



Corporate Social Responsibility  
**Report 2019**

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## 0. INTRODUCTION

### 0.1 About the CSR Report

To practice corporate social responsibility (CSR) and make full communication with stakeholders, Taisun Int'l (Holding) Corp. (hereinafter referred to "We/Our/Us" or "Taisun") began to disclose our CSR performance in the previous year by publishing a CSR report on an annual basis as of 2020. This CSR report has been prepared in accordance with the Core option of the GRI Standards published by the Global Reporting Initiative (GRI) and the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" published by Taiwan Stock Exchange Corporation. This report also addresses topics that concern all stakeholders and presents our efforts in the economic, social, and environmental aspects by linking Taisun's business and the reporting principles.

The reporting period of this report is January 1 to December 31 of 2019. Information is extracted mainly from the management and performance in sustainable development of our major locations of operations, with boundaries covering business locations in Vietnam, Cambodia, and Taiwan. All data and figures in this report are collected by employees of different departments and submitted to the CSR Team for consolidation before evaluation and approval by the head of different departments and the chairman to ensure the quality and accuracy of data and figures. All financial data contained in this report is extracted from the consolidated financial statement and AGM report certified by the public accountant. Special conditions will be explained in the report.

The current issue is published on September 22, 2020, and the next issue will be published in September 2021.

#### Contact Information

Should you have any recommendations or doubts regarding this 2019 CSR report, please feel free to contact us according to the following contact information for us to make continual improvements.

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## 0.2 Letters from the Chairman

Since the company was established, we have been specialized in the manufacture of high-quality baby diapers, adult diapers, women's sanitary napkins, and wipes. After years of efforts, we have become a leading brand of adult hygiene care products in Asia. Looking back at 2019, employees experienced many beautiful things and overcame many challenges and difficulties through concerted efforts. I wholeheartedly thank all Taisun employees for their efforts and contributions. Thanks to your ceaseless efforts and continuous devotions, our business performance improved and sales reached a new height.



"Growing Together" is Taisun's corporate spirit. Besides insisting on continuously developing quality products to make life more convenient and better for consumers, we also value the co-existence and co-prosperity with local communities, the environment, and local residents, and we have practiced this spirit for nearly 20 years in our major locations of operation. As this spirit coincides with our CSR, we have concluded the foci of our CSR practice and corporate spirit in the following six categories: "ethical governance," "product responsibility," "Innovation and R&D," "happy workplace," "social Engagement," and "green environment."

Although 2020 is a year of vigorous upheavals in the macro environment, it is also the critical year for CSR implementation at Taisun. First is the restructuring of the board of directors, in which the number of independent directors has increased to four, over one half of the total of seven directors on the board, hoping to improve the Company's ethical management and transparent administration through the in-depth engagement in the board's actual operations of social elites. In addition, the CSR Committee has been established and a chief governance officer (CGO) assigned with the board's approval to constantly plan and implement CSR-related activities. Lastly, we officially published the Company's first CSR report in September 2020 to disclose to the public our achievements in and future planning for CSR.

Looking to the future, we will develop eco-friendly, bio-degradable diapers that are lighter, softer, more air-permeable, and with more value added. Apart from complying with the increasingly stricter environmental protection requirements across the world in recent years, these revolutionary products can help Taisun enter brand-new markets in high-income countries with stricter environmental protection requirements. In addition, upholding our focus on the core business and flexibility in strategy uses, we will continue to enhance resources integration to create new value, in order to "build an outstanding enterprise," "cultivate excellent talents," and contribute to society.

We specialize in developing new products and new technologies that can improve the global environment and enhance the living quality and safety of humans. Business ethics, legal compliance, occupational safety, and environmental protection have always been the focus of our work. We are also committed to practicing our CSR, particularly when CSR is a commitment that should be fulfilled by enterprises highly esteemed by general investors. In the future, we will enforce sustainable development to achieve win-win for "customers," "employees," "shareholders," "partners," and "society."

Although we have engaged in CSR-related areas for nearly 20 years, as this is our first CSR report; we are looking forward to the comments and advice from competent authorities, shareholders, and investors on any room for improvement. Thank you!



## 0.3 Letters from the CSR Committee Chairman



**Ms. Hou Gue Feng**  
**CSR Committee Chairman**

Enterprises manipulate global economic activities worth trillions of US Dollars and covering all aspects of life, including food, clothing, housing, transportation, and entertainment. Enterprises are also the world's largest group, with more resources critical to determining social progress and changes than any individual. As a corporate citizen, we founded the CSR Committee in 2020 to establish the Company's future CSR strategies and approaches in collaboration with internal and external directors and officers, in order to internalize CSR as part of Taisun's corporate culture, transform it into the DNA of all employees, and turn it into the reference for all business decisions, with an aim to spend what is taken from society in society's best interests.

Based on the preliminary blueprint established by the CSR Committee for Taisun's sustainable development, environmental protection, social participation, and corporate government will be the three main aspects of our CSR practice in the next three years. Based on these three aspects, we have developed the following six performance indicators: "ethical governance," "product responsibility," "innovation and R&D," "happy workplace," "social engagement," and "green environment" to pursue reciprocity, co-prosperity, and sustainable development for the Earth, society, customers, employees and shareholders.

Practically, we have defined and progressively achieved indicators addressing aspects covering climate change, governance information disclosure, supplier sustainable management, product quality, customer service, and social participation. In the pursuit of green environment, we will actively rebuild a green supply chain and promote the localized supply of materials supply in two major production bases, Vietnam and Cambodia, to reduce carbon emissions and shorten the supply chain, in order to conserve energy and reduce carbon in collaboration with suppliers to pursue the sustainable development of the supply chain.

In building a happy workplace, we protect the rights and interests of local workers, provide a work environment that is safe and can promote employee health, enforce talent training and personalized employee career development and planning, and offer multiple benefits to make Taisun a healthy corporate citizen emphasizing corporate health responsibility (CHR).

In co-prosperity and sustainable development with local communities, we actively expand our influence on local communities in Vietnam, Cambodia, and Taiwan, covering care for the vulnerable, industry-academia collaboration, and community environment and industrial development, to drive the virtuous circle and local prosperity in local communities.

Adhering to fear of Heaven and fraternity for all, with Taisun as the center of the eccentric circle and the Company's expertise and resources, we engage in the co-prosperity and sustainable development of the employees, shareholders, local communities, society, and the Earth in the outer rings within the eccentric circle, in order to act as the motor that drives continual improvement.

## 0.4 Sustainable Strategies

To practice CSR and promote economic, environmental, and social progress for sustainable development, based on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" published by Taiwan Securities Exchange, we convened a board meeting on December 31, 2014 to establish the Company's "Corporate Social Responsibility Best Practice Principles" for the reference to promote CSR-related activities within Taisun. The contents of our CSR Best Practice Principles cover the implementation of corporate governance, promotion of sustainable development for the environment, maintenance of social welfare, and enhancement of CSR information disclosure.

To ensure the implementation of the CSR policy, we have formed the CSR Promotion Team with respect to Article 7 of the Company's CSR Best Practice Principles to propose CSR policies or systems and promote the implementation of CSR in all aspects.

Upholding the corporate spirit of "Growing Together," we have drawn up the strategy for sustainable development and designed the following six aspects for sustainable development: "ethical governance," "product responsibility," "R&D and innovation," "happy workplace," "social engagement," and "green environment" to develop the strategy for sustainable development and pursue the Company's sustainable development, and to enforce management of environmental, social, and governance (ESG) performance based on this blueprint in the next three years to expand the Company's influence.

In 2015 the United Nations (UN) passed the 17 Sustainable Development Goals (SDGs) in the agenda for sustainable development. We will link our strategy for sustainable development to these SDGs and set corresponding management approaches to correspond to our commitment for practicing sustainable development and SDGs over time.



SDGs	Target	Taisun's Practice/Effectiveness	Corresponding Chapter
2. Zero hunger	2.1 Ensure access to food by the poor and people in vulnerable situations.	Donated 3.3 MT of rice in 2019.	Social Engagement
4. Quality education	4.5 Eliminate all discrimination in education	Invested NT\$1 million as the scholarships for the second generation of immigrants in Taiwan from ASEAN countries or new residents in Taiwan in 2019.	Social Engagement
5. Gender equality	5.5 Ensure full participation in leadership and decision-making for women	Increase the Female officer rate in management over 35% by 2025 and over 40% by 2030.	Happy Workplace
		The number of Female board members exceeds 1/3 of all by 2023.	Ethical Governance
8. Decent work and economic growth	8.5 Full employment and decent work with equal pay	Provide fair and reasonable remunerations and work conditions.	Happy Workplace
12. Responsible consumption and production	12.2 Sustainable management and use of natural resources	Waste reduction at source: - Reduce wastewater by 3% (compared with the previous year) every year before 2030. - Reduce waste by 3% (compared with the previous year) every year before 2030.	Product Responsibility Green Environment
		Use of green materials: - 30% by 2030 - 60% by 2040 - 100% by 2050	
	12.6 Disclose sustainability information	Publish the CSR every year as of 2020.	About the CSR Report
13. Climate action	13.3 Improve education and capacity on climate change mitigation, adaptation, impact reduction	Install green energy generation system, e.g. PV system: - Use green energy up to 50% by 2025 - Use green energy up to 70% by 2040 - Use green energy up to 100% by 2050	Green Environment
		Green building Plan: Green building rate at 30% by 2030, 40% by 2040, and 50% in 2050.	Green Environment



We value corporate governance and business performance. Therefore, we formed a CSR Operation Team across departments under the Chairman's Office, with the chairman also president as the top commander, senior officers as the committee chair, and representatives of all units (purchasing, sales, manufacturing, R&D, financial, and administration departments), the Cambodia subsidiary, and Taiwan branch as committee members. The team holds meeting regularly to plan and implement the CSR annual plan. In addition to the regular meetings, the team also hold the CSR target discussion meeting at the end of the year and establish the CSR implementation plan in the next year, report the effectiveness of implementation and the direction of improvement to the chairman and board of directors at planned intervals, and prepare the CSR report.



## 0.5 Corporate Overview

### First step in Vietnam in 2001

With over 10 years of experience in related technologies and through co-development of related technologies from time to time with equipment and key parts suppliers, we make continual enhancement of production efficiency and improvement of product quality. We make constant upgrading of existing products and develop products that are lighter, softer, and more air-permeable through product design and new material tests, hoping to bring better product experience to end-users.

### Integrated and Total Solutions

In addition to production, we are committed to promoting full production automation covering packaging, handling, and warehousing to enhance corporate competitiveness. Furthermore, by capturing market demand information, we develop brand-new products and applications through R&D to expand to other areas of the market.

### Recognition and Responsibility

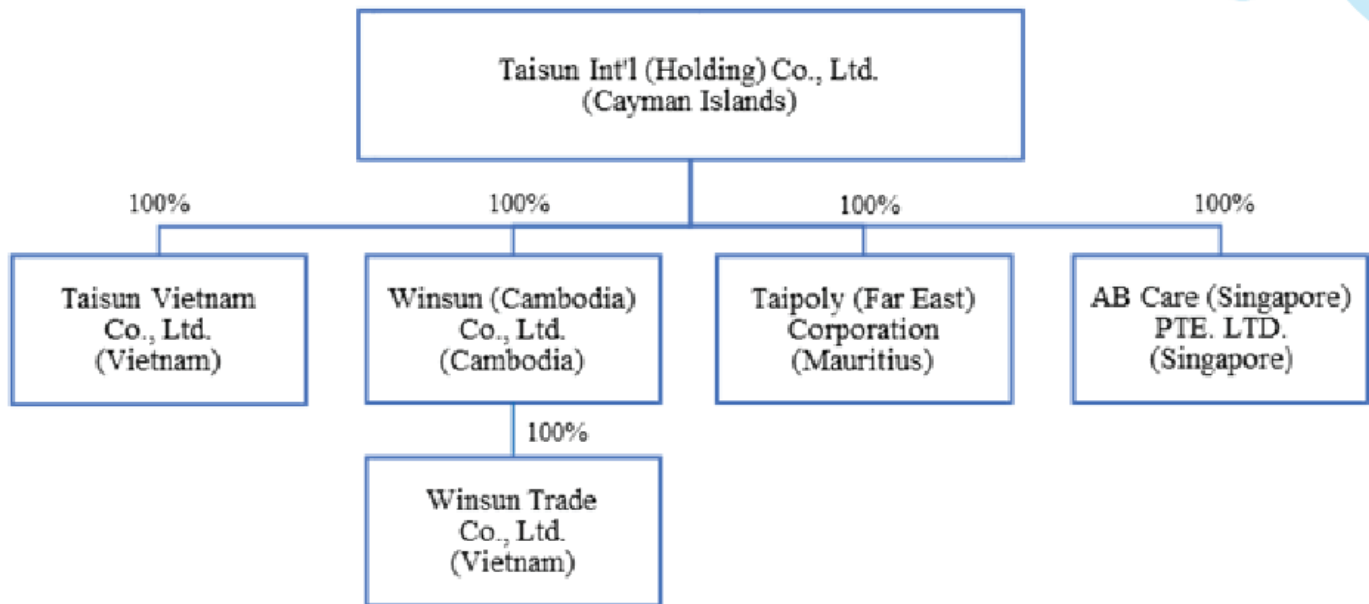
We have received many global awards since 2021. In addition to a company name, Taisun is more a brand that makes us proud. Besides recognizing our business performance and R&D capacity, these awards encourage all employees to move forward.

### Global View

With the rise of hygiene awareness across the globe, consumers are glad to accept and use more convenient disposable sanitary products that are mature, everyday life goods with higher market concession and more competitors, with lower differences in process technology and product variety terms. We built plants and set channels in the host countries at the beginning to ensure maximum control of market development trends. In addition, taking account of the product experience of customers, brand image development, and effective product segmentation, besides engaging in continuous product R&D to improve product performance and make customers feel comfortable to use our products, we make active process improvement to enhance customer satisfaction and market competitiveness by raising the yield rate and reducing production cost.



## Group Organizational Structure



Operational Headquarters: Taisun Vietnam Co., Ltd.

Website: <http://www.taisunholding.com/>

Address: Lot A1-6, N5 Street, Tay Bac Cu Chi IZ, Cu Chi District, HCM City, Vietnam

Phone: (+84-8) 3790-8681

Mauritius-based Subsidiary: Taipoly (Far East) Corporation

Website: <http://www.taisunholding.com/>

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Phone: (+84-8) 3790-8681

Cambodia-based Subsidiary: Winsun (Cambodia) Co., Ltd.

Website: <http://www.taisunholding.com/>

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Phone: (+855) (0)2372-9798

Taiwan Branch: Taiwan Branch, Taisun Int'l (Holding) Corp.

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## 0.6 Stakeholder Communication and Materiality Assessment

With respect to four major principles: stakeholder inclusiveness, sustainability context, materiality, and completeness; and through the three main stages: identification, analysis, and validation of the GRI reporting principles, we review sustainable topics and analyze their materiality to adjust our strategic and long-term goals in sustainability management and make the results the reference for writing the CSR report.

### Stage 1: Identification

#### **Step 1:** Determining communication targets

Discussion of The CSR Operation Team based on the definition of stakeholders. Based on the impact on or from Taisun, seven major stakeholder groups within and outside of the organization or individuals were determined: shareholders, employees, customers, suppliers, community residents, non-government organizations (NGOs) and government units; and various communication channels were established to receive feedback.

#### **Step 2:** Gathering of sustainability topics

A total of 12 sustainable issues were consolidated based on the GRI Standards, targets of SDGs, organizational development goals, and stakeholder communication.

### Stage 2: Analysis

#### **Step 3:** Investigating the level of concern

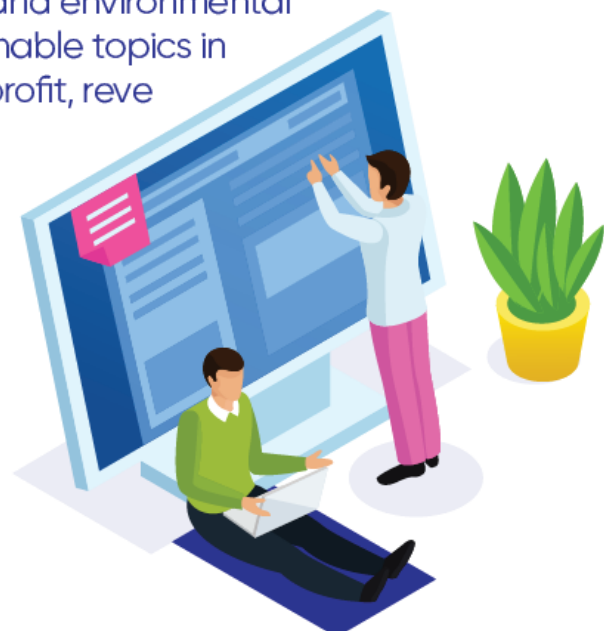
Based on the defined stakeholders, apart from discerning the expectations of employees through internal communication meetings, we analyzed the level of concern of related topics of suppliers and customers through interaction and questionnaire survey.

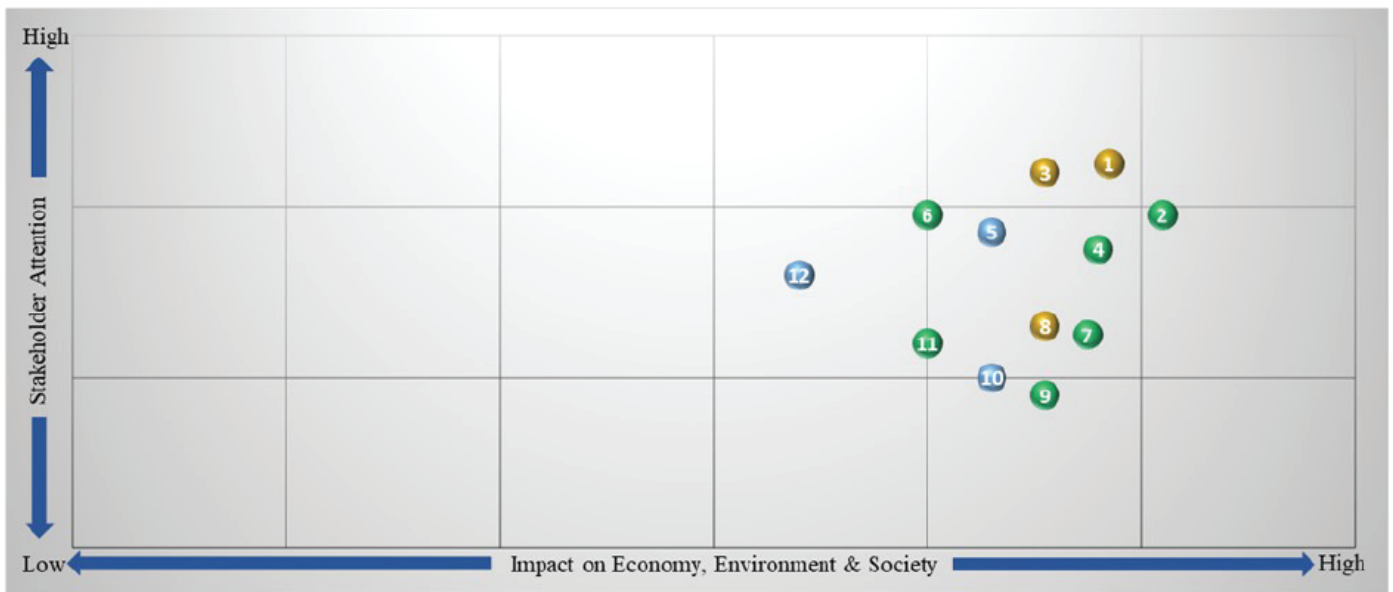
#### **Step 4:** Analyzing impacts on operations

Taking account of the economic, social, and environmental impacts, we measure the level of impacts of sustainable topics in terms of the following five operational aspects: profit, revenue, customer satisfaction, organizational commitment, and risk.

#### **Step 5:** Producing the materiality matrix

The materiality matrix was produced based on the analysis results in steps 3 and 4. The topics that concern stakeholders defined in the matrix are included in the annual planning and routine business management. Effectiveness is assessed periodically, and continual improvement is made.





1. Ethical Management (G); 2. Product Quality (E); 3. Legal Compliance (G); 4. Customer Service (E); 5. Occupational Safety and Health (S); 6. Innovation Management (E); 7. Supply Chain Management (E); 8. Risk Management (G); 9. Energy Management (E); 10. Talent Recruitment and Structure (S); 11. Climate Change (E); 12. Social Engagement (S).

### Stage 3: Confirmation

#### Step 6: Determining disclosure boundaries

The boundaries of disclosure of sustainability information were determined in terms of purchasing, production, quality management, and the value chain of customer use to understand the influence of sustainable optics at up- and down-stream.

#### Step 7: Reviewing disclosure contents

20 specific topics in the GRI Standards were addressed based on the 12 material topics identified, and sustainable information was collected and disclosed with respect to the reporting requirements and management approach of each topic.



# Material Issues and Taisun Value Chain

Focus	Key Issues	Material Issues (corresponding GRI disclosure)	Importance of Operations)					TopicBoundaries			Management Approach	Organizational Goal	Fod of Response
			Profitability	Revenue	Customer Satisfaction	Employee Engagement	Risk	Upstream	Within Organization	Downstream			
Ethical Governance	Ethical management	GRI 205: Anti-corruption			✓	✓	✓	✓	✓	✓	Ensure communication to all employees through various publicity channels.	1. 100% suppliers signing the CSR agreement by 2020. 2. Over 1/3 of board members are Female by 2023.	1. Awareness education on ethical management and prevention of insider trading for all employees. 2. The board approves the "Procedures for Ethical Management and Guidelines for Conduct."
	Risk Management	GRI 103: Management Approach			✓	✓	✓	✓	✓	✓	Establish an effective governance framework through continual review of the macro environment and improvement of internal management procedures.	Improve performance in the corporate governance evaluation.	1. Improve board competence. 2. Ensure the transparency of disclosure information. 3. Value the rights and interests of stakeholders.
	Legal compliance	GRI 419: Socioeconomic Compliance			✓	✓	✓		✓	✓	Ensure related units understand related regulations through internal training and education.	Regulations shall be kept up to date, and provided training and education by professional.	No significant fine was reported in 2019.
Product Responsibility	Purchase and materials management Supply chain management	PGRI 414: Supplier Social Assessment	✓	✓			✓	✓			Strengthen supply chain tenacity and perform new supplier assessment to achieve the materials sources distribution program.	1. Request suppliers to pass ISO and MSDS certification within a limited time. 2. Increase local purchase to 80% by 2030 except for PULP & SAP	1. Develop a well-planned supplier evaluation system. 2. Optimize local purchase.
R&D and Innovation	Innovation management	GRI 103: Management Approach	✓	✓	✓			✓	✓	✓	Constantly engage in process or materials diversification	Use of green materials at 30% by 2030, 60% by 2040, and 100% by 2050.	Implement project management to control development schedule and accelerate problem-solving.
	Product quality	GRI 416: Customer Health and Safety	✓	✓	✓				✓	✓	Implement to strengthen the quality management system.	Pass ISO 9001 & GMP certification by 2020 and ISO 14001 certification by 2025.	1. Develop total incoming inspection capacity. 2. Periodic training for inspectors.
	Customer service	GRI 418: Customer Privacy		✓	✓					✓	Establish the process for customer service to enhance customer satisfaction.	Satisfied responses over 90% by 2023 in customer satisfaction surveys.	Discover and address customer demands through meetings/questionnaires at planned intervals.



Focus	Key Issues	Material Issues (corresponding GRI disclosure)	Importance of Operations)					Topic Boundaries			Management Approach	Organizational Goal	Foot of Response
			Profitability	Revenue	Customer Satisfaction	Employee Engagement	Risk	Upstream	Within Organization	Downstream			
Happy Workplace	Talent recruitment and structure	GRI 405: Diversity and Equal Opportunity		✓		✓			✓		Inventory talent competences.	1. Female officer rate in management at 35% by 2025 and 40% by 2030. 2. Job rotation rate at 5% by 2025. 3. Internal promotion rate at 20% by 2025.	Make perfect assignment planning to attract and retain talents
	Talent development	GRI 404: Training and Education		✓		✓			✓		Provide a complete talent training plan.	100% Complete online training, technical Training for Employees, and training by 2023.	Optimize the employee training and education system to improve employee expertise and develop their potential.
	Employee salary and benefits	GRI 401: Employment		✓		✓			✓		Plan a well-laid salary and benefit system for the group.	1. The average salary of all companies of group is higher than the average salary announced by the government. 2. Employee satisfaction over 75% by 2023, 80% by 2025, and 90% by 2030	Perform employee satisfaction surveys
	Occupational safety and health	GRI 403: Occupational Health and Safety				✓	✓	✓	✓		Arrange activities and training for occupational health and safety.	Set zero accidents as the annual goal.	Provide employees with a safe and healthy work environment.
Social Engagement	Social engagement	GRI 413: Local Communities				✓			✓	✓	Promote co-improvement and inclusion with local communities and deepen local influence.	Invest 1% of the Net profit before tax/Year during 2021–2025 and 15% during 2026–2030 in ecological/ environmental protection/ educational/and charitable activities.	Enhance integration of welfare topics with the core business.
Green Environment	Energy management	GRI 302: Energy	✓				✓	✓	✓	✓	Develop green manufacturing to reduce energy consumption.	Use green energy at 50% by 2025, 70% by 2040, and 100% by 2050	Plan and implement new energy conservation measures every year.
	Climate change	GRI 305: Emissions					✓	✓	✓	✓	Draw up policies for reducing GHG emissions.	Reduce energy consumption and carbon emissions by 3% of the previous year every year by 2030.	Build green generation systems using solar energy.

Stakeholder	Issues of High Concern	Communication Channel	Communication Frequency
Shareholder	Business performance Risk management Ethical governance	Market Observation Post System	Periodically publish monthly revenue, quarterly financial statement, and annual financial statement
		Meetings of shareholders	At least once a year
		Domestic and foreign investment forums	Irregularly
		Investor conferences	Irregularly
		Investor relations email	Irregularly
Employee	Business performance Talent recruitment and structure Talent development Occupational safety and health	Labor-management meetings	At least once a year
		Employee monthly meetings	Once a month
		OH&S Committee	At least once a year
		Union annual conferences	At least once a year
		Employee satisfaction surveys	At least once a year
Customer	R&D and Innovation Product quality Customer service	Customer service helpline	Irregularly
		Domestic sales dealer conferences	Irregularly
		Customer satisfaction surveys	twice a year
		Corporate website	Irregularly
Supplier	Purchase and materials management Supply chain management	Supplier evaluation and assessment	Once a year
		Corporate website	Irregularly
Community Resident	Occupational safety and health Climate change and energy management Social Engagement	Industrial park service center	Irregularly
		Regional joint defense	At least once a year
		Communication email on the corporate website	Irregularly
		Charitable activities	Irregularly
NGOs	Social Engagement Climate change and energy management	Publish CSR reports	Once a year
		GHG Inventory	Once a year
Government Unit	Legal compliance Occupational safety and health Climate change and energy management	Participate in seminars and legal hearings organized by competent authorities and official documents	Irregularly
		Publicize legal compliance with the latest legal requirements and ethical management at executive meetings	At least once a year

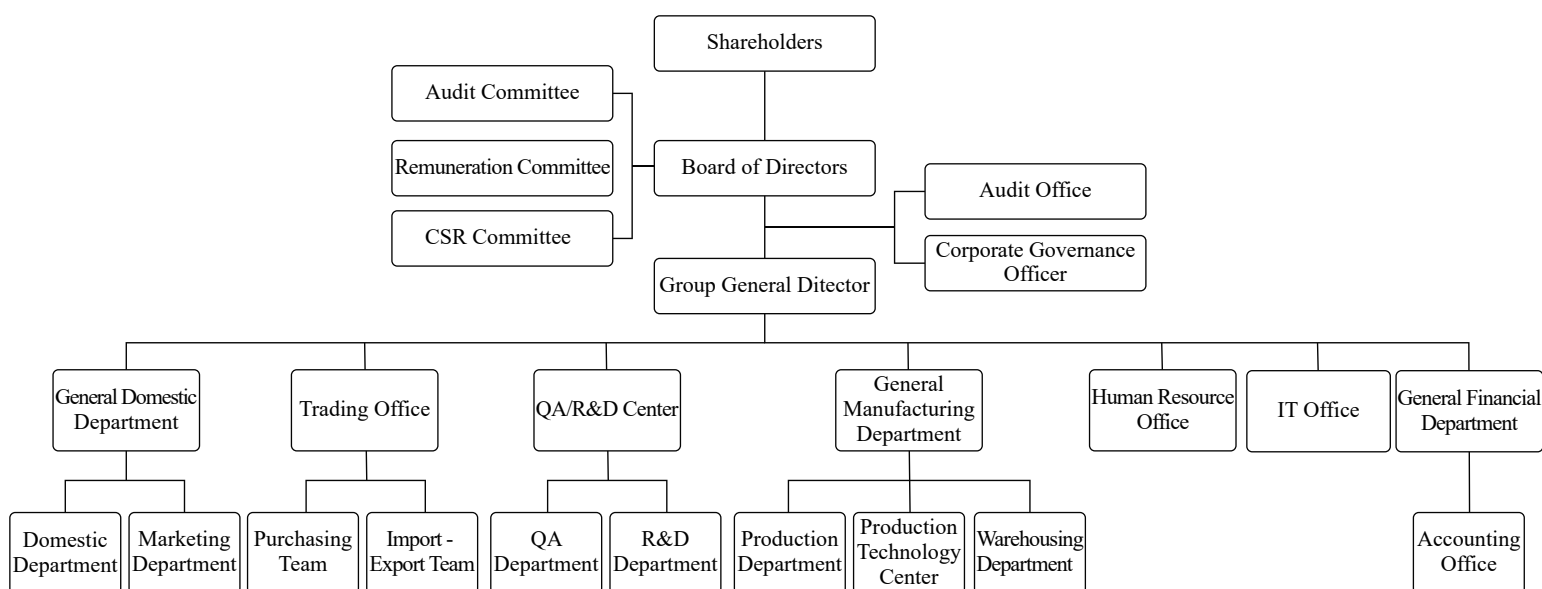
# 1. Ethical Governance

## 1.1 Ethical Management

### 1.1.1 Unit and operation of corporate governance

The board of directors is the Company's top governance body. Seven directors (including 3 individual directors, with one being a female director) are appointed according to the company charter. Under the board, there is the Audit Committee and Remuneration Committee to assist the board in performing its supervision duties.

After the full board re-election on June 29, 2020, one independent director was added to the board (now 4 individual directors, with 2 being female directors). On August 5, 2020, the board approved the establishment of the CSR Committee.



The General Financial Department is concurrently the corporate governance unit which is responsible for affairs relating to corporate governance, including providing directors with the data required for business operations; handling affairs relating to holding board meetings and meetings of shareholders by law; implementing the registration and registration change of the Company; and producing the minutes of board meetings and meetings of shareholders.



## A. Strengthening board competency

### a. Board operation: Diversification of board member competencies at Taisun

Director \ Diversification Item	Sex	Judgment for Operation	Operation Management	Leadership/ Decision-Making	Industry Knowledge	International outlook	Analytical skills for accounting and finance	Risk Management
Chairman: TAI CHAO RONG	Male	✓	✓	✓	✓	✓	✓	✓
Director: CHEN YU HSUEH	Female	✓	✓	✓	✓	✓	✓	✓
Director: LEE JUI HAO	Male	✓		✓	✓	✓		✓
Director: WANG HSIN WU	Male	✓		✓		✓	✓	✓
Independent Director: YU SHANG WU	Male	✓		✓		✓	✓	✓
Independent Director: HSIEH JAU HWANG	Male	✓	✓	✓		✓	✓	✓
Independent Director: CHEN MIN HUN	Male	✓	✓	✓		✓	✓	✓

### Board Operation in 2019 (Total 5 times of board meetings)

Position	Name	Actual Attendance	Proxy Attendance	Actual Attendance Rate (%)
Chairman	Everlink Overseas Inc. Represented by: TAI CHAO RONG	5	0	100%
Director	KT Look Int'l Inc. Represented by: CHEN YU HSUEH	5	0	100%
Director	LEE JUI HAO	5	0	100%
Director	WANG HSIN WU	5	0	100%
Independent Director	YU SHANG WU	5	0	100%
Independent Director	HSIEH JAU HWANG	5	0	100%
Independent Director	CHEN MIN HUN	5	0	100%

We have adopted the nomination system for directors and passed the "Regulations for Evaluation of the Board of Directors" in 2016 to evaluate internal board performance every year. The results of board evaluation will serve as the reference for director selection or nomination and the determination of the remuneration for independent directors.

Further education of directors in 2019: To improve board competence, we arrange further education courses for directors every year. In 2019, the total length of directors' further education totaled 24 hours.

D&O liability insurance in 2019: Every year we buy liability insurance for all directors and officers of the Company. In 2019, we bought D&O liability insurance from Shinkong Insurance Co., Ltd. In addition, we reported the validity, amount, and coverage of the D&O to the board on August 10, 2019 with respect to Article 39 of the "Corporate Governance Best Practice Principles for TWSE Listed Companies."

## b. Operation of functional committees:

Position	Functional Committee Name	Audit Committee	Remuneration Committee	CSR Committee (established on 2020/8/5)
Independent Director	YU SHANG WU	✓ (convener)	✓	✓
Independent Director	HSIEH JAU HWANG	✓	✓ (convener)	
Independent Director	CHEN MIN HUN	✓	✓	
Independent Director	HOU GUE FENG (as of 2020/6/29)			✓ (convener)
Chairman	TAI CHAO RONG			✓

### Operation of Audit Committee in 2019 (5 committee meetings)

Position	Name	Actual Attendance	Proxy Attendance	Actual Attendance Rate (%)
Convener	YU SHANG WU	5	0	100%
Independent Director	HSIEH JAU HWANG	5	0	100%
Independent Director	CHEN MIN HUN	5	0	100%

### Operation of Remuneration Committee in 2019 (2 committee meetings)

Position	Name	Actual Attendance	Proxy Attendance	Actual Attendance Rate (%)
Convener	HSIEH JAU HWANG	2	0	100%
Committee	YU SHANG WU	2	0	100%
Committee	CHEN MIN HUN	2	0	100%

## B. Maintaining transparency of information disclosure

To disclose information relating to the Company's finance, business operations, and corporate governance by law, such as the "Corporate Governance Best Practice Principles for TWSE Listed Companies" and the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," we have designated responsible staff to gather and disclose related data and implemented the spokesperson



system. After participating in an investor conference, we must disclose related information on the Market Observation Post System (MOPS) to keep stakeholders updated with the status of Taisun.

### C. Valuing the rights and benefits of stakeholders

We have established the spokesperson system as a channel for disclosing information to the public. We have also designated special staff to handle shareholder commendations and settle shareholder disputes. Stock service staff keep track on and report the stockholding of directors and shareholders holding over 10% of the Company's shares monthly.

We have also established the "Regulations for Preventing Insider Trading" to request insiders to observe related regulations. In addition, we arrange training and awareness education for insiders at least one a year and prohibit them from engaging in operations with undisclosed information to protect the rights and interests of shareholders.

#### 1.1.2 Integrity and ethics and their operation

The President's Office is responsible for promoting ethical management. Members of the office attend the board meeting as guests to understand the process of decision making to maintain the Company's ethical management policies. We have established the "Procedures for Ethical Management and Guidelines for Conduct" for the board and management to uphold integrity in carrying out their supervision responsibility, in order to build an environment for sustainable development. In the "Procedures for Ethical Management and Guidelines for Conduct," offering and accepting bribes, providing or accepting undue advantages, offering or promising facilitating fees, engaging in unfair competitions, leaking trade secrets, and prejudicing the rights and interests of stakeholders are prohibited.

We have also stated the punishment and grievance system in related regulations to provide stakeholders with exclusive channels for grievance and reporting with real-time feedback to ensure the protection of the rights and interests of stakeholders. After detecting unethical behavior, stakeholders can directly report to the competent authorities or audit office. After a report is accepted, both the investigation process and results will be kept confidential. We have also introduced the informant protection program to ensure no retaliation on informants. In 2019, no significant internal or external offence was reported.

To enhance governance competence, we hope to increase the female director rate to over 1/3 of the board by 2023.





## 1.2 Risk Management

Material Topic	Risk Consideration	Importance to Operations			Risk Management
		Strategy	Operations	Hazards	
Professional Ethics	Employees fail to follow the professional ethics and regulations.	✓	✓		Establish related regulations; arrange training, education, and publicity; and perform assessments periodically to engrain professional ethics and legal compliance in employees.
Corporate Governance	Failure to enforce governance practices.	✓	✓		Enhance board competence and assign dedicated governance staff.
Legal Compliance	Business operations noncompliant with the law.	✓	✓		Keep track on and assess up-to-date regulations; establish and implement legal compliance programs; and arrange training and education.
Supplier Sustainable Management	Purchase concentration or suppliers nonconforming with the corporate or legal requirements		✓		Constantly disperse production bases and increase and assess new suppliers to achieve source diversification.
Product Quality	Challenges on product quality or yield rate	✓			Strict materials IQC and develop full IQC and IPQC capacity.
Customer Service	Customer attrition	✓			Maintain close collaboration with customers and discern customer demands through periodic meetings or questionnaires.
Innovation Management	Failure to innovate or develop new technologies	✓			Plan and enhance annual energy conservation measures, practice energy conservation, and enhance energy efficiency rate.
Talent Attraction and Retention	Failure to recruit sufficient and appropriate talents		✓		Establish talent selection criteria, draw up successor and agent programs, and diversify recruitment channels.
Occupational Health and Safety	Occupational accidents or diseases			✓	Build a substantially safe work environment and enhance the prevention of occupational diseases.
Social Engagement	Inappropriate donations or sponsorships			✓	Integrate with the Company's core business and express constant care for facilities for the vulnerable.
Energy Management	Power supply shortages	✓	✓		Plan and enhance annual energy conservation measures, practice energy conservation, and enhance energy efficiency rate.
Climate Change	Impacts of GHG emissions on operations	✓	✓	✓	Install PV systems and constantly use optimal solutions to reduce GHG emissions.

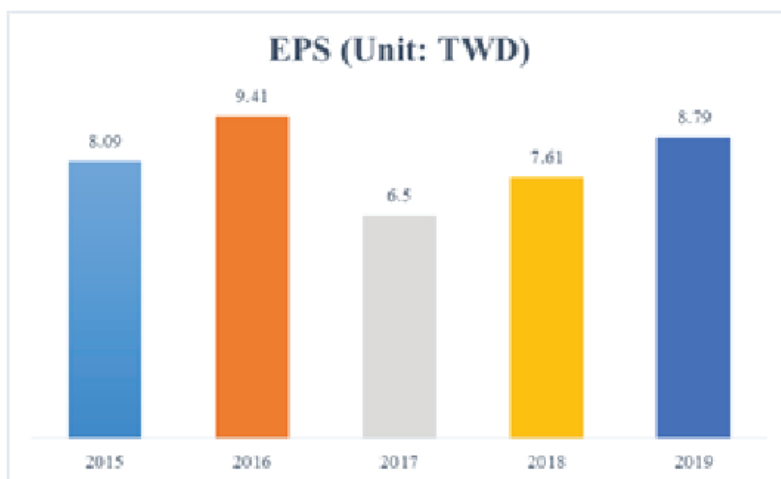
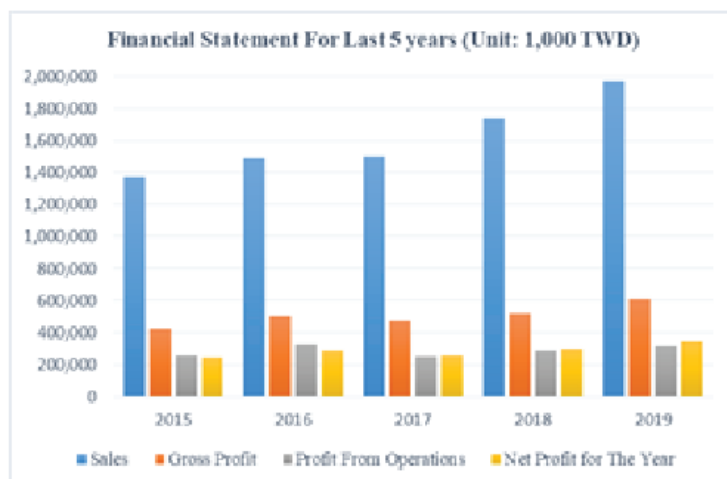


## 1.3 Business Performance

Expressed in NT\$ thousands

<div> <div>Year</div> <div>Item</div> </div>	Financial Data of the Last 5 Years				
	2015	2016	2017	2018	2019
Sales	1,373,220	1,491,841	1,500,010	1,744,175	1,977,366
Gross Profit	422,669	502,625	470,716	521,309	612,680
Profit from Operation	253,595	324,923	247,835	284,515	315,009
Non-Operating Income and Expenses	9,299	16,936	44,682	51,327	65,269
Profit Before Income Tax	262,894	341,859	292,517	335,842	380,278
Net Profit for the Year	242,581	287,915	253,853	298,691	345,164
EPS (NT\$)	8.09	9.41	6.50	7.61	8.79

Business has been growing over the last two years following the popularization of diapers because of the constant population and GDP growths in Cambodia, and the appropriate price and quantity control of materials suppliers, maintaining the gross profit margin close to 30%.



## 1.4 Legal Compliance

At Taisun, ethical management is the foundation of legal compliance. Instead of pursuing business profit, all companies within the group are requested to comply with the related laws and regulations of the host countries when running business activities to not break the law.

In terms of the duties and functions of subsidiaries, we keep track on the legal trends in different aspects based on their functions, as shown in the table below:



Name of Law	Responsible Unit	Tracking Mechanism	Amendment Mechanism
Health, safety, and environmental (HSE) regulations	HR Office	Special staff gather information regarding changes in HSE regulations at any time.	Timely amendment based on ISO and related legal requirements.
Consumer Protection Act, Trade Secrets Act, and Fair Trade Act	Domestic Department and Import-Export Department	Special staff gather information regarding changes in related regulations at any time through various channels (competent authorities, government websites, and external consultants).	Proposal for amendments to the company charter or internal regulations where necessary.
Banking Act, Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, and Anti-Money Laundering Act	General Financial Department	Special staff gather information regarding changes in related regulations at any time through various channels (competent authorities, government websites, and external consultants).	Proposal for amendments to the company charter or internal regulations where necessary.
International Financial Reporting Standards (IFRS), Income Tax Act, Regulations Governing the Acquisition and Disposal of Assets by Public Companies	Accounting Office	Special staff gather information regarding changes in related regulations at any time through various channels (competent authorities, government websites, and external consultants).	Proposal for amendments to the company charter or internal regulations where necessary.
Labor Standards Act, Personal Data Protection Act, Copyright Act	HR Office	Special staff gather information regarding changes in related regulations at any time through various channels (competent authorities, government websites, and external consultants).	Proposal for amendments to the company charter or internal regulations where necessary.
Company Act, Securities and Exchange Act, laws and regulations governing TWSE listed companies of Taiwan	General Financial Department	Special staff gather information regarding changes in related regulations at any time through various channels (competent authorities, government websites, and external consultants).	Proposal for amendments to the company charter or internal regulations where necessary.

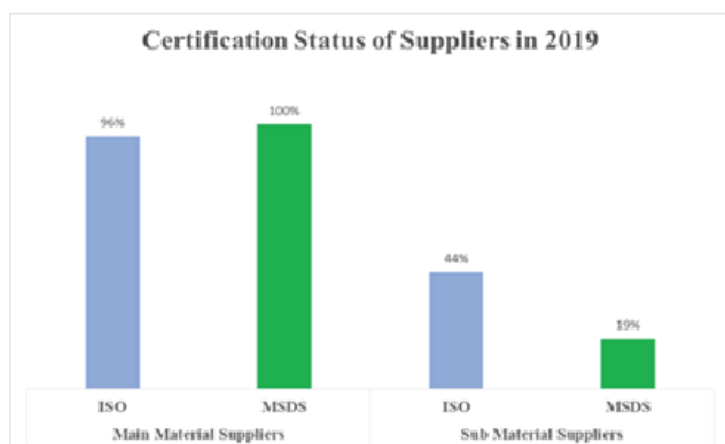


## 2. Product Responsibility

### 2.1 Purchase and Materials Management

We have production bases in Ho Chi Minh City of Vietnam and Phnom Penh of Cambodia. Major materials including the PULP, SAP, and high-grade non-woven fabric are all purchased from leading overseas manufacturers, with a purchasing rate of over 45% in the last two years. In recent years, recognizing the importance of environmental protection and taking account of transportation costs, we have actively deployed and optimized local purchase: enhance the core competence of local suppliers, protect the rights and interests of local base-level workers, and increase local purchase. We have also engaged in energy conservation, carbon reduction, and waste reduction in collaboration with suppliers.

We audit materials suppliers, and evaluations are audited by the evaluation team. We supervise suppliers to make improvements and implement risk management of the supply chain through testing materials and assessing suppliers for legal compliance in terms of our four main aspects (stable quality, reasonable price, punctual delivery, and after-sales service).



To ensure materials quality, we have been tightening our quality requirements on suppliers, hoping that all suppliers of Main materials pass ISO and MSDS certificate by 2021, and 50% of suppliers of Sub materials pass ISO and MSDS certificate by 2023, 70% by 2025, and 100% by 2030.

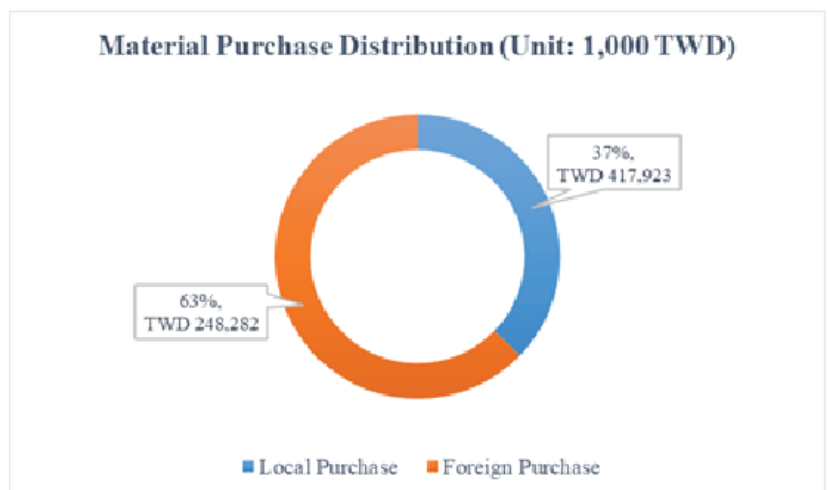
Responsible Unit	Evaluation Competence and Responsibility
Purchasing Team	Selection, assessment, evaluation, and grading of suppliers and consolidation and filing of evaluation data.
R&D Department	Confirmation of new element specifications, trial making of samples, and
QA Department	participation in supplier evaluation as necessary. IQC inspection and confirmation of suppliers and supplier evaluation.
General Manufacturing Department	Assessment of Supplier productivity, environmental and Supplier evaluation.

Up to 94% of suppliers have been evaluated in the last two years. In 2019, a total of 44 suppliers were evaluated. We have also sent the recommended corrections for defects found in the evaluation for suppliers to reply. After opinion exchange, both parties reviewed the overall evaluation results and recommendations for a second time.

To innovate management, we will evaluate all suppliers in 2020.

## 2.2 Supply Chain Management

We are committed to increasing local purchases. Through comprehensive experience in collaboration, we enhance the contingency capacity of suppliers and make continual improvement of processes and quality. Except for the PULP and SAP, the local purchase rate of materials in 2019 was about 37%.



*The following management activities were implemented in 2019:*

- A. Set the local purchase target and constantly promoted or maintained the local purchase proportion.
- B. Actively improved the technology and quality of materials suppliers to increase local purchases.

We engage in active collaboration and technology exchange with local suppliers to increase local purchase of materials (except for the PULP and SAP) to 80% by 2030.

### 3. Innovation and R&D



#### 3.1 Innovation Management

##### Value Chain of New Product Development

Responsible Unit	Competence and Responsibility of New Product Development
Marketing Department Domestic Department Import-Export Team	Realization of new product ideas (channel requirements, market survey, and future trends); integration of new product proposals with own technology; and planning of suitable products.
	Acquisition of sufficient information to determine product design concepts and differentiate practice.
R&D Department	Matching key materials based on planning proposals, making product design and samples, and trial production.
Purchasing Team	Function verification of key materials and assistance with the material purchase and manufacturing process of first-batch production.
General Manufacturing Department	Adjustment of parameters according to the new product technology SOP drawn by the QA Center and actual production.
QA Department	Inspection of trial products to ensure product quality complies with the planning requirements.

Insisting on innovation and R&D and recognizing continual resources investment and efforts are the only ways to achieve sustainable development; we invested NT\$15,418,000 in R&D in 2019.

In the pursuit of materials innovation, we engage in continual technology R&D to ensure the use of green materials at 30% by 2030, 60% by 2040, and 100% by 2050.

#### 3.2 Product Quality

We implement and effectively implement and maintain the ISO 9001 quality management system, integrate mutual communication, enforce system management and implementation, pursue continual improvement and problem prevention, and confirm system adequacy and effectiveness. We are committed to:

- Establishing, implementing, maintaining, and updating a well-planned quality safety management system;
- Realizing the producer's role in a sustainable supply chain;
- Complying with legal requirements;
- Complying with the safety requirements agreed upon with customers; and
- Effectively communicating, implementing, and maintaining the system at all levels.



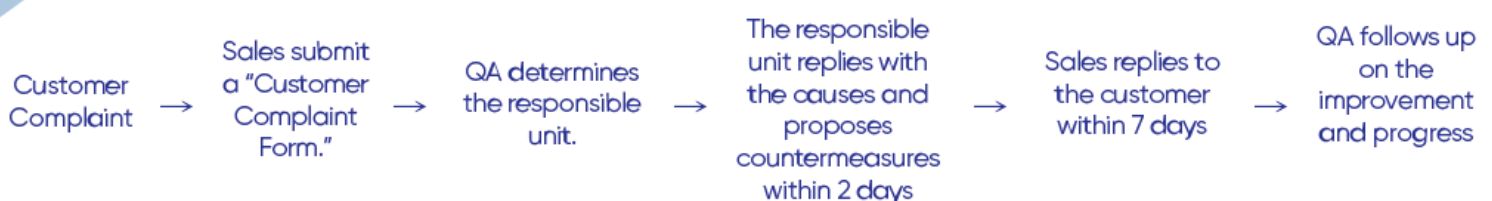
We build a reliable and trusted quality system for the capture of customer requirements, product design, process design, trial production in small quantity, implementation of mass production, and after-sales service. A strict quality management system has been established for each stage. We plan to pass ISO 9001 and GMP certificate by 2020 and ISO 14001 certificate by 2025 for Group. We make continual process improvements to enhance the yield rate to reduce the product loss rate to 5% by 2023.

### 3.3 Customer Service

To provide customers with better services, we conduct two customer satisfaction surveys every year to provide a reference for defect improvement, market demand survey, and the risk management of the macro environment and competitive strength. Based on the survey results, we understand customer satisfaction and take improvement actions to improve the quality of products and services. In 2019, customer satisfaction rose to over 80%. However, in the highly competitive consumer market, we aim to raise customer satisfaction to over 90% by 2023.



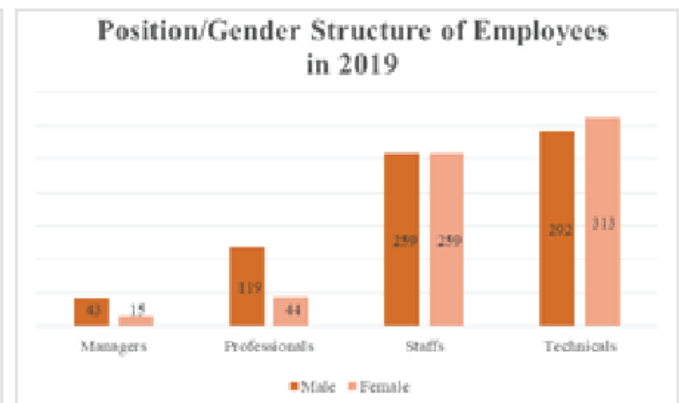
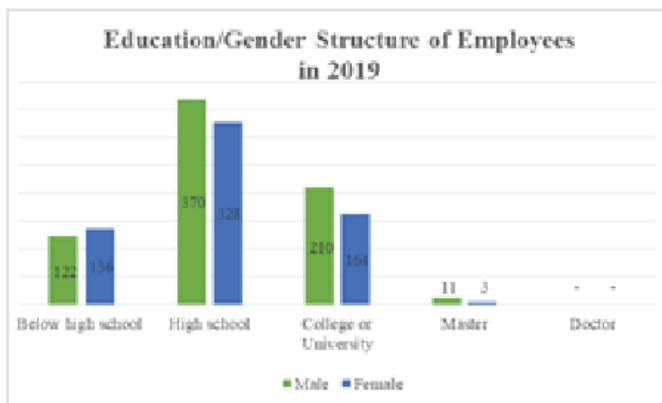
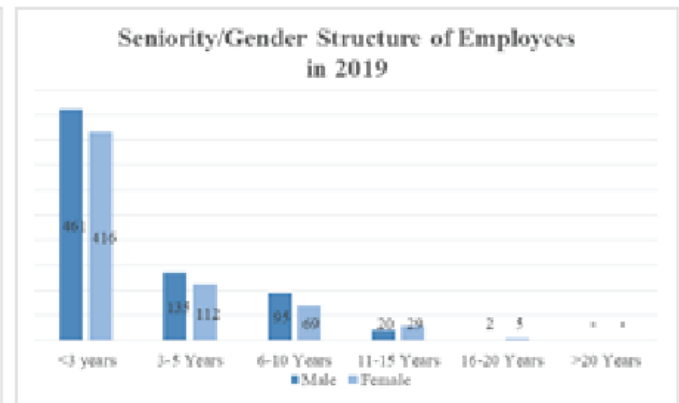
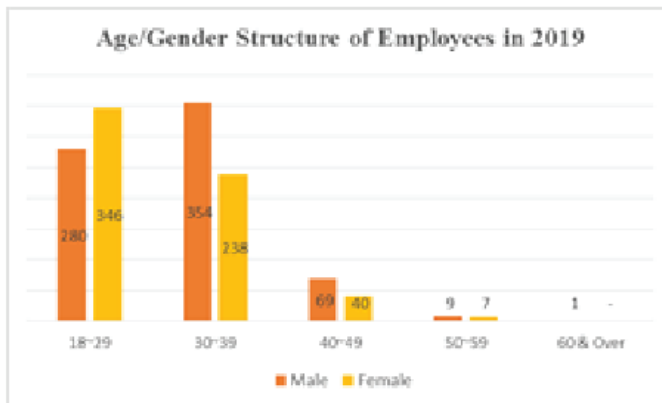
### Customer Complaint Handling Process



## 4. Happy Workplace

### 4.1 Talent Recruitment and Structure

As sales have been growing in recent years, we recruit talents for the need of future organizational development. We hire employees with respect to local labor laws and regulations and do not force labor services against the employee's will. We recruit talents through job banks or internal recommendations in a fair and open manner regardless of gender, religion, ethnicity, nationality, and political affiliation, remuneration and benefits are equal for all employees. The workforce structure in 2019 is as follows:



#### **Our workforce goals:**

- Progressively maintain the average age below 35 years every year from 2020–2030.
- Female officer rate in management over 35% by 2025 and 40% by 2030.
- Job rotation rate over 5% and internal promotion rate over 20% by 2025.



## 4.2 Talent Development

To optimize the career development of employees, we arrange different types of training for active employees, including new employee training, technical training, and Manager's management skill training. Besides sharpening the skills and competence of employees to achieve the Company's common goals and for them to achieve self-actualization, we also use their training results as a reference for the performance evaluation and promotion planning. In 2019, we arranged up to 3,368 hours of training and education for 1,501 times.

In the future, we will adopt the dual-track development system. In addition to a complete development framework, we also provide employees with better development based on their traits and expertise by strengthening training on management competence and expertise for employees to become more professional.

To implement employee training and education more efficiently, we have initiated the construction of the online training and education system, with a target to complete online training and education at 50% by 2021 and 100% by 2023 for online training and education, technical training, and Manager's management skill training.

## 4.3 Employee Salary and Benefits

To achieve the double goal of talent retention and reward, we have designed a competitive remuneration system that is better than the Competitors to improve the Company's overall performance. Besides contributing employee pensions according to local government requirements, we also provide comprehensive benefits, including birth allowance, medical allowance, wedding/funeral allowance, group insurance, health check, birthday cash gift, tour allowance, festival or year-end activities, milk or in-kind allowance for OT work, and other activity support. In 2019, the overall benefit expense was about NT\$17,016, 000.

We engage in group bargaining with the labor union to maintain a sound labor-management relationship. Apart from being rated as the best labor union by the local government in 2019, the labor union of our Vietnam HQ will continue to work for the best interests of employees to turn Taisun into a company that makes employees proud.





## Advanced typical example of Trade Union for 5 years (2015–2019)



## Outstanding Labor Union 2019



## Outstanding Trade Union in learning and following Ho Chi Minh's thought, morals and style from 2019–2020.



In addition to the efforts of the management, the sales growth in recent years should also be attributed to the concerted efforts of employees. Therefore, when planning remuneration and benefits for employees, the average Salary adjustment of all companies of the Group shall be higher than the average salary adjustment rate announced by local governments. To make a step forward, we will established the employee satisfaction survey system in 2020 to raise employee satisfaction to over 75% by 2023, 80% by 2025, and 90% by 2030.

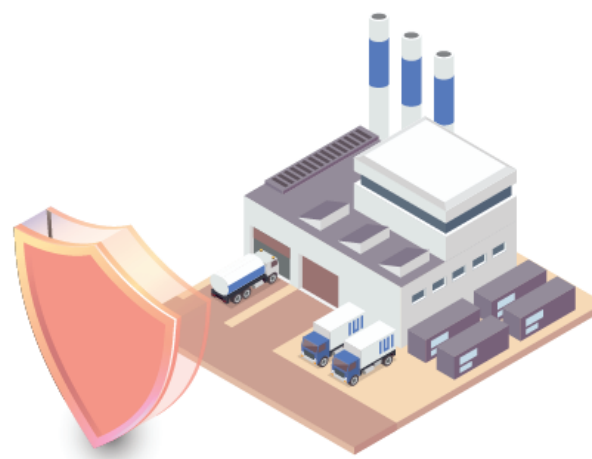
#### 4.4 Occupational Safety and Health

To build a safe work environment and healthy – friendly workplace for employees, we have established an implementation plan with respect to ISO 9001.

Legal Compliance	Comply with or do better than the OH&S requirements to achieve zero occupational accidents.
System Establishment	Integrate the optimization and simplification of the HSE management system.
Risk Management	Review hazard identification, risk assessment, and risk control every year to discover potential risk and establish control targets.
Employee Cultivation	Arrange OH&S training and education for fundamental management to prevent accidents from occurrence.
Total Participation	Provide OH&S training, education, and publicity, and encourage participation in OH&S activities.
System Audit	Encourage total participation through improvement proposals to deepen the 5S and ESH management culture.

A total of 10 occupational accidents without casualty were reported in 2019. Although the number of work-related accidents remained the same in the last two years, we have spared no efforts in making continual improvement. In the most recent year, no occupational disease was confirmed.

Committed to building a safe and healthy work environment, we set “zero accidents” as the unique ESH goal.



## 5. Social Engagement

### 5.1 Social Engagement

To repay society, apart from providing financial support and donations for the vulnerable in society, we properly link to our major product lineups and organize and participate in charitable activities for employees to care for and engage in social welfare. In 2019, we engaged in the following social welfare activities:

Local Engagement	Recipient	Type of Assistance	Amount	Frequency	Social Influence
Industry-academia collaboration	College and university students	Internship	VND 22,292,820	4 people	Enhance connection with local industrial talents.
Neighborhoodly activity	Local communities of the Vietnam plant	In-kind or financial donations for local schools and facilities	VND 892 million	71 activities	Growing together with local communities.
	Local communities of Cambodia plant		USD 9,543.88	13 activities	
Vulnerable Care	College and university students	Scholarship	NTD 1 million	20 people	Provide learning opportunities for local students.





Visit to orphanage in Soc Trang Province, Vietnam.



Take care elderly people in Soc Trang Province, Vietnam.



**Take care elderly people in Tien Giang Province, Vietnam.**



**Take care vulnerable children in Phu Yen Province, Vietnam.**



**Take care children in rural areas in Ninh Thuan Province, Vietnam.**





**Material aid in  
Hanoi City, Vietnam.**

**Children support activity  
in Bien Hoa, Vietnam.**



**Gifts for students in Cu Chi  
Northwest Industrial Zone,  
Ho Chi Minh City, Vietnam.**

**Internship plan for  
Taiwanese students  
in Ho Chi Minh City,  
Vietnam.**







**Charity activity in Yangon, Myanmar.**



**Mid-Autumn Festival charity activity in Ca Mau Province, Vietnam.**



**Take care Vietnamese Heroic Mother in Cu Chi District, Ho Chi Minh City, Vietnam.**





**Charity donation to the Cambodia children's aid foundation.**



**Seminar of the New Southbound Scholarship Program at Taiwan Branch.**





**Visit to an orphanage in Cambodia.**

**Charity donation to vulnerable groups in Cambodia.**



## 5.2 Future Prospects

We spare no effort in engaging in local social charity. Therefore, we often participate in social welfare activities with employees, hoping to equip every employee with empathy and sympathy and to build a warm society.

Our future goals include: Investing in ecology conservation, environmental protection, education, and charity every year at 1% of net Profit before tax during 2021–2025 and 1.5% during 2026–2030.



## 6. Green Environment

### 6.1 Environmental and Energy Management Policy

Instead of wastewater and waste from production, most wastewater and waste from our plants is domestic sewage and waste. In effluent discharge management, we periodically check effluent quality and follow the management instructions of the industry park to ensure the effluent quality complies with government requirements. We also plan a stage-based water conservation design for new equipment or domestic water consumption to reduce water consumption and effluent discharge.

Besides implementing waste sorting, collection, storage, management, and disposal, we sign contracts with government-accredited qualified waste disposal contractors to dispose of waste. ESH staff also conduct onsite inspection of contractors as necessary to ensure waste is disposed of and treated in conformity with the related regulations. In terms of hazardous waste, a management system has been established to control a small amount of fuel and lubricating oils scraped from company cars or forklifts. These oils are also disposed of by qualified contractors.

In addition, we encourage resource recycling and reuse. Besides recovering cartons and packaging materials from incoming materials for reuse, we also encourage office automation, double-side printing of paper, paper recycling, manila envelope reuse, and the use of photocopier with scanning functions to reduce paper consumption for printing.

No violation of environmental protection regulations was reported in 2019.

We hope that all suppliers can sign the CSR undertaking in 2020.

## 6.2 Climate Change and Energy Management

Climate change is as an important topic affecting operations in sustainable development of Taisun. We also state our obligations for environmental protection in our ESH policy. In 2019, we planned and implemented the following environmental protection measures according to the PCDA cycle:

- A. Energy conservation: Implemented office energy conservation and carbon emissions, enhanced the employees' environmental protection awareness, and progressively replaced lights with LED lamps to reduce energy consumption.
- B. Green energy use: We have planned the installation of a PV system at the Vietnam plant with a capacity of 88,695kWh/year, equivalent to 0.75% of the plant's energy consumption, to reduce a total of CO2 emissions of about 22,706 CO2e/year.
- C. Green purchase: Besides increasing local purchase, we maintained and replaced equipment with lower energy efficiency, and planned to purchase products carrying the Green Mark, Energy Label, and Water Conservation Mark.

At Taisun, we consume mostly electricity and a small quantity of diesel and gasoline. The electricity consumption in 2019 was 11,851,872kWh, with energy intensity calculated based on the production output by responsible staff. As the 2019 energy intensity reduced from 2018, it suggests that energy efficiency was enhanced.

Item	Unit	2018	2019
Total Energy Consumption	GJ	38,381.32	42,666.74
Production Output	KPCS	528,815	617,022
Energy Intensity	GJ/KPCS	0.0726	0.0692

In conclusion, our energy management goal against climate change is: Yearly reduce 3% of Energy Intensity in comparison with the previous year by 2030 to reduce electricity consumption and CO2 emissions.

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