



2020

CORPORATE SOCIAL RESPONSIBILITY REPORT

TAISUN INT'L (HOLDING) CORP.

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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 2020. 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 Report is published on August 26, 2021, and the next issue will be published in September 2022.

Contact Information:

Should you have any recommendations or doubts regarding this 2020 CSR report, please feel free to contact us according to the following contact information for us to make continual improvements.

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LETTERS FROM THE CHAIRMAN



Taisun has compiled the corporate social responsibility report voluntarily since 2019 and planned and implemented it in accordance with the spirit of the Global Reporting Initiative Standards (GRI Standards), with the aim of enabling the public and our stakeholders to better understand our continuous efforts and achievements in corporate social responsibility.

“Growing Together” is the core spirit of Taisun. In addition to continuing to develop high-quality products to improve convenience and quality of life for consumers, we attach equal importance to co-existence and co-prosperity with the local community, environment, and people. Taisun has been putting into practice this spirit in our main operating locations for more than 20 years, which is well-aligned with the goal of corporate social responsibility. Therefore, we have identified the six main topics of “Integrity Governance”, “Product Responsibility”, “Innovation and R&D”, “Happy Workplace”, “Social Engagement” and “Green Environment” for us to fulfill our corporate social responsibility and the Company’s core spirit.

Due to the impact of COVID-19, the year of 2021 will be a challenging year for business, but this year also marks the 20th anniversary of Taisun’s establishment. Looking back on the difficulties encountered and efforts made in this journey, as well as the solid foundation developed over the years, we have become more confident to overcome the impact of changes in the general environment and will continue to work to achieve sustainable operations. Recently, we are honored to be recognized by the competent authority as ranked among the top 35% of the Corporate Governance Evaluation. We will continue to focus on the development of new products and new techniques that can improve the global environment and enhance the quality and safety of human life. Meanwhile, we will strive to improve our corporate ethics, compliance, friendly workplace, work safety, green energy, and environmental protection, to achieve the goals of achieving a multiple-win outcome with our customers, employees, shareholders, partners, and society and growing together.

To sum up, Taisun will strengthen resource integration and value innovation based on the concepts of “Building an outstanding enterprise” and “Cultivating excellent talents” in terms of operations, to meet shareholders’ expectations and customers’ requirements. Meanwhile, we will uphold the concept of sharing with society to contribute our share to give back to society. We firmly believe that as long as we continue to make efforts, we will be able to achieve Taisun’s core spirit of “Growing Together”, fulfill our responsibilities as a corporate citizen and contribute to the sustainable development of society and the environment.

LETTERS FROM THE CSR COMMITTEE CHAIRMAN



Taisun formulated the Corporate Social Responsibility Best Practice Principles in 2014 as the basis for the Company to implement CSR. So far, we have made tremendous progress in implementing corporate governance, pursuing eco-friendly supply chain management and environmental sustainability, strengthening charity and improving employees' physical and mental health. Relevant information is also disclosed as planned.

The Company's sustainable development blueprint set out by Taisun's Corporate Social Responsibility Committee under the vision of "Growing Together and Co-existing with the Earth" focuses on the six main topics of "Integrity Governance," "Product Responsibility," "Innovation and R&D", "Happy Workplace", "Social Engagement" and "Green Environment", based on which we have devised corporate sustainability strategies and set specific performance targets and drawn a materiality matrix of the variables to identify risks, analyze the variables, keep abreast of and respond to the impact of each variable on corporate sustainability. As such, this will ensure that we continue to pursue mutual benefits and co-prosperity with the Earth, society, customers, employees, and shareholders through corporate operations and that we are on the track of sustainable development.

In specific aspects, Taisun has set specific targets for climate change, disclosure of corporate governance information, sustainable supplier management, product quality, customer service and social participation and worked to achieve them one by one.

In terms of corporate governance, Taisun conducts performance evaluations of Directors every year and actively strengthens the functions of the Board of Directors. Board members received more than 60 hours of training in 2020. Overall, Taisun's 2020 corporate governance evaluation result is outstanding and ranked among the top 21%–35% of all publicly listed companies.

In the pursuit of a green environment, Taisun will take more proactive actions in the pursuit of greener and eco-friendly research, production, and sales systems with less carbon emissions in terms of materials, energy consumption, procurement, production, and sales.

In terms of developing a happy workplace, Taisun has focused on protecting local workers' rights and interest and providing a safe and comfortable work environment. In the future, we will take a further step to care for and promote employees' physical and mental health by organizing regular health examination for employees and establishing a platform to manage employees' health. Meanwhile, we will take specific actions to promote employee health in terms of health awareness, exercise, diet, systematic management and personalized counseling based on the actual needs of health examinations and employee opinion surveys to develop Taisun into a company with corporate health responsibility (CHR) fulfilled.

As for community co-prosperity and sustainability, we are also expanding our efforts actively to take care of the disadvantaged, engage in industry-academia collaboration, and invest in community environment and industrial development in Vietnam, Cambodia and Taiwan for place making with local communities.

Taisun upholds the belief of respecting the nature and loving people. We, with Taisun at the common center of the concentric circles, will use our own expertise and resources, pursue the co-prosperity and sustainability with employees, shareholders, communities, society and the Earth in the circles of the concentric circle, as the driving force of improving the concentric circles.

CORPORATE OVERVIEW



20
years of business

Taisun and our trusted brands are an indispensable part of people's lives in more than 20 countries or regions.

Taisun's headquarter is in Ho Chi Minh City, Vietnam, with approximately 890 employees and 2 production sites under the group. Taisun continues to focus on upgrading the existing products. Through product design and testing of new materials, it will develop more breathable and more earth-friendly products, which will create better user experience to end consumers.



+20
countries and regions where Taisun's products are available



NT\$ **1,895**
million, net sales amount in 2020

Over the past 20 years, we, with a vision, have sought for new ways to improve consumers' lives. From the creation of new categories to the response to new issues, we have been constantly innovating products and approaches to serve and take care of consumers to meet their changing needs in all stages of life.

Net Sales:

Baby care products

- ★ Newborn diapers
- ★ Baby diapers
- ★ Baby pull-ups pants

74.6%

Adult care products

- ★ Adult diapers
- ★ Adult rehabilitation pants
- ★ Adult nursing pads
- ★ Adult quick change diapers

22.2%

Other products

- ★ Sanitary napkins
- ★ Wet wipes

3.2%



89%
Asia

11%
Outside of Asia

Taisun's brand portfolio includes Unidry, Sunmate, Sunfree, Unifresh, and YoYo

UniDry®

Top 4 in
Vietnam

Top 1 in
Cambodia

SunMate®
78 NGƯỜI LỚN

Top 2 in
Vietnam

Top 1 in
Cambodia













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 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.

The Company upholds the corporate spirit of “Growing Together and Co-existing with the Earth” under which we have set out a blueprint for the Company’s sustainability strategy and identified the six main topics of Taisun’s sustainable development, namely “Integrity Governance”, “Product Responsibility”, “Innovation and R&D”, “Happy Workplace”, “Social Engagement” and “Green Environment” to develop corporate sustainability strategies accordingly. Furthermore, we will be devoted to sustainable operations based on this blueprint in the next three years and to the implementation of performance management in three major aspects of the environment, society, and corporate governance, to expand our influence as an enterprise.

The Company’s Vision and Goals

Strategic Focus	SDGs	KPIs	2020 Result	2020 Target	2021 Target	2030 Target
Sustainable Supply Chain 		Supplier Evaluations	100%	100%	100%	100%
		Certified rate of Suppliers - Main Material	ISO 96% MSDS	ISO 96% MSDS	ISO 100% MSDS	ISO 100% MSDS 100%
		Certified rate of Suppliers - Sub Material	ISO 42% MSDS 26%	ISO 42% MSDS 26%	ISO 42% MSDS 40%	ISO 100% MSDS 100%
		Percentage of Local Purchase	33%	35%	35%	80%
		Percentage of Customer satisfaction	81%	84%	84%	95%
Sustainable and Green manufacturing 		Material Loss Rate	6.9%	6.7%	6.3%	5%
		Green Energy Using Rate	6%	6%	7%	50%
		Efficiency of Electricity Using (KWH/KPCS)	25.52	24.84	24.75 (-3%)	18.62 (-27%)
		Non-hazardous Waste/Products (KGS/KPCS)	1.89	1.85	1.83 (-3%)	1.38 (-27%)
		Percentage of Green Building	-	-	1%	5%
Contributing to the Local community and respecting people 		Salary Adjustment Rate	Higher than 5%	5% and higher than the pay raise rate announced by the local government		
		Digital Training	-	-	47%	100%
		Extra Insurance for Employees (Vietnam)	100%	100%	100%	100%
		Social Care Sponsor	0.8% Net profit before tax	1% Net profit before tax	1% Net profit before tax	1% Net profit before tax
Reinforced foundation of the organization and compliance with fair business practices 		Proportion of Female Managers	25%	23%	27%	40%
		Number of Female Directors	2 seats	2 seats	2 seats	More than one third
		Number of Independent Directors	4 seats More than one half	More than one half	More than one half	More than one half

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

The CSR Operation Team discussed with whom to communicate based on the definition of stakeholders. Based on the impact on or from Taisun, 7 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

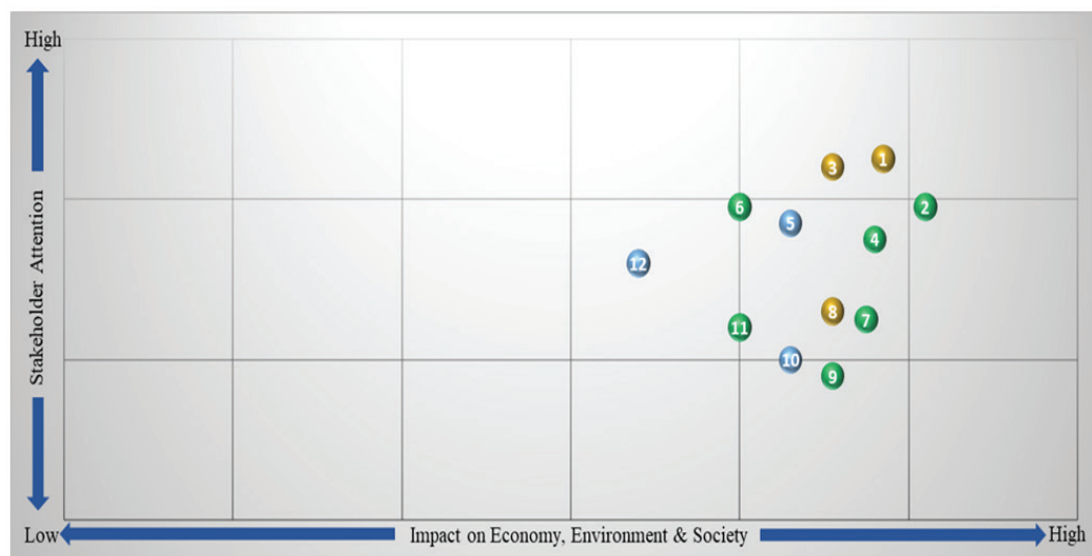
Based on the defined stakeholders, apart from discerning the expectations of employees through internal communication meetings, we analyzed the level of concern of related topics of suppliers and customers through interaction and questionnaire survey.

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) 7 Supply Chain Management (E)
- 2 Product Quality (E) 8 Risk Management (G)
- 3 Legal Compliance (G) 9 Energy Management (E)
- 4 Customer Service (E) 10 Talent Recruitment and Structure (S)
- 5 Occupational Safety and Health (S) 11 Climate Change (E)
- 6 Innovation Management (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					Topic Boundaries			Management Approach	Organizational Goal	Key Points of Response
			Profitability	Revenue	Customer Satisfaction	Employee Engagement	Risk	Upstream	Internal	Downstream			
Ethical Governance 	Ethical Management	GRI 205: Anti-Corruption			●	●	●	●	●	●	Ensure communication to all employees through various publicity channels	1. 100% supplier signing the CSR agreement by 2020 2. Over 1/3 of board members are women by 2023	1. Awareness education on ethical management and prevention of insider training for all employees 2. The board approves the "Procedures for Ethical Management"
	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	Collect by special staff update, and provide training and education of up-to-date regulations	No significant fine was reported in 2020
Product Responsibility 	Purchasing and materials management Supply Chain Management	GRI 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 by a time limit. 2. Except for the PULP and SAP material, increase local purchase to 80% by 2030.	1. Develop a well-planned supplier evaluation system. 2. Optimize local purchase.

Focus	Key Issues	Material Issues (corresponding GRI disclosure)	Importance of Operations					Topic Boundaries			Management Approach	Organizational Goal	Key Points of Response
			Profitability	Revenue	Customer Satisfaction	Employee Engagement	Risk	Upstream	Internal	Downstream			
 R&D 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 & 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 Certificate by 2020 for Group, and ISO 13485 by 2021 for Vietnam Headquarter	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.
 Happy workplace	Talent recruitment and structure	GRI 405: Diversity and Equal Opportunity		●		●			●		Talent Competency Stock-take	1. Female Manager Rate at 35% by 2025 and 40% by 2030. 2. Job Rotation rate at 5% by 2025. 3. Internal Promotion to Manager Levels at 50% 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 Digital Training, Technical Training for Employees and Management Skill Training for Managers by 2023	Optimize the employee training and education system to improve employee expertise and develop their potential

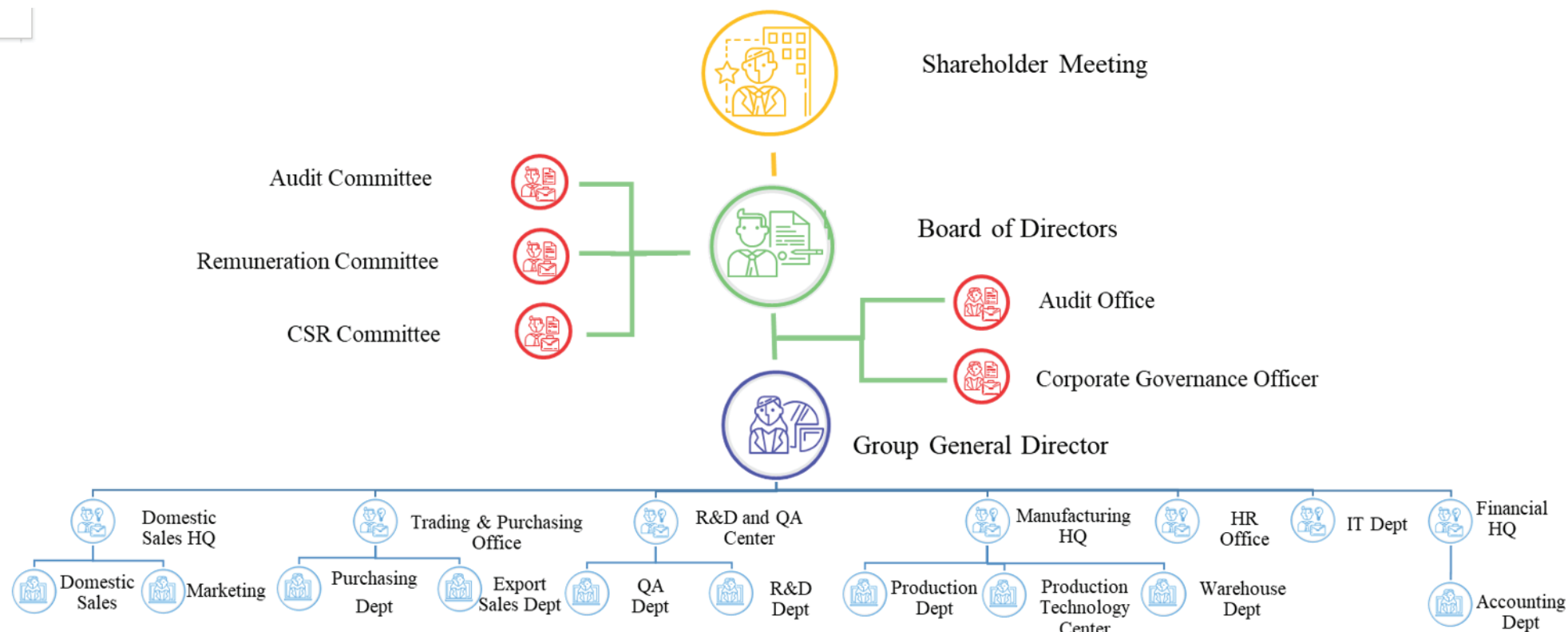
Focus	Key Issues	Material Issues (corresponding GRI disclosure)	Importance of Operations					Topic Boundaries			Management Approach	Organizational Goal	Key Points of Response
			Profitability	Revenue	Customer Satisfaction	Employee Engagement	Risk	Upstream	Internal	Downstream			
Happy workplace 	Employee Salary & Benefits	GRI 401: Employment		●		●			●		Plan a well-laid salary and benefit system for the group	1. Average Salary Adjustment Rate of All Subsidiaries in the Group is higher than the Average Salary Adjustment 2. Employee Satisfaction is Over 75% by 2023, 80% by 2025 and 90% by 2027	Perform employee satisfaction surveys
	Occupational Health and Safety	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 income before tax during 2021-2025 and 1.5% during 2026-2030 in ecological/ environmental protection/ educational/ and charitable activities every year	Enhance integration of welfare topics with the core business
Green Environment 	Energy Management	GRI 302: Energy	●				●	●	●	●	Develop green manufacturing to reduce energy consumption	Green Energy Using rate at 50% by 2030, 70% by 2040 and 100% by 2050	Plan and implement Energy Saving Solutions every year
	Climate Change	GRI 305: Emissions					●	●	●	●	Draw up policies for reducing GHG emissions	By 2030, Reduce Energy Using Density and CO2 Emission Density by 3% in compared with the previous year	Build green generation systems using solar energy.

ETHICAL GOVERNANCE

Operation of Corporate Governance Unit

The board of directors is the Company's Top governance Unit. Seven directors (including 4 Independent Directors, 2 Female Directors) 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.

The Finance General Department is concurrently the corporate governance unit 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.



STRENGTHENING BOARD COMPETENCY

It is clearly stipulated in the company's "Corporate Governance Best-Practice Principles" and "Regulations Governing Election of Directors" that the diversification of directors is crucial to the composition of the board of directors. It is proposed to have an appropriate diversification policy formed by taking into account the company's operations, business models, and development needs, including but not limited to gender, age, nationality and culture.

We have adopted the nomination system for directors and passed the "Regulations for Evaluation of the Board of Directors" in 2016 to internally evaluate 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 2020: To improve board competence, we arrange further education courses for directors every year. In 2020, the total length of directors' further education totaled 60 hours.

The purchase of liability insurance for Directors in 2020: The Company purchases liability insurance for all Directors and important employees every year. Cathay Century Insurance Co., Ltd. underwrote the policies in 2020 and we reported the important contents of the policies, such as the period, amount and coverage of liability insurance, in 2021 to the second meeting of the 3rd Board of Directors in accordance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Diversification Item Director	Gender	Judgement for Operation	Operation Management	Leadership/ Decision Making	Industry Knowledge	International Outlook	Accounting and Financial ability	Risk Management
Chairman: TAI CHAO RONG	Male	●	●	●	●	●	●	●
Director: LE THI THANH HIEN	Female	●	●		●	●		●
Director: LIU WU HSIUNG	Male	●	●	●		●	●	●
Independent Director: YU SHANG WU	Male	●	●	●		●	●	●
Independent Director: HSIEH JAU HWANG	Male	●	●	●		●	●	●
Independent Director: CHEN MIN HUN	Male	●	●	●		●	●	●
Independent Director: HOU GUE FENG	Female	●	●	●	●	●		●

Board Operation in 2020

Title	Name	Attendance in person	Attendance by proxy	Actual Attendance (%)	Note
Chairman	Everlink Overseas Inc. Representative: TAI CHAO RONG	7	0	100%	Re-elected
Director	KT Look Int'l Inc. Representative: Chen Yu Hsueh	3	0	100%	Formerly elected
Director	Lee Jui Hao	3	0	100%	Formerly elected
Director	Wang Hsin Wu	3	0	100%	Formerly elected
Director	Chen Yu Hsueh	3	0	100%	Formerly elected
Director	KT Look Int'l Inc. Representative: Le Thi Thanh Hien	4	0	100%	New appointment (Reelection date on June 29, 2020)
Independent Director	Yu Shang Wu	7	0	100%	Re-elected
Independent Director	Hsieh Jau Hwang	7	0	100%	Re-elected
Independent Director	Chen Min Hun	7	0	100%	Re-elected
Independent Director	Hou Gue Feng	4	0	100%	New appointment (Reelection date on June 29, 2020)

IMPLEMENT 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.



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.



Operation of Functional committees

Title	Functional Committee	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 2020 (Total 5 meetings)

Title	Name	Attendance in person	Attendance by proxy	Actual Attendance (%)
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 2020 (Total 2 Meetings)

Title	Name	Attendance in person	Attendance by proxy	Actual Attendance (%)
Convener	Hsieh Jau Hwang	2	0	100%
Member	Yu Shang Wu	2	0	100%
Member	Chen Min Hun	2	0	100%

INTEGRITY AND ETHICS AND 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 2020, 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.

RISK MANAGEMENT

Topic	Risk Consideration	Importance to Operations			Risk Management
		Strategy	Operation	Danger	
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
Corporate Governance	Failure to enforce governance practices	●	●		Enhance board competence and assign dedicated governance staff
Legal Compliance	The compliance of Business operations 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.		●		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

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 Sales and Export Sales departments	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	Financial HQ	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 Dept.	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	Financial HQ	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.

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 procurement: 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.

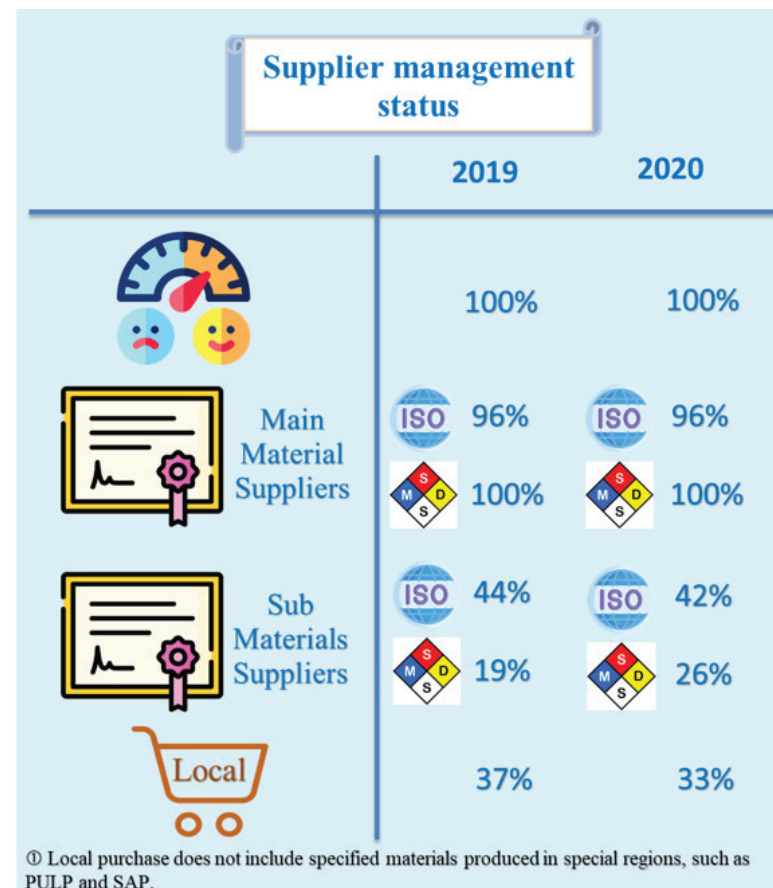
We deploy the materials supplier audit by the evaluation team. We supervise suppliers to make improvements and implement risk management of the supply chain through testing materials and assessing suppliers for legal compliance in terms of our four main aspects (stable quality, reasonable price, punctual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

Responsible unit	Competency and Responsibilities for evaluation
Purchasing Department	Supplier selection and assessment, evaluation, rating and evaluation data collection and summary
R&D Department	Confirmation of new materials specifications, sample trial production and participation in supplier evaluation when necessary
QA Department	Supplier incoming material inspection, confirmation and supplier evaluation
Production Department	Supplier production capacity, environmental assessment and supplier evaluation

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

Up to 100% of suppliers with total of 43 Suppliers have been evaluated in 2020. We have also sent the recommended corrections for defects found in the evaluation to suppliers to reply. After opinion exchange, both parties reviewed the overall evaluation results and recommendations for a second time.

To innovate management, we will maintain the evaluation for all suppliers every year.



SUPPLY CHAIN MANAGEMENT

Taisun is committed to promoting local purchase optimization and strengthening suppliers' ability to respond through diverse collaboration experiences and continues to refine processes and to improve quality. In 2020, with the shortages of global raw materials and price increases due to the impact of the COVID-19 pandemic, Taisun did its best to maintain the ratio of local purchase of raw materials at about 33% (except PULP and SAP), to promote local economic development.

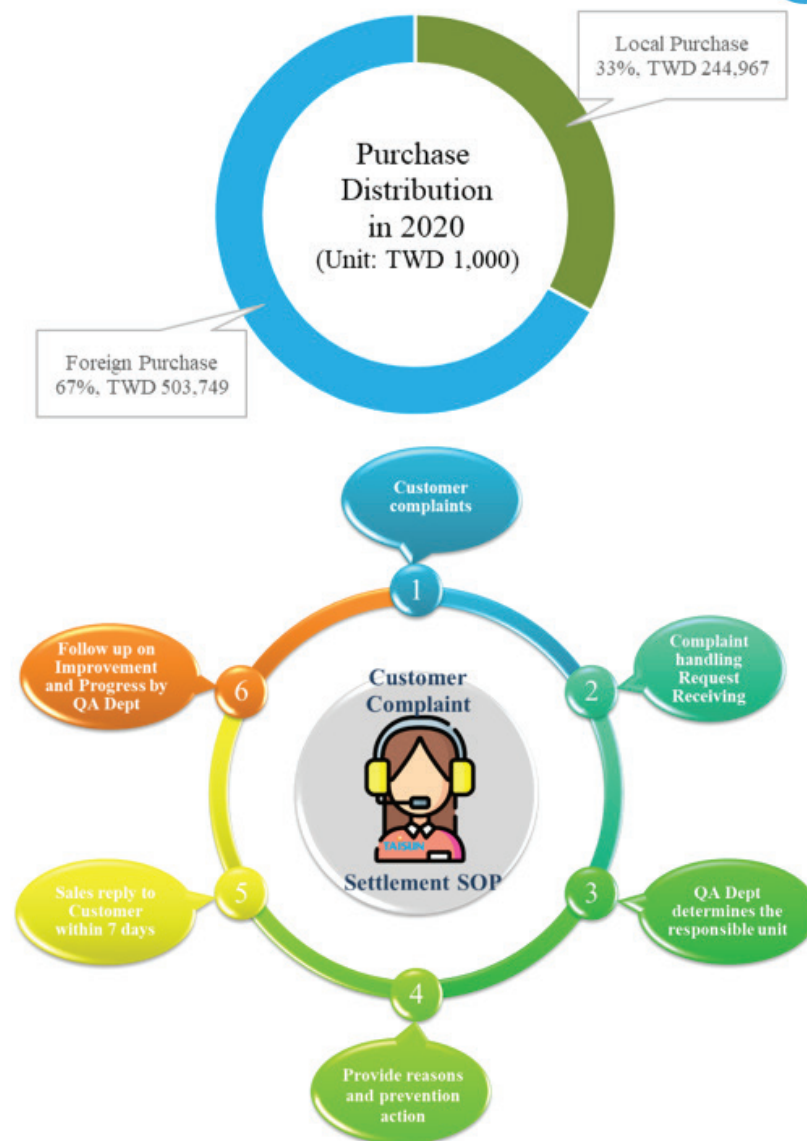
Regarding supply chain management, Taisun implements the management policy as below:

- Set annual local purchase targets and continue to promote or maintain the local purchase ratio.
- 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.

CUSTOMER SERVICE

To provide better services to customers, 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 2020, customer satisfaction maintained with over 80%. However, in the highly competitive consumer market, we aim to raise customer satisfaction to over 90% by 2023.



INNOVATION MANAGEMENT

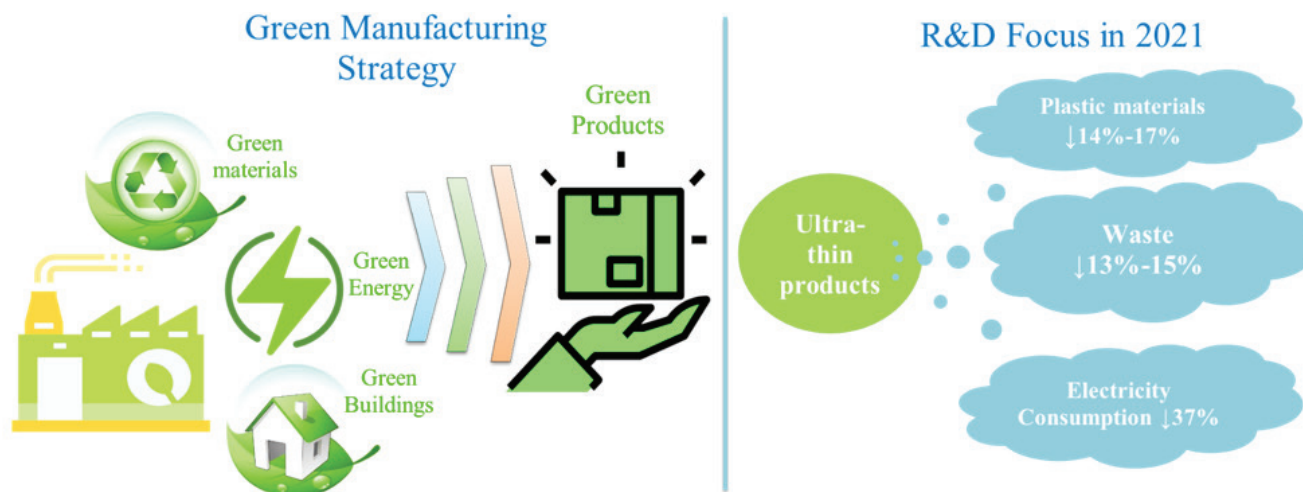
Value Chain of New Product Development

Responsible Unit	Competence and Responsibility of New Product Development
Marketing Dept. Domestic Sales Dept. Export Sales Dept.	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 Dept.	Matching key materials based on planning proposals, making product design and samples, and trial production.
Purchasing Dept.	Function verification of key materials and assistance with the materials purchase and manufacturing process of first mass production.
Manufacturing HQ	Adjustment of parameters according to the new product technology SOP drawn by the QA Center and actual production.
QA Dept.	Inspection of trial products to ensure product quality complies with the planning requirements.

The Company's research and development focus in 2021 is placed on ultra-thin products, which is not only an upgrade of products, which will create a better experience for end consumers, but also leads to the benefits of plastic reduction, waste reduction, and power using reduction to the environment.

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.

In terms of research and development, the company continuously bases it on the concept of corporate sustainability and green environmental protection, optimizes the research and development of core technologies, focuses on product upgrade, and develops lighter, more breathable and more eco-friendly products through the green concept product design and new material testing to bring consumers a better experience. With the insistence on research and development and innovation, we can only continue to invest resources and make efforts to achieve the Company's goal of sustainable operations. In 2020, the Company invested a total of TWD 16,791,000 in research and development expenses.



PRODUCT QUALITY

The Company implements and maintains the ISO 9001 and TQM quality management systems effectively, along with mutual communication and system management, to pursue continuous improvement and problem prevention, and to confirm the appropriateness and effectiveness of the systems. Taisun's promise:

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



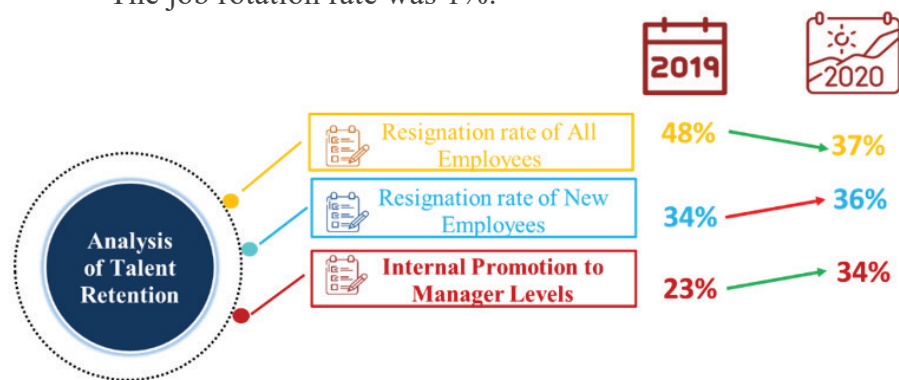
We build a reliable and trusted quality system for the capture of customer requirements, product design, process design, trial production in small quantity, implementation of mass production, and after-sales service. A strict quality management system has been established for each stage. Taisun expects to obtain the ISO 9001 & GMP certificates for the All manufacturing bases and the ISO 13485 certificate for Vietnam Factory in 2021; and the ISO 14001 certificate in 2025 for All manufacturing bases.

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 employees' 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 results of Taisun's human resource management in 2020 are as follows:

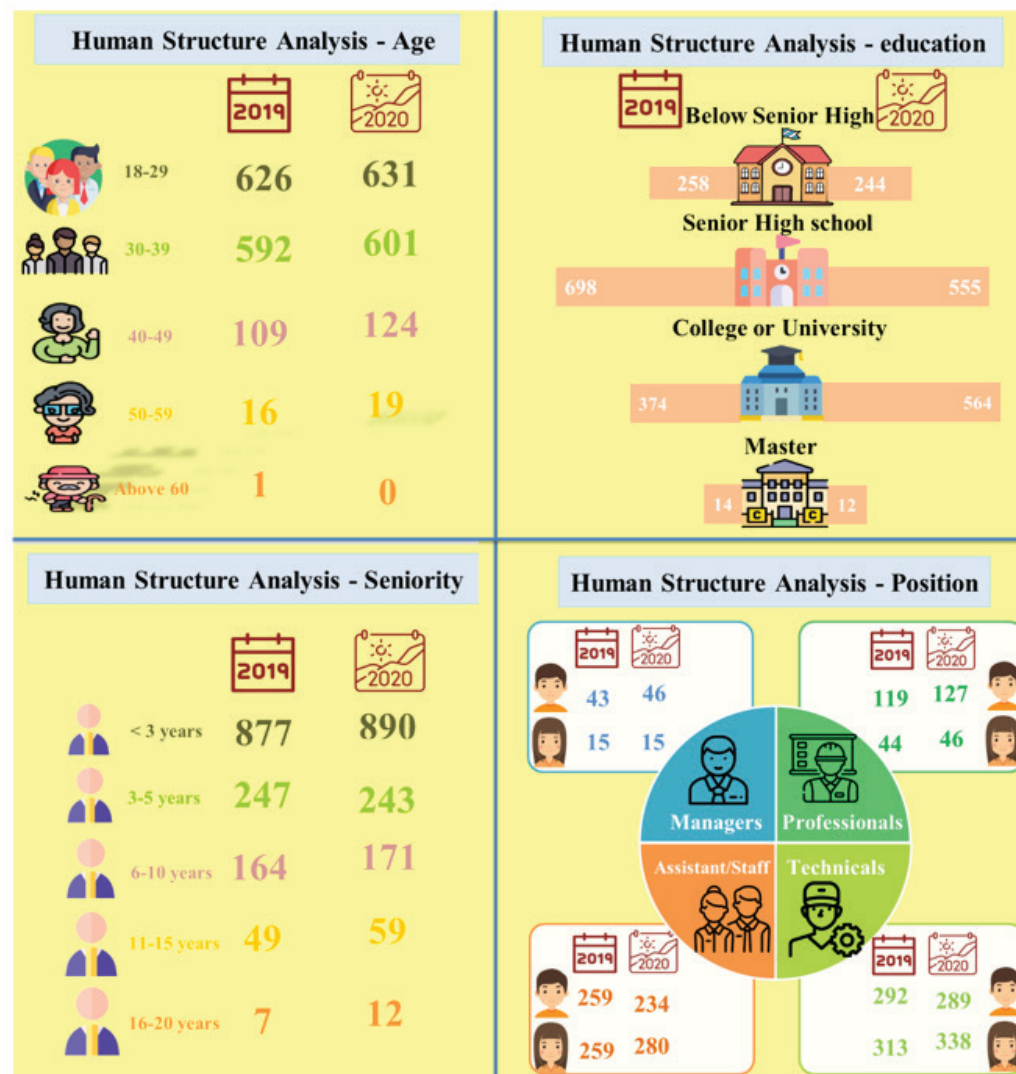
- The average age was 30 years old.
- The ratio of female managers in the management was 25%.
- The job rotation rate was 1%.



Anticipated workforce goals:

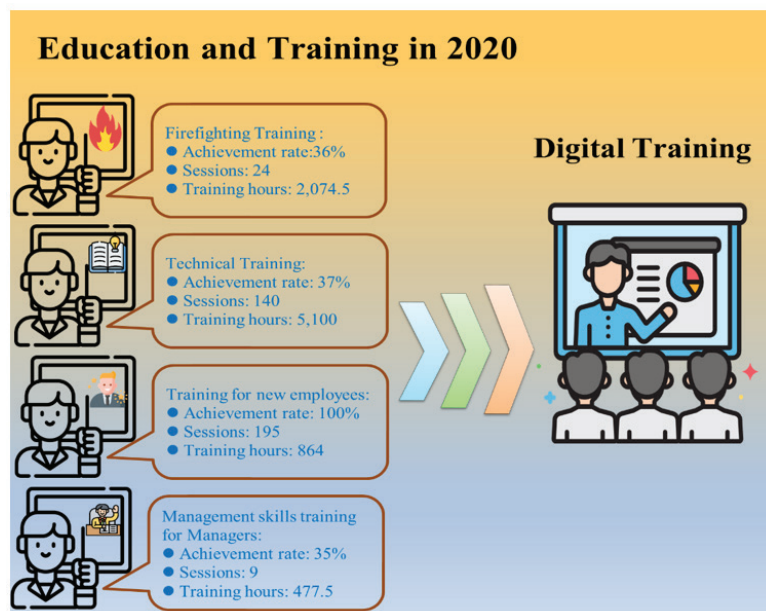
- Progressively maintain the average age below 35 years every year from 2020–2030.
- Female Manager rate over 35% by 2025 and 40% by 2030.
- Job rotation rate over 5% and internal promotion rate to Manager levels over 50% by 2025.

Human Structure in 2020



TALENT DEVELOPMENT

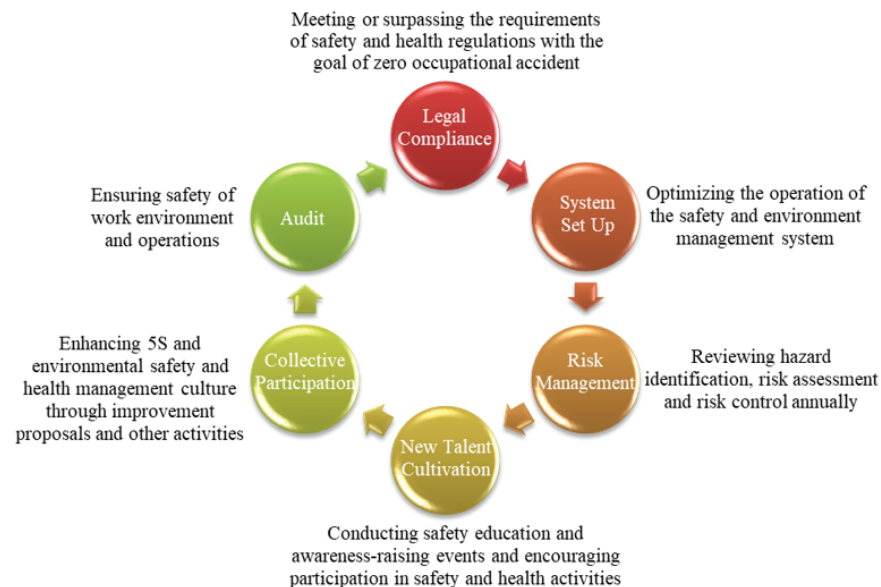
To optimize the career development of employees, we arrange different types of training for active employees, including orientation training, in-service training, and officer management skill training. Besides sharpening the skills and competence of employees to achieve the Company's common goals and for them to achieve self-actualization, we also use their training results as a reference for the performance evaluation and promotion planning. In 2020, we arranged up to 8,516 hours of training and education for 1,484 employees.



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 "E-Learning" System of the online training and education, with a target to complete online training and education at 50% by 2021 and 100% by 2023 for Digital Training, technical training, and Management Skill Training for Manager.

EMPLOYEE SALARY AND BENEFITS



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

To respond to COVID-19 in 2020, Taisun implemented pandemic prevention measures, such as daily body temperature measurement, mask wearing, frequent hand washing, and frequent work area cleaning, social distancing, encouraging of employees to not to visit crowded places and daily reports of health status, in compliance with the local governments' anti-pandemic regulations. All employees of the group complied with the relevant rules, and there was no case of infection.

A total of 15 occupational accidents without casualty were reported in 2020. 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.

EMPLOYEE SALARY AND BENEFITS

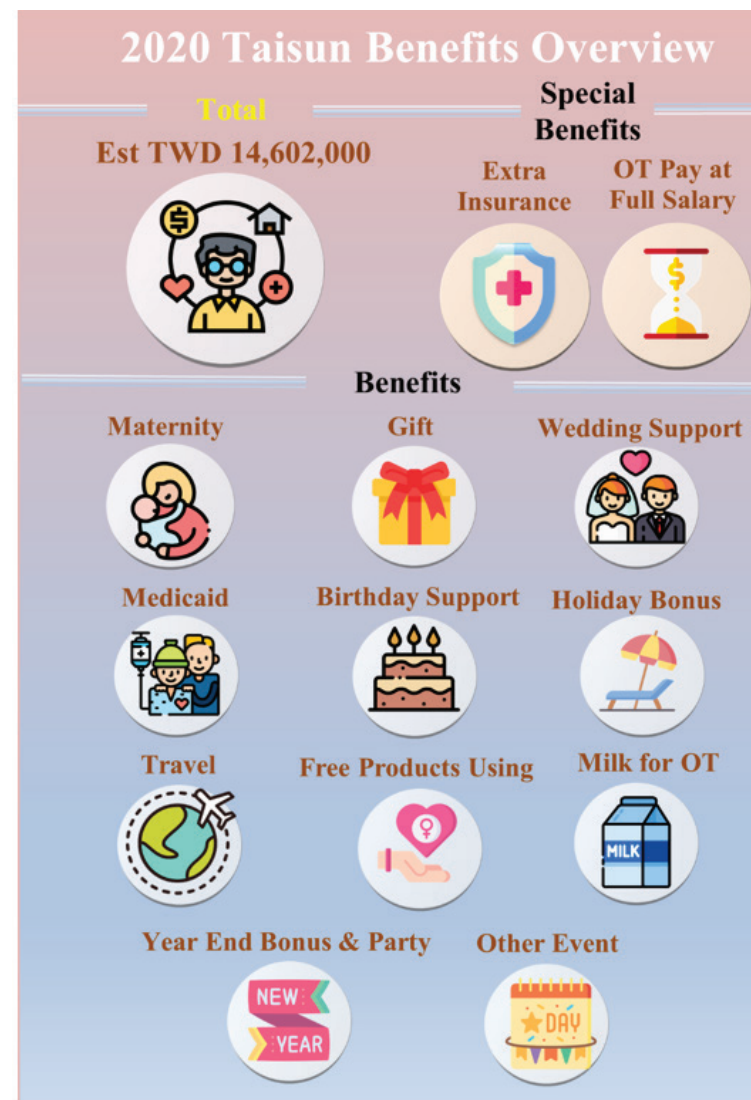
To achieve the double goal of talent retention and reward, we have designed a competitive remuneration system that is better than that of competitors to improve the Company's overall performance through system design. In addition to contributing employee pensions in accordance with local government regulations, Taisun provides diverse benefits, such as maternity subsidies, medical subsidies, wedding and funeral subsidies, health examination, birthday cash gifts, travel subsidies, festival or year-end activities, milk for overtime workers or subsidies for supplies or other event sponsorships; the special benefits include additional group insurance, overtime pay based on the full amount of salary. In 2020, the overall benefit expense was about TWD14,602,000.

We engage in group bargaining with the Trade Union to maintain a sound labor-management relationship. Apart from being rated as the best labor union by the local government in 2020, the Trade 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.



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, all Companies within the Group adjust the average salary above the average salary adjustment rate announced by local governments. To make a step forward, we have established the employee satisfaction survey system in 2021 to raise employee satisfaction to over 75% by 2023, 80% by 2025, and 90% by 2030.

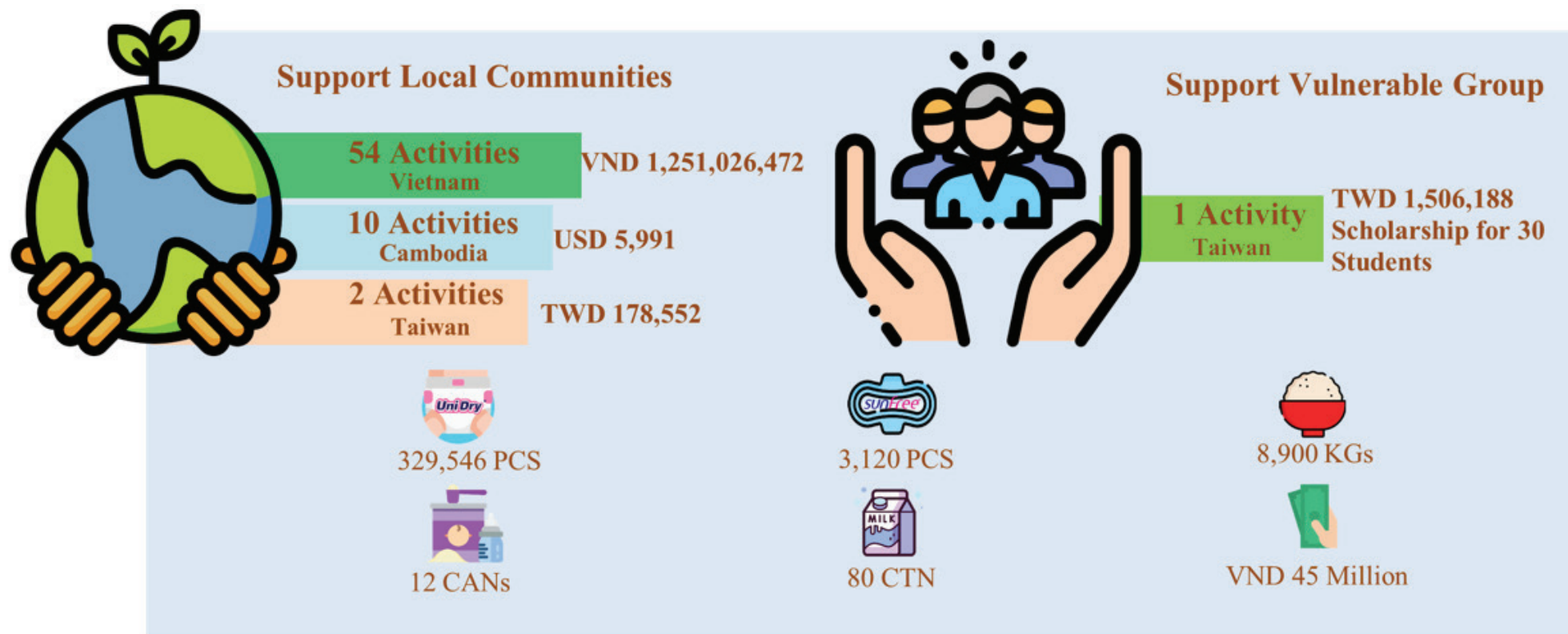


SOCIAL ENGAGEMENT AND FUTURE PROSPECTS

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. Despite the impact of the pandemic in 2020, Taisun still held activities and events to give back to society while guaranteeing that the employees participating in such activities and the venues or organizations related to such activities complied with the pandemic prevention regulations.

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 income before tax during 2021–2025 and 1.5% during 2026–2030.



MAJOR ACTIVITIES AND EVENTS TO GIVE BACK TO SOCIETY IN 2020

Journey of Love: Assisted the flood-stricken areas in central Vietnam



Assisted residents in flood-stricken areas in Cambodia

New Southbound Scholarship Seminar by Taiwan Branch



Sponsored school sports activities in Ho Chi Minh City, Vietnam

ENVIRONMENTAL AND ENERGY MANAGEMENT POLICY

Instead of wastewater and waste from production, most wastewater and waste from our Factory 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.

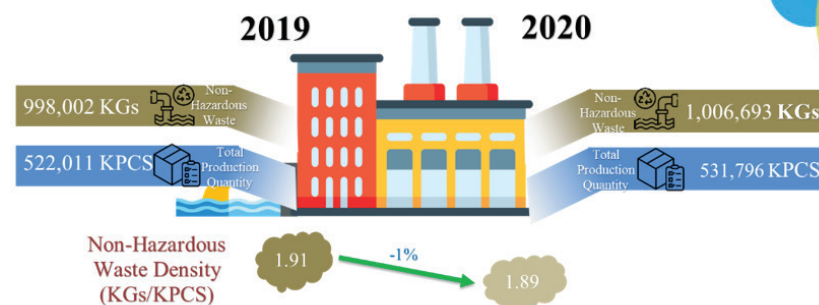
In addition, we encourage resource recycling and reuse. Besides recovering cartons and packaging materials from incoming materials for reuse, we also encourage E-Files Management in office, double-side printing of paper, paper recycling, manila envelope reuse, and the use of photocopier with scanning functions to reduce paper consumption for printing. In 2021, Taisun will launch an online verification and approval system to strengthen process management and reduce paper consumption. The full launch of the system will reduce paper consumption by 35%.

Taisun continues to upgrade its processes to increase the productivity, and aims to reduce the production loss rate of materials to 5% by 2023.

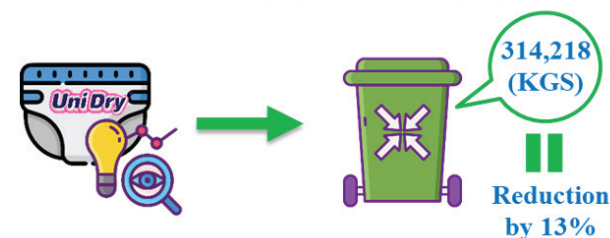
In 2020, the Company deployed “Materials Saving R&D Action” and reduced approximately 314,218 kg of waste for the environment, which was equivalent to a 13% decrease. Meanwhile, through the efforts of all the Company’s employees, the density of non-toxic waste in 2020 was reduced by 1% compared with last year.

No violation of environmental protection regulations was reported in 2020.

All suppliers of Taisun Group signed CSR Compliance Letter in 2020.



2020 "Materials Saving R&D Action" Results



2020 Production Material Loss Rate



CLIMATE CHANGE AND ENERGY MANAGEMENT

Climate change is an important topic affecting operations in sustainable development of Taisun. We also state our obligations for environmental protection in our ESH policy. In 2020, we planned and implemented the following environmental protection measures according to the PCDA cycle:

A. Energy conservation: Implemented office energy conservation and carbon emission reduction, 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 58,020 kWh/year, to reduce a total of CO₂ emissions of about 14,853 CO₂e/year. In addition, the Company has installed a leased solar energy system on the rooftop of the Cambodia Factory, and the total power generated accounted for around 18% of the total electricity consumption in the Cambodia Factory.

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 2020 was 13,568,818 kWh, with energy intensity calculated based on the production output by responsible staff. As the 2020 energy Density reduced in compared with 2019, it suggests that energy efficiency was enhanced.

In conclusion, our energy management goal against climate change is: Yearly reduce energy Density through lowering electricity consumption and carbon emissions by 3% in compared with previous year, up to 2030.

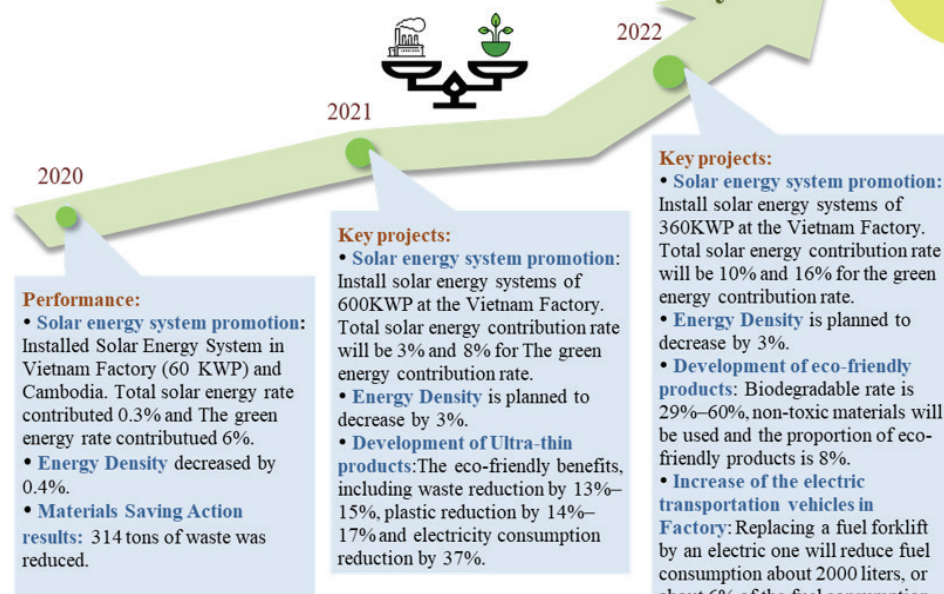


Solar power system of Vietnam Factory



Solar power system of Cambodia Factory

Promotion of carbon neutrality



Energy Consumption efficiency

	2019	2020
(KGS)	3,249,926	3,268,492
(KWH)	13,369,542	13,568,818
(KPCS)	522,011	531,796
CO2 Density (KGS/KPCS)	6.23	6.15 -1.3%
Energy Density (KWH/KPCS)	25.61	25.52 -0.4%

GRI STANDARDS INDEX (CORE OPTION)

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GRI 102 : General Disclosure 2016				
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102-3	Location of Headquarter	Corporate Overview	5	
102-4	Location of Operations	Corporate Overview	5	
102-5	Ownership and Legal Form	Corporate Overview	5	
102-6	Served Markets	Corporate Overview	5	
102-7	Scale of the Organization	Corporate Overview	5	
102-8	Information of Employees and other Workers	Talent Recruitment and Structure	21	
102-9	Supply Chain	Supply Chain Management	18	
102-10	Significant changes the organization and its supply chain	None		
102-11	Early warning principle or policy	Risk Management	15	
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		Letter from the CSR Committee Chairman	4	
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102-21	Consulting Stakeholders on Economic, Environmental and Social Topics	Stakeholder Communication and Materiality Assessment	9	
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102-23	Chairman of the highest governance unit	Ethical Management	12	
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102-30	Effectiveness of Risk Management Process	Risk Management	15	
102-31	Review of Economic, Environmental and Social Topics	Stakeholder Communication and Materiality Assessment	7	
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202-2	Proportion of Senior Management hired from the local community	Talent Recruitment and Structure	21		GRI 303 : Water 2016				
GRI 204 : Procurement Practices 2016					303-1	Water withdrawal by Source	Environmental and Energy Management Policy	26	
204-1	Proportion of spending on local suppliers	Supply Chain Management	18		303-2	Water Source significantly affected by withdrawal of water	Environmental and Energy Management Policy	26	
GRI 205 : Anti-corruption 2016					GRI 305 : Emission 2016				
205-1	Operations Assessed and Risks related to Corruption	Ethical Management	12		305-1	Direct GHG Emission (Scope 1)	Climate Change and Energy Management	27	
205-2	Communication and training about anti-corruption policies and procedures	Ethical Management	12		305-4	GHG Emission Density	Climate Change and Energy Management	27	
205-3	Confirmed incidents of Corruption and actions taken	Ethical Management	12		305-5	Reduction of GHG Emission	Climate Change and Energy Management	27	
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301-2	Application of renewable materials	Innovation Management	19		307-1	Non-compliance with laws and regulations related to Environment	Environmental and Energy Management Policy	26	
301-3	Reclaimed products and their packaging materials	Environmental and Energy Management Policy	26		GRI 308 : Supplier Environmental Assessment 2016				
GRI 302 : Energy 2016					308-1	New Supplier Selection by using Environmental Standards	Environmental and Energy Management Policy	26	
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102-40	Group of Stakeholder	Stakeholder Communication and Materiality Assessment	8	
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102-51	Date of the most recent report	About the CSR Report	2	
102-52	Reporting Cycle	About the CSR Report	2	
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102-54	Claims of reporting in accordance with the GRI Standards	About the CSR Report	2	
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TAISUN INT'L (HOLDING) CORP.

