (PFOS), Perfluorooctanoic acid (PFOA) and relevant substance:

Taiflex is aware of the restrictions imposed by international laws and regulations. Raw materials containing PFOS, PFOA and relevant substances are no longer used in our process and none of our product contains these substances.

•Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) of the EU:

With regard to hazardous substances announced and Substance of Very High Concern (SVHC) gradually released by REACH, all our products meet the regulatory requirements.

•Waste Electrical and Electronic Equipment Directive (WEEE):

The directive is formulated to cope with the increasing waste electrical and electronic equipment,

mitigate the burden on landfills and incinerators, and prevent hazardous substance within the waste electrical and electronic equipment from polluting the environment. Our products are not the end products; thus, we are not directly subjected to the WEEE. After the end products are used by the end users, FPC materials would turn into waste which shall then be recycled by the manufacturers of the end products.

Besides existing international laws and regulations and customers’ requests, we would keep a close watch on regulatory requirements that may be formulated in the future and have countermeasures ready.

### Management and Reduction of Packaging Materials

Packaging materials of our shipments are all recyclable materials, including paper and plastics. The amount of lead, cadmium, mercury and hexavalent chromium in these packaging materials conforms to the EU’s standards. With regard to reductions in packaging materials, we have achieved a close to 100% reuse rate. We make every effort to recover the packaging materials such as cartons and cushioning materials for repetitive use and to minimize waste generated from raw material packaging.

## 5.5 Environmental Compliance

Taiwan is a small island with high population and factory density, and the regulatory body has gradually tightened the environmental laws and standards. For thorough environmental compliance, Taiflex has established a comprehensive identification and registration mechanism. The environmental protection department carries out conformity identification and assessment on environmental regulations concerning air pollution, water pollution, waste and toxic chemicals each quarter and adopts countermeasures for applicable laws and regulations. Where regulatory risk is identified, improvement or preventive measures would be taken promptly.

Zero accident is our fundamental goal. To ensure our compliance, we install various monitoring systems at the discharge valves of pollutant emission facilities and connect them with the central monitoring system for continuous online surveillance. Abnormal data would be handled immediately in accordance with the emergency and notification procedures as a precaution and to prevent pollution and violation of laws and regulations.

We have not had any environmental penalties in the past five years. Neither Taiflex nor the subsidiaries have serious pollution spills or incidents involving a violation of environmental laws.

Strategy	Sustainable Development Goal
1. Establish an environmental management system to implement autonomous management, and track and improve non-conformities. 2. Carry out conformity identification and assessment quarterly. 3. Continue to drive the upgrade and improvement of pollution prevention and control equipment as well as monitor the pollutant emissions for environmental compliance.	Maintain zero penalty on environmental incidents
	Goal
	Zero penalty on environmental incidents during the year
	Result
	Zero penalty on environmental incidents from 2016 to 2020



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5.6 Air Pollution Control

Our air pollution control equipment adopts the best technology available recommended by regulatory bodies and is in compliance with the Air Pollution Control Act and the Air Pollutant Emission Standards of Stationary Pollution Sources. It operates 24 hours a day throughout the whole year. There are also real-time monitoring systems in place to ensure normal operation. Furthermore, we would engage a third-party certification body to conduct annual tests on the emission concentration of various air pollutants. Exhaust gases generated during the manufacturing process of our factories are processed via closed systems which have been approved by the environmental protection unit. They are collected and processed based on their properties. Low-concentration exhaust gases are treated via zeolite rotor concentrators with rotary regenerative thermal oxidizer (RRTO). Prior to the introduction of zeolite rotors in 2018, the annual natural gas consumption was 180,000 m3. After the introduction of zeolite rotor concentrators to concentrate VOCs and later the RRTO for combustion, the consumption of natural gas as auxiliary fuel was 158,920 m3 and 102,930 m3 in 2019 and 2020, a reduction of 21,080 m3 and 77,070 m3, respectively.

Savings on Natural Gas with the Introduction of Zeolite Rotors - RRTO			
Year	Natural Gas	Base Year Comparison	Unit
	Consumption	(Decrease)	
2018	180,000	Base year (prior to improvement)	m <sup>3</sup> /y
2019	158,920	21,080	m <sup>3</sup> /y
2020	102,930	77,070	m <sup>3</sup> /y

The decrease in natural gas consumption also reduces the volume of secondary pollutants: NOx, TSP and CO2. Details are summarized as follows:

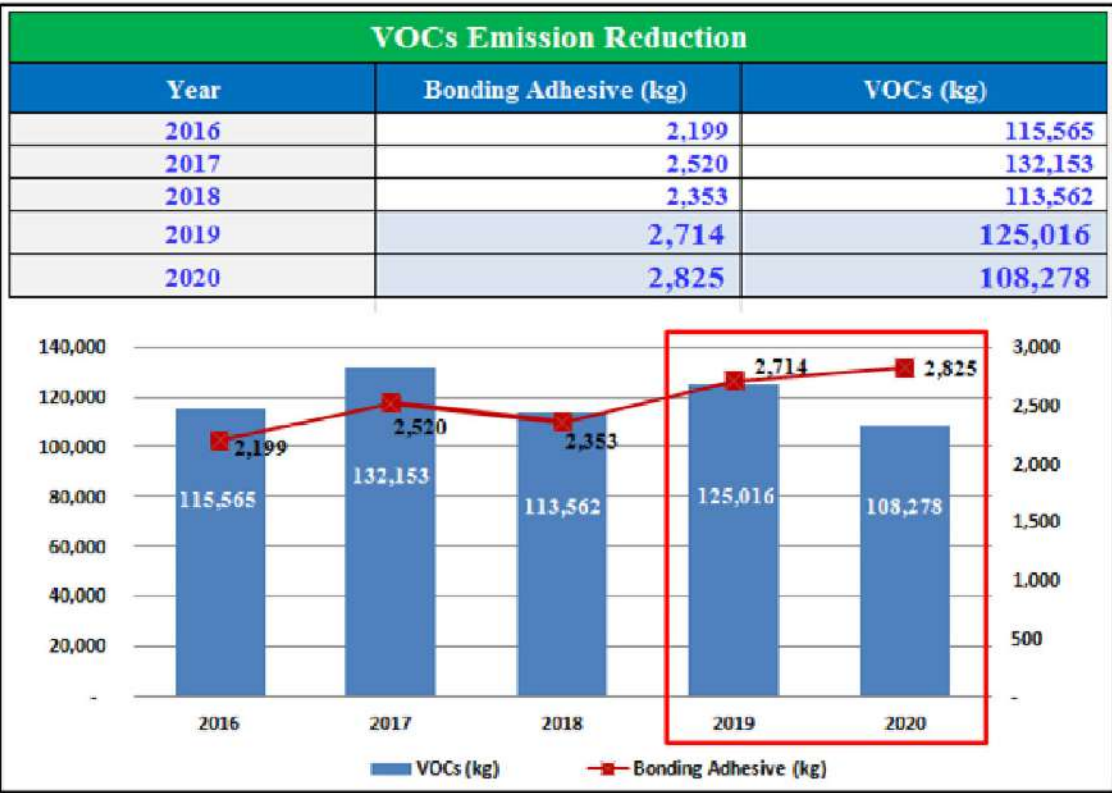
Year	Reduction in	NOx (kg)	TSP (kg)	CO <sub>2</sub> (kg)
	Natural Gas (m <sup>3</sup> )			
2019	21,080	33.77	1.012	39,609
2020	77,070	123.47	3.7	144,815

Calculated using the air pollution control fee factors and the Table of GHG Inventory Factors - version 6.04

5.6.1 Waste Gases Recovery Facilities

Taiflex adopts the condensation system developed by the Industrial Technology Research Institute for the treatment of waste gas NMP where NMP is condensed and then refined through purification to be returned to the manufacturing process. This is considered a circular economy practice. In order to fulfill our social responsibility, we tirelessly advance in pollution control and improvement as well as operation management. We

persistently enhance the process efficiency for equipment to be operating at a stable or optimal condition to reduce VOCs emission, save natural gas and raw materials consumption, and cut down waste of resources as well as the consequent secondary pollutants. We had an average VOC removal rate of 98% which exceeds the regulatory requirements. VOCs were reduced by 13.38% in 2020 compared to 2019. The reduction effectiveness is detailed as follows:



Our ESH policies include waste reduction & recycling, energy conservation & carbon reduction and continuous improvement. In 2016, we built the NMP condensation and purification systems as the exhaust gas treatment and prevention facilities and switched from waste gas combustion to the recycling of organic NMP solvent from waste gases. The recycling has reduced fuels (i.e., natural gas) consumption as well as carbon emissions, and the solvent recycled can be reused as raw materials during the manufacturing process. In short, the recycling lowers our raw materials purchases and waste gas emissions as well as mitigates the impact of secondary pollutants on the environment while conforming to the concept of environmental protection and circular economy. The overall environmental benefits are detailed in the following table:

Year	Recycled as Raw Materials (kg)	CO2 Emission Reduction (kg)	Cumulative Consumption (kg)	Cumulative CO2 Emission Reduction (kg)
2016	76,763	170,567	76,763	170,567
2017	395,708	879,263	472,471	1,049,831
2018	332,283	738,333	804,754	1,788,163
2019	319,501	709,931	1,124,255	2,498,095
2020	335,920	746,415	1,460,175	3,244,509
Number of trees in equivalent: 296,302 trees				

Note: According to the research data of the Environmental Quality Protection Foundation (EQPF): 1kg NMP = 2.445kg of CO2. A tree can absorb around 10.95kg of CO2 per year.



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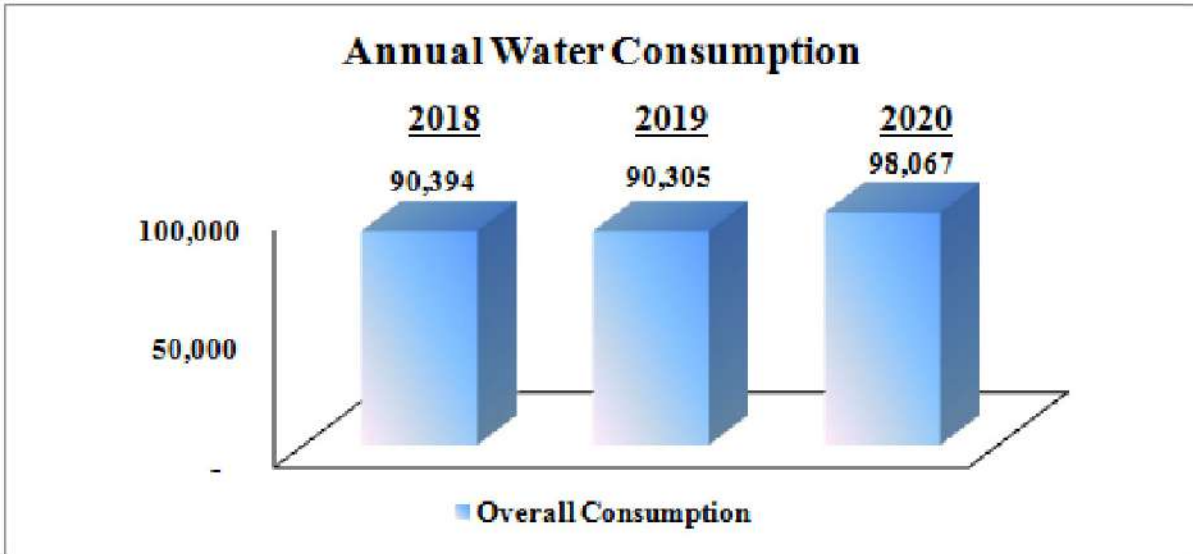
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## 5.7 Water Resource Management

### 5.7.1 Water Usage

Taiflex adopts the dry process. Water is mainly used as cooling water for air conditioning, followed by employee daily usage and firefighting purposes, and is all tap water. Within the factories, we have RO water recycled as cooling water for air conditioning.

Water consumption was 90,394 MT, 90,305 MT and 98,067 MT from 2018 to 2020, respectively. The consumption increased by 7,762 MT in 2020 comparing to the previous year.

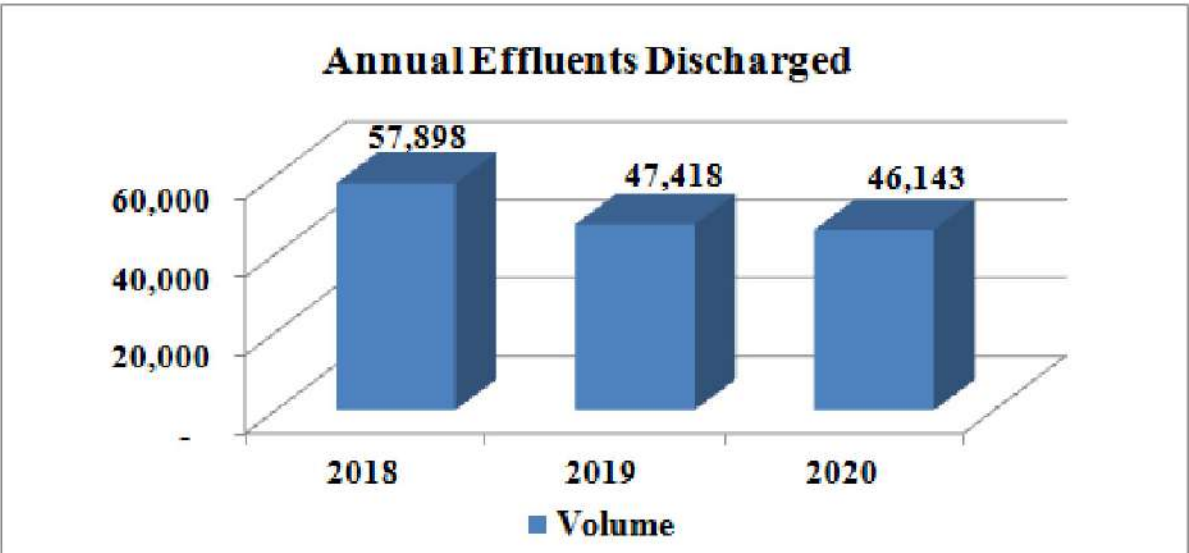


### 5.7.2 Effluents Discharge

Effluents from operation are mostly wastewater discharged from the cooling tower for factories and water used for domestic purposes, e.g., wash up or kitchen waste cleaning. Our etching laboratory in Taiflex 1 would discharge etching wastewater; thus, a wastewater treatment system was installed. The system is equipped with pH and flow meters connected to the central monitoring system for constant online monitoring to ensure the effluents discharged fully meet the standards set by the processing zone. The wastewater is then processed by the Kaohsiung Central District Sewage Treatment Plant before being discharged into the ocean. Consequently, our effluent discharge would not affect the biodiversity in the conservation area nor the high degree of biodiversity outside the conservation area.

Regular inspections are carried out at each effluent outlet twice a year with monthly self-inspections. The test results meet the effluent standards. The average COD value from regular inspection was 46.8 mg/L between 2018 and 2020, which was much lower than the effluent standard of 600 mg/L. No fine has been issued by the competent authority since incorporation.

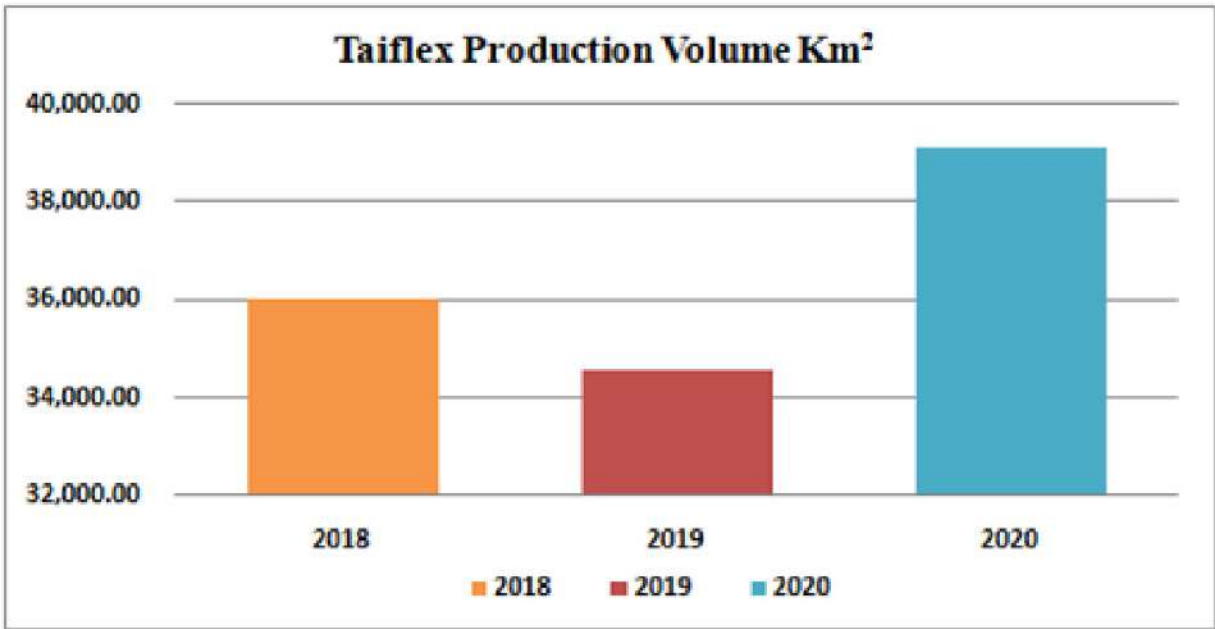
The volume of effluents discharged was 57,898 MT, 47,418 MT, and 46,143 MT from 2018 to 2020, respectively. The total effluents discharge in 2020 decreased by 1,275 MT compared to 2019.



## 5.8 Waste Management

### 5.8.1 Principle: Enhance Resource Efficiency, Promote the Concept of Reuse and Mitigate Environmental Impact

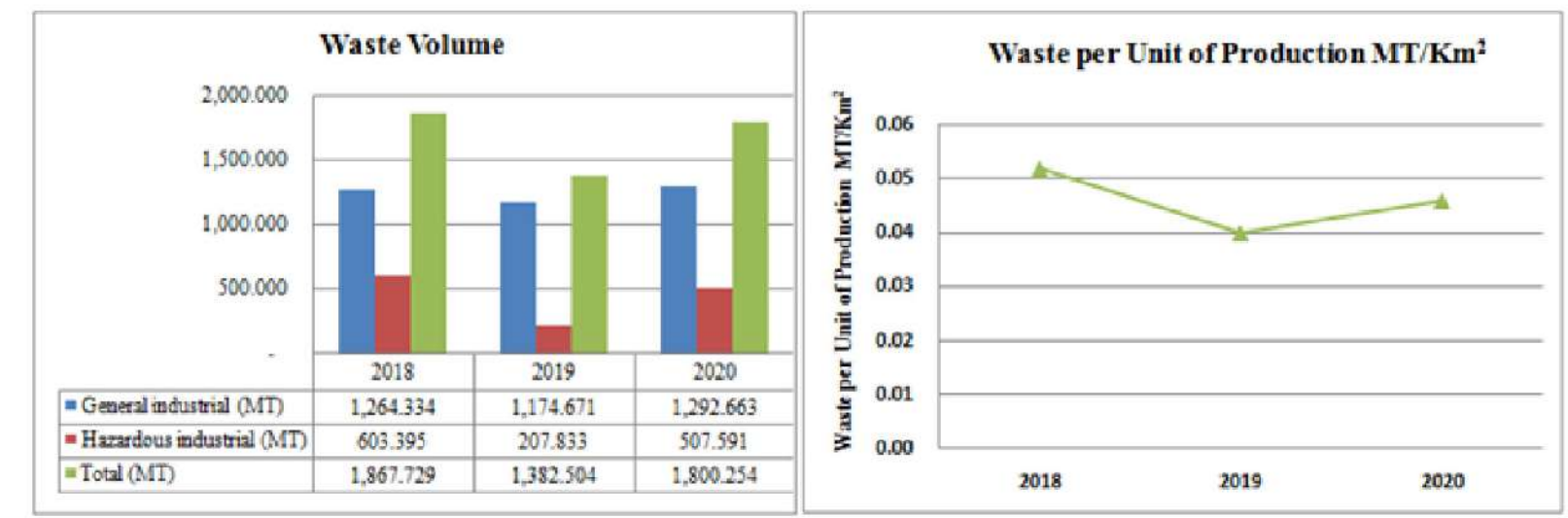
Waste generated from our production can be categorized into two types: general and hazardous industrial waste. Waste is handled by qualified waste disposal vendors in accordance with relevant laws and regulations and on-site inspections on hazardous waste treatment plants are carried out regularly every year to ensure proper disposal of waste. Recyclable waste is recycled and reused while hazardous industrial waste is treated internally in an attempt to reduce outsourcing of hazardous substance in order to lower operating cost and mitigate the environmental impact. Through effective management, we continue to work towards waste reduction. Waste volume was 1,867.7 MT, 1,382.5 MT, and 1,800.3 MT from 2018 to 2020, respectively. There was a decrease of 67.5 MT in 2020 compared to 2018. Taking into account the production volume from 2018 to 2020 of 36,018 thousand m<sup>2</sup>, 34,564 thousand m<sup>2</sup>, and 39,105 thousand m<sup>2</sup>, respectively, waste per unit of production was 0.052 MT/Km<sup>2</sup> in 2018 and 0.046 MT/Km<sup>2</sup> in 2020, a reduction of about 0.006 MT/Km<sup>2</sup> in 2020 compared to 2018.





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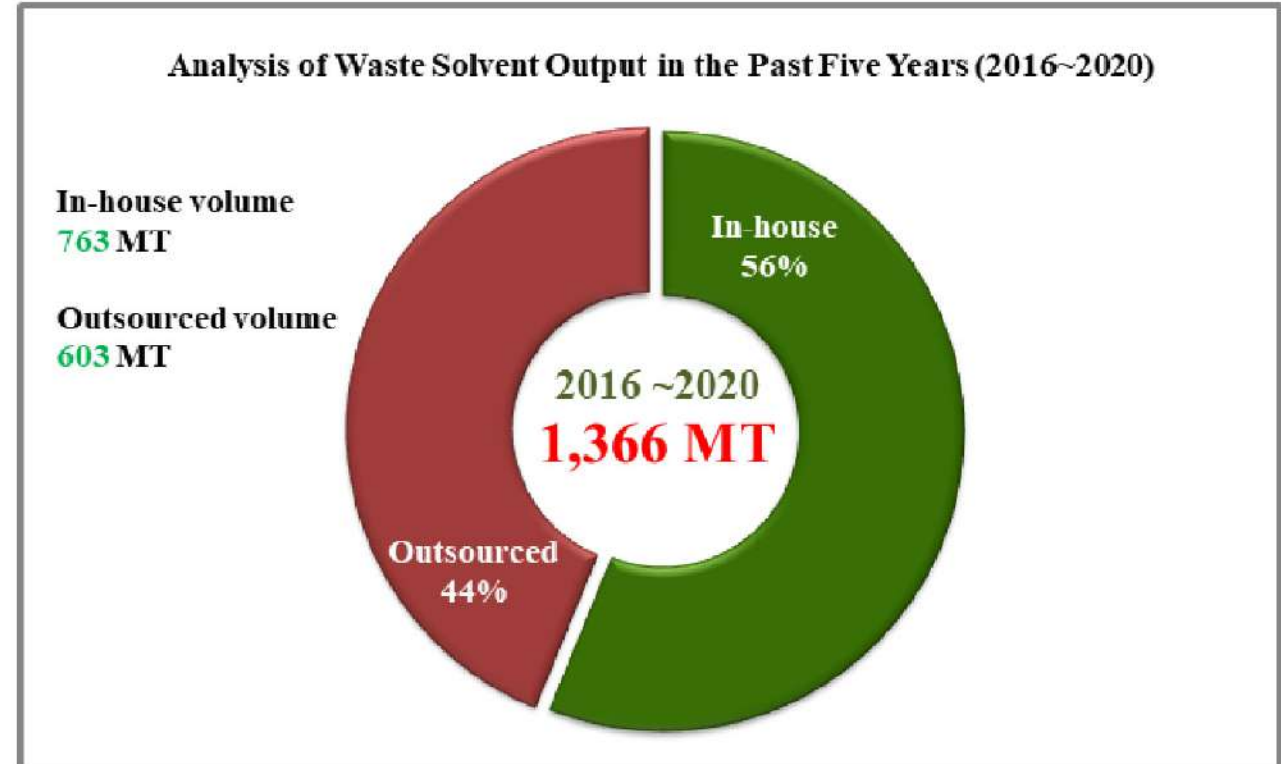


5.8.2 Waste Reduction Measures  
5.8.2.1 Ban on Disposable Tableware

Most disposable tableware takes up a large amount of wood, paper pulp, detergents, bleach, and chemicals such as sulfur dioxide for its production. It is energy consuming with adverse impact on the environment and health. Taiflex has taken the lead in promoting the “BYO Utensils” program in 2011 where employees were given eco utensils and encouraged to bring their own set of tableware. Eco utensils are also available in the cafeteria for guests and suppliers where disposable tableware is banned to stop further damage on employees’ health and the environment. In 2020, there was an average of 810 diners (including but not limited to Company employees) per day using the cafeteria. Based on this figure and the 245 working days in 2020, we saved about 198,450 disposable utensils, equivalent to 2,976.75 KG of virgin paperboards considering each disposable lunchbox weights about 15 grams. Data given by the paper lunch box manufacturers indicate that about 15% to 23% of raw materials would be wasted during the production process. Thus, at least 3,661.4 KG of paperboards are needed to produce 197,706 lunch boxes. If a tree takes between 20 to 40 years to reach a height of 8 meters with a diameter of 16 cm can produce 50KG of paper, 74 trees would be needed for 3,661.4 KG of paperboards. Our implementation of BYO Utensil program not only reduces waste and carbon emissions but also lowers the impact of waste on the environment. Furthermore, it is hygienic and healthy for employees.

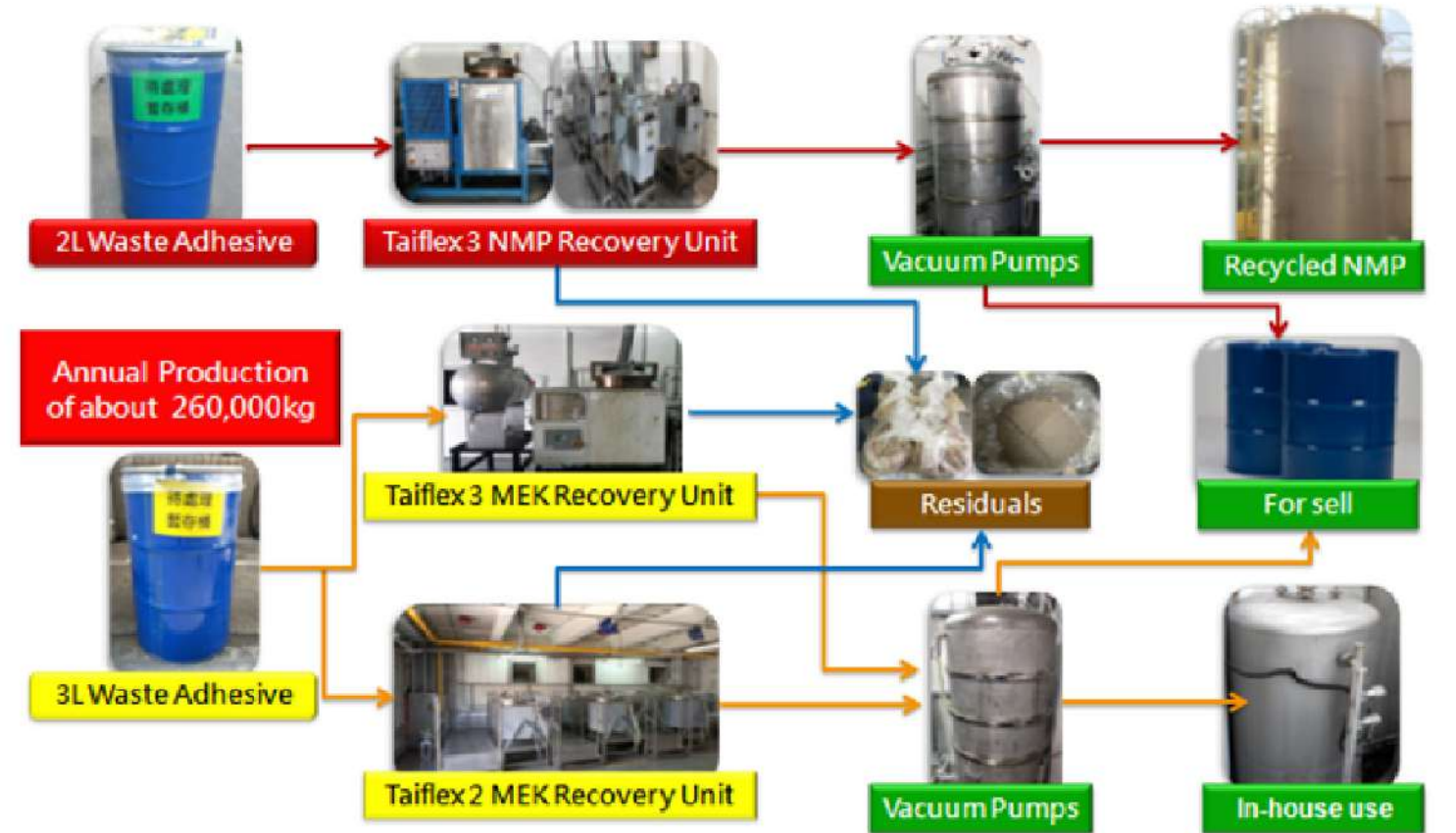
5.8.2.2 Waste and Circular Economy

We uphold the goal of zero waste with regard to hazardous industrial waste generated from production to minimize energy consumption. We recycle organic solvent from our hazardous industrial waste (organic solvent) through the internal recycling system to not only save energy and avoid improper loss and waste of resources, but also reduce the environmental impact of waste. We strive to identify the best measure and set zero pollution as the ultimate goal.



We have 12 sets of 60-liter and 2 sets of 200-liter solvent recovery units to process our hazardous industrial waste (organic solvent). The solvent recovered can be reused

Recycling of Organic Solvent Waste - Circular Economy



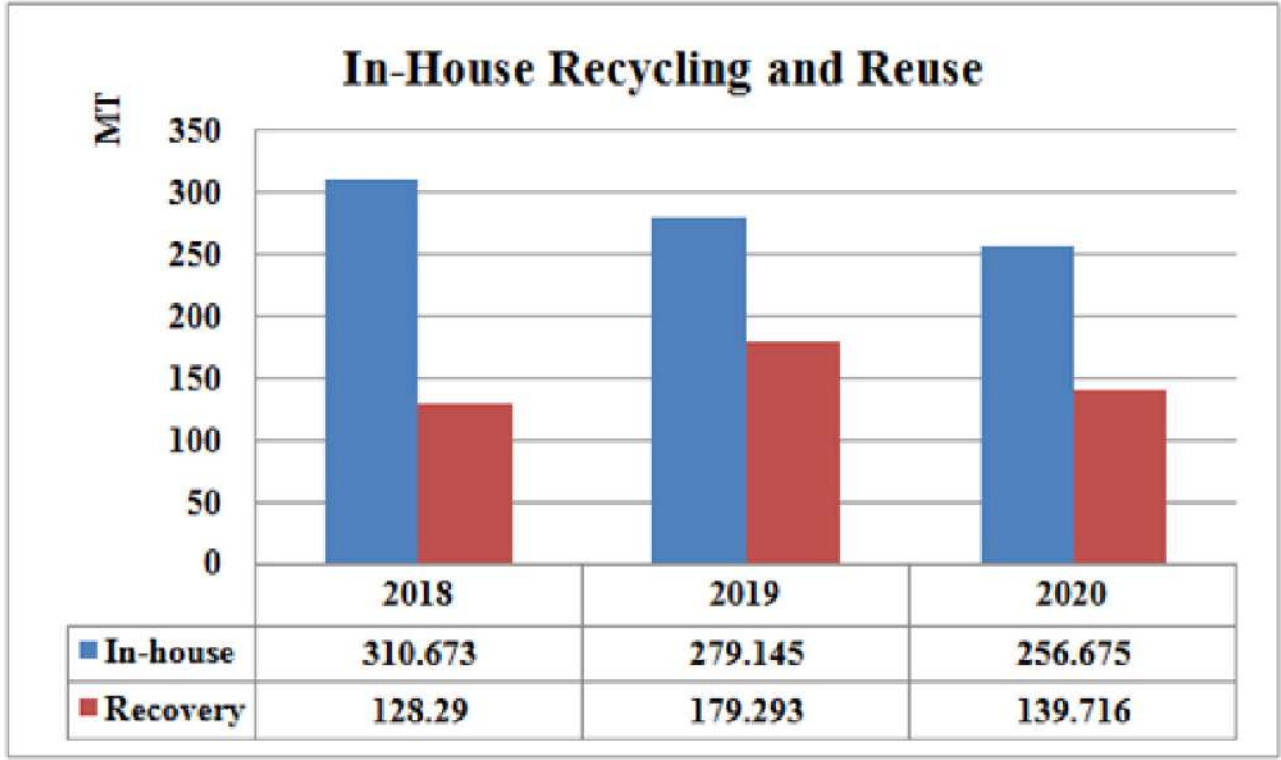
We have 12 sets of 60-liter and 2 sets of 200-liter solvent recovery units to process our hazardous industrial waste (organic solvent). The solvent recovered can be reused and the in-house facilities lower the environmental impact of outsourcing. In 2020, vacuum pumps for the solvent recovery units were installed to reduce the solvents’ boiling point for distillation and minimize electricity consumption of heaters. As distillation in a vacuum state prevents waste gas emission, the waste gas is collected via enclosed, negative-pressure operation to be pro-



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cessed in air pollution control equipment. Remote monitoring devices were installed in the same year to ensure solvent recycling efficiency and regional environmental safety. Between 2018 and 2020, our in-house recycling system processed 310.673 MT, 279.145 MT and 256.675 MT of hazardous industrial waste and recovered 128.29 MT, 179.293 MT and 139.716 MT of organic solvent, i.e., a recovery rate of 41.3%, 64.2%, and 54.4%, respectively. The recovery rate in 2020 increased by 13.1% compared to 2018.



In order to reduce waste, we recycle and reuse waste solvents to decrease environmental burden, establish sustainable use of resources, and realize the concept of circular economy. We also cut down the GHG emissions (kg) from solvent production. Between 2016 and 2020, we recovered a total of 762,579 kg of organic solvents from waste adhesive, equivalent to a carbon reduction of 1,854,878 kg or the planting of 169,395 trees.

Carbon Reduction due to Solvent Recovery from Waste Adhesive between 2016 and 2020

Main Solvent	Waste Adhesive (kg)	Annual Recovery (kg)	Reduction in CO <sub>2</sub> Emission (kg)
MEK	898,083	719,405	1,758,945
NMP	468,002	43,174	95,933
Total	1,366,085	762,579	1,854,878
CO <sub>2</sub> absorption by trees		169,395 trees	
Note: According to the research data of the EQPF: A tree can absorb around 10.95kg of CO <sub>2</sub> per year.			
1kg MEK = 2.222kg of CO <sub>2</sub> and 1kg NMP = 2.445kg of CO <sub>2</sub>			

## 5.9 Green Investing and Benefits

The purpose of Taiflex’s environmental accounting system is to identify and measure the Company’s environmental costs as well as to conduct benefit assessments and compile statistics on costs reduced or revenue generated as a result of executing environmental projects, and thereby encourage and promote environmental projects with economic benefits. Economic benefit is calculated by estimating the potential cost savings from reductions in energy, water consumption and waste for carrying out the environmental projects plus the revenues from waste recycling and reuse. The economic benefit amounted to NT\$69,757 thousand in 2020.

Environmental expenditure totaled NT\$23,939 thousand in 2020. It was mostly cost for operating and administrative activities of the Company, e.g., audits on environmental system standards, pollution control, environmental monitoring, eco-education, sponsorship to eco-organizations, etc. We collaborate with impartial third-party assurance agencies and agencies engaging in recycling, professional waste disposal and environmental monitoring.

TAIFLEX Scientific Co., Ltd.	
2020 Green Investing and Benefits	
Item	Details
1. Environmental protection expenditure	(1) Pollution control (regulatory fees and charges: e.g., air pollution control fee, etc.)
	(2) Eco-projects to reduce environmental impact (e.g., improvements on waste gas treatment system) (Application fees for operating permits)
	(3) Industrial waste disposal charge
	(4) Industrial waste recycling charge (reuse) (3L + 2L)
	(5) Environmental management fee (maintenance and certification of ISO14001 management system)
Total spending: NT\$23,939 thousand	
2. Environmental benefits	(1) Savings on pollution control and reduction measures (NMP, natural gas, etc.)
	(2) Savings on reduction, recycling and reuse of industrial waste (Savings on recycling of 3L + 2L waste solvent)
	(3) Savings from measures to improve wastewater treatment efficiency
	(4) Savings on resource recycling (Income from resource reuse)
	Total savings: NT\$69,756 thousand
3. Items to be improved	(1) Reduce air pollution (reduce air pollutant emissions)
	(2) Cut down resource consumption (e.g., recycling and reuse of organic solvent waste)
	(3) Improve the efficiency of control facilities (waste gas condensation)
	(4) Waste and circular economy
4. Impact upon improvement	(1) Reduce environmental impact and sponsor community parks to fulfill corporate social responsibilities and achieve sustainability
	(2) Reduce air pollutants by more than 5%, lower resource consumption and VOCs emissions, and increase raw material consumption and production
	(3) Innovative eco-measures to enhance competitiveness and achieve the goal of sustainability



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6.1 Stable and Healthy HR Structure

As of the end of 2020, Taiflex had a total of 764 employees. Due to process technology advancement and equipment automation, the proportion of technicians dropped slightly from 55% to 54% of employees. Changes in weightings between genders were minimal with female and male employees accounted for 22% and 78%, respectively. The percentages reflect the socio-economic environment in Taiwan i.e., the Company’s operation base where the majority of students in science and engineering majors are male. Consequently, the proportions are as such.

Item	2017	2018	2019	2020
Number of employees	728	776	735	764
% of managerial personnel at section level and above	11.00%	11.56%	12.15%	12.57%
R&D personnel	9.10%	8.60%	8.03%	8.38%
% of employees with Master’ s degree and above	19.00%	17.30%	17.54%	16.62%
% of female employees	23.00%	23.00%	23.35%	22.25%
Average turnover rate of employees under 30 years old	0.27%	0.30%	0.60%	0.26%
Average turnover rate of employees between 30 to 50 years old	1.00%	0.70%	0.91%	0.75%
Average turnover rate of employees over 50 years old	0.03%	0.00%	0.13%	0.14%

Our overseas subsidiaries are located in China, U.S., Japan, etc. We have production bases in China which also provide sales and technical support. The subsidiaries in U.S. and Japan offer services including sales and technical support.

FPC industry is a knowledge and technology-intensive industry. Employees’ innovations and contribution secure our leading position in the industry. In order to ensure corporate sustainability, preserve knowledge and revitalize the company while taking into account external factors such as the economy, we set the cap of our turnover rate at 3%. The average turnover rate at our headquarters was 1.15% in 2020, consisted of 0.85% male employees and 0.3% female employees. Among different age groups, the average turnover rate was 0.26%, 0.75%, and 0.14% for employees under 30 years old, between 30 to 50 years old and over 50 years old, respectively. In line with market demand and product mix adjustments, we made some significant modifications and integrations at our production bases in China. The new production base was nearing completion in 2020 where recruitment will commence after the trial runs.

The Labor Standards Act of R.O.C. stipulates that “No employer shall, by force, coercion, detention, or other illegal means, compel a worker to perform work.” The International Labour Organization (ILO) also prohibits any form of compulsory labor.

Taiflex adheres firmly to local labor regulations and international standards, and would never force or coerce people to work against their will. Both ILO and R.O.C. gov-

ernment have drawn up regulations against the recruitments of labor under the age of 15.

Our Labor Standards Act takes one step further and stipulates that children above the age of 15 but under 16 as well as workers above the age of 16 but under 18 shall not engage in dangerous or hazardous works. Taiflex strictly complies with local labor regulations and international standards, and formulates the “Rules on Employee Recruitment” specially for the purpose. We prohibit child labor and conduct job interviews only with applicants aged 16 or above and recruits shall provide proofs of identification for verification. Applicants are subject to the dual-checking mechanism before they can be formally employed. Through these efforts, the Company is able to maintain a sparkling record in banning the employment of labors under the age of 16 and will continue to uphold the principle in the future.

I.Provide education and training concerning anti-corruption policy to all employees: The Company promotes ethical concepts including business ethics and relevant guidelines to all employees and new recruits when the need arises.

II.Number of employees in compliance with the policy: 764 employees are in compliance with the policy. There has been no incident of violation.

6.2 Talent Recruitment with Quality and Quantity

Continuous contribution from employees is the cornerstone of our growth. To build up growth momentum, we proactively recruit professional talents of various fields. Our recruitment is based on candidates’ competence and assigning the right people to the right job, and we provide equal employment opportunities to all candidates regardless of race, class, language, ideology, religion, political party, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, physical and mental disabilities, horoscope, blood type, or previous membership in any labor union. Candidates are treated equally during our open and fair recruitment process. In practice, Taiflex strictly abides by the local governments’ regulations and the RBA. To protect candidates’ personal information and avoid employment discrimination, we have “Rules on Employee Recruitment” in place. Data gathered during the interview stage are mostly job-related and subject to personal data protection guidance (with reference to ISO 27001 - an information security standard).

We value diversity at workplace. Besides organizing large recruitment activities in Taiwan, we also aggressively recruit foreign executives in the FPC industry from countries such as China, Japan and the U.S. In addition to online channels (e.g., 104 job bank,



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1111 job bank, and executive recruiters), our middle and senior managers would conduct interviews with local talents to identify suitable candidates for the Company.

Taiflex continues to organize recruitment fairs for effective hiring from our targeted groups to satisfy our demand of human resources for continuous growth. Our operation continues to expand in 2020, employing a total of 46 professionals and administrative personnel plus over 152 production line technicians. To secure a long-term supply of talents, we proactively raise our R&D capacity and the level of human resource investments to sustain our competitive advantages amid global challenges. Based on the aforementioned beliefs, we strive to achieve the following goals:

**Exert Our Influence to Attract Talents at an Early Stage and Encourage Their Participation**

We recruit from schools. Besides job fairs at campuses, we spare no efforts on various carefully-planned projects so that students can become acquainted with various jobs and prospects of the industry. Key activities include the following:

Project	Outcome
Summer internship	We provide internship opportunities to college and university students so that they can apply their knowledge, experience workplace culture early and have more interactions and learning opportunities with our teams.
Visits from professors and students of our targeted majors	This allows college and university students to know the working environment of the industry beforehand and promotes industry-academia exchange and interactions.
School seminars	We arrange for our managers or industry professionals to share corporate philosophies as well as career development opportunities associated with FPC and energy materials, encouraging students to take part in relevant fields.
Career coaching program	We have taken part in National Cheng Kung University's Career Coach Program since 2015. Besides attracting outstanding talents to join the Company, we aim to fulfill our corporate social responsibility and for students to have early exposures to work experience.



**Youth Employment Project**

Taiflex has participated in the government’s “Youth Employment Project” since 2017. We recruit senior high school graduates and nurture technical talents through apprenticeship so as to lay a solid foundation for talent development.

**Youth's Employment Ultimate Program**

Taiflex has participated in the government’s “Youth's Employment Ultimate Program” since 2020. We recruit youths between the age of 18 to 29 and nurture technical talents through apprenticeship so as to lay a solid foundation for talent development.

**Diverse job opportunities for people with disabilities**

We encourage the recruitment of disabled people and take the initiative to integrate external resources. Besides current job positions, we continue to create suitable job opportunities, e.g., massage services, document receipt and forwarding, etc.

As of the end of 2020, the number of disabled employees accounted for 1.05% of our total workforce, which exceeded the regulatory requirements.

## 6.3 Employee Growth Engines

Corporate growth is inseparable from employees’ learning and development, and the latter adhere to our training philosophy of “learning diversification, competence advancement, promotion of internalization, growth as one, transfer of learning, performance enhancement, continuous improvement, and flexible development”. Taiflex strives to build a continual learning environment rich in contents. We have formulated the “Educational Training Rules” and integrated external and internal resources to nurture and improve employees’ competence, allowing employees to advance with the Company.

**Comprehensive Performance Management and Development**

The purpose of our performance management and development system is to explore employees’ potential, providing an environment which facilitates employees’ continuous growth as well as promotes interactions and communication between management and employees. The system pursues simplicity and practicality while complies with the following four principles:

- Feedback and recognition – Feedback and recognitions are given based on the employees’ performance of target achievement level
- Direction and improvement – Improvement directions and plans for the subsequent period are drawn up for aspects which fail to meet the target
- Continuous communication and encouragement



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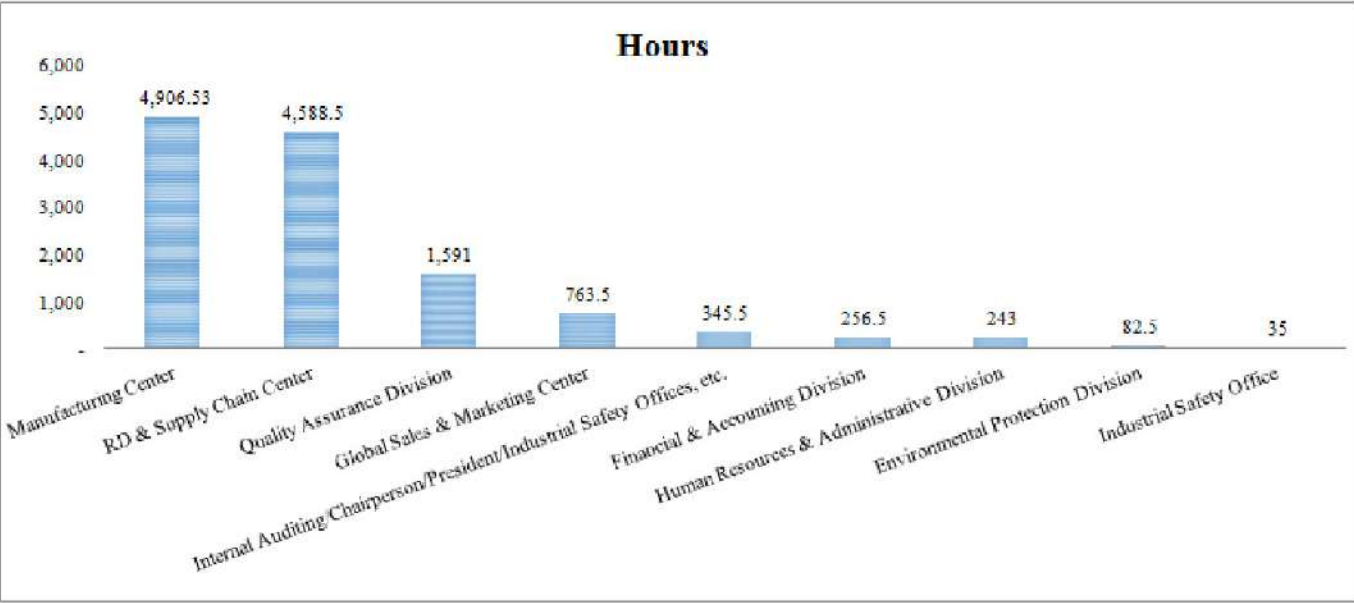
- Mutual communication between management and employees to discuss specific events or records
  - Management duly applies reward and punishment mechanisms to hand out adequate rewards or punishment
  - Objective assessment – The assessment process shall be clear, fair and objective
- Taiflex measures the achievement level and formulates employees’ development guidelines through the determination and execution of organizational and personal goals as well as performance assessments of each period.

### Individual development plans and diverse learning resources

Taiflex maps out the “Individual Development Plan” (IDP) based on job requirements, performance assessment outcome and career development of individuals and provides diverse learning channels and development resources via the comprehensive educational training system below. The system is divided into three major sections: On-Job Training, Off-Job Training and Self Development. The Off-Job Training is further divided into three categories: tier, function and new recruits. Each category has a specific training blueprint outlining the essential trainings for each specific position or department. The On-Job Training is the focal point, as this section has a direct and definite impact on whether the Company can function normally and effectively. The system is illustrated as follows:



Even under the impact of COVID-19, Taiflex continued to carry out employee training in 2020. Expenses associated with training and development amounted to NT\$2,262 thousand with 14,994.5 training hours and 5,974 participants in total. The average training hours per employee exceeded 15.6 hours. Through these investments, employees could accomplish their tasks more effectively. Take the new management training course as an example. It assisted managers to build the right mindset and acquire key skills so that they could lead their teams to complete tasks with higher efficiency. In addition to trainings, we have also actively constructed the tutor system in recent years and enriched employees’ learning experience via job rotation and guidance so that positive experience can be passed on effectively to shorten employees’ learning curves.



Taiflex systematically provides general, professional and management courses. We not only invite external experts to give lectures, but several hundreds of lecturers are also trained internally to achieve the goal of passing on our key knowledge and techniques. Taiflex’s training courses are as follows:

Course Type	Details
Orientation	<ul style="list-style-type: none"><li>• Including new hires’ orientation, basic trainings and on-job guidance, helping new hires to quickly understand the Company’ s core value and work environment</li><li>• Supplemented by instructions from supervisors and the comprehensive “babysitter system” , we actively assist new recruits to adapt to and blend in with the workplace</li></ul>
General Knowledge	<ul style="list-style-type: none"><li>• Training activities for the Company as a whole and general knowledge of different levels pursuant to government laws and regulations and corporate policies</li><li>• Including courses of individual performance management, industrial safety, safety and health, quality assurance, emergency response plus various language trainings</li></ul>
Professional/ Functional training	<ul style="list-style-type: none"><li>• Technical and professional trainings required by each functional unit</li><li>• Including courses of equipment engineering, process engineering, accounting and information technology</li></ul>
Management	<ul style="list-style-type: none"><li>• Training and development activities customized according to individual’ s competence and duties required by different levels of management in order to assist all managers in advancing their leadership skills</li><li>• Including fundamental and advanced management skill trainings and other diverse electives</li></ul>
Direct personnel	<ul style="list-style-type: none"><li>• To help production-line technicians to become multifunctional, acquire knowledge, skills and attitudes required at work and pass trainings to obtain certification for machinery operation permits</li><li>• Including skill trainings for direct personnel, trainings for technicians and trainers, and trainings for supervisors of the production division</li></ul>
Organization-specific training	<ul style="list-style-type: none"><li>• Courses devised based on strict demand analysis and course design in response to the business and organizational needs of specific units</li></ul>



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## Internal lecturer program

To facilitate knowledge sharing and pass on techniques, Taiflex has built a comprehensive system to nurture internal lecturers. We are in the process of forming a Taiflex knowledge academy. Over the years, the Company has a total of 260 formally certified internal lecturers. Lecturers would be paid a fee on top of their salaries as an incentive for their devotion and contribution in passing on their experience. They would also be recognized publicly in seminars and morning meetings for their contribution and participation in forging a learning culture.

## Training effects from our pursuit of excellence

To ensure the course quality and make improvements accordingly, we evaluate course benefits through after-class questionnaires and pre- and post-course assessment mechanisms. Each of our training programs has definite scoring standards. Improvement schemes would be formulated and followed-up for courses that fail to meet the standards. So far, we have received positive feedback for our courses as a whole and the annual course quality targets have been met. Over 80% of employees are satisfied with the course quality and the percentage of courses failing to meet the standards has been kept under 2%, which is considered reasonable.

To constantly enhance the course quality, Taiflex adopts TTQS to monitor the course benefits. The results were outstanding in all aspects, including revenue, finance, employee and employee satisfaction. We received one silver and three gold TTQS awards between 2010 and 2017, and won the National TrainQuali Prize of MOEA in 2013.

## 6.4 Outstanding Benefits and Safe Workplace

Taiflex’s employee compensation and benefits include base salary, allowances, cash bonus, rewards, pensions and other benefits. In 2020, employee expenses amounted to NT\$778,531 thousand with the average and median salaries of full-time non-supervisory employees being NT\$791 thousand and NT\$713 thousand, respectively.

### Benefit Expenses of Full-time Non-supervisory Employees

Item	2019	2020	Difference
Number of full-time employees	701	700	-1
Average salary (in thousands of NT\$)	760	791	31
Median salary (in thousands of NT\$)	677	713	36

## Diverse and Superb Leaves

The Company’s leave policy is in compliance with relevant laws and regulations. Employees with more than six months of employment are entitled to annual paid leaves and at least 240 hours of half-paid sick leave each year. Employees with major injuries or illness are entitled to at least one year of half-paid sick leave, both non-hospitalized and hospitalized, within a two-year period. With regard to creating a workplace which is friendly to maternal employees and their spouses, employees are entitled to menstrual leave, maternity leave, antenatal care leave and paternity leave as stipulated in laws and regulations. For employees who need to attend to personal affairs, besides personal leave and family care leave stipulated in the Labor Standards Act, they may apply for unpaid leave if a longer period of time is required for parental care, military service, major injuries or illness, etc. and return to work afterwards in order to manage both personal and family needs.

Amendments to the Labor Standards Act cut down the maximum regular working time from 84 hours fortnightly to 40 hours per week and the number of national holidays was reduced from 19 days to 12 days in 2016. However, Taiflex has set 40 hours per week as the regular working time since 2005 with regular leaves, rest days and holidays in full compliance with the Labor Standards Act. In addition, employees are entitled to flexible working hours and leaves, e.g., the arrival time is given a 15-minute range three times every month, executive leaves, etc. Furthermore, flexible working hours and appropriate resting periods are given pursuant to the Implementation Regulations on Memorial Days and Holidays, the Act of Gender Equality in Employment, the Regulations of the Maternity Health Protection at the Workplace, and the Sexual Harassment Prevention Act. Take the unpaid parental leave as an example. Six employees applied for the leave in 2020 with an average return rate of 83% and a retention rate of 100%.

## TAIFLEX PROVIDES Stable Pension System

Taiflex draws up employee pension policy in accordance with the Labor Standards Act and the Labor Pension Act, and provides steady pension contributions and payments. In 2016, the Labor Standards Act was amended so that each year, the employers shall estimate the amount of pension required to pay the employees who are eligible for retirement in the following year and supplement the pension fund to avoid shortage as well as to safeguard employees’ retirement rights. Besides making contributions to the pension



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funds as required by laws, we have engaged professional accounting consultants to perform actuarial calculations, ensuring our contributions are sufficient to protect employees’ right to pensions in the future. Taiflex calculates the pension payments based on employees’ years of service and the average salaries six months before retirement in accordance with the Labor Standards Act. We make a contribution equals to 6% of employees’ salaries to the Labor Pension Fund Supervisory Committee which would deposit the money in the Committee's name at the Bank of Taiwan. As of the end of 2020, the fair value of plan assets amounted to NT\$28,226 thousand. In accordance with the aforementioned rules, Taiflex recognized expenses of NT\$9,861 thousand in 2020. Regulatory contributions for future periods are accounted for as accrued pension liabilities, which equaled to NT\$261,958 thousand as of December 31, 2020.

**Pension Contributed Under the Labor Pension Act**

Taiflex makes a contribution equals to 6% of employees’ salaries to the employees’ individual pension accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act and the expenses recognized amounted to NT\$23,297 thousand in 2020.

**Comprehensive Health Care Management and Insurance Programs for Employees**

All employees are covered by the labor insurance, the national health insurances and the occupational accident insurance as required by laws and regulations as well as a group comprehensive program since the day they commence work. The program covers life insurance, accident insurance, medical insurance, cancer insurance, critical illness insurance, business travel insurance, etc., giving employees full coverage. Employees can still participate in the insurance program during their unpaid parental leave. Moreover, employees’ spouses can also join the program at a discounted rate for the employees and their families to be fully covered. The comprehensive health care management mechanism for employees includes:

- 1.Industrial Safety Office personnel to monitor and assess the risks of working environment and carry out improvement measures
- 2.Health examination items and frequency that are superior to regulatory requirements - free annual health examination
- 3.Medical staff at workplace: including health service personnel and on-site doctors
- 4.Health management and disease prevention kits for employees on business trips
- 5.Health seminars and sporting courses
- 6.Subsidies for critical illness
- 7.Health promotion projects: lose weight, reduce elevated blood pressure, blood sugar level and cholesterol level, smoking cessation courses, etc.
- 8.Health monitoring services and care visits

- 9.Maternal health management
- 10.Ergonomic hazard prevention management
- 11.Overload hazard prevention management
- 12.Weekly on-site insurance service provided by group insurance company
- 13.Travel insurance with high limits and overseas emergency assistance
- 14.Group insurance for employees and their spouses

**Worry-free at Work and in Life**

For damages suffered by employees due to flood, fire, hail, hurricane, drought, earthquake and other force majeure natural disasters, Taiflex offers death, relocation, flood, or injury subsidies accordingly in hope to ease emotional trauma so that they can return to the normal state of lives as soon as possible. To save employees from commuting, Taiflex offers temporary resting rooms and shower facilities. Besides disabled parking spaces, we also have parking spaces reserved for pregnant employees, employees with mobility issues and outstanding employees. For employees’ families visiting from out-of-town areas, they can stay with our contracted hotels or guesthouses for their family trips.

**Promote Work Performance Through Sports and Leisure**

The Company provides a leisure center for employees to enrich their work-life balance. The indoor space is equipped with sporting equipment including billiards, table tennis, table football, exercise bikes, etc., while the outdoor multi-functional facility can accommodate basketball, volleyball and badminton games. Night lighting is available and employees can rent equipment for the ball games at any time. Various employee activities are also organized each quarter as well as during the holidays at this venue. The Company has recruited a full-time masseuse with vision impairment for employees to relax muscles and relieve pressure from work while fulfilling our corporate social responsibility.

**Delicious Meals and Abundant Snacks**

Taiflex has uniforms, raincoats, lounge rooms and cafeteria to ensure employees are well-fed and dressed in order to focus their energy on work. Meals provided are as follows:

- 1.Lunch is provided by contracted restaurants and serviced in a buffet style. There are noodles, all-you-can-eat, vegetarian, fruit and salad sections, providing Taiwanese, Japanese, and traditional cuisines as well as health meals or fruit platter to satisfy a variety of dietary requirements from employees.
- 2.Dinner is served in a boxed-meal style by quality restaurants. Employees are entitled to a number of free choices.



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tinuous rice balls on Lantern Festival, turkey dishes on Thanksgiving, etc.

4.All employees can enjoy the offering from monthly worship and the Ghost Festival ceremonies.

5.Coffee machines are available to employees 24 hours a day.

6.Free stress-relief tea bags at each lounge room for employees to enjoy.

7.Free cold/hot drinks at the ground floor lobby depending on the seasons.

### Other Benefits

1.Employee Stock Ownership Trust Committee where the Company would make contributions at a certain percentage to establish the link between employee welfare and Company performance as well as to contribute to the employees' retirement plans.

2.Taiflex's Employee Welfare Committee also provides numerous welfare measures, including:

- Cash gifts for marriages and childbirth, and subsidies for hospitalization and funerals
- Cash gifts for important festivals and birthdays
- Subsidies for company trips
- Subsidies for children education as well as contracted kindergartens and child care centers
- Club subsidies - we have running club, Taiflex bike club, hiking club, shrimp fishing club, softball club, basketball club, billiards club, bowling club, yoga club, golf club, Youth Care Association, badminton club, aerobic club, etc.
- Discounts offered by contracted stores
- Excellent nursery rooms with unlimited breast-feeding time and frequency. Fridges dedicated for breast milk and fridges and freezers for general use
- Family library
- 7-Eleven smart vending machine and smart coffee maker that beat the market price.

## 6.5 Employee Engagement

### 6.5.1 Enhance Employee Loyalty

Our employees share the same visions and values, and work towards the same goals. To further increase employees' level of organizational commitment and strengthen the team spirit, the Company organizes quarterly corporate activities and annual family day. Through competitions and games, employees can interact and exchange ideas which facilitate team spirit. Since the beginning of 2020, COVID-19 has put a hold on large gatherings. Instead, our photography team took the initiative to make videos with family members of employees expressing their appreciation towards employees, bringing these families closer to the Company. These videos were aired along with special treats at cafeteria on Father's Day and employees were deeply moved. COVID-19 also put a stop on all outings during the year. As the pandemic

slightly eased in the fourth quarter of 2020, we organized four batches of family day activities at Taroko Park where employees and their families were invited. Games and challenges were designed for participants to enjoy themselves and boost morale in the Company. Several thousands of employees and their families took parts in the corporate activities and family day.

### 6.5.2 Build Open Communication Channels, Encourage Employee Engagement and Create Harmonious Industrial Relations

Taiflex places great importance on two-way communications and is committed to provide open and transparent communication channels between management and employees as well as between employees. To listen to employees' opinions and voices, labor-management meetings are convened quarterly. Through fair and effective communication mechanisms, we can learn of employees' thoughts and take prompt actions to resolve issues. The objective is to create harmonious industrial relations and achieve a win-win situation for the Company and employees.

Taiflex adheres to five core competences: enthusiasm, responsibility, integrity, creativity, and execution. We proactively establish positive employee relationships and create a highly participatory and friendly working environment. The two-way communication channels prompt smooth dialogues between the management and the employees. Details are as follows:

- Organize regular communication meetings for all levels of management and employees.
- Carry out periodic employee satisfaction surveys and formulate improvement schemes in response to employees' opinions.
- Arrange four-executive forums for employees to understand the operation status and development goals of the Company.
- Offer two confidential complaint channels for major management, financial and auditing issues:
  - An independent whistle-blowing mailbox for auditing; and
  - An "Employee Ombudsman System" handled by dedicated personnel.
- Set up E-hr and Eip employee forums and hotlines (52885 and 50885) for employees to voice general comments and opinions concerning work and the environment.
- Establish the employee caring hotline 52366 to assist employees with work-life balance.
- Set up the workplace violence hotline 52323 (e-mail for illegal infringement at 80995@taiflex.com.tw), the sexual harassment hotline 70995 (e-mail for sexual harassment prevention at help70995@taiflex.com.tw), and the gender equality hotline 52333 to help employees deal with unlawful incidents at workplace.
- Establish the information security reporting hotline 52300 and the integrity management hotline 72608 to assist employees in handling information security as well as integrity and ethical matters.



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6.6 Occupational Safety and Health - Build a Perfectly Safe and Healthy Workplace

6.6.1 Realize OSH Policy and Goals

Taiflex values its employees and believes that they are the most valuable asset of the Company. We are committed to achieve the goal of “zero accident” as nothing surpasses the importance of health and safety of the workplace. All personnel and their families rely on this wellbeing promise and work together for continuous improvement to achieve “zero accident.”

With regard to 2020 OSH target, we have reached a milestone through participation and joint efforts of employees. Our Frequency-Severity Indicator (FSI) was 0.08, close to our goal of zero accident and far superior than the average FSI of 0.55 for the PCB industry disclosed by the Ministry of Labor. Moreover, we delivered outstanding results in terms of Disabling Injuries Frequency Rate (FR) and the rate of occupational disease prevention with 0% for both indicators. However, an area of improvement was the participation rate of health activities which had declined due to COVID-19. Constant efforts are needed to maintain occupational safety for the peace of mind of employees and a safe and sound Taiflex.

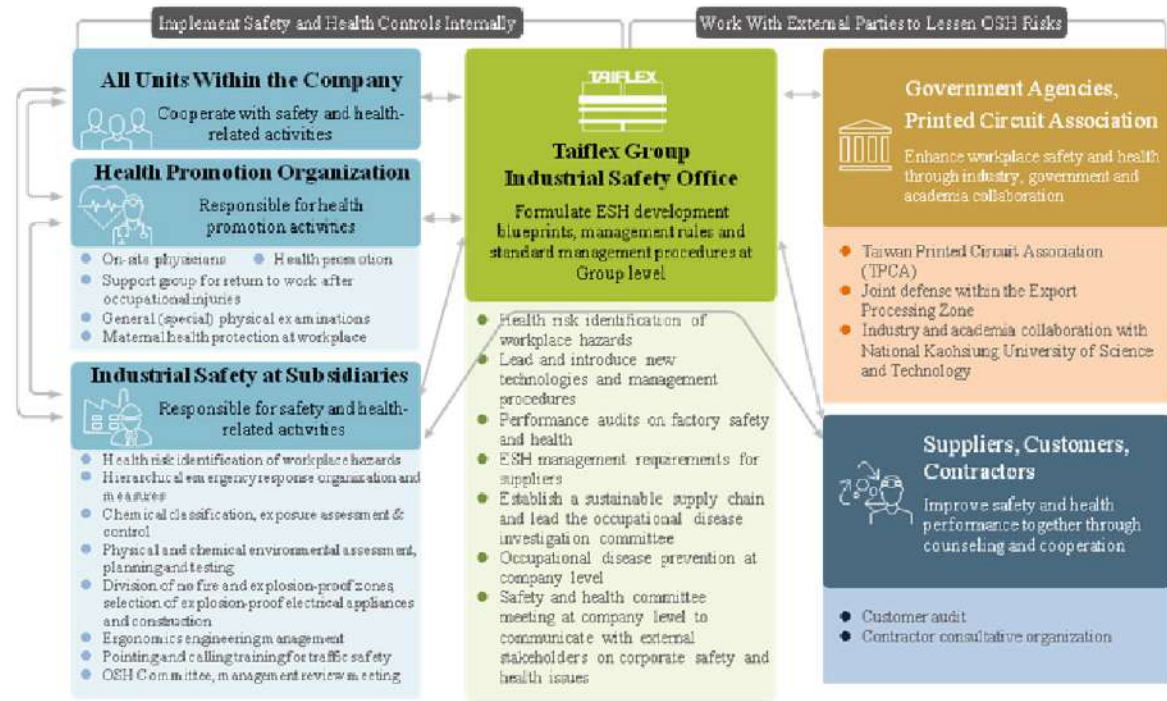
2020 OSH Goal	Achievement Rate
<b>Safe workplace:</b> FSI: 0.15 FR of stakeholders in factories: 0%	<b>Safe workplace:</b> FSI: 0.08 FR of stakeholders in factories: 0%
<b>Healthy workplace:</b> Rate of occupational disease prevention: 0% Participation rate of health activities: >40%	<b>Healthy workplace:</b> Rate of occupational disease prevention: 0% Participation rate of health activities: 35% (due to COVID-19)



6.6.2 Establish a Dedicated Top-level Safety and Health Unit

To create the best workplace in terms of safety and health, Taiflex has established the Industrial Safety Office at the Group level to coordinate and oversee the safety and health management of the Taiflex Group. On-site safety and health tasks are carried out through cooperation between industrial safety personnel in subsidiaries at home and abroad, the Industrial Safety Section of the Manufacturing Center and the safety and health personnel of each unit. To meet the requirements and expectations of our internal and external stakeholders, besides continuous improvement on safety culture promotion and risk management measures, we also allocate more resources on optimizing occupational disease prevention and the Taiflex Employee Assistance Program (TEAP), striving to build a healthy workplace. The Company has established the OSH Committee in Taiwan to effectively discuss and resolve practical OSH issues. The President, who represents the Company, serves as the

Chairperson of the Committee while the Safety Director of the Group assumes the position of Vice Chairperson. The Committee strengthens labor consultation and participation mechanism, where up to ten labor representatives from factories take part in the Committee (accounted for 37% of the Committee members). It holds meetings regularly every quarter in accordance with the laws to deliberate OSH risks and issues over the last quarter, thereby effectively promoting OSH work reports and discussions. Annual performance of the OSH management system is also reviewed and discussed during the meeting. Through joint discussions and full participation, we have heightened the level of safety.



OSH Committee	No. of Committee Members	No. of Labor Representatives	Percentage
Taiflex 1	3	1	33%
Taiflex 2	7	3	42%
Taiflex 3	14	5	35%
Taiflex 5	3	1	33%

6.6.3 Construct an OSH Management System - Promote Safety and Health

Taiflex obtained the ISO/CNS45001 certification for OSH management systems ahead of peers, aligning with global OSH management with our latest OSH management system. We proactively lower risk for regulatory compliance, meet the expectations of all stakeholders, create an OSH niche, and provide a harmonious production environment. We continue to carry out various safety and health measures pursuant to relevant policies and track progress to ensure safety culture and control risks. Our recent goals are listed below:





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\*Management and Controls for Changes in Challenges Arising from New Process Technology

We amend our rules in response to the introduction of new process technology and equipment to manage operating risks in association with the changes in procedures so as to avoid unexpected risks.

\*afety Inspection System Prior to the Launch of New Equipment

With regard to production and electrical equipment in the explosion proof zone, the unit-in-charge shall call on relevant units such as the safety and equipment department for discussions and confirmation from the design stage. Equipment shall undergo the aforementioned safety approval procedures before its trial runs and official operation.

\*Safety and Health Management Counseling for Subsidiaries at Home and Abroad

The head office of the Group shall set the benchmark of a friendly workplace and a model company. Standardize as well as synchronize safety and health culture of subsidiaries.



	Management Goals
System Management	Carry out procedures such as regulatory identification, hazard identification and risk assessment with 87 documents on safety standard management procedures.
Chemical Management	Perform periodic regulatory filings as well as handle and retain various management measures for continuous improvement with 0 chemical-related violations.
Change Management	Implement a range of change management operations with 0 related incidents.
Contractor Management	Contractors are important partners of Taiflex. We progress with specialized firms and strengthen hardware facilities. There are around 3,650 contractors with 0 related incidents.
Audit Management	Regular audits and continuous improvement. The improvement rate of internal and external audits is 96.8%.
Education and Training Management	Offer safety and health education to all employees in compliance with the laws. There are 2,909 participants.
Emergency Response Management	Organize large and small scaled drills and advance towards compound disasters including fire, chemical disaster, injuries, etc. to improve the resilience of small units.
Prevention of Infectious Disease	Execute pandemic preventive measures in advance to lower operating risk and safeguard employee health. The positivity rate remains 0%.

## 6.6.4 Advance in Active Safety Performance Index (SPI) Monitoring

We proactively list and set various active and passive performance indicators for safety and health management pursuant to OSH management system and regularly calculate these performance indicators to ensure the effectiveness and feasibility of safety and health management measures.

In particular, we emphasize on the monitoring and the improvement in occupational ac-

cident rates. We conduct root cause analysis on all occupational accidents. Besides rare cases, we also delve into minor incidents and false alarm incidents to explore feasible and efficient improvement plans. We identify units with high disabling injuries frequency rate and the types of most common occupational accidents, and target units with relatively high accident severity and recurrence as the focus of safety communications and interviews. Through continuous analysis and improvement, we forge a Taiflex-specific safety culture.

2020 Active Performance Indicators	Achievement Rate	2020 Passive Performance Indicators	Achievement Rate
Achievement rate of target management plan	95%	Improvement rate of hidden hazard inventory	91%
Achievement rate of regulatory reviews and improvement	100%	Disabling Injuries Frequency Rate (FR)	0.68
Improvement rate on OSH Committee proposals	100%	Disabling Severity Rate (SR)	10.2
Improvement rate of unacceptable risk management	NA	Improvement rate of corrective/preventive actions for accidents	100%
Achievement rate of safety and health education and trainings	83%	Completion rate of fire equipment repairing	95%
Compliance rate of employee health check	100%	Acceptance rate of safety inspection of hazardous machinery and equipment	100%
Compliance rate of work environment evaluation	100%	Execution rate of emergency drills	100%

\*The Company has not identified any unacceptable risk recently; however, more risk improvements have been included.

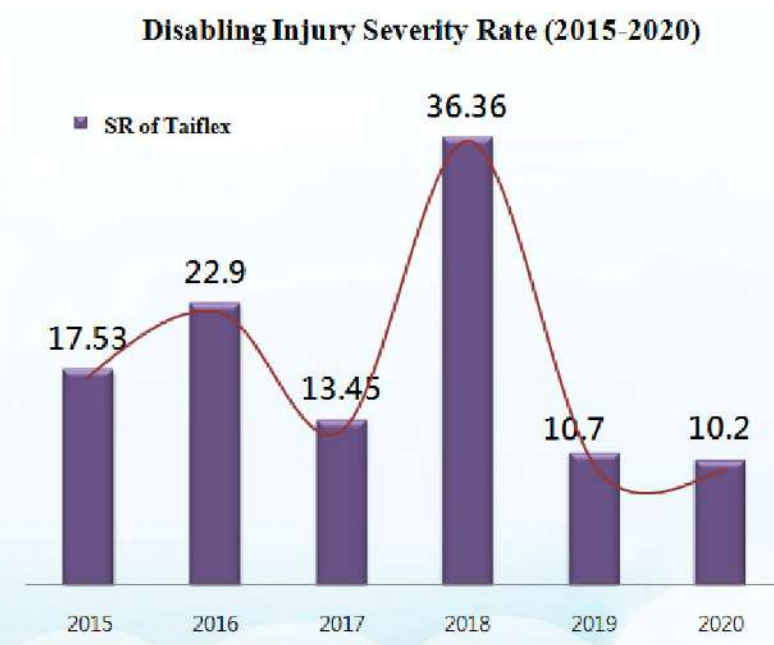
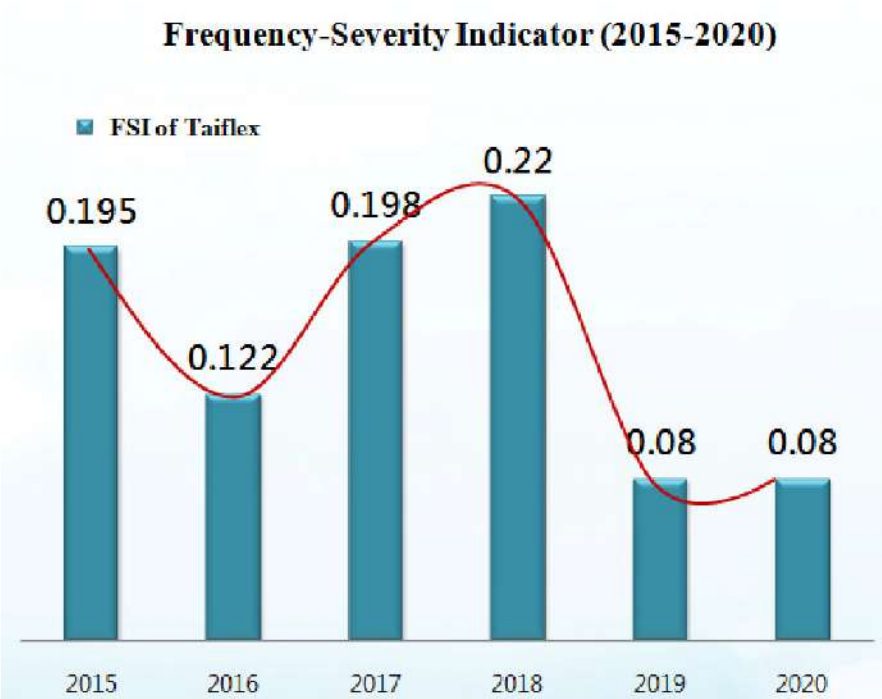
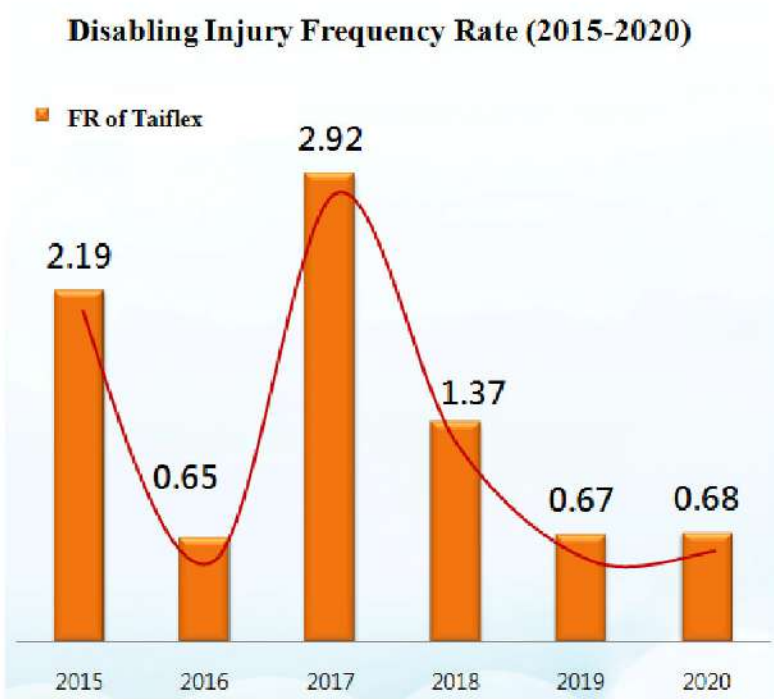
## Statistical Analysis on Disabling Injuries

Our statistical analysis uses the Frequency Rate (FR) and Severity Rate (SR) as the key figures in accordance with the disabling injury indicators published by the Ministry of Labor and the GRI Standards. (The statistical data excludes traffic accidents occurred outside the factories.) FR and SR were 0.68 and 10.2 respectively, with a FSI of 0.08 in 2020 (lower than the PCB industry’s average FSI disclosed by the Ministry of Labor of 0.55). With only one fall (trip) accident throughout the year, we were very close to our management target of zero accident. We adopt the signal lighting mechanism to disclose the safety status of occupational accident every month. Green light represents zero accident in the month, encouraging employees to keep up the good work. The red light and yellow light represent occupational accidents and traffic accidents respectively, reminding all departments to strengthen the safety management of employees.



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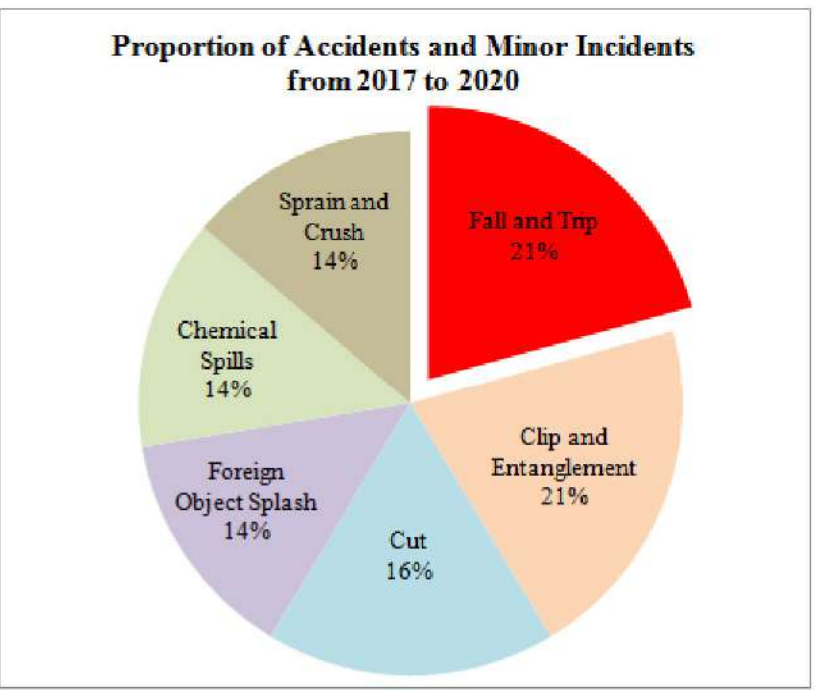


2020 Statistics of Occupational Accidents		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Zero accident													
Traffic accidents													
Occupational accidents													
Operation Strategy Office	Financial & Accounting Division												
	Legal & Intellectual Property Division												
	R&D Division												
R&D & Supply Chain Center	Product Development Division												
	Supply Chain Management Division												
	Production Planning Division												
	Information Service Division												
Manufacturing Center	Production Division												
	Manufacturing Technology & Equipment Division												
	Manufacturing System Integration Division												
Global Sales & Marketing Center	Display Materials Sales Division												
	Advanced Materials Sales Division												
	Marketing Division												
	Technical Solution Division												
	Sales Division												
Environmental Protection Division													
Quality Assurance Division													
Human Resources & Administrative Division													
Industrial Safety Office													

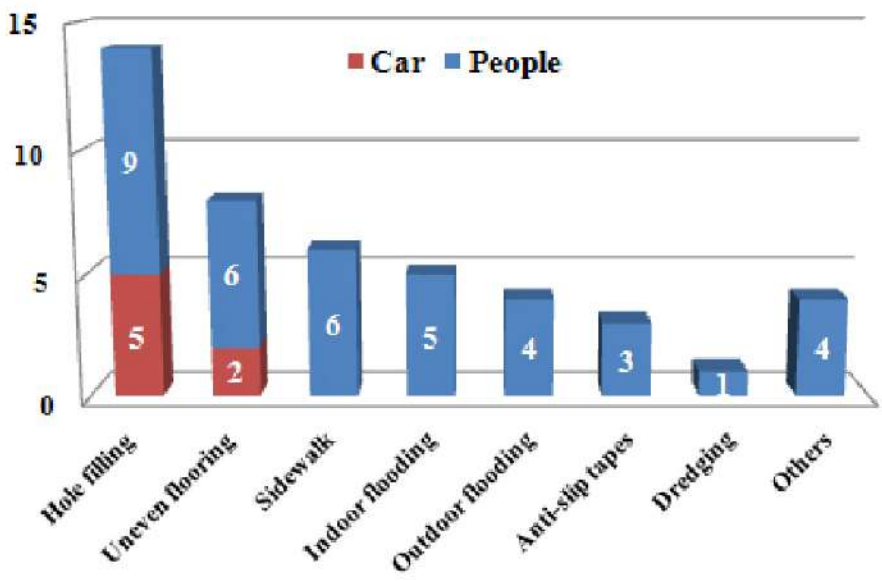
6.6.5 Continue to Strengthen Safety Management and Reduce Falls and Commuting Risk:

Accidents are usually caused by unsafe behaviors which have accounted for about 80% of major disabling incidents and work day loss in recent years upon analysis. The single work-related incident in 2020 was a fall (trip) accident. Such accidents require more recovery days due to bone fractures as a result of a fall or slip from distracted walking. The recovery period normally exceeds 15 days. Another high-frequency accident is traffic accidents during commuting. In Taiwan, Kaohsiung area has the highest number of traffic accidents which often occur on holidays, midnights and early hours of the day, threatening the safety of drivers. Taiflex has carried out improvement measures specific for fall safety and the prevention of regional traffic accidents.

Accident and Minor Incident in Factories from 2017 to 2020					
Types of Accident	2017	2018	2019	2020	Subtotal
Fall and trip	1	2	2	1	6
Clip and entanglement	2	2	1	1	6
Cut	4	0	0	1	5
Chemical (foreign object) splash, fire	2	1	0	1	4
Chemical spills and burns	0	2	2	0	4
Sprain and crush	2	1	1	0	4
Total	11	8	6	4	--



A comprehensive inventory of risks was carried out for places likely to cause fall (trip) within the factories. Through on-site improvement and behavior promotion, we continued to discuss enhancement measures such as safe access and slip-resistant flooring. A total of 45 fall-prone places were identified with a floor-leveling improvement rate of 88%. We would proceed to formulate short, medium and long-term improvement measures to effectively reduce the fall (trip) risk.



Floor-leveling Improvement with an Achievement Rate of 88.8% Constant Improvement





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6.6.6 Strengthen the Safety Management of Contractors, Suppliers and Lessee Firms

• **Access Management of Stakeholders**

Contractors have the highest occupational accident rate in Taiwan as they assist and execute high-risk operations on site. Besides tightening requirements on management measures and supervision pursuant to operations performed by contractors, e.g., hot work, confined spaces, aloft work, etc. to reduce relevant operational risks, coordination meetings are held regularly and when the need arises to give hazard notifications and co-ordinate the management of safety issues. We also use the contractor assessment system to select and recognize outstanding contractors annually as well as to provide underperformers guidance, pushing our contractor safety management to cover and surpass the risk requirements.

The safety of contractors entering our premises is the responsibility of not only the safety unit, but also the supervision unit, the security unit, and every single employee involved. In addition to training the supervisory personnel of project management unit, we also strengthening the education and training of our security personnel on access controls of stakeholders to work together on safety issues.

• **The Safety and Environmental Protection Audit/Safety Management Mechanism of Lessee Firms**

Taiflex also adopts the mutual cooperation model for safety management of lessee firms within the factory and strengthens environmental safety management with regular safety meetings and safety audits. We ensure the suppliers’ compliance with our safety, environmental protection and quality assurance management requirements through regular audits. Joining efforts with contractors, Taiflex has delivered a splendid performance of 0% disabling injury rate with our reinforced safety management thus far.

Level 1 (Patrol Mechanism)			Security patrol, fire detection (Audit intensity: Low)
Environment	Item	Details	Remark
	1	Security guards and regular patrols on Taiflex premises, anomaly alerts	
	2	Notification from fire equipment and hardware	
Level 2 (Meeting System)			Coordination meeting, information sharing (Audit intensity: Medium)
Safety and Health Management	Item	Details	Remark
	1	Monthly routines: □ Share the safety and health work of both parties during the month □ Schedule safety and health work of both parties for the following month □ Regular on-site inspections (semi-annually) □ Unscheduled on-site inspections (for concerns)	
Level 3 (Reporting Mechanism)			Regulation formulation, operation reporting (Audit intensity: High)
Competent Authority	Item	Details	Remark
	1	Filing of fire and building safety inspections	
	2	Working environment evaluation	

**We Need (Industrial Safety Office)**

- Notify special activities and operations that Taiflex would include into the scope of safety and health management.
- Prepare briefings
- Prepare general safety and health education materials for activities on premises

Content based on zone classification

- Written Documents
- Briefing
- Videos

Instructions for Factory Access

**STEP 1**

**We Must (Execution Unit)**

- Hazard notification and special education and training based on services and work areas
- Frequency
  - At least once every year
  - Changes in works and tasks
  - Changes in work areas

Hazard Notification

**STEP 3**

**We Do (Administrative Service Unit)**

- According to factory access rules, contractors shall obtain passes at the counter or security checkpoint
  - Identification card (by classification)
  - Contractor vest (red, yellow, white or blue)
- For special operations (injection operation, delivery, etc.)
  - Registration form for access safety checks

Shall all be included in access controls

Factory Access Rules

**STEP 2**

**STEP 4**

Safety Supervision by All

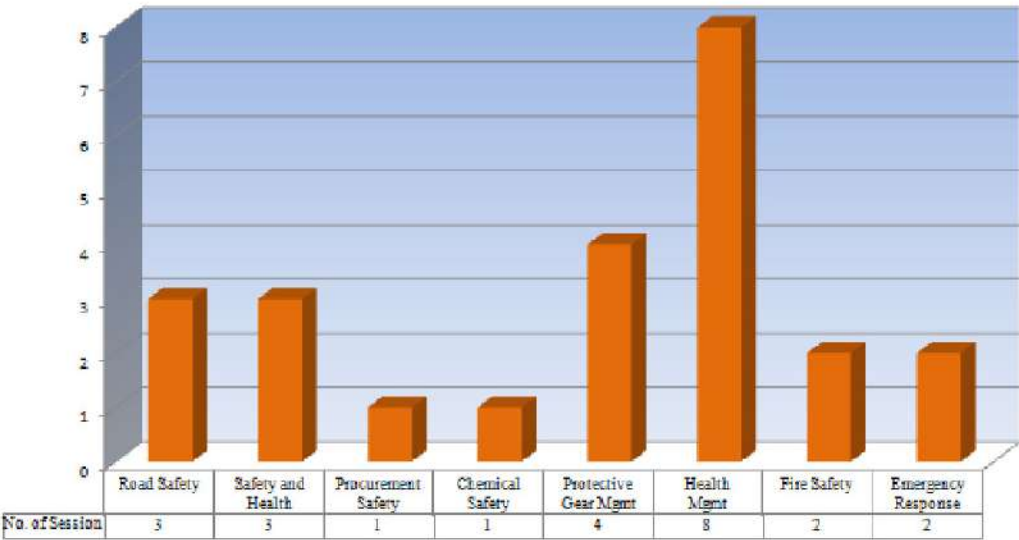
**We Check (Safety Supervision by All)**

- Workers entering the factories shall wear identification cards or contractor vests for identification purpose
- Random checks on workers concerning safety and health rules
- Examine the implementation of registration form for access safety checks
- Whether to give workers hazard notifications and education and training
- Constant reviews and revisions

6.6.7 Strengthen Emergency Drills and Enhance Employee Safety Awareness

Taiflex channels substantial resources into safety and health trainings. On top of establishing and increasing individual’s safety and health awareness, we have reduced the occurrence rate of occupational injuries. In 2020, we organized 24 training courses on health and safety standards (excluding regular weekly courses). There were 2,822 attendees with an attendance rate over 80%. We also improved our health management lectures to include both physical and mental health promotion, increasing employees’ awareness and knowledge of physical and mental health inside out. It is hoped that through OSH training, we could enhance employees’ knowledge and competencies in safety and health, encourage employees to participate in relevant activities, and work towards the goal of full participation.

Taiflex has addressed the importance of emergency response capability of all on-site units in recent years. Besides actively cooperating with the industrial safety and fire protection units of all factories in the Park to demonstrate the regional capacity of joint defense, there is a factory-wide drill every year. This year, a variety of emergency drills and training activities have been added to strengthen the response mechanisms of the new factory.



●Emergency drills at the new factory

Photos from the drills



●Regular firefighting training





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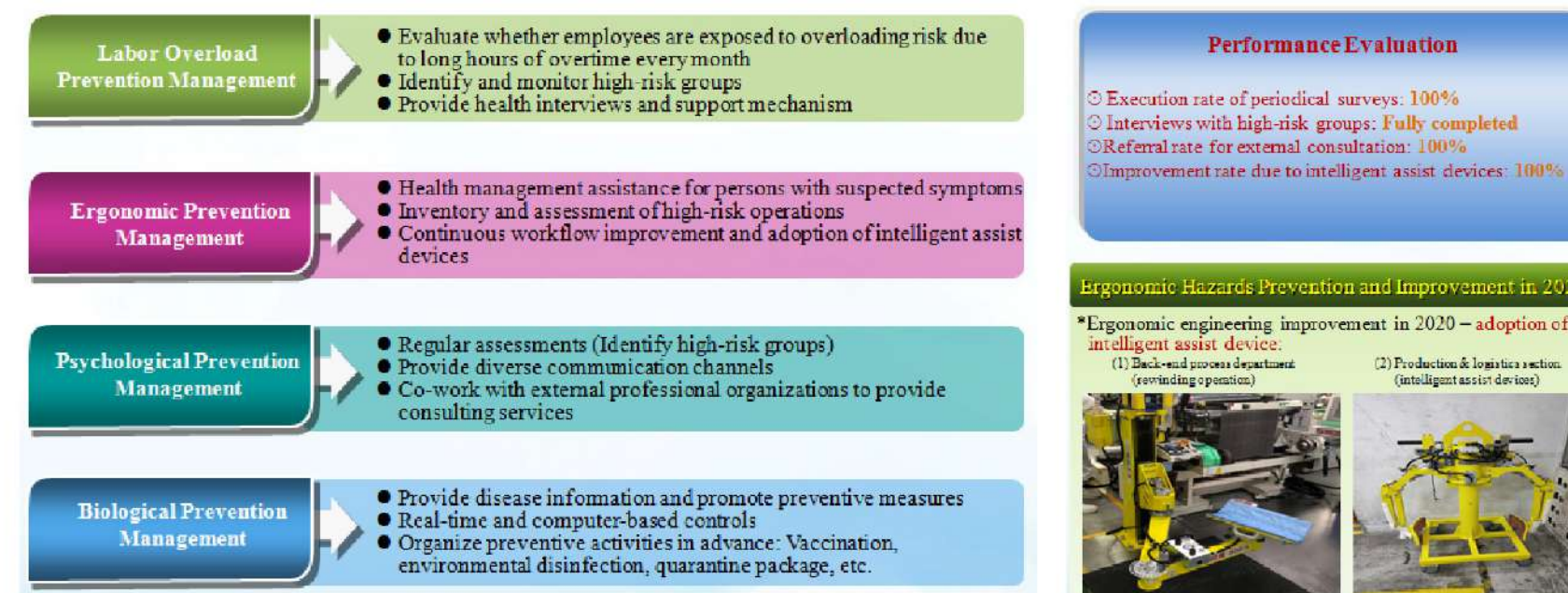
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### 6.6.8 Diverse Care and Comprehensive Health Management

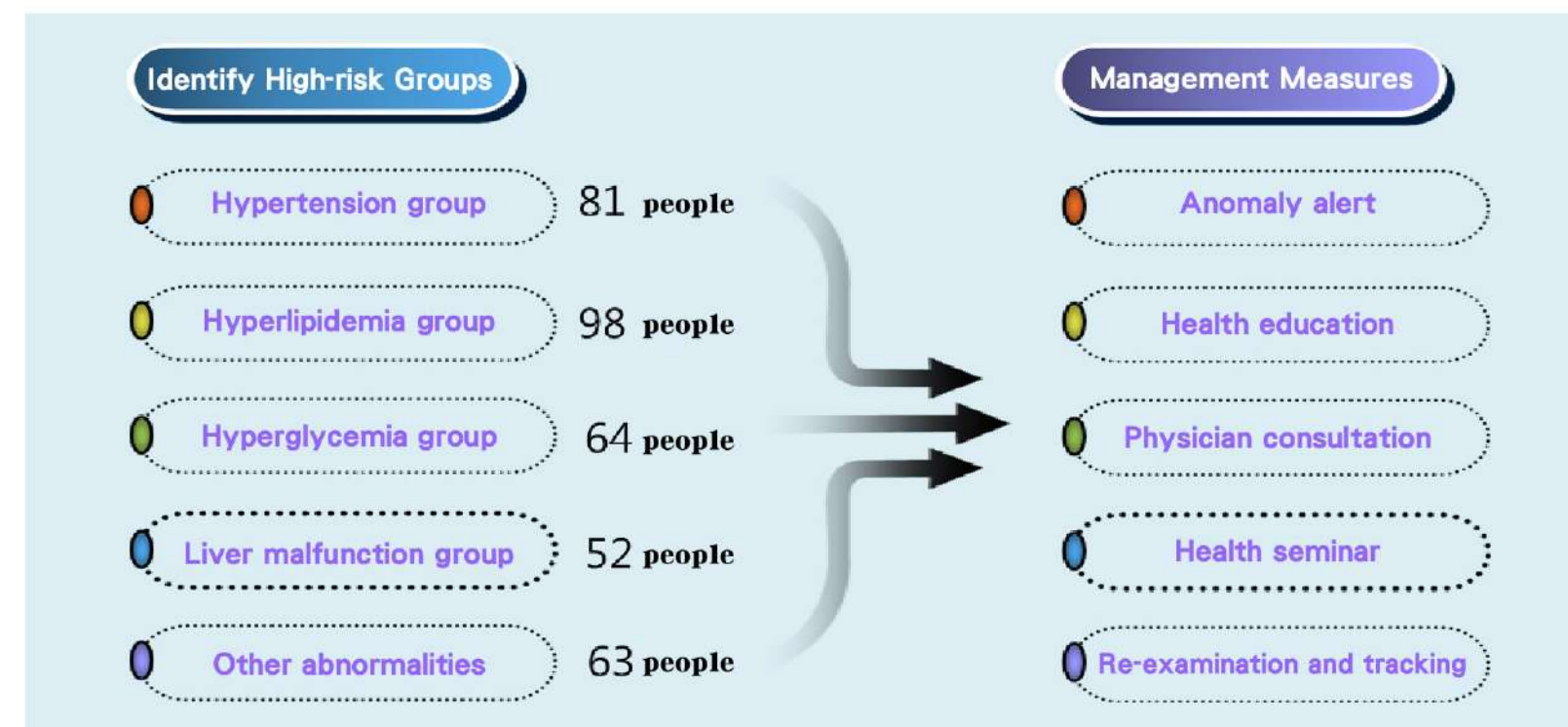
In order to improve the physical and mental health of employees, Taiflex is committed to strengthen employees' health management with a combination of internal and external resources. In consideration of work-related diseases or injuries, we regularly conduct physical and mental assessments and adopt assistant measures to prevent occupational injuries and diseases through the occupational disease and health hazard prevention management (e.g., ergonomic hazard and labor overload) to safeguard the health of individuals.

#### Occupational Diseases and Health Hazard Prevention Management



#### Comprehensive Health Care and Management for Employees

We classify and manage employee health based on individuals' health examination outcomes. E-caring and e-tracking mechanisms are adopted while doctor consultations are arranged when needed to assist employees with early detection and early treatment of health issues as well as maintaining a healthy life style to improve their overall wellbeing.



For employees involved in tasks with special health hazards that are classified as Level 2 and above per level-based management, arrangements are made for them to be assessed by occupational health specialists with reference to their past health examination results and working environment assessments so that the Company can provide appropriate health guidance and carry out health management measures such as whether to proceed with work adjustments.



### 6.6.9 Employee Health Promotion and Improvement

Taiflex proactively carries out health promotional activities such as regular sports competitions, weekly aerobic courses, smoking cessation classes, physical fitness tests, weekly massage and stress relief stations, physical and mental health seminars and weight loss incentive activities to enhance the effectiveness of health promotion. We also co-organize the blood donation activities with the Export Processing Zone Administration. As a demonstration of our enthusiasm in charity, we go the extra mile to promote and encourage employees to take part in health and welfare events, fulfilling our corporate social responsibilities.



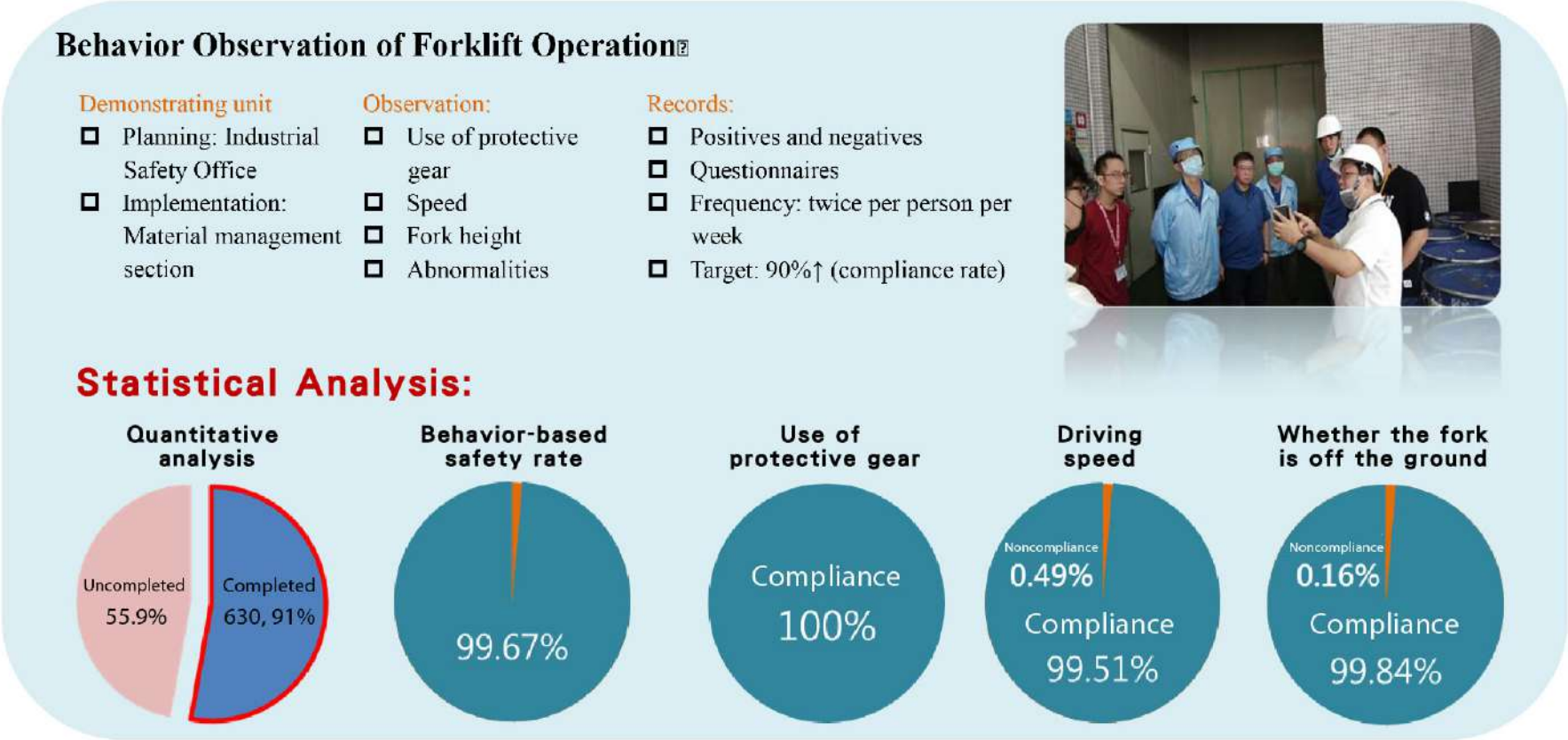


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6.6.9 Employee Health Promotion and Improvement  
Enhance Taiflex Behavior Observation (TBO)

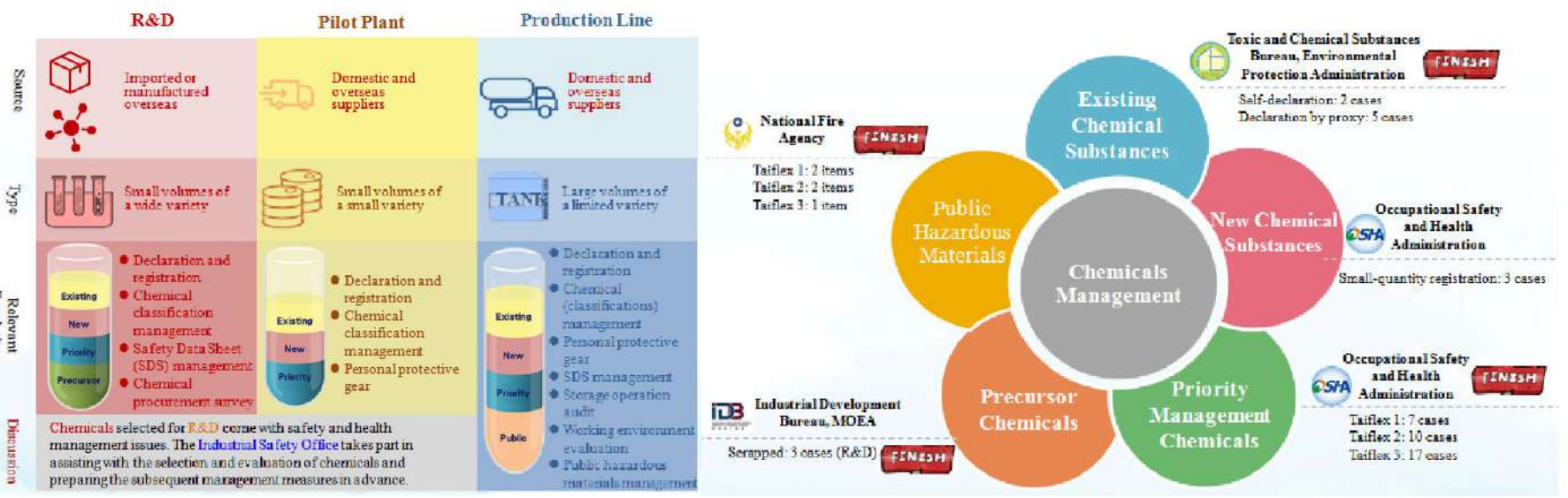
Accidents are usually caused by unsafe behaviors. The purpose of behavior observation is to identify and develop “Habit Strength” behaviors. While undertaking safety observations, employees shall take actions to discuss observed behaviors with the people they observe. Employees are encouraged to take the initiative in putting forward work-related safety recommendations. We start from daily tasks, address issues at their early stage, and actively implement a people-oriented safety culture. In 2020, the demonstrating unit, the material management section, conducted a behavior observation of forklift operation. 575 safety observations were made with a 91.27% participation rate of personnel in the production & logistics section. The behavior-based safety rate was up to 99.67%, indicating the forklift operators operated with proper and safe behavior.



Enhance Life Cycle Management of Chemicals

Chemical selections start from the R&D testing stage and ultimately arrive at full-scale operation in the production line. However, the operational risk of using or exposing to chemicals is unavoidable whether they are at the R&D stage with small volumes of a wide variety or the production stage with large volumes of a small variety. The essence in the life cycle management of chemicals is through source management. All units shall comply with the management authorities during purchases. For examples, having the safety regulations attached to the purchase requisitions for procurement personnel to pass on safety information to suppliers. In addition, warehouse & material

management personnel shall carry out inspections when large volume of chemicals are purchased, and operators shall verify the chemical information and on-site operation safety to ensure all chemicals in the factory conform to the safety operation standards. By adopting the C2C approach for the life cycle of chemicals, all units shall collaborate and exercise controls at each level to minimize the occurrence of issues, ensuring accurate information is available for timely control in the case of chemical hazards. The declaration period of chemicals is between April to September each year. We declared 34 priority management chemicals, 4 existing chemical substances, and 3 new chemical substances in 2020, controlling the source risk of chemicals within the factories. By adopting the concept of life cycle management, we have strengthened our chemical management mechanism from source, storage to production and thereby lower the risks and hazards during operation as well as avoid the possibility of chemical fires, explosions, poisoning and occupational diseases.



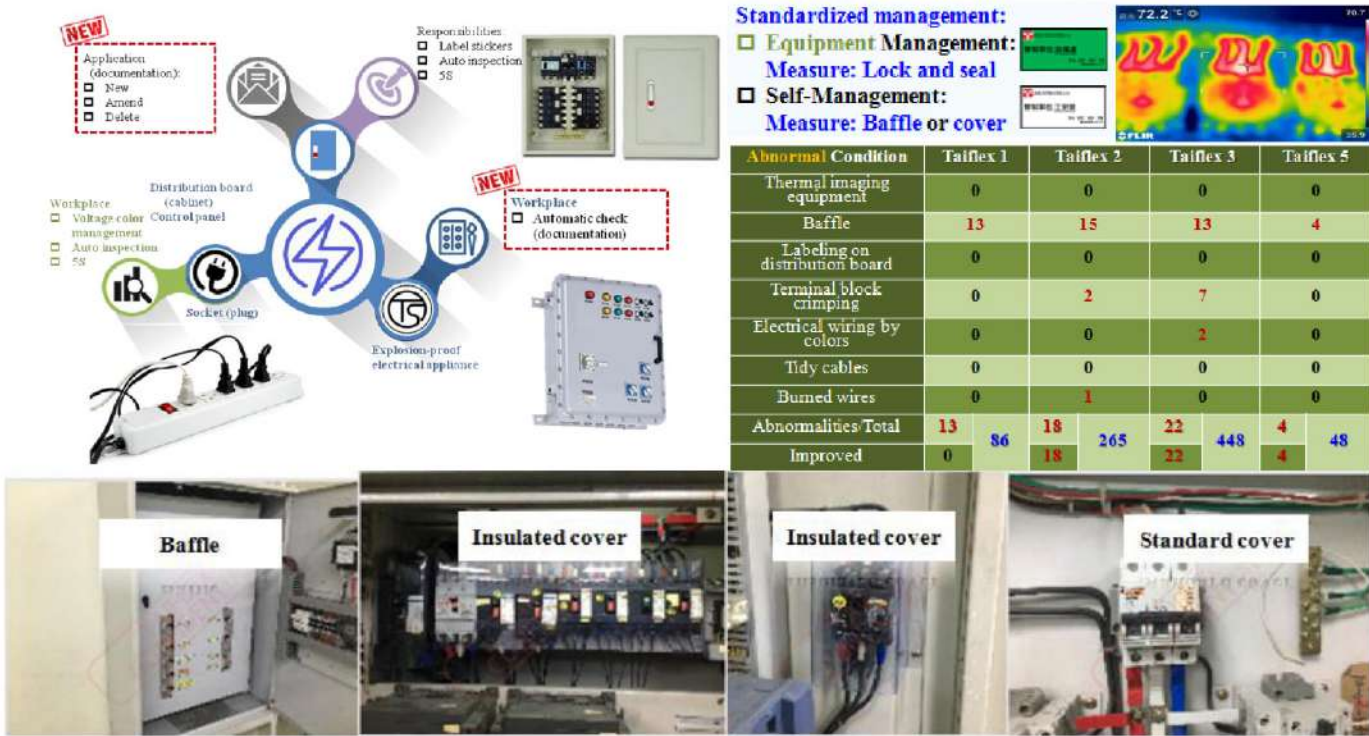
Enhance On-Site Power Safety Management

Frequent electrical fires in the PCB industry and the Park pose significant risks to employees’ lives and the Company’s assets in recent years. Taking lessons from these accidents, Taiflex ran a comprehensive inspection on all distribution boards within the factories using professional thermal imaging equipment and made improvements on 850 sets of power distribution facilities. We formulated improvement management measures such as to inventory all power distribution facilities, adopt visual management for distribution cabinets, divide as well as collaborate works using the 5S approach, etc., followed by eliminating non-conformities. Next year, we will expand the scope of electricity safety management to include on-site explosion-proof electrical appliances, strengthen electrical safety education and training, and carry out audits for further improvements.



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6.7 Social Contributions of Taiflex  
Dedication to Charity with Voluntary Work

In 2011, Taiflex employees took the initiative to establish the first charity club: the Youth Care Club. It was renamed the Kaohsiung City Youth Care Association in 2012 and registered with the Social Affairs Bureau of Kaohsiung City Government. Taiflex Volunteers were also established later to actively participate in charitable activities. We have been collaborating with the Kaohsiung United Charity Association for a long time and sponsored its scholarship programs, allowing students in need to attend schools. Since 2015, we have co-organized summer camps and study tours plus homestay programs with Puren Youth Care Foundation in Kaohsiung. However, the summer camps were suspended due to COVID-19 in 2020. Therefore, the funding was used to support students in Li Chih Valuable School instead. We organized the 2-day-1-night study tours with homestay programs in December 2020 when the pandemic slowed down. Students from disadvantaged families were given the chance to explore Kaohsiung, enjoy a taste of urban life via experiential learning and interact with students from different regions to establish sound interpersonal relations. Furthermore, through the design and execution of Puren Youth Care Foundation’s incubation program, the objectives of nurturing attitudes of gratitude and reciprocity and passing on the good deeds were achieved. Since 2017, we have volunteered at the Kaohsiung food bank to help with sorting the food and promoting the concept of zero food waste. The severity of COVID-19 drove people into panic buying of protective supplies in 2020, resulting in the general public having a hard time securing necessary supplies. In view of this, Taiflex appropriated special funding and worked with long-term supplier partners to purchase protective supplies through the Youth Care Association and donated the goods to multiple foundations, Kaohsiung Municipal Siaogang Senior High School and social welfare agencies.

Donations and Activities are as Follows:

- 1 Feb 2020 Co-organized blood donation activities with Kaohsiung Export Processing Zone Administration
- 2 Apr 2020 Co-organized the Kaohsiung Run for Fun event
- 3 (Donations were made, but the event was postponed to April 18, 2021 due to COVID-19.)
- 4 Apr 2020 Donated protective supplies to Puren Youth Care Foundation
- 5 May 2020 Sponsored Siaogang Senior High School’s basketball team
- 6 May 2020 Donated protective supplies to Siaogang Senior High School
- 7 May 2020 Donated protective supplies to Syin-Lu Social Welfare Foundation
- 8 May 2020 Donated protective supplies to Good Shepherd Social Welfare Foundation
- 9 May 2020 Donated protective supplies to the food bank of Kaohsiung United Charity Association
- 10 May 2020 Made donations to Maryknoll Fathers and Brothers for pandemic prevention
- 11 Aug 2020 Provided internships to participants of the youth work experience program organized by the Youth Salon, Ministry of Labor
- 12 Aug 2020 Sponsored Siaogang Senior High School’s karate team and the Saint Joseph Social Welfare Foundation
- 13 Aug 2020 Participated in Kaohsiung United Charity Association’s scholarship and future development programs
- 14 Aug 2020 Helped students from the Department of Cosmetology and Related Personal Grooming Art, Chung Shan Industrial & Commercial School with their dreams for further education
- 15 Oct 2020 Supported and purchased gift boxes prepared by organizations for people with disabilities
- 16 Oct 2020 Donations to Puren Youth Care Foundation for their service programs and activities
- 17 Nov 2020 Sponsored the 2020 charity activity for children and elders organized by cnYes
- 18 Dec 2020 Sponsored Siaogang Senior High School’s basketball team
- 19 Dec 2020 Sponsored the emergency relief fund of Siaogang Senior High School for students from disadvantaged families or with emergency needs
- 20 Dec 2020 Participated in distributing supplies from the logistic center of Kaohsiung United Charity Association
- Dec 2020 Hosted the Kaohsiung study tours of Puren Youth Care Foundation – youth experience activity





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GRI Standard	GRI Standard Title	Disclosure No.	Disclosure Title	Report Contents or Explanation	Page
GRI 102	General Disclosures	102-01	Name of the organization	4.1 Company Overview	19
GRI 102	General Disclosures	102-02	Activities, brands, products, and services	4.1 Company Overview	18
GRI 102	General Disclosures	102-02	Activities, brands, products, and services	4.1.1 Company Profile 4.1.2 Market Overview	18
GRI 102	General Disclosures	102-03	Location of headquarters	4.1 Company Overview	18
GRI 102	General Disclosures	102-04	Location of operations	4.1 Company Overview	18
GRI 102	General Disclosures	102-05	Ownership and legal form	4.1 Company Overview	18
GRI 102	General Disclosures	102-06	Markets served	4.2.1 Customer Service and Satisfaction - Product Quality Service	20~21
GRI 102	General Disclosures	102-07	Scale of the organization	4.1.2 Market Overview 4.1.3 Financial Performance 6.1 Stable and Healthy HR Structure	18~19 37
GRI 102	General Disclosures	102-08	Information on employees and other workers	6.1 Stable and Healthy HR Structure	37
GRI 102	General Disclosures	102-09	Supply chain	4.2.2 Supplier Management	23~24
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	Ended our investments in the solar industry	19
GRI 102	General Disclosures	102-11	Precautionary principle or approach	3.5 Risk Management	16
GRI 102	General Disclosures	102-12	External initiatives	N/A	none
GRI 102	General Disclosures	102-13	Membership of associations	4.1.2 Market Overview: Membership of Associations	19



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GRI 102	General Disclosures	102-14	Statement from senior decision-maker	1. Overview: Messages from the Chairperson/President	4
GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	1. Overview: Messages from the Chairperson/President	5
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	3.2 Business Ethics 3.3 Regulatory Compliance 3.4 Confidential Information Protection	13~16
GRI 102	General Disclosures	102-17	Mechanisms for advice and concerns about ethics	3.2 Business Ethics	13~14
GRI 102	General Disclosures	102-18	Governance structure	3.1 Corporate Governance	11
GRI 102	General Disclosures	102-19	Delegating authority	3.1 Corporate Governance	12
GRI 102	General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	3.1 Corporate Governance 3.1.1 Board of Directors 3.1.4 CSR Committee	11~12
GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	3.1 Corporate Governance 3.1.4 CSR Committee	11~12
GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	3.1 Corporate Governance	11
GRI 102	General Disclosures	102-23	Chair of the highest governance body	3.1.1 Board of Directors	11
GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	3.1.1 Board of Directors	11
GRI 102	General Disclosures	102-25	Conflicts of interest	3.1.1 Board of Directors	11
GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	3.1.1 Board of Directors	11
GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	Please refer to the corporate governance section in the 2020 Annual Report for details.	none



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GRI 102	General Disclosures	102-28	Evaluating the highest governance body’ s performance	Please refer to the corporate governance section in the 2020 Annual Report for details.	none
GRI 102	General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	3.1.4 CSR Committee	12
GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	3.5 Risk Management	16
GRI 102	General Disclosures	102-31	Review of economic, environmental, and social topics	4. Economic Aspect 5. Environmental Aspect 6. Social Aspect	17~49
GRI 102	General Disclosures	102-32	Highest governance body’ s role in sustainability reporting	The Report was compiled by the CSR team, and reviewed and approved by the division heads of the Company.	none
GRI 102	General Disclosures	102-33	Communicating critical concerns	3.1.4 CSR Committee	12
GRI 102	General Disclosures	102-34	Nature and total number of critical concerns	1. Overview 2. Stakeholder Engagement and Management	6 8~9
GRI 102	General Disclosures	102-35	Remuneration policies	3.1.1 Board of Directors: Remuneration to Directors and Managers Please refer to “Remuneration Paid to Directors (Including Independent Directors), Supervisors, President and Vice Presidents in the Most Recent Year” section in the 2020 Annual Report.	11
GRI 102	General Disclosures	102-36	Process for determining remuneration	3.1.3 Compensation Committee	12
GRI 102	General Disclosures	102-37	Stakeholders’ involvement in remuneration	3.1.3 Compensation Committee	12
GRI 102	General Disclosures	102-38	Annual total compensation ratio	Confidential information, cannot be disclosed.	none
GRI 102	General Disclosures	102-39	Percentage increase in annual total compensation ratio	Please refer to the total personnel expenses in each CSR report.	none
GRI 102	General Disclosures	102-40	List of stakeholder groups	2. Stakeholder Engagement and Management	8
GRI 102	General Disclosures	102-41	Collective bargaining agreements	N/A	none



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GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	2. Stakeholder Engagement and Management	8
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	2. Communication Channels with Stakeholders	9
GRI 102	General Disclosures	102-44	Key topics and concerns raised	2. Stakeholder Engagement and Management	8
GRI 102	General Disclosures	102-44	Key topics and concerns raised	2. Stakeholder Engagement and Management	8
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	4.1.2 Market Overview	18
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	2. Stakeholder Engagement and Management: Boundary Identification of Issues to Stakeholders	8
GRI 102	General Disclosures	102-47	List of material topics	2. Stakeholder Engagement and Management: Boundary Identification of Issues to Stakeholders	9
GRI 102	General Disclosures	102-48	Restatements of information	Restated by GRI Standards	none
GRI 102	General Disclosures	102-49	Changes in reporting	Restated by GRI Standards	none
GRI 102	General Disclosures	102-50	Reporting period	1. Overview	6
GRI 102	General Disclosures	102-51	Date of most recent report	1. Overview	6
GRI 102	General Disclosures	102-52	Reporting cycle	1. Overview	6
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	1. Overview	6
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	1. Overview	6



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GRI 102	General Disclosures	102-55	GRI content index	7. Appendix	none
GRI 102	General Disclosures	102-56	External assurance	1. Overview - About This Report 7. Appendix	6
GRI 103	Management Approach	103-01	Explanation of the material topic and its boundary	Boundary Identification of Issues to Stakeholders	9
GRI 103	Management Approach	103-02	The management approach and its components	Boundary Identification of Issues to Stakeholders	9
GRI 103	Management Approach	103-03	Evaluation of the management approach	Boundary Identification of Issues to Stakeholders	9
GRI 201	Economic Performance	201-01	Direct economic value generated and distributed	4.1.3 Financial Performance 6.4 Outstanding Benefits and Safe Workplace	19~20 40~42
GRI 201	Economic Performance	201-02	Financial implications and other risks and opportunities due to climate change	5.2 Investment and Risk Planning in Response to Climate Change	27
GRI 201	Economic Performance	201-03	Defined benefit plan obligations and other retirement plans	6.4 Outstanding Benefits and Safe Workplace	40~42
GRI 201	Economic Performance	201-04	Financial assistance received from government	N/A	none
GRI 202	Market Presence	202-01	Ratios of standard entry level wage by gender compared to local minimum wage	Not a major issue to be disclosed in the Report.	none
GRI 202	Market Presence	202-02	Proportion of senior management hired from the local community	Not a major issue to be disclosed in the Report.	none
GRI 203	Indirect Economic Impacts	203-01	Infrastructure investments and services supported	6.7 Social Contributions of Taiflex	49
GRI 203	Indirect Economic Impacts	203-02	Significant indirect economic impacts	4.1.3 Financial Performance	19
GRI 204	Procurement Practices	204-01	Proportion of spending on local suppliers	Not listed as the local purchase percentage was low.	none



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GRI Standard	GRI Standard Title	Disclosure No.	Disclosure Title	Report Contents or Explanation	Page
GRI 205	Anti-corruption	205-01	Operations assessed for risks related to corruption	none	none
GRI 205	Anti-corruption	205-02	Communication and training about anti-corruption policies and procedures	3.3 Regulatory Compliance 6.1 Stable and Healthy HR Structure	15 37
GRI 205	Anti-corruption	205-03	Confirmed incidents of corruption and actions taken	There was no confirmed incidents of corruption nor actions taken in 2020.	none
GRI 206	Anti-competitive Behavior	206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.2 Business Ethics	13~14
GRI 301	Materials	301-01	Materials used by weight or volume	5.4.2 Recycled Raw Materials Management	30
GRI 301	Materials	301-02	Recycled input materials used	Not a major issue to be disclosed in the Report.	none
GRI 301	Materials	301-03	Reclaimed products and their packaging materials	5.4.3 Green Products	30
GRI 302	Energy	302-01	Energy consumption within the organization	5.3 Energy Management	29
GRI 302	Energy	302-02	Energy consumption outside of the organization	5.4.3 Green Products	30
GRI 302	Energy	302-03	Energy intensity	5.3 Energy Management	29
GRI 302	Energy	302-04	Reduction of energy consumption	5.3 Energy Management	29
GRI 302	Energy	302-05	Reductions in energy requirements of products and services	5.4.3 Green Products	30
GRI 303	Water	303-01	Water withdrawal by source	5.7 Water Resource Management	33
GRI 303	Water	303-02	Water sources significantly affected by withdrawal of water	Not a major issue to be disclosed in the Report.	none



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GRI Standard	GRI Standard Title	Disclosure No.	Disclosure Title	Report Contents or Explanation	Page
GRI 303	Water	303-03	Water recycled and reused	5.7 Water Resource Management	33
GRI 304	Biodiversity	304-01	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not a major issue to be disclosed in the Report.	none
GRI 304	Biodiversity	304-02	Significant impacts of activities, products, and services on biodiversity	Not a major issue to be disclosed in the Report.	none
GRI 304	Biodiversity	304-03	Habitats protected or restored	Not a major issue to be disclosed in the Report.	none
GRI 304	Biodiversity	304-04	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not a major issue to be disclosed in the Report.	none
GRI 305	Emissions	305-01	Direct (Scope 1) GHG emissions	5.2.6 Disclosure of Three-Year Total Operating GHG Emissions Data (Scopes 1, 2, and 3)	27~28
GRI 305	Emissions	305-02	Energy indirect (Scope 2) GHG emissions	5.2.6 Disclosure of Three-Year Total Operating GHG Emissions Data (Scopes 1, 2, and 3)	27~28
GRI 305	Emissions	305-03	Other indirect (Scope 3) GHG emissions	5.2.6 Disclosure of Three-Year Total Operating GHG Emissions Data (Scopes 1, 2, and 3)	27~28
GRI 305	Emissions	305-04	GHG emissions intensity	5.2.6 Disclosure of Three-Year Total Operating GHG Emissions Data (Scopes 1, 2, and 3)	27~28
GRI 305	Emissions	305-05	Reduction of GHG emissions	5.2.8 Short-term and Long-term (use 5 years as the dividing line) GHG Emission Reduction Targets (Scopes 1 and 2)	28
GRI 305	Emissions	305-06	Emissions of ozone-depleting substances (ODS)	Not a major issue to be disclosed in the Report.	none
GRI 305	Emissions	305-07	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not a major issue to be disclosed in the Report.	none
GRI 306	Effluents and Waste	306-01	Water discharge by quality and destination	5.7 Water Resource Management	33
GRI 306	Effluents and Waste	306-02	Waste by type and disposal method	5.8 Waste Management	33~34



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GRI 306	Effluents and Waste	306-03	Significant spills	No significant spills	none
GRI 306	Effluents and Waste	306-04	Transport of hazardous waste	Not a major issue to be disclosed in the Report.	none
GRI 306	Effluents and Waste	306-05	Water bodies affected by water discharges and/or runoff	Not a major issue to be disclosed in the Report.	none
GRI 307	Environmental Compliance	307-01	Non-compliance with environmental laws and regulations	5.5 Environmental Compliance	31
GRI 308	Supplier Environmental Assessment	308-01	New suppliers that were screened using environmental criteria	4.2.2 Supplier Management	23
GRI 308	Supplier Environmental Assessment	308-02	Negative environmental impacts in the supply chain and actions taken	Not disclosed in the Report.	none
GRI 401	Employment	401-01	New employee hires and employee turnover	6.1 Stable and Healthy HR Structure 6.2 Talent Recruitment with Quality and Quantity	37~38
GRI 401	Employment	401-02	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not a major issue to be disclosed in the Report.	none
GRI 401	Employment	401-03	Parental leave	6.4 Outstanding Benefits and Safe Workplace	40
GRI 402	Labor/Management Relations	402-01	Minimum notice periods regarding operational changes	Not a major issue to be disclosed in the Report.	none
GRI 403	Occupational Health and Safety	403-01	Workers representation in formal joint management-worker health and safety committees	6.6.2 Establish a Dedicated Top-level Safety and Health Unit	43
GRI 403	Occupational Health and Safety	403-02	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6.6.4 Advance in Active Safety Performance Index (SPI) Monitoring	44
GRI 403	Occupational Health and Safety	403-03	Workers with high incidence or high risk of diseases related to their occupation	6.6.4 Advance in Active Safety Performance Index (SPI) Monitoring	44
GRI 403	Occupational Health and Safety	403-04	Health and safety topics covered in formal agreements with trade unions	No trade unions.	none



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GRI 404	Training and Education	404-01	Average hours of training per year per employee	6.3 Employee Growth Engines 6.6.7 Strengthen Emergency Drills and Enhance Employee Safety Awareness	38 46
GRI 404	Training and Education	404-02	Programs for upgrading employee skills and transition assistance programs	6.3 Employee Growth Engines	38~40
GRI 404	Training and Education	404-03	Percentage of employees receiving regular performance and career development reviews	6.3 Employee Growth Engines	39
GRI 405	Diversity and Equal Opportunity	405-01	Diversity of governance bodies and employees	6.1 Stable and Healthy HR Structure	37
GRI 405	Diversity and Equal Opportunity	405-02	Ratio of basic salary and remuneration of women to men	Confidential information, cannot be disclosed.	none
GRI 406	Non-discrimination	406-01	Incidents of discrimination and corrective actions taken	3.3.4 Open Reporting Systems	15
GRI 407	Freedom of Association and Collective Bargaining	407-01	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.2.2 Supplier Management 6.1 Stable and Healthy HR Structure	23 37
GRI 408	Child Labor	408-01	Operations and suppliers at significant risk for incidents of child labor	4.2.2 Supplier Management 6.1 Stable and Healthy HR Structure	23 37
GRI 409	Forced or Compulsory Labor	409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.2.2 Supplier Management 6.1 Stable and Healthy HR Structure	23 37
GRI 410	Security Practices	410-01	Security personnel trained in human rights policies or procedures	Not disclosed in the Report.	none
GRI 411	Rights of Indigenous Peoples	411-01	Incidents of violations involving rights of indigenous peoples	Not a major issue to be disclosed in the Report.	none
GRI 412	Human Rights Assessment	412-01	Operations that have been subject to human rights reviews or impact assessments	Not a major issue to be disclosed in the Report.	none
GRI 412	Human Rights Assessment	412-02	Employee training on human rights policies or procedures	Not a major issue to be disclosed in the Report.	none
GRI 412	Human Rights Assessment	412-03	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not a major issue to be disclosed in the Report.	none



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  - 3.5 Risk Management
- 4 Economic Aspect
  - 4.1 Company Overview
  - 4.2 Customer Service and Supplier Management
- 5 Environmental Aspect
  - 5.1 Environmental Protection and Sustainability Policy
  - 5.2 Investment and Risk Planning in Response to Climate Change
  - 5.3 Energy Management
  - 5.4 Raw Materials Management
  - 5.5 Environmental Compliance
  - 5.6 Air Pollution Control
  - 5.7 Water Resource Management
  - 5.8 Waste Management
  - 5.9 Green Investing and Benefits
- 6 Social Aspect
  - 6.1 Stable and Healthy HR Structure
  - 6.2 Talent Recruitment with Quality and Quantity
  - 6.3 Employee Growth Engines
  - 6.4 Outstanding Benefits and Safe Workplace
  - 6.5 Employee Engagement
  - 6.6 Occupational Safety and Health - Build a Perfectly Safe and Healthy Workplace
  - 6.7 Social Contributions of Taiflex
- 7 Appendix
  - Global Reporting Initiative (GRI) Standards Comparison Table

GRI Standard	GRI Standard Title	Disclosure No.	Disclosure Title	Report Contents or Explanation	Page
GRI 413	Local Communities	413-01	Operations with local community engagement, impact assessments, and development programs	No significant influence.	none
GRI 413	Local Communities	413-02	Operations with significant actual and potential negative impacts on local communities	No significant influence.	none
GRI 414	Supplier Social Assessment	414-01	New suppliers that were screened using social criteria	The mechanism was not adopted.	none
GRI 414	Supplier Social Assessment	414-02	Negative social impacts in the supply chain and actions taken	4.2.2 Supplier Management	23~24
GRI 415	Public Policy	415-01	Political contributions	3.3.5 Others: Political contributions	15
GRI 416	Customer Health and Safety	416-01	Assessment of the health and safety impacts of product and service categories	Taiflex is not a manufacturer of end products. Not a major issue to be disclosed in the Report.	none
GRI 416	Customer Health and Safety	416-02	Incidents of non-compliance concerning the health and safety impacts of products and services	Taiflex did not violate any laws nor voluntary codes concerning the health and safety impacts of products and services during their life cycles.	none
GRI 417	Marketing and Labeling	417-01	Requirements for product and service information and labeling	Taiflex provides product composition data per customers' requests.	none
GRI 417	Marketing and Labeling	417-02	Incidents of non-compliance concerning product and service information and labeling	Taiflex had no incidents of non-compliance concerning product and service information and labeling in 2020.	none
GRI 417	Marketing and Labeling	417-03	Incidents of non-compliance concerning marketing communications	Taiflex did not violate any laws nor voluntary codes concerning marketing (including advertising, promotion, and sponsorship) in 2020.	none
GRI 418	Customer Privacy	418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Taiflex did not receive any relevant complaints in 2020.	none
GRI 419	Socioeconomic Compliance	419-01	Non-compliance with laws and regulations in the social and economic area	Taiflex had no incidents of non-compliance with laws and regulations in the social and economic area in 2020.	none