



2020

TONG YANG GROUP

# Corporate Social Responsibility Report



東陽實業股份有限公司  
*Tong Yang Industry Co., Ltd.*

## Contents

Chairman' s Message.....	1
Tong Yang' s History.....	3
About This Report .....	6
1. Stakeholder Inclusion and Common Prosperity .....	9
1.1 Identification of and Communication with Stakeholders .....	9
1.2 The Value Chain Boundary of Material Topics ...	13
2. Management and Governance .....	25
2.1 Glory of Tong Yang.....	25
2.2 Integrity Management .....	34
2.3 Prosperous Economy.....	37
2.4 Risk Adaptation.....	38
2.5 Regulatory Compliance .....	45
3. Professional Service .....	49
3.1 Industry Overview .....	49
3.2 Technological innovation .....	52
3.3 OEM Service .....	58
3.4 AM Service .....	60
4. Harmonious Workplace .....	67
4.1 Manpower Overview .....	67
4.2 Salary and Benefit .....	69
4.3 Equality of Labor and Management .....	72
4.4 Gathering Talents .....	74
4.5 Healthy Workplace.....	77
4.6 Safeguarding Occupational Safety .....	81
5. Dialogue with Partners .....	95



5.1 Partners.....	95
5.2 Evaluation and Management .....	97
5.3 Green Procurement.....	99
5.4 Customer Relationships.....	100
6. Sustainable Environment .....	107
6.1 Material Management .....	109
6.2 Energy Management.....	109
6.3 Green Environment and Energy Conservation.	111
6.4 Water Management .....	112
6.5 Pollution Prevention .....	113
7. Enthusiasm for Public Welfare .....	121
7.1 Traffic Safety Activities .....	122
7.2 Community Welfare Events.....	126
Appendix : .....	128
Global Reporting Initiative (GRI) Index (including items required to disclose by Financial Supervisory Commission) .....	128



## Chairman's Message

Since the founding of Tong Yang Company in 1952, it has been focusing on "people-oriented management" and has taken "enthusiasm, honesty and innovation" as the corporate philosophy. Tong Yang not only believed in sustainable management, but also internalized it into the culture. Tong Yang structured its OEM and AM business groups to implement global operations management, and integrated resources, produced and marketed automotive plastics, sheet metal, and cooling parts, improved the supply systems, enhanced its competitive advantages, and has gradually become the global leading supplier of automotive interior and exterior parts.



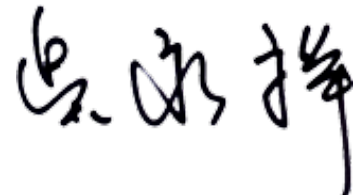
Over the years, we have been adhering to the principle of "people-orientation", and have been continuously reorganizing the corporation, introducing automation equipment, improving production processes, adjusting production lines, and establishing a ventilated, well-lit and safe working environment. We invested in water-based coating equipment that met European standards to effectively reduce the production of organic solvents, established bio-towers to improve wastewater treatment, and shared the corporate responsibilities of protecting the environment. We have established staff quarters that offer a variety of food and provided leisure and entertainment facilities. We cater for employee welfare while pursuing higher revenues and profitability.

In 1993, Tong Yang established the "Tong Yang Wu Kao Culture and Education Foundation" with the purpose of "caring for the road traffic of the society and improving the traffic quality of the people". The Foundation has promoted traffic safety education in every part of the society seeking to encourage traffic safety awareness. Over the past 27 years, the foundation has held large-scale concerts, travel lectures, rap concerts and youth summer camps. In recent years, internet and physical channels have been combined to hold various events such as Tong Yang Campus Road Safety Talent Competition in junior and senior schools and online digital competitions. In addition, the media platform, GoNews, has been created and provided contents under the categories of Law, Car, Motorcycle, Life, and Trip to meet the needs of the public, aiming at establishing a civic awareness and culture of road safety.



Looking forward to the future, we will continue to strive for Tong Yang' s sustainable growth. Tong Yang is committed to the sustainable development of the enterprise and the society to create win-win situations for all stakeholders, as well as enhancing economic value of the society, and contributing to upward social mobility.

CEO

A handwritten signature in black ink, consisting of three Chinese characters: 吳永祥 (Wu Yongxiang).

## Tong Yang's History





2016

- Acquired China Ping An Insurance AM auto parts production standard certification, bumper produced by Tong Yang was the first to pass NSF product certification.

2017

- Built OEM to introduce a second electroplating (saltin nickel, trivalent chromium) production line; AM expanded 15,000 pings of logistics warehouses, and added 27 container terminals; built three logistics warehouses, and increased 18,000 pings of storage space in the first phase.

2018

- FAW Fuwei Tong Yang (Qingdao) has annual production capacity of 300,000 sets and mass production in March 2018.
- FAW Fuwei Tong Yang (Tianjin) has annual production capacity of 300,000 sets and mass production in June 2018.
- Construction project of the third logistics warehouses which increases 7,190 ping storage spaces.

2019

- Our Taiwan Technology R&D Center was relocated to a new building, coordinating the three fields of "Material R&D", "Craft R&D" and "Product Design" of the Group to snatch a piece in the global market of the automotive interior and exterior parts with new technology and engineering methods.

2020

- 2020 Construction project (Phase III) of the Third Logistics Warehouse, and the total floor space of the three warehouses amounts to 18,307 pings.



## About This Report

Tong Yang published the Corporate Social Responsibility Report according to “Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies” for the first time in 2016. We will publish the CSR Report annually. This is the fourth Corporate Social Responsibility Report issued by Tong Yang Group (hereinafter referred to as Tong Yang, the Company, or We). Through the publication of the CSR Report, the Company makes transparent disclosure of the efforts in sustainability in terms of environmental, social and corporate governance aspects and the achievement of implementation so that our stakeholders can understand the endeavor in Tong Yang’ s implementation of corporate sustainable development and social responsibility as well as our determination to continue progress.

## Scope and Basis of Statistical Data

The data and contents disclosed in the Report covers the data in 2020 (January 1 to December 31 in 2020). Some of the data would be traced back to cases before or after 2018. The information of the report covers operational systems and practices of Tong Yang industrial factories in Taiwan (Tainan Headquarter, Guanyin Factory in Taoyuan, Taipei Office). There are no significant changes in the scope and boundaries of topics compared with our 2019 Report. Contents involving other reporting scope would be explained separately in the text of the Report. Moreover, in addition to taking into account the materiality principle of the GRI Guidelines, the Report is compiled with more stringent standards. Through continuous improvement and review of the data collection process and scope, the quality of various data has been improved year by year.

The statistical data disclosed in this Report are from our own statistics and survey results. The financial data were from the annual financial report verified by certified public accountants (Ernst & Young Global Limited) and all calculated in New Taiwan Dollars. Moreover, the environmental safety and health related performances are presented in internationally recognized indicators. Some data were referred from the information announced on the websites of government agencies and are presented in the most common way of description. Estimations or assumptions are specified in relevant sections.

## Reporting Guidelines

The content framework of this Report referred to the GRI Standards: Core Option and Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies as the principles to disclose the relevant strategies, goals and specific actions of the material topics of the Company. Please see Appendix for GRI Content Index.

## The Editing and Verification of this Report

Relevant information in this Report was reviewed by the heads of all departments for the accuracy and completeness. Although it was not verified by an external third party, we still made rigorous internal review to ensure the accuracy of the data in financial, environmental and social aspects.

## Publishing Schedule

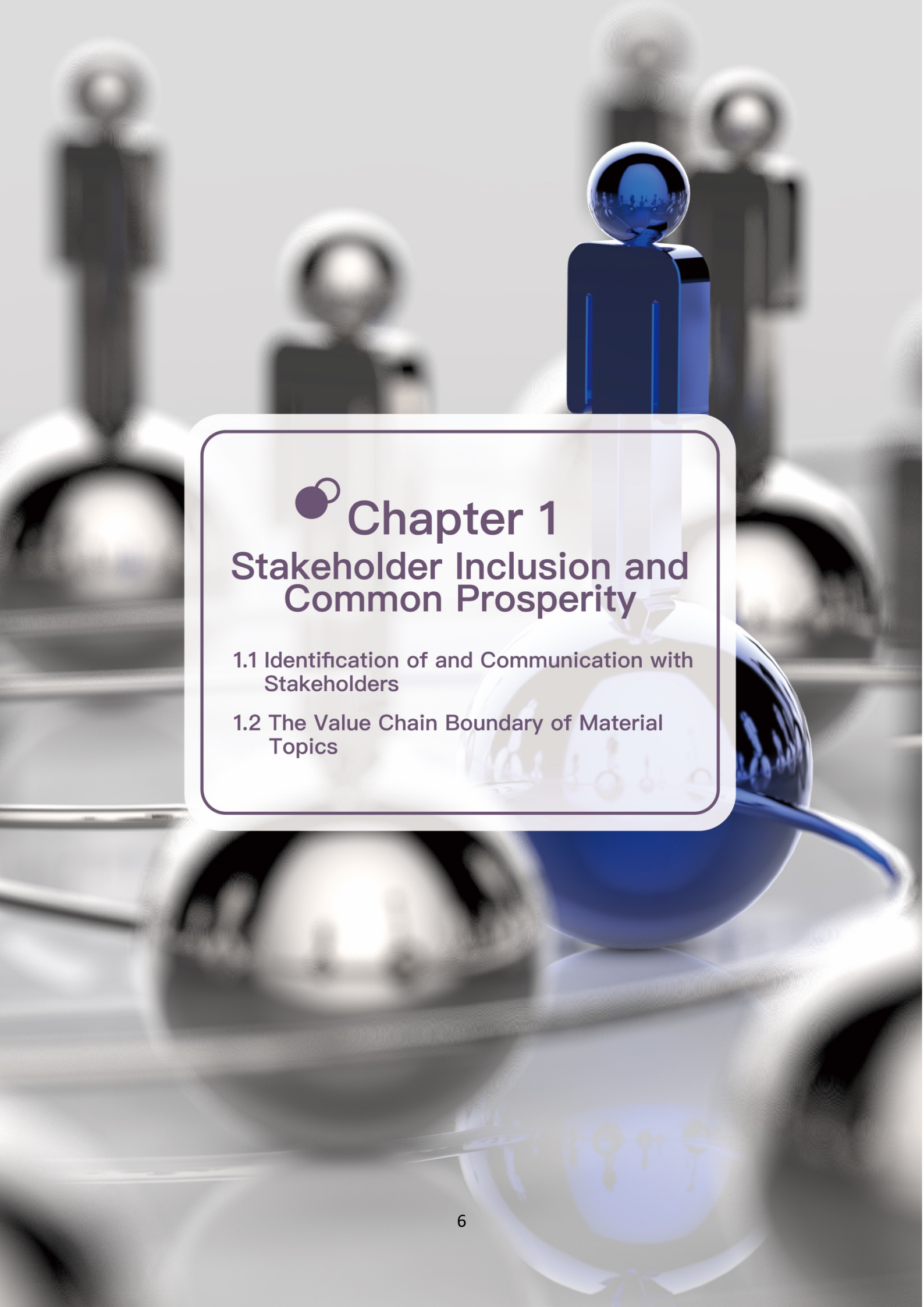
In the future, the Company will annually publish our CSR Report. In response to environmental protection, we are committed to the promotion of paperless practice. Therefore, the electronic version of this Report will be published in the Corporate Social Responsibility Section of the Company's official website at <http://www.tyg.com.tw/traditional-responsibility.html>.

- ◆ Previous edition: June, 2020
- ◆ Current edition: June, 2021

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# Chapter 1

## Stakeholder Inclusion and Common Prosperity

1.1 Identification of and Communication with Stakeholders

1.2 The Value Chain Boundary of Material Topics

# 1. Stakeholder Inclusion and Common Prosperity

## 1.1 Identification of and Communication with Stakeholders

Tong Yang believes that the opinions of stakeholders are the driving force for the company's continued growth. Therefore, Tong Yang actively communicates with various stakeholders to understand stakeholders "issues of concern" and hopes to respond through the Corporate Social Responsibility Report.

### 1.1.1 Identification of Stakeholders




To pursue corporate sustainable management, we attach great importance to the voice of our stakeholders. We list all individuals or groups that may have significant impacts on the Company's operations as our stakeholders. Our CSR Editorial Team identified the major stakeholders based on the five major principles of the AA1000 SES, including Dependency, Responsibility, Influence, Diverse Perspectives and Tension. The eight major stakeholders identified include Employees, Suppliers, Media, Investors/Shareholders, Clients, Foundation, Government agencies, and Community.









## 1.1.2 Stakeholders Communication Channels and Frequency

We attach great importance to the rights and opinions of our stakeholders and have set open and direct communication channels with our stakeholders. In addition to providing relevant information of corporate social responsibility (CSR) management, we also work with our stakeholders to achieve a win-win situation to realize the idea of sustainable corporate management by understanding the topics of their concern. We also continuously review and improve our performance in terms of CSR. The channels we use to interact with the stakeholders are detailed as follows.

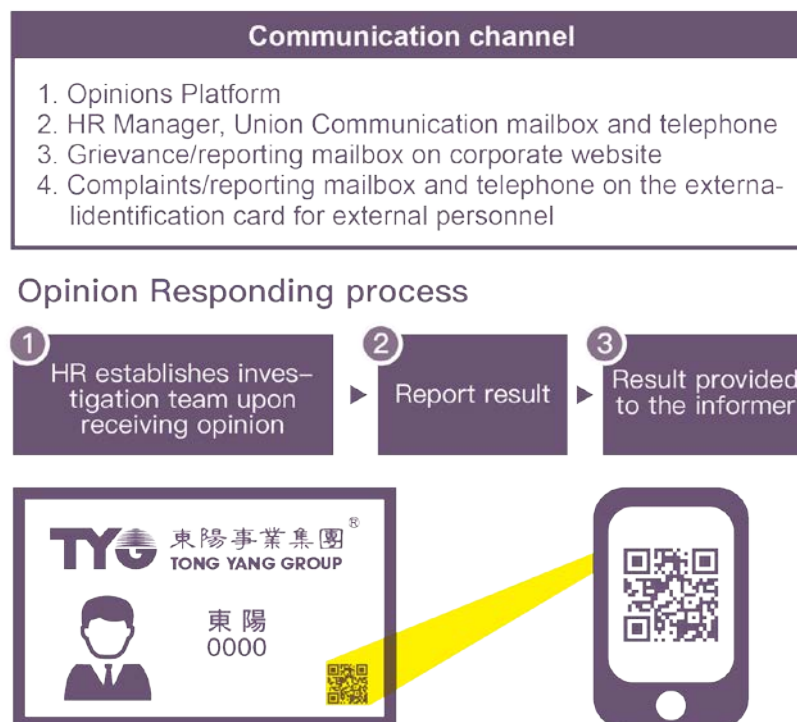
Stakeholders	Communication Channels	Topic of Interests
 <b>Employees</b>	Internal website Group Company Announcement Regular meetings of organizations Unscheduled meetings of organizations Diverse employee communication channels Labor Union	Employment Market Presence (Salary level) Occupational Health and Safety Labor/Management Relations Human Rights Assessment Training and education
 <b>Suppliers</b>	Supply Headquarters Website Announcement Feedback mailbox Procurement Business Meeting Regular and Irregular Visits	Economic performance Quality Management Delivery Management R&D Innovation Quality Management Procurement Practices Customer Health Safety
 <b>Media</b>	Press conference and thematic planning Press Release / Special Interview Telephone Interview Unscheduled Visit	R&D Innovation Economic performance Waste Compliance
 <b>Investors</b>	Annual general meeting of shareholders Juristic person briefing Forum Participate in face-to-face communication meetings at investment institutions at home and abroad Annual report Unscheduled posting major messages to the public information observatory or on the company's website	Economic performance R&D Innovation Labor/ Management Employment Human Rights Assessment

Stakeholders	Communication Channels	Topic of Interests
 <b>Clients</b>	Business meeting Regular or irregular visit	Delivery Management Quality Management Customer Privacy Marketing and Labeling Customer Health Safety R&D Innovation
 <b>Foundation</b>	Regular or irregular visit	Local Communities Indirect Economic Impacts
 <b>Government agencies</b>	Document exchange Meeting Communication with the competent authority	Emissions Waste Human Rights Assessment Employment
 <b>Community</b>	Participate in the organization of the association Irregular visits Face-to-face communication	Waste Emissions Local Communities

### 1.1.3 Advisory and Grievance Channels

#### ● Communication mechanism

Tong Yang has established diverse communication channels for employees to express opinions, matters of encouragement and grievance, including labor regulation, environment, health and safety, restaurant benefits, notification of pregnancy, equipment, and all sorts of issues.)



#### ● Internal channels

1. Established “opinion platform” for employees to express opinions by scanning the QR code on their badge to access to the platform. Upon receiving employee opinions, the respective units will be informed to respond and process according to the attribute of the opinion.

2. Appointed human resource manager and set up union opinion mailbox and telephone.

#### ● External channels

1. Set up grievance/reporting mailbox on corporate website.

2. Provide complaints/reporting mailboxes and telephone in the factory guard room and on the external identification card for external personnel to provide opinions.



Besides diverse communication channels, Tong Yang established complete opinion

responding process. Upon receiving opinions, the Company appoints designated team to investigate relevant issues, and the result will be reported to the Company and provided to the informer.

## 1.2 The Value Chain Boundary of Material Topics

### 1.2.1 Material Topics Identification Process

Materiality analysis was introduced during the preparation of this Report. It is hoped that through a systematic analysis model, the issues of concern to stakeholders can be identified and the impact on the Company can be assessed as the basis of reference for the preparation of the Report. It is hoped that through the disclosure of information, we can have effective communication with the stakeholders and demonstrate the Company' s efforts in corporate management, environmental protection and social welfare. Tong Yang' s identification process of issues of concerns of the stakeholders in 2020 was as follows.

2020 Tong Yang' s identification process of issues of concerns of the stakeholders			
Step	Item	Description	Result
1	 Identification of stakeholders	Through the internal discussions between the editorial team members and the heads of all departments and by referring to the stakeholder groups identified in the same trade, 8 categories of stakeholders were identified based on five principles of the AA1000 SES, including employees, suppliers, media, investors/shareholders, clients, foundation, government agencies, and community	8 categories of stakeholders
2	 Collection of CSR topics	With the context of sustainability in the summary of issues, the CSR topics were collected based on the Global Reporting Initiative (GRI) Standards guidelines and by referring to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and considering the company' s operation and industrial characteristics, a total of 31 topics were summarized, including corporate governance, economy, and environmental and social related issues that were used in the design of the questionnaires.	31 CSR topics



3



To understand the stakeholders' level of concern about sustainability topics, paper and online questionnaires were distributed for the survey on the issues of concern and the significant impact on the company's sustainable management as a reference for the prioritization. This year, a total of 278 copies of questionnaires were returned, including 255 copies of questionnaire on the issues of concern while 23 copies were questionnaires on level of impact (filled by regional supervisors, departmental supervisors and sectional supervisors).

**278**  
copies of  
questionnaires  
returned

4



Through the questionnaire analysis, the matrix analysis was conducted for the scores of all topics of concern and the scores of levels of impacts on sustainable operation from the management level. After discussions within the CSR Editorial Team and suggestions from external consultants, a total of 18 material topics were identified in 2020. Combined with the 13 management approaches, relevant management practices are disclosed.

**18**  
material topics  
**18**  
management  
approaches

5

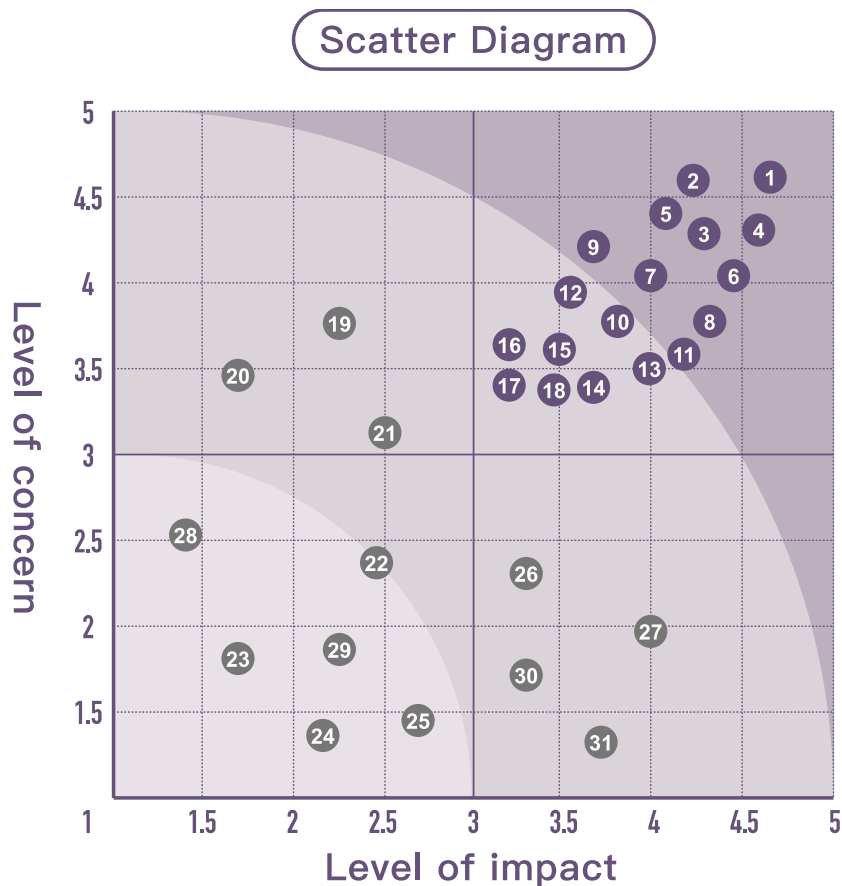


After the identification, the company will continue to strengthen management and disclose relevant information concerning the material topics, responding chapters and sections and boundary analysis in the CSR Report. In the future, we will review whether there is a need to adjust the material topics. Compared with 2019, there is no significant difference among the material topics.

**5<sup>th</sup>**  
Edition of CSR  
Report

## 1.2.2 Prioritization of Material Topics

Matrix of Materiality



### Material topics

1. Economic performance
2. Employment
3. Compliance
4. R&D Innovation
5. Quality Management
6. Waste
7. Quality Management
8. Occupational Health and Safety
9. Customer Privacy
10. Emissions
11. Delivery Management
12. Corporate Governance
13. Labor/Management Relations
14. Customer Health Safety
15. Training and Education
16. Energy
17. Materials
18. Anti-competitive Behavior

### Secondary topics

19. Supplier Social Assessment	20. Water and Effluents	21. Human Rights Assessment	22. Local Communities	23. Market Presence (Salary level)
24. Anti-corruption	25. Marketing and Labeling	26. Supplier Social Assessment	27. Tax	28. Indirect Economic Impacts
29. Procurement Practices	30. Security Practices	31. Public Policy		

### 1.2.3 The Management Approaches of Material Topics

#### Material topics : Economic performance

##### Significance of corporate operations

Strengthening corporate competitiveness to face changes and challenges in the external environment and maintaining long-term profitability are the basic missions for corporate operation. Increasing profitability is the basis of corporate operations, creating long-term and stable performance of sustainable development.

##### Management Goals

1. Pursuit of the balance between shareholders' equity and sustainable growth of the company
2. Global leader in supplying automotive interior and exterior parts

##### Performance

1. Annual revenue was NTD 132.6 billion
2. Net income was NTD 9.47 billion
3. Stabilize the cooperation and development of Taiwanese car manufacturers
4. Develop OEM and OES markets to export new customers
5. Expand and penetrate global sales and shipping channels

##### Future Targets

1. OEM-Global Tier-1parts provider
2. AM-Global automotive parts operation center
3. Continuous pursuit of the balance between shareholders' equity and sustainable growth of the company, and maintain operating profit

#### Material topics: Employment / Labor / Management Relations

##### Significance of corporate operations

The most important assets of an enterprise are people. Stable and harmonious employment-labor relations or labor management relations are the foundation for continuous growth for an enterprise, which is also the important operating principle of the company.

##### Management Goals

1. Gender equality
2. Perfect corporate welfare
3. Emphasize on human rights

##### Performance

1. No gender discrimination
2. Equal pay
3. Transparent performance and promotion system
4. No forced labor

##### Future Targets

1. Provide a good working environment to maintain employee health and safety
2. Establish a fair and complete salary and welfare system
3. Establish reasonable working conditions and comply with labor related laws and regulations

## Material topics: Compliance

### Significance of corporate operations

Legal compliance is the basic standard and requirement for corporate management. Incidents violating regulations and laws could affect social perception, damage the corporate image and even result in losses for shutdown or discontinuance of business, affecting the sustainable operation of the company.

### Management Goals

Laws, policies, and regulations compliance

### Performance

1. Comply to the Labor Standards Act
2. Comply to the Company Act
3. Comply to regulations relevant to the environment
4. Comply with product labeling and marketing related regulations

### Future Targets

Continuous regulatory compliance and tracking to ensure the appropriateness of relevant regulation.

## Material topics: Technical Innovation

### Significance of corporate operations

The main purpose of technological innovation is to realize the increase of corporate value and research and develop of innovation technology to enhance the corporate core competitiveness, so as to reduce production costs while increase the economic efficiency of the company and expand the market.

### Management Goals

1. High quality, environmental friendliness, lightweight and automation
2. Cooperating with component manufacturers to develop new products, achieving the goals of "standardization" and "universality" of automotive parts with the factory

### Performance

Took the lead in introducing the water-based primer for plastic products and became the first manufacturer to obtain the US CAPA and international NSF water-based products.

### Future Targets

1. Integrating materials, engineering techniques and technological innovations to create products with higher collision-resistant level and lighter weight
2. Embedding temperature sensors in molds and using cross-validation with the mold flow analysis to optimize molding conditions, reduce the pre-defect rate and improve the quality



## Material topics: Quality Management

### Significance of corporate operations

The management of perfect quality of production and service is important to the company, which can obtain tangible value (cost reduction) and intangible value (excellent quality).

### Management Goals

1. Higher customer satisfaction and better quality
2. Lower defect rate during production
3. Lower abandonment rate during production
4. Lower defect rate of final product

### Performance

1. Accredited by CAPA and received the " Compliant with Quality Standards" award
2. Certified by a number of quality certification systems in Europe and the US

### Future Targets

Understanding customer needs and improving quality continuously through customer satisfaction survey

## Material topics: Waste

### Significance of corporate operations

Pollution prevention is an issue of international concern. Effective management of exhaust gas, wastewater and waste not only complies with laws and regulations but also reduces environmental impacts. If waste management is not conducted, the company may face relevant regulatory fines or penalties.

### Management Goals

Reducing waste and wastewater

### Performance

1. Waste is classified by industrial waste and recyclable
2. Tong Yang implemented source reduction to reduce unnecessary packaging during product design
3. Tong Yang implemented source management and introduced water-based coating equipment

### Future Targets

1. Continuing to promote the improvement of raw materials and reducing pollution discharge
2. Implementing various waste classifications and improving recycling

## Material topics: Emissions

### Significance of corporate operations

Due to the global trend of carbon reduction, the GHG emissions generated from energy use have tremendous impact on the environment. The potential operational risks of carbon taxes the enterprises in different countries will have to face have been included in statutory control to implement energy management and related environment protection investment to effectively reduce carbon emissions and reduce damage to the environment and ecology.

### Management Goals

1. Reducing pollution discharge
2. Conducting energy saving and reduction measures

### Performance

1. Tong Yang has obtained a fixed pollution source operation permit approved by the competent authority
2. Inspecting periodically to ensure compliance
3. Change to energy-saving equipment

### Future Targets

1. Continuing to comply with the law
2. Implementing environmental management system and promote environmental improvement

## Material topic: Corporate Governance

### Significance of corporate operations

In the process of sustainable management and development, an enterprise may face actual and potential risks. Through the identification of risks, the corresponding policies and countermeasures for the continued operation of the company can be integrated, turning risks into opportunities for sustainable development.

### Management Goals

1. Continue to supervise responsible units for the proposal of improvement plans.
2. Identify the risks and opportunities of climate change.

### Performance

1. Established a good corporate governance and risk control mechanism.
2. Set up annual audit plans based on the results of the risk assessment.
3. Implemented the audit of the eight operation cycles and computerized information systems.
4. Proposed the corresponding measures in response to the risks of climate change.

### Future Targets

To supervise the responsible units to put forward improvement plans in the spirit of spirit of reorganization and rectification.

### Material topics: Customer Health Safety (Delivery Management, Customer Satisfaction, Customer Privacy)

#### Significance of corporate operations

Providing customers with pure quality, safe and reliable products and services is a criterion for corporate competition and sustainable operation.

#### Management Goals

1. Improvement to customer satisfaction
2. Putting efforts in providing safe and stable-quality products
3. Protecting customer information security

#### Performance

1. Introducing water-based coating and forbidding heavy metal
2. No leakage of customer information
3. All products are in compliance with international safety standard and environmental protection regulations

#### Future Targets

1. Continue to promote customer satisfaction
2. Continuous research and innovation, monitoring products rigorously to ensure quality

### Material topics: Training and Education

#### Significance of corporate operations

Through continuous education and training, the employees' expertise and abilities can be improved to ensure the employees have enough skills to perform various works.

#### Management Goals

Establish a complete talent cultivation system

#### Performance

The total trainees of the education and training in 2020 reached 9,637.

#### Future Targets

Continue to organize diverse employee education and training

### Material topic: Energy

#### Significance of corporate operations

Energy management is the basic strategy for all energy users. The reduction of carbon footprint and use of resources is conducive to the overall efficiency and the social responsibility of an enterprise.

#### Management Goals

1. Reduce energy consumption.
2. Reduce GHG emissions.

#### Performance:

1. Replaced equipment with poorer efficiency to increase the performance of the equipment, and the electricity consumption reduced by 10.8% in 2020 compared with 2018.
2. Reduce carbon emissions by installing solar power generation equipment on the roofs of the plants.

#### Future Targets

Continue to promote renewable energy planning and policies.

### Material topic: Materials

#### Significance of corporate operations:

Material management allows an enterprise to meet the needs of the departments timely and in appropriate quantity, appropriate price and appropriate quality with the lowest cost and ideal as well as rapid process, reducing consumption while maximizing the efficiency of the materials.

#### Management Goals:

There should be more than two (including 2) factories or alternative factories for the same raw materials, and the ratio of local procurement of raw materials should be maintained.

#### Performance:

Ensure continued supply and reduce the risk impact of a specific supply.

#### Future Targets

Grasp the use of critical materials, incorporate it into the sustainable management of material life cycle, and promote the sustainable use of raw materials.

### Material topic: Anti-competitive Behavior

#### Significance of corporate operations:

To ensure the implementation of integrity management and compliance with laws and regulations, Tong Yang has set up various corporate governance rules and measures, and has continued to pay attention to domestic and international policies and laws affecting the company's business and finances.

#### Management Goals:

Strengthen corporate governance and clearly stipulate the rules for anti-competitive behavior and the grievance channels and handling mechanism.

#### Performance:

1. Propaganda of prevention measures.
2. Education and training: the proportion of training reached 100%.

#### Future Targets

Continue to abide by laws and regulations.

## ● Considerations of Materiality and Determination of Disclosure Boundaries

Tong Yang analyzed internal and external impact of material issues, followed the guidance of GRI Standards and industrial characteristics and determined the disclosure boundaries to respond to stakeholders' concerns.

Material Topics	Internal	External						
		Suppliers	Media	Investors	Clients	Foundation	Government	Community
Economic performance	V			V		V		
Employment	V						V	
Compliance	V	V			V	V	V	
R&D Innovation	V	V			V			
Quality Management	V	V			V			
Waste	V	V	V				V	V
Customer Satisfaction	V				V			

Occupational Health and Safety	V	V			V
Customer Privacy	V	V		V	
Emissions	V				V
Delivery Management	V			V	
Corporate Governance	V		V	V	V
Labor/ Management Relations	V				V
Customer Health Safety	V			V	
Training and Education	V				
Energy	V				V
Materials	V	V		V	V
Anti-competitive Behavior	V				V





## Chapter 2 Management and Governance

- 2.1 Glory of Tong Yang
- 2.2 Integrity Management
- 2.3 Prosperous Economy
- 2.4 Risk Adaptation
- 2.5 Regulatory Compliance

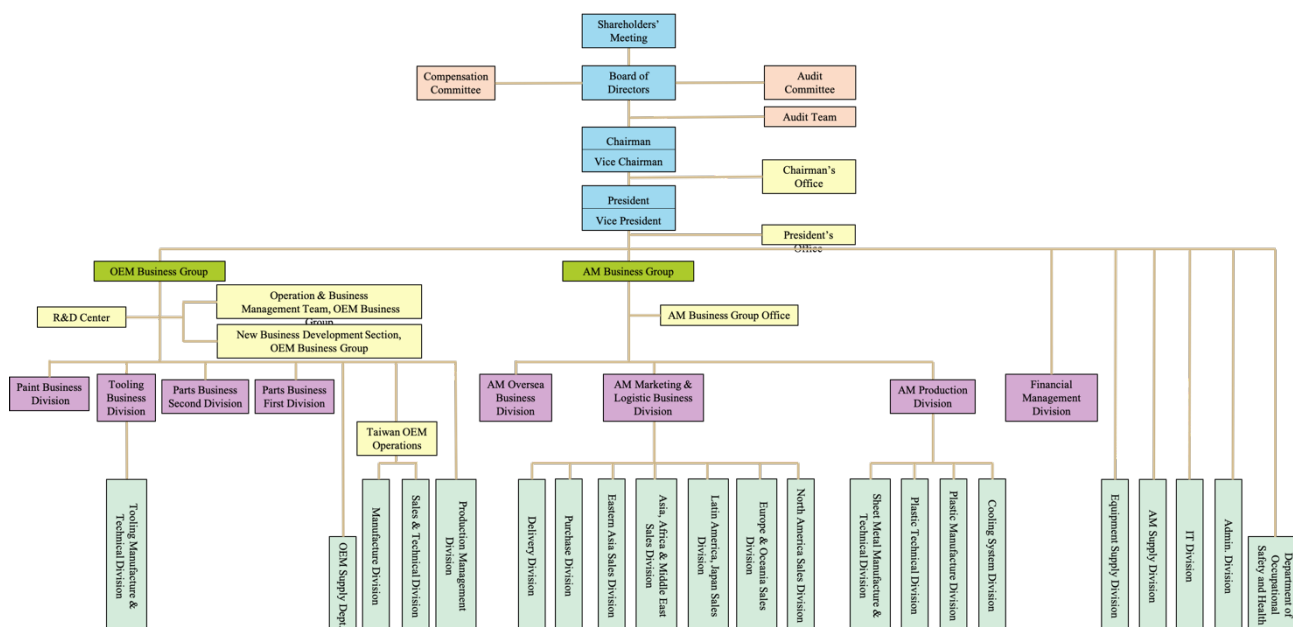
## 2. Management and Governance

### 2.1 Glory of Tong Yang

#### 2.1.1 Company Overview

Tong Yang Group (hereinafter referred to as Tong Yang, our company or we) was founded by Mr. Kao Wu in 1952 and established its headquarters in Tainan City. Our main product / services include automotive plastics, sheet metal, cooling products (car fans), molds, paints and so on. In order to meet the market demand, rigorous corporate governance and more transparent financial disclosure, we are listed on Taiwan Stock Exchange since 1994 (TWSE 1319).

The corporate governance structure and the composition of the highest governance unit are mainly operated by the board of directors. To continue strengthening corporate governance, seats for independent directors are set up in the board of directors, and other functional committees such as the Compensation Committee and the Audit Committee are established to improve the performance goals of the directors and managers of the company and remuneration and compensation structure, implement matters concerning internal control and risk control effectively and respond to all kinds of potential risks of corporate crises.



## ● Corporate Culture

"People-Oriented Management" has been the mentality of Tong Yang Group. Its motto, "Enthusiasm, Honesty and Creativity" has nurtured generations of Tong Yang people and it has become a tenet of the corporate culture.

Enthusiasm	To build teamwork spirit, create a safe, harmonious work environment, provide professional services to customers and make contributions to the society.
Honesty	To cultivate an open, just and pragmatic working attitude, great growth through steady and robust operation.
Creativity	To encourage creativity, promote new technologies and innovations, create wellbeing for the society.

### Central Notion

#### Humanistic Management

### Corporate Spirits

#### Enthusiasm

1. Provide professional service
2. Provide safe and harmonious working environment
3. Positive thinking and team work
4. Social responsibility

#### Honesty

1. Sustainable management
2. Improve work quality and be realistic
3. Fair, justice and honesty

#### Creativity

1. Full authorization
2. Spark creativity
3. Encourage attempts and experiment

#### Management Concept

- Human Orientation
- Continuous Innovation
- Sustainable Growth
- Mutual Satisfaction

#### Management Principal

- Respect Humanity
- Integrity and Practicality
- Authority and Responsibility
- Self Motivation

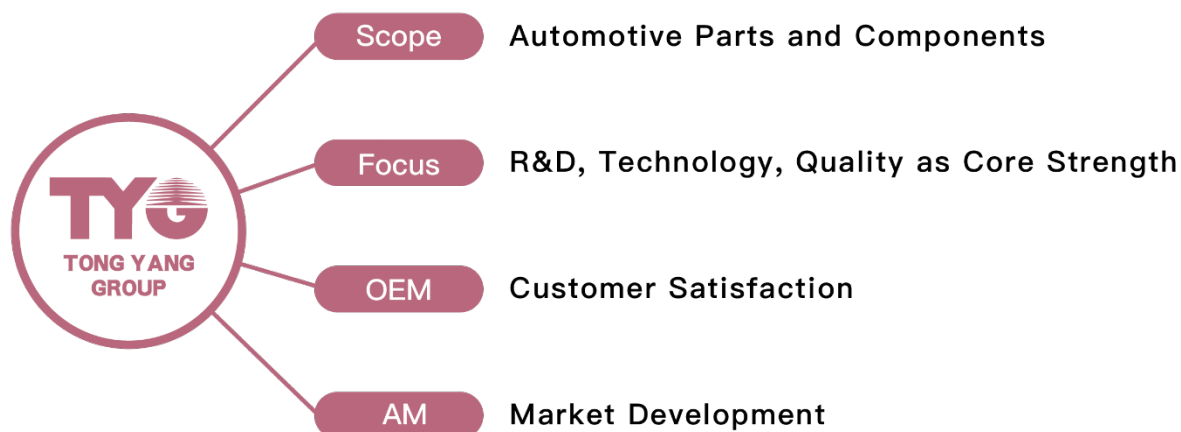
### Corporate Missions

Provide the best quality of automotive Collision parts for consumers



## ● Considerations of Sustainable Management Strategies

Leading global supplier of automotive interior & exterior parts








## ● Business Strategies

Professional Development	Focus on main business, develop core profession, drive sustainable operation and profit
Resource Integration	Focus on basic and corporate core value (production, sales, human resource, research and development, finance)
Sustainable Operation	Pursue balance between stockholder's equity and corporate sustainability --Sustainable operation --Sustainable development --Sustainable competitiveness

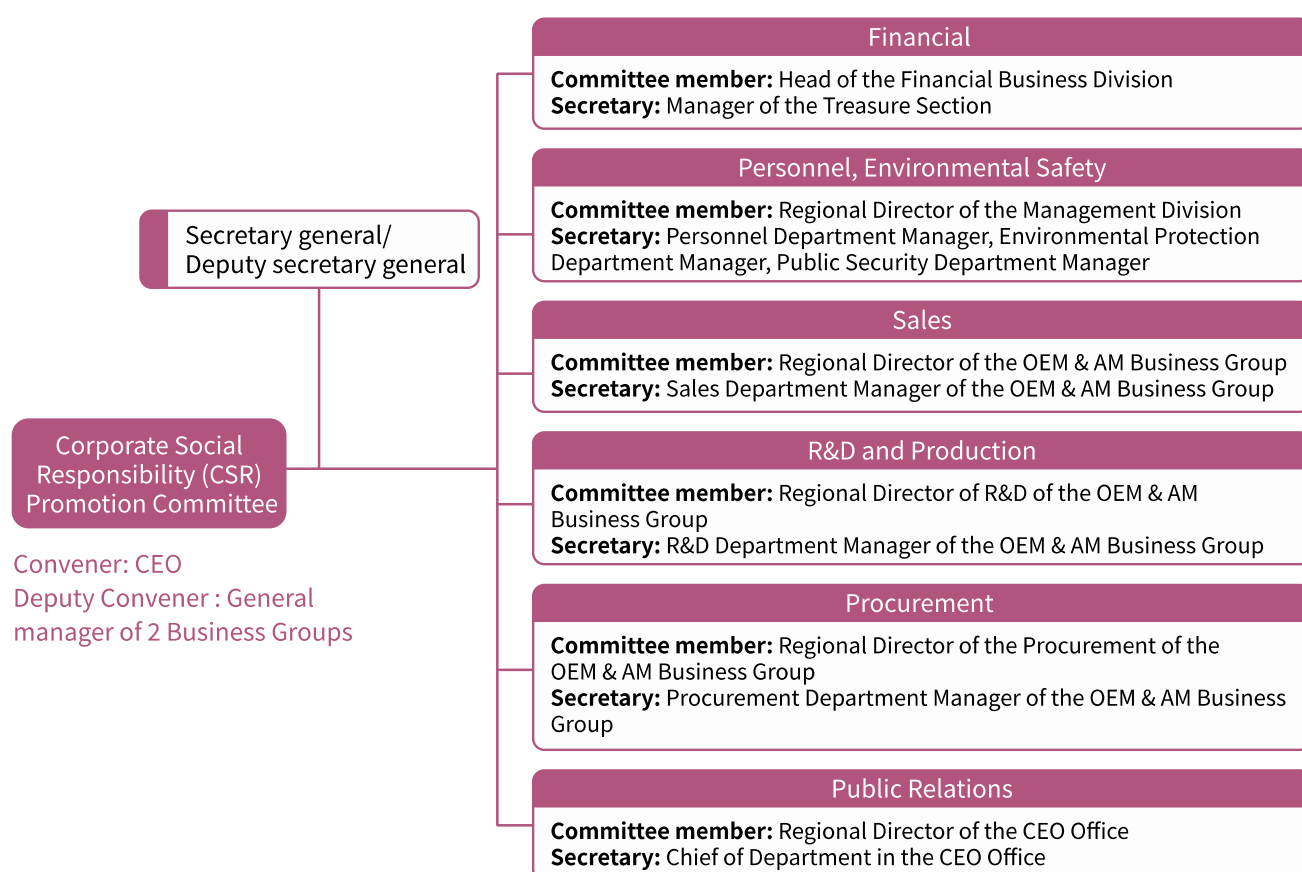
## ● Five Aspects of Sustainable Management

Tong Yang is committed to develop in five aspects including product, technical, marketing, talent and financial aspects, and ensures sustainable development through different strategies.

 <p>Market</p>	<p><b>OEM:</b></p> <ol style="list-style-type: none"> <li>(1) Stabilize the cooperation and development of Taiwanese car manufacturers and the top 10 car manufacturers in mainland China.</li> <li>(2) Develop OEM and OES markets to export to new customers and cooperate with new plants.</li> </ol> <p><b>AM:</b></p> <ol style="list-style-type: none"> <li>(1) Expand global sales channels and develop new markets in China, Southeast Asia and Eastern Europe.</li> <li>(2) Continue to accelerate product certification so as to facilitate the development of products for insurance companies and markets for certified products.</li> </ol>
 <p>Product</p>	<p><b>OEM:</b></p> <p>Front-end modular assemblies and high value-added products include instrument panels and plated parts</p> <p><b>AM:</b></p> <p>Plastic, sheet metal, cooling system, plating and other parts</p>
 <p>Technology</p>	<p>Established the "Global Technology R&amp;D Center" to acquire the international Tier 1 supplier, integrate Tong Yang global business product design, mold, plastic injection, painting, electroplating, sheet metal stamping, cooling system, fan motor and other core technical resources to enhance competitiveness and development, develop new product line</p>
 <p>Talent</p>	<p>(1) <b>Management talent:</b></p> <p>comprehensive general manager, new market development talents.</p> <p>(2) <b>R&amp;D talents:</b></p> <ol style="list-style-type: none"> <li>A. New raw materials, coatings, electroplating fluid research and development.</li> <li>B. New technology research and development of equipment planning introduction.</li> <li>C. Collaborative car factory, participate in product design and development.</li> <li>D. International experimental equipment management and test measurement capabilities</li> </ol>
 <p>Financial</p>	<p>Pursue the balance between shareholders' equity and sustainable growth of the company</p>

## 2.1.2 Corporate Social Responsibility (CSR) Promotion Committee

In the beginning of 2016, the CEO convened the CSR Project Committee, serving as the convener and assigning the general manager as the deputy convener, inviting relevant units to establish the Corporate Social Responsibility Project Committee. In addition, after referring to specific indicators listed in the GRI (Global Reporting Initiative) standards, teams in the fields of financial, personnel, environmental safety, sales, R&D and production, procurement and public relations were set up under this Committee to be in charge of coordinating the formulation of the CSR management policies and reviewing the implementation results company-wide, and various functional units were instructed to assist with the CSR promotion related matters.



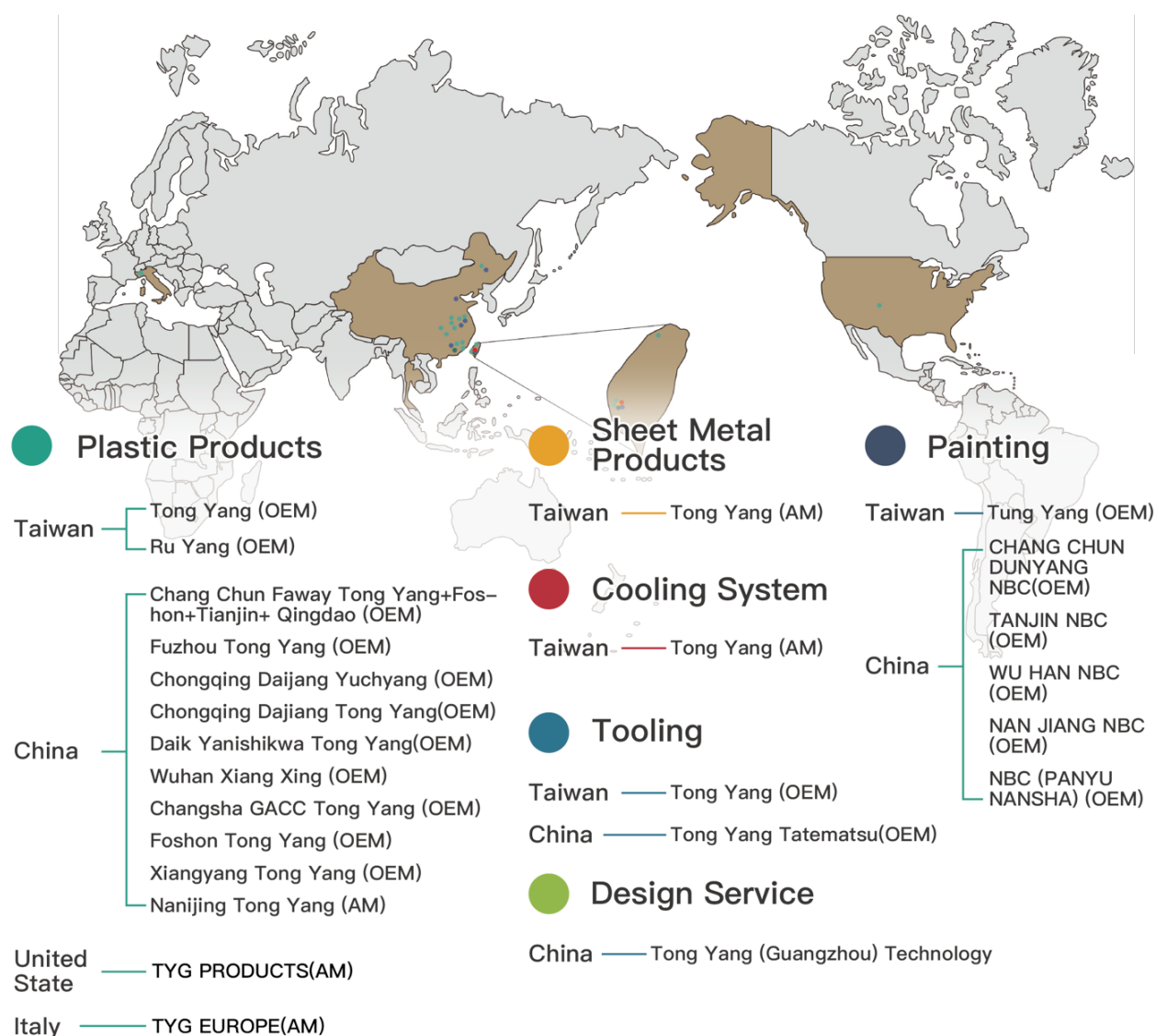
## 2.1.3 Product and Market Distribution

Tong Yang's main products include automotive parts and components such as bumper, water tank protective mesh, engine cover, fender and others that are sold to places all over the world. The main sales areas include the U.S., China and Taiwan, accounting for more than 70% of the overall revenues of the group.



The market is mainly divided into AM Market and OEM Market. For automotive aftermarket (AM) of collision components, approximately 85% to 90% of the global supply source is from Taiwan. Tong Yang is the largest manufacturer among aftermarket parts and components. Tong Yang is the largest automotive plastics parts supplier and the leading supplier of sheet metal components in the global market. In terms of the OEM parts market, Tong Yang is the largest OEM plastic products supplier in Taiwan, supplying most of the plastic products seen in the exterior of domestic cars. In addition, eight out of the top ten automobile groups (accounting for over 80% of the market share) in China are our customers. We will continue to supply high-quality and cost-effective products while providing good customer service and strengthening the supporting relationship for the expansion of business.

Tong Yang Group has established 25 production bases globally, including Taiwan, China, America and Europe.



## 2.1.4 Award Records

Year	Awards
1992	<ul style="list-style-type: none"> <li>Received the "Comply with Quality Standards" award from the American CAPA Association.</li> <li>Received the Ford Q1 Preferred Quality Award.</li> </ul>
1996	<ul style="list-style-type: none"> <li>Tong Yang Wu Kao Culture and Education Foundation won the " Sports and Education Community of Seven Counties in the Southern Province of Taiwan " Award and the "National Social Education Active Group" Award.</li> </ul>
1997	<ul style="list-style-type: none"> <li>Received the Five-Star Award for Excellence in Safety and Health in Taiwan Province.</li> </ul>
2005	<ul style="list-style-type: none"> <li>Awarded by the Department of Health for three consecutive years as National smoke prevention excellent workplace.</li> </ul>
2006	<ul style="list-style-type: none"> <li>Selected as the "Excellent Unit for the Employment of Persons with Disabilities."</li> </ul>
2007	<ul style="list-style-type: none"> <li>Partnership with Executive Yuan Southern District Labor Inspection Office, Co-signing Safety Partner Declaration.</li> </ul>
2010	<ul style="list-style-type: none"> <li>The 3rd "Safety Partner - Group Contribution Award" awarded by the Executive Yuan's Labor Committee in 2010.</li> </ul>
2014	<ul style="list-style-type: none"> <li>2014 HONDA Best Partner Award.</li> <li>2014 Nissan Cooperation System Design and Development Excellence Award.</li> <li>2014 China Motor Corporation Excellent manufacturer.</li> <li>2014 Ford Lio Ho Supplier Excellence Award-Silver Award.</li> </ul>
2015	<ul style="list-style-type: none"> <li>2015 Tainan City Safety and health performance evaluation "Excellence Award" .</li> <li>First OEM company in Taiwan passed the IAOB (International Automobile Supervision Bureau) audit and successfully obtained ISO/TS 16949 certificate which will be valid until 2018/9/13.</li> <li>2015 Nissan Cooperation System Design and Development Excellence Award.</li> <li>2015 HONDA Accessory Development Award.</li> <li>2015 HONDA Best Partner Award.</li> <li>2015 Ford Lio Ho Supplier Excellence Award-Silver Award.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Received praise from the Ministry of Labor and the Tainan Municipal Government for signing collective agreement, harmonious institution with good labor relations.</li> <li>2016 Tainan City Safety and health performance evaluation "Excellence Award" .</li> <li>A level Manufacturers for Kuozui Motor's safety and health management system assessment from 2014 ~2016.</li> <li>Awarded by Tainan City for "Excellent Labor Relations and Harmonious institutions "for three consecutive years.</li> <li>HONDA Best Partner Award (for ten consecutive years).</li> <li>2016 Nissan Cooperation System Design and Development Excellence Award.</li> </ul>

	<ul style="list-style-type: none"> <li>● 2016 China Motor Corporation Quality Refine Award.</li> <li>● 2016 Ford Lio Ho Supplier Excellence Award-Gold Award.</li> </ul>
2017	<ul style="list-style-type: none"> <li>● 2017 Ford Lio Ho Supplier Excellence Award-Gold Award.</li> <li>● 2017 Nissan Cooperation System Design and Development Excellence Award.</li> <li>● Awarded by Tainan City of Excellent labor relations and harmonious institutions.</li> </ul>
2018	<ul style="list-style-type: none"> <li>● 2018 Ford Lio Ho Supplier Excellence Award-Gold Award.</li> <li>● Taiwan Honda Best Partner Award.</li> <li>● Nissan Cooperation System Design and Development Excellence Award.</li> <li>● Tainan Municipal Government Labor Bureau SH Family Performance Evaluation Excellence Award.</li> </ul>
2019	<ul style="list-style-type: none"> <li>● Received praise from the Ministry of Labor and the Tainan Municipal Government for signing collective agreement, harmonious institution with good labor relations.</li> <li>● 2019 Tainan City Safety and health performance evaluation "Excellence Award" .</li> <li>● Awarded by Tainan City for "Excellent Labor Relations and Harmonious institutions" for six consecutive years.</li> <li>● 2018 Nissan Cooperation Award for Excellence in Quality.</li> <li>● Taiwan Honda Best Partner Award.</li> <li>● Ford Lio Ho Supplier Excellence Award-Gold Award.</li> <li>● Nissan Cooperation Supplier Excellence Awards.</li> <li>● Tong Yang Wu Kao Culture and Education Foundation was honored with the MOTC' s Golden Safety Award- Enterprise Contribution Award.</li> </ul>
2020	<ul style="list-style-type: none"> <li>● Awarded the 2020 National Occupational Safety and Health Award-Special Award for Traditional Industry Safety and Health Investment</li> <li>● Awarded by Tainan City for "Excellent Labor Relations and Harmonious institutions" for 7 consecutive years</li> <li>● 2019 Nissan Award for Excellence in Delivery</li> <li>● Taiwan Honda Best Partner Award</li> <li>● 2019 Customer Service Excellence Award from China Motor Corporation</li> <li>● 2019 Excellence in Delivery Award from China Motor Corporation</li> </ul>

## 2.1.5 Participation in Associations

The Company continues to participate in public associations to exchange operational experience with manufacturers in the same trade. As of 2020, Tong Yang Industrial Co., Ltd. participated in a total of 15 associations.

Associations	Position
Taiwan Plastics Industry Association	Member
Taiwan Transportation Equipment Manufacturers Association	Director
Chinese National Association of Industry and Commerce, Taiwan	Member
Chinese National Federation of Industries ROC Employers Committee	Committee
Tainan Automotive Part Manufacturers Association	Member
Chinese Professional Management Association of Tainan	Director
Guanyin Industrial Park Association	Member
Youth Career Development Association Headquarters	Member
Taiwan Steel & Iron Industries Association	Alternate Supervisor
Taiwan Mold & Die Industry Association	Member
Cross-Strait CEO Summit	Member
Tainan City Culture Foundation	Director
Ho-Shun Industrial Park Association	Director
Taiwan Federation of Manufacturers' Association	Member representative
Tainan Human Resource Development Association	Director
The Industrial Development & Investment Promotion Committee of Tainan City	Committee member

## 2.2 Integrity Management

To develop a corporate culture of honest operation and robust business, Tong Yang initiated "Tong Yang Rules and Procedures of Board of Director Meetings" , "Ethical Management Guideline" . These include procedures of conflict of interest prevention for the board of directors, managers and stakeholders, ethical business activities, and thorough compliance through internal control and external business management. With transparency and accountability as our business vision, Tong Yang established ethical business policy, developed corporate governance and risk control mechanism, and created operation environment for sustainable development.

### 2.2.1 Board Operation

Tong Yang' s Board of Directors is comprised of 7 directors with professional backgrounds and technical experience. All director complies to Companies and Corporate Act and Tong Yang Charter to exercise their responsibility. A self-disciplined and robust board of directors is the cornerstone for corporate governance. We continue to strengthen the execution of corporate governance and value shareholder' s equity. The Shareholder Meeting is convened once every year, and the Board of Directors is convened at least once every quarter. With the spirit of absolute independence, the Board provides consultation on business operation, law and finance, and accounts for corporate strategy-planning, operation and monitoring.

The Board convened 6 times in 2020, the remuneration of each Directors complies to Tong Yang Charter and the Compensation Committee Charter, and is reported to the Shareholder Meeting. The Board also assesses the independence of CPA, criteria include conflict of interest, dual status, whether the CPA is the Company' s position supporter, familiarity with the Company's personnel, whether the CPA is coerced by the Company, and the duration of practice.

Tong Yang' s Board of Directors Meeting Attendance in 2020 is as follows.

Title	Name	2019 (6 meetings)	
		Attendance	Attendance Rate %
Chairman	Yung Feng Wu (reelected on 2020.6.19)	6	100%
Vice Chairman	Yung Mao Wu (reelected on 2020.6.19)	6	100%
Director	Yung Hsiang Wu (reelected on 2020.6.19)	6	100%

Director	Chi Pin Wang (reelected on 2020.6.19)	6	100%
Independent Director	Kan Hsiung Lin (reelected on 2020.6.19)	6	100%
Independent Director	Ming Tien Tsai (reelected on 2020.6.19)	6	100%
Independent Director	Yan Ling Cheng (reelected on 2020.6.19)	5	83.33%

## 2.2.2 Audit Committee

Since June, 2017, the Company has set up an Audit Committee to replace supervisors. To implement the spirit of corporate governance, the Audit Committee operates in accordance with the Company' s Audit Committee Charter, with the main purpose of supervision of the following matters:

- (1) The fair presentation of the company' s financial statements.
- (2) The selection (dismissal), independence and performance of certified public accountants (CPAs).
- (3) Effective implementation of internal control system of the company.
- (4) The company' s compliance with relevant laws and regulations.
- (5) Control of the existing and potential risks of the company.

Date of Establishment	Members of the 1 <sup>st</sup> Session of Audit Committee	
	Convener	Committee Member
2017.06.20	Kan Hsiung Lin	Kan Hsiung Lin, Ming Tien Tsai, Yan Ling Cheng

Note: The members of the Audit Committee are all composed of the independent directors, and the term of office is the same as that of the board of directors.

The attendance of the Audit Committee in 2020 is shown in the table below.

Title	Name	Attendance	Attendance Rate %
Chairman	Kan Hsiung Lin (elected on 2020.6.19)	5	100%
Member	Ming Tien Tsai (elected on 2020.6.19)	5	100%
Member	Yan Ling Cheng (elected 2020.6.19)	4	80%

## 2.2.3 Compensation Committee



The Compensation Committee is comprised of all independent directors, and is responsible to the Board and review the compensation and submit the following matters to the Board for further discussion:

- (1) Sets and regularly evaluates the performance, compensation policy, system, standard and structure of Tong Yang' s directors of the Board and executives.
- (2) Regularly evaluates and sets compensation and benefits of the directors of the Board and executives.

The attendance of the Compensation Committee in 2020 is shown in the table below.

Title	Name	Attendance	Attendance Rate %
Chairman	Kan Hsiung Lin (reappointed on 2020.6.29)	3	100%
Member	Ming Tien Tsai (reappointed on 2020.6.29)	3	100%
Member	Yan Ling Cheng (reappointed on 2020.6.29)	2	66.67%

## 2.2.4 Recusals of Directors due to conflicts of interests

To comply to regulation and implement the recusals of Directors due to conflicts of interests, Tong Yang' s Rules and Procedures of Board of Director Meetings clearly regulate directors to explain any relationships that may constitute a conflict of interest. When conflict of interest occurs, Directors must not attend Board meeting and voting, either in person or by proxy.

## 2.2.5 Insider trading policy and internal control regulation

To avoid improper disclosure of information, ensure consistent and appropriate public disclosure, prevent insider trading and implement corporate governance, Tong Yang established "Insider Trading Policy and Internal Control Regulation" on August, 8, 2017.

## 2.2.6 Employee Code of Conduct

Since the founding of Tong Yang Company in 1952, it has been focusing on "people-oriented management" and has taken "enthusiasm, honesty and innovation" as the corporate philosophy. To take on the challenges of the automotive parts industry, our philosophy motivates us to adjust business operation, provide high-quality service and product, and

contribute to the sustainable development of the society. The "people-oriented management" corporate culture spur the development of the Tong Yang Group. To set a sound corporate model and advocate honesty, Tong Yang established "conflict of interest, honesty, integrity, dedication, ethics and energy saving and carbon reduction" as our Employee Code of Conduct, and implement "enthusiasm, honesty and innovation".

## 2.3 Prosperous Economy

### 2.3.1 Financial Performance

Our 2020 total annual revenue was NTD 13.26 billion, a cumulative decrease of 21.60% compared to last year. The net income was NTD 947 million, a decrease of 61.80%.

Item/year	Unit: 1,000 NTD		
	2018	2019	2020
Net Sales	16,150,778	16,919,352	13,264,281
Non-operating income	551,954	6,463	-9,610
Operating expenses	2,476,592	2,535,149	2,216,040
Operating cost	11,839,304	11,909,463	10,092,745
Employee Salaries and Benefits Expenses	2,595,098	2,614,007	2,311,050
Dividend	1,005,511	1,064,659	473,182
Income Tax Expenses	464,864	495,679	127,859
Income before tax	2,390,874	2,480,103	947,468
Net Income	1,926,010	1,984,424	819,609

Note: Link to the financial statement: [tyg.com.tw/traditiona-investment.html](http://tyg.com.tw/traditiona-investment.html)

## 2.3.2 Reinvestment

The evaluation, investment and management of reinvestment accord to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and "Regulations Governing Establishment of Internal Control Systems by Public Companies". Tong Yang established "Acquisition and Disposal of Assets Procedures" to ensure reinvestment management goal and profit.

Other information on reinvestment amount and profit, please refer to Appendix E in the 2020 consolidated financial statements for the years ended 31 December 2020.

## 2.4 Risk Adaptation

### 2.4.1 Risk Management

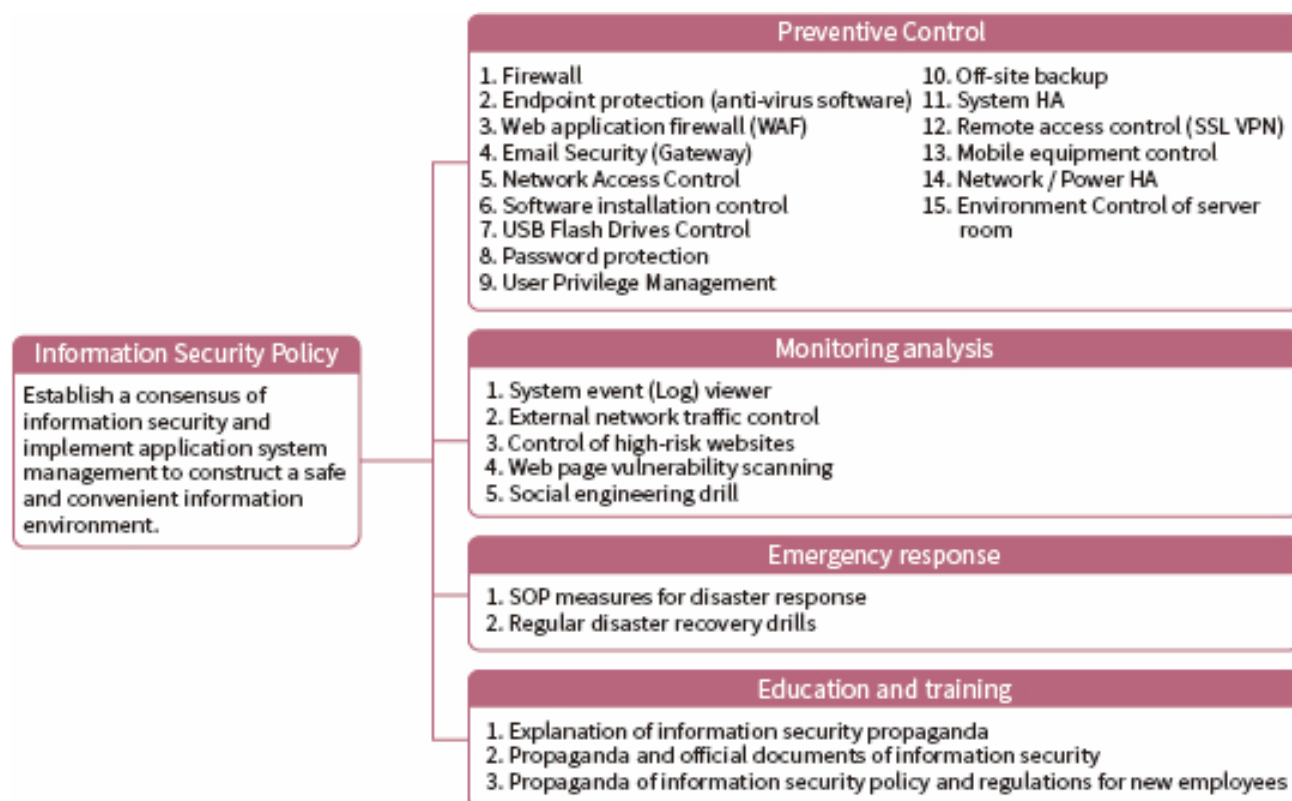
The major operational decisions of the Company are carefully evaluated and analyzed by each authority and are presented to senior directors and decided by the board of directors. Each year, the audit department will also prepare an annual audit plan based on the results of the risk assessment and perform the check according to the plan. The Audit Committee tracks and confirms the improvement results to ensure that the operational risks are flawless.

Type of risk	Authority Unit	Strategy
Reduce supply chain disruption risk	OEM Supply Division AM Supply Division	Ensure the stability of the supply, each raw material is provided by two or more factories or substitutes, as well as maintain the local procurement ratio of raw materials. Before the signing with qualified suppliers, extensive investigation is conducted on their production equipment and main sources of their raw materials. In addition, the production coordination plans are regularly initiated with production and sales units to cooperate with the lead time for delivery, establish safety stock and assess supplier capacity for the adjustment and transfer of products and orders to reduce the impact of the risk of particular vendor(s).
Safety and Health Risk	Administration Department and each Operation departments	Establish ISO 45001 Occupational Health and Safety Management System to ensure regulations compliance, continuous improvement, reduce company risk, and set up an "Emergency Response" SOP to avoid the risk of accidents

Currency Risk	Financial Department	Strengthen the management of exchange rate fluctuations, convert foreign currency at an appropriate time, minimize exchange risk; analyze exchange rate trends on a regular basis; analyze exchange rate risks in an instant, and appropriately reflect them in export quotations
Legal Risk	Management department	Pay close attention to any policies and laws that may affect the company's finances, and strictly ensure compliance with laws
Market Risk	General manager and each operation divisions	Set business strategies, analyses the market, take countermeasures, and control and deal with possible market risk crisis
Investment Risk	Financial Department, Strategy Taskforce	The company does not engage in high-risk, high-leverage investment, derivative commodity transactions; endorsement guarantee for the operating capital of subsidiaries and investment projects, all of which accord and are guaranteed by endorsement of operating procedures.

## 2.4.2 Information Risk and Management

Tong Yang established the Information Security Management Measures, Computer Data Security Control Measures, Cyber Security and Emergency Response Measures, Post-Disaster System Recovery Plan and Data Backup Management Measures in accordance with the Information Security Policy (Fig. 1), stipulating the procedures and regulations of the information security of the Company. We implement propaganda and training of the information security concept from time to time to strengthen the employees' awareness of information security for the enhancement of information protection capabilities. Various systematic tools are used for monitoring and analysis to establish proactive protection and warning capabilities. Off-site backup is conducted and the rehearsed every year and the validating backups is also conducted to ensure the system's ability to recover from major accidents. Any employee violating information security related regulations will be punished in accordance with the reward and punishment management measures.



Each system has a password and permissions control, and application for permissions and permissions change is needed based on personal position and job responsibility. When the personnel leave or change the position, the permissions will be removed immediately and adjusted to ensure information security.

USB Flash Drive is fully controlled. If it is needed for business needs, application has to be made and the USB Flash Drive can only be used after the approval of the supervisor is obtained to ensure that there is no leakage of company data to protect the interest of the company.

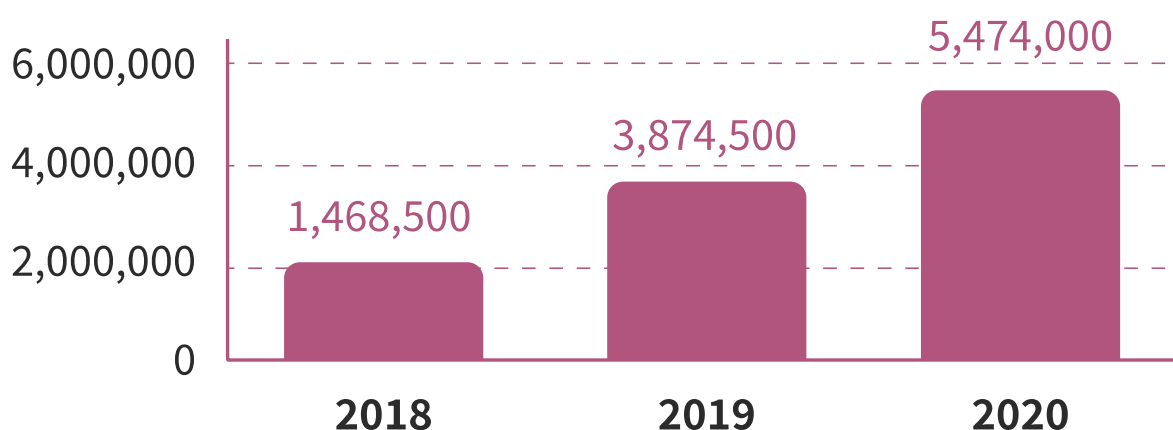
Personal internet access is controlled and high-risk websites for information security are locked to prevent virus intrusion and data leakage. If it is needed for business, application for internet access has to be made and can only be obtained with the approval of the supervisor. The information Department conducts monitoring control and analysis of the internet traffic and makes weekly reviews of abnormal conditions.

Intranet access arbitrarily cannot be obtained for Mobile devices (cell phones and Laptops) in the company.

The server room is equipped with power generator and an uninterrupted power system (UPS) to ensure that it will not be affected due to emergencies of external power supply. A backup system is also established for the main information equipment and the Internet for an information system with high availability.

We establish a protection mechanism for information security to ensure that it is anti-hacking, anti-theft, anti-virus and anti-disaster. The main protection mechanisms include firewalls, email security, web application firewall (WAF), host abnormal monitoring, network traffic control, and off-site backup. In addition, we also cooperate with external information security service providers to conduct vulnerability scanning and social engineering email drills to strengthen web site security and the employees' awareness of email attacks. There has been no major information security incident over the past three years. The investment in information security over the past three years is shown in Figure 2.

### Investment in information security (NTD)



### 2.4.3 Financial Risks of Climate Change

To continue operation without interruption in the face of global climate change, Tong Yang not only strengthens risk adaptation to reduce operational impact that may be brought by disasters but also continues efforts to mitigate GHG emission. The climate change-related risks and opportunities proposed by Tong Yang are as follows.



Item	Description
Environmental Aspect	<p>Under the guidance of the environmental safety and health policies of “Pollution prevention, Strengthening communication, Strengthening hygiene, Education and training, Regulatory compliance, Cherishing resources, Continuous improvement” and based on the ISO 14001 Environmental Management System, Tong Yang considers environmental impacts, government regulations and internal and external environmental issues with the PDCA approach for the identification of various potential risks of the company.</p>
Corresponding measures	<p>Through risk identification, VOC emissions would be improved. Relevant responsive measures of carbon reduction, water recovery and discharge, and waste treatment have been set up to reduce environmental impact.</p> <ol style="list-style-type: none"> <li>1. In 2016, water-based paints were started to be used to reduce pollution of emissions.</li> <li>2. Solar power generation equipment has been installed on the roofs of the plants to reduce carbon emissions. Approximately 1.366 million kWh of green electricity has been generated in 2020.</li> <li>3. After the process wastewater is treated, it is reused in the process and for street washing and gardening, reducing the consumption of tap water.</li> <li>4. In view of the increasingly extreme weather, various emergency management methods for floods, earthquakes and fires have been established.</li> <li>5. Implement waste classification and reuse to reduce the waste output.</li> </ol>
Indicators and targets	<ol style="list-style-type: none"> <li>1. With source pollution reduction and the introduction of terminal pollution prevention equipment, under the conditions of no additional process, we set a long-term goal of 40% decrease of VOC emissions per unit of revenue by the end of 2030 compared with 2016. The target of VOC emissions per unit of revenue of 2021 is to reduce by 22% compared with 2016.</li> <li>2. By installing solar power generation equipment on the roofs of the plants, the carbon emissions are reduced. It is estimated to generate 2.66 million kWh of green electricity in 2021, reaching more than 8% of the total electricity consumption of the company.</li> <li>3. Circular economy: Recycle copper in the electroplating waste liquid and transfer it to the manufacturer for refining before reusing it in the process. The target is to recover 20% copper liquid waste in 2021 and 100% in 2027, and the heavy metal discharge is simultaneously improved.</li> <li>4. Save water resources and make full use of recovered water. The long-term goal for 2030 is to have the recovered water account for 10% of water use, and the goal set for 2021 is 8.3%.</li> <li>5. Continue to improve wastewater treatment technology. It is expected that by 2030, the comprehensive water pollution indicator will be 45% better than the legal standard for effluents. The goal set for 2021 is 30% better than the legal standard for effluents.</li> </ol>

### Indicators and targets

- Implement various waste classification management to reduce outsourcing processing. The goal for waste output intensity per unit revenue for 2030 is to be 20% less than 2017. The goal set for 2021 is 3% less than the output intensity of 2017 (with 2017 serving as the base year).

Type	Climate-related risks	Potential financial impact	Type	Climate-related opportunitiess	Potential financial impact
Transfor mation	Reduce the costs of VOC-emitting paint	Operational cost↑	Resource efficiency	Higher efficiency of energy use	Operational cost ↓ Asset value ↑
	Emission costs of GHG	Operational cost ↑ Asset value ↓		Reuse of wastewater	Operational cost ↓
	Investment in pollution (wastewater, VOC) reduction equipment and transformation	Operational cost ↑ Revenues ↓	Source of raw materials	Reuse the recycled materials processed from the waste Purchase the recycled materials in the market	Operational cost ↓ Revenues ↓
	Stigma of industry	Revenues ↓ Operational cost ↑ Asset value ↓	Products/ service	Develop or expand the market of water-based paint R&D of raw materials/paint	Revenues ↑ Asset value ↑
	Changes in customer behavior and preferences	Revenues↓ Operational cost ↑	Market	Partnership in the new market Obtain incentives from the public sector	Operational cost ↓ Capital expenditures ↓
	Conversion to low pollution market	Operational cost ↑ Capital expenditures↑			
Corresponding measures					

- Continue to invest in process conversion and wastewater treatment equipment to reduce pollution.
- Improve energy efficiency and promote energy conservation and the project of water recycle for reuse.
- Continue to observe and identify the trend for regulatory changes.

## ● Environmental Protection Related Expenditures

To fulfill our corporate responsibility for the environment, we have invested funds for environmental protection related affairs. Since our establishment, we have attached great importance to industrial safety, health and environmental protection. To reduce environmental pollution, water-based coating process has been introduced, reducing the VOC-emitting oil paint by 80%~90%. As of 2020, Tong Yang has introduced 33 sets of water-based paint equipment and 5 sets of VOC prevention and control equipment.

### 2.4.4 Internal control system

Tong Yang has established, implemented and maintained effective internal control system accorded to regulation compliance and the need of implementation. In March 2021 the Company disclosed its 2020 internal control system statement according to the regulation requirement, indicating the effectiveness of the design and implementation of the Company' s internal control. The evaluation follows the "internal control systems efficacy assessment items "released on July 15, 2015. The evaluation includes 5 main elements: control environment, risk evaluation, control operation, information and communication, monitoring, and documentation of all risk evaluation assessments performed by each operation divisions. The Company internal control system include self-monitoring and management mechanism. When flaw is detected, the mechanism is activated and corrective measures are executed.

Based on the aforementioned inspection result, the goal of Tong Yang' s internal control system (including affiliates monitoring and control) is to ensure operation efficacy and efficiency (including profit, performance and asset safety), reliability, immediacy and transparency in reporting, and regulation policy compliance.

### 2.4.5 Internal audit mechanism

Tong Yang' s Audit function is an independent and objective unit that reports directly to the Board of Directors. There are one audit director and several full-time employees dedicated to Internal Audit, and function deputies. Employees and deputies in charge of Internal Audit must receive training held by professional institution every year to enhance professional ability.

Internal Audit function plays an important role to ensure business ethics and compliance. To ensure operation efficacy and efficiency, reliability, immediacy and transparency in reporting, and policy, guideline, procedure compliance, Internal Audit function performs annual audit plan approved by the Board, and report audit result and improvement plan to the Audit Committee, the Board of Directors and the Management.

According to the regulation, the Company set "Internal Control Standard" , "Internal Control Management Approach" , "Internal Control Self-Assessment Management Approach" and "Audit Implementation Procedures" as the guideline for the implementation of internal audit.

In 2020, internal audit implemented a total of 65 auditing items, including eight operation cycle and computerized information systems. Deficiencies were found in the management of personal data protection, maintenance of intellectual property rights, real estate/plant/equipment management, production control, design management, inventory management, electronic data management operations, and related-party transaction management and improvement has been made.

## 2.5 Regulatory Compliance

The Company has set integrity management as the standard and kept strengthening corporate governance. We have set up important regulations, such as the "Ethical Corporate Management Best Practice Principles (MAB-A031)" , "Internal Control Regulations for the Prevention of Insider Trading (MAB-A017)" , "Code of Conduct for Employees (MAB-A030)" , and "Regulations for Grievance Management (HPA-A001)" , clearly prohibiting corruption, bribery, unfair competition and stipulating grievance channels and handling mechanisms.

### ■ Propaganda of Prevention Measures

The Company publicizes integrity behavior and prevention and control measures to the employees regularly. All employees should comply with the Ethical Corporate Management Best Practice Principles and Code of Conduct for Employees and be self-disciplined. The methods for propaganda include the followings.

1. Current employees: Propaganda through bulletin boards, public computers, pay slips, and employees' external mailboxes.
2. New employees: The personnel Department arranges orientation for new employees when they enter the plant, and the propaganda content is included in the staff manual and staff APP.
3. Newly appointed supervisors: During the guidance period of the newly appointed supervisor, senior supervisors will conduct education and training by using the supervisor manual.
4. External vendors: Initiated by the Personnel Department, the propaganda is conducted by the procurement units to all suppliers.

## ■ Education and Training

1. During the orientation for new employees, integrity and anti-corruption education and publicity courses are arranged. In 2020, the total number of trainees was 416, and the training ratio reached 100%.
2. We arrange regular education and training related to integrity and anti-corruption every year to express our philosophy of integrity management to all the employees.

## ■ Grievance Channels




Employees and outsiders can choose to report anonymously. The content of report and the information of the whistleblower shall be kept confidential strictly to encourage brave whistleblowing. The grievance channels of the Company include the followings.

1. Internal channels:
  - (1) The Opinion and Feedback Platform” .
  - (2) Email boxes and contact numbers of the supervisor of the Personnel Department and the labor union.
2. External channels:
  - (1) The company’ s website/ Grievance mailbox.
  - (2) Make a compliant in the guard room at the entrance of the plant when the vendor ID badges are provided/ the grievance mailbox and phone number are provided for people outside the company to make a complaint.

## ■ Handling Mechanism

The whistleblower has to report a violation of integrity through the grievance channel. Upon receiving the report, the Company will initiate an investigation team for relevant operations within 3 days, and the record is kept in the “grievance investigation form” . The identity of the personnel involved in the investigation will be kept confidential and protected by the Company. The documents of the investigation process are also classified as confidential files for management.

## ● Other Related Regulatory Compliance

		
Corporate governance related regulations	Labor rights related regulations	Product related regulations
<ul style="list-style-type: none"> <li>● No violation of Company Act</li> <li>● No violation of Commercial Law</li> <li>● No violation of securities and financial regulations</li> <li>● No political contributions</li> </ul>	<ul style="list-style-type: none"> <li>● No violation of Act of Gender Equality in Employment</li> <li>● No forced labor</li> <li>● No use of child labor</li> </ul>	<ul style="list-style-type: none"> <li>● No prohibited or controversial products</li> <li>● No violations of marketing related regulations and voluntary code of conduct</li> <li>● No huge fines have been imposed for violations of laws and regulations due to the provision and use of products and services</li> <li>● No derivative legal litigations involving anti-competitive behavior, anti-trust and monopoly behavior</li> </ul>

To ensure the implementation of integrity management and regulatory compliance, Tong Yang has set up various corporate governance regulations and methods and continues to pay attention to domestic and foreign policies and regulations affecting the company' s business and finances. In 2020, the Company had no legal litigation involving anti-trust and monopoly activities. Nor were there any significant fines for environmental, economic or social violations.

Guanyin Factory was fined NTD 6,000 for failing to notify EPA and appoint an agent within 15 days after the designated personnel resigned. We have completed the improvement measure to change the designated personnel and include that in regular inspection to prevent such a thing from happening again.

(Note: Significant fines related to the operation of the company refer to the administrative fines for one single event having accumulated to NT\$1 million or more as defined in Item 3, Paragraph 26, Article 4 in Chapter 4 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.)



A close-up photograph of a hand holding a gold-plated connector, likely a USB or similar interface, positioned over a green printed circuit board (PCB) with various electronic components. The background is blurred, showing more of the circuit board and some light reflections.

## Chapter 3

### Professional Service

3.1 Industry Overview

3.2 Technological innovation

3.3 OEM Service

3.4 AM Service



## 3. Professional Service

### 3.1 Industry Overview

#### 3.1.1 Industry Situation and Development Trends

The automotive industry is a high-integrated industry, such as machinery, automation, plastics, rubber, electronics, information, materials and chemicals, all of which are highly relevant. Therefore, the world's advanced countries are regarded as the key strategy-driven locomotive industry for the automotive industry. It also has a considerable impact on the country's economic growth.

Automotive component manufacturers can be divided into OEM (Original Equipment Manufacturer) component manufacturers that directly supply complete vehicle manufacturers into assembled vehicles, and AM (After Market) after-sales service component manufacturers that supply global automotive repairs.

Though the domestic market of finished vehicles has fluctuated in recent years, after accumulating the competitiveness in auto parts, the annual export sales have been expanding. The export sales increased by about 1.70% in 2017, reaching a historic high at NTD 214.9 billion. In 2020, due to the epidemic of COVID-19, the export sales decreased by 10.26%, amounting to NTD 192.7 billion.

Automotive Parts Export Sales Statistics						
Unit: NT\$ 100 million						
Year	2015	2016	2017	2018	2019	2020
Amount of Export Sales	2,145	2,113	2,149	2,147	2,148	1,927
Growth Rate	3.26%	-1.47%	1.70%	-0.11%	0.02%	-10.26%

The automakers will shift from the production mode of vertical operation in the past to the specialized production mode based on the development of rectification projects, and gradually reduce the self-made rate of auto parts; As the proportion of outsourcing increases, the degree of dependence of the entire plant on the parts manufacturers also increases. The scope of automakers is not only traditional OEM, but also includes product design and development, manufacturing, quality inspection, lead time control and after-sales service. In addition, component manufacturers will play an important role in achieving quality and cost targets in the future. Through the early cooperation, the component manufacturers can provide relevant professions, develop together with the whole plant and develop new products, and then achieve the goal of "standardization" and "universality" of parts with the factory.

In recent years, many countries have formulated relevant regulations for the automobile industry. These regulations will affect and even lead the development of automobile. Therefore, it is necessary to pay attention to the development of relevant policies and laws. Lightweight, environmentally friendly recycling and energy conservation are the development trends pursued by the global automotive industry. Under the pressure of environmental protection and energy consumption, the issue of lightweight car will continue to spread. Driven by lightweight issues, the trend of automotive parts and materials can be roughly summarized into the following directions:

- (1) Material weight optimization.
- (2) Materials compete with each other and there is a phenomenon of "replacement" and "anti-substitution".
- (3) Designed with composite materials.
- (4) Environmentally friendly materials.
- (5) The primary material is Steel.
- (6) The proportion of light metal will increase, mainly based on aluminum alloy.
- (7) The use of plastic material has increased gradually.

The automotive component industry in Taiwan is highly recognized in the international market for its advantages of customized production, stable product quality and strong R&D capabilities. In recent years, automotive electronics, electrification and smart cars have been the three major axes. Under this global trend of automotive electrification, lightweightness has become the important issue in the design of new cars to extend the travel distance of electric vehicles. Owing to the advancement of material technology, the crash resistance of plastic parts is as good as traditional steel plates, and it has the advantage of being light in weight, leading to higher percentage of plastic parts use in new car design. Tong Yang has the capacity and technical advantages.

To stabilize the market, Tong Yang will continue to develop new products, promote water-based primer products and reduce VOC emissions to facilitate the sales in the market with the environmental friendliness as well as the competitiveness. This year, we will continue to strengthen the Group competitiveness and develop the OEM and AM markets at the same time, providing more niche products such as the water-based coating and electroplating products to have a firm foothold in the automotive parts industry.

### 3.1.2 Market Segmentation

Tong Yang adheres to the entrepreneurial spirit, uses the OEM business group and the AM business group to organize operations, conduct global operations management, integrate the industrial resources of automobile and motorcycle components, vertically extend the development of molds and paintings, and horizontally connect automotive plastics, sheet metal of internal and external parts, and cooling systems, and other product lines, give full optimization in resource use, and promote the two major markets of OEM (car assembly market) and AM (after-sales maintenance market) to become the most professional supplier of spare parts under the globalization.

The company's main products are automotive components, which includes five product lines: mold design and manufacturing, sheet metal parts, plastic paintings, cooling system parts, plastic parts. To produce bumper, tank shield, hood, fenders, fans etc. as main product. The sales area covers the whole world, including the main sales areas like the United States, China, Europe and Taiwan, accounting for more than 70% of the Group's total revenue.

In the automotive after-sales service market (AM), about 85% to 90% of the world's supply is from Taiwan. Tong Yang is the largest supplier among subsidiary manufacturers. Original Equipment Manufacturer (OEM), Tong Yang is the largest OEM supplier of automotive plastic parts in Taiwan. Most of the appearance plastic products of domestically produced vehicles are produced by Tong Yang.

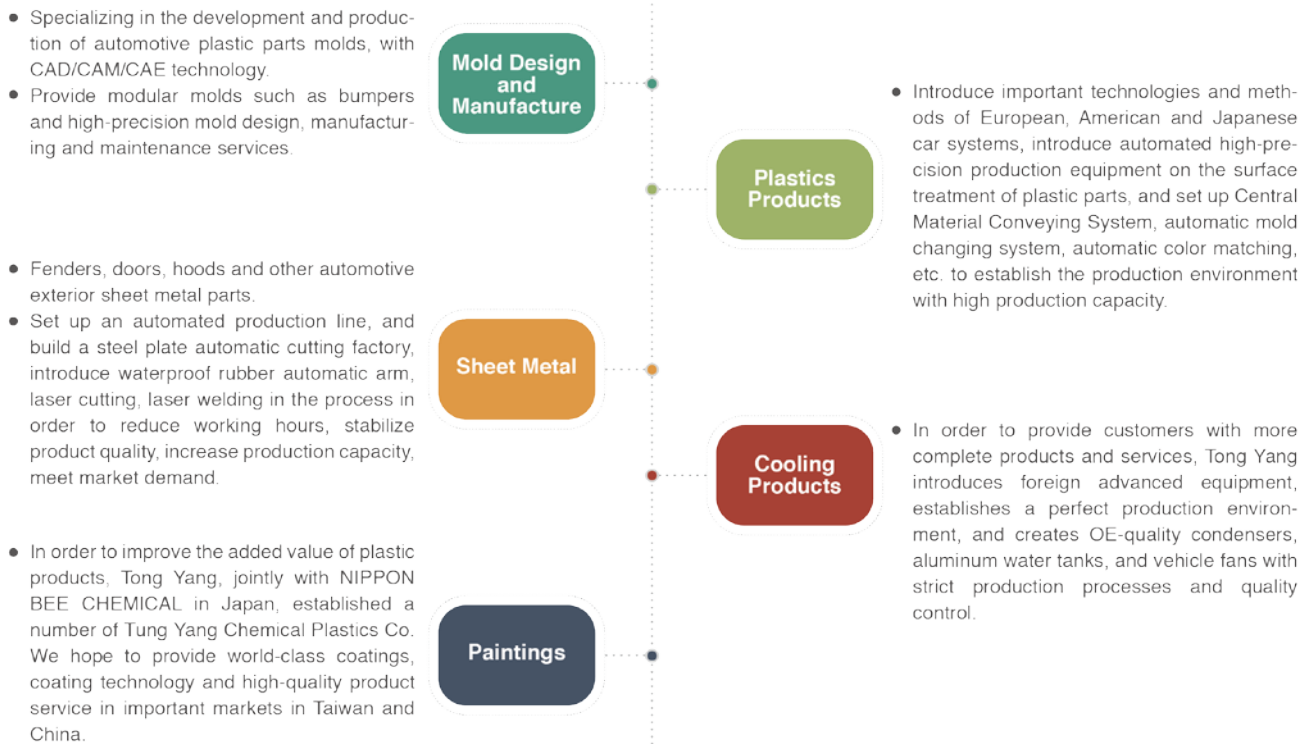
## 3.2 Technological innovation

### 3.2.1 Technology Research and Development Capabilities

With professional technology and experience, Tong Yang develops safe and comfortable transportation spare parts, and has a "Technology R&D Center" to coordinate material planning, product design, mold design, process planning, quality planning and manufacturing technology. Besides, we foster talents, build a knowledge base to carry on the experience, and develop the core technical advantages of the Tier-1 plant. In addition, the Technology R&D Center is also committed to the innovation of materials, paintings and innovation of technology, as well as the development investment and research and development of automation equipment.




Once receipting customer' s design project, a series of product design work will be carried out. A comprehensive consideration will be made in terms of production and cost and benefit from the design stage to meet customer needs. Through APQP (Advanced Product and Quality Planning), the progress of product development management activities can be controlled in order to ensure that the development timeline meets customer needs.



Tong Yang's core R&D philosophy includes high quality, environmental protection, lightweight and automation. The research direction focuses on forward-looking and market-oriented demand, such as environmental protection and energy saving and vehicle lightweighting. It is a key research and development project in Tong Yang. At the same time, in response to the requirements of customers and to keep in line with the product requirements, Tong Yang also committed to improving engineering methods to meet customer needs.

Philosophy	Description	Case
 High Quality	<p>Our R&amp;D team increases product value with professional design guidelines. We provide customers and users with more exquisite, safe, comfortable, reliable and favorable components. Furthermore, Tong Yang continuously improve and builds the foundation for being the leader of the industry.</p>	<ol style="list-style-type: none"> <li>1. High-performance bumper/compound technology of instrument panel composite materials</li> <li>2. Innovative instrument/door panel IMG vacuum forming technique</li> <li>3. High-frequency 3D composite induction heating technique</li> <li>4. Innovative R&amp;D of 3D front rails for e-vehicles</li> </ol>
 Environmental Protection	<p>Tong Yang deeply understands the importance of "sustainable development" and creates a company that can balance with the environment, grow economically, take social responsibility, and care about the industry and social trends. We have always stressed on environmental issues. The design policy of our R&amp;D team is to focus on the development of new technologies to reduce pollution.</p>	<ol style="list-style-type: none"> <li>1. Water-based coating / equipment / painting technique</li> <li>2. VOC biological treatment technique of pollution control</li> <li>3. Air recirculation for painting line and RTO incineration technique</li> <li>4. Key technique of featherweight plastic green automotive injection foaming and molding</li> <li>5. Localized high performance PP eco-friendly water-based paint</li> </ol>
 Lightweight	<p>Based on the emphasis on environment protection and energy consumption, Tong Yang regards lightweight product as an important issue. The R&amp;D team also integrates materials, engineering techniques and technological innovations to create products with higher collision-resistant level and lighter weight.</p>	<ol style="list-style-type: none"> <li>1. Lightweight car synchronous painting plastic fender molding technique</li> <li>2. Chemical/physical injection foaming and molding technique</li> <li>3. Thin-wall parts injection molding technique</li> <li>4. Modularization of the automotive front-end system and the innovative R&amp;D of plastic front-end frame structural components to replace steel</li> <li>5. R&amp;D of the third generation of fully plasticized long-fiber composite for the manufacturing process of the automobile tailgate</li> </ol>



Philosophy	Description	Case
 Automation	<p>Tong Yang Group focuses on stabilizing quality, shortening working hour, saving manpower, and providing customers with faster and more stable services.</p> <p>The R&amp;D team works hard to improve the automation of the plant to reduce human errors and the injury during high-risk processes.</p>	<ol style="list-style-type: none"> <li>1. Automatically painting technique</li> <li>2. Injection molding auto-extraction and de-gate /de-burr technique</li> <li>3. Automated folding welding method for instrument panel decoration</li> <li>4. Innovation of car door automatic assembly technique</li> <li>5. Laser cutting technique for Instrument panel airbag blasting line</li> <li>6. Three-dimension ACC emblem using as a decoration for millimeter wave radar</li> </ol>

### 3.2.2 Patent

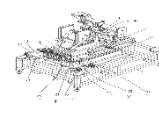
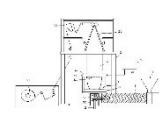
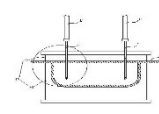
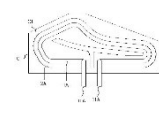
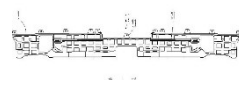
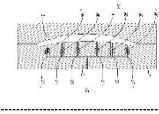
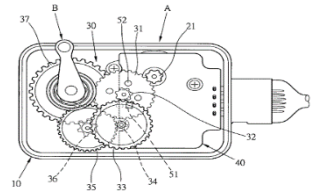
Tong Yang' s R&D team is committed to developing new environmentally-friendly and energy-saving methods. We expect to improve the engineering method in the most environmentally friendly and high-quality engineering methods, such as the surface free-coating engineering method, high-frequency 3D composite inducing heating coil, painting production of high-quality surface appearance product without high air pollution.

The research and development of lightweight vehicles can greatly improve fuel efficiency. Lightweight plastic products with chemical foam as the core of Tong Yang' s development. The foaming products have the characteristics of weight reduction, noise reduction, heat insulation and high rigidity. As listed in the patent n.6 "Foam injection molding for the structure of bumper buffer construction ", the technique is used on buffer block, and will be applied to car door, and car structure. However, the appearance of foam injection product has serious jetting defect, Tong Yang will focus on the application of foam injection technique on car exterior parts. Chemical foam multi-stage injection molding technology is used for lightweight products, and the advantages are as follows.

- (1) Small clamping force
- (2) Faster injection
- (3) Longer flow ratio
- (4) Good transfer
- (5) Good weight reduction

It is like the company' s patent of "Chemical foam multi-stage injection molding machine construction" at the end of 2017.

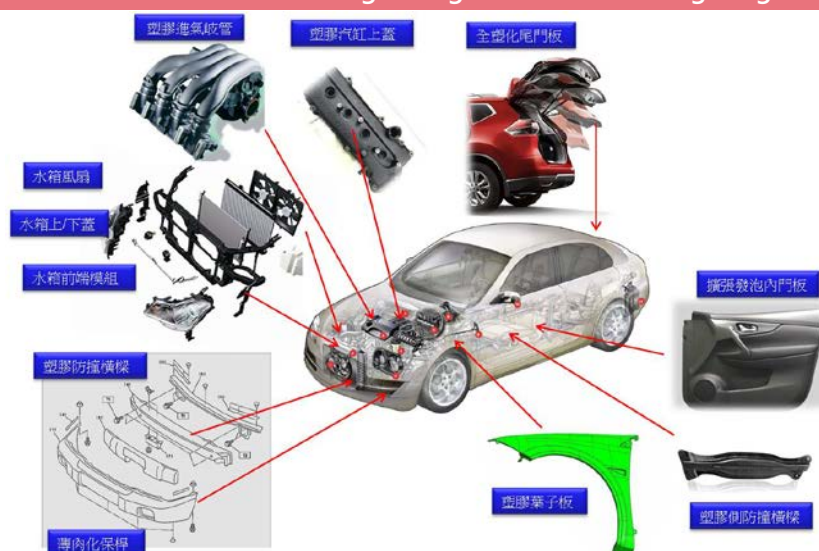
The AM R&D team also developed the Active Grille Shutter in 2016. The main function is to quickly get the engine to reach (or maintain) the optimal working temperature to reduce the warm-up time and reduce the wind resistance and thus reduce fuel consumption and carbon emissions. This innovative technology has been patented in multiple countries.

No.	Name of Patent	Country	Type	Date of Authorized / Announcement	Figure of Patent
1	Automobile instrument panel automatic folding and welding device	Taiwan	new model	2014.12.01	
2	Water mist cooling device for blown film forming machine	Taiwan	new model	2015.02.11	
3	Side blown gas needle	Taiwan	new model	2015.03.01	
4	High-frequency 3D composite induction heating coil	Taiwan	new model	2016.05.21	
5	Foam injection molding for the structure of bumper buffer construction	Taiwan	new model	2017.02.21	
6	Chemical foam multi-stage injection molding machine construction	Taiwan	new model	2017.12.29	
7	Improved drive structure with stepper motor	Taiwan	new model	2016.05.11	
8	Drive structure with stepper motor	China	new model	2016.03.09	
9	Driving device with stepper motor	USA	invention	2017.04.27	
10	Antriebsgerät mit Schrittmotor	Germany	utility model	2016.04.28	
	Vehicle radar trim	Taiwan	Invention	Under review	

No.	Name of Patent	Country	Type	Date of Authorized / Announcement	Figure of Patent
11.	cover (plate) and its forming method				
12.	Vehicle radar trim cover (plate)	Taiwan	New model	2020.03.01	

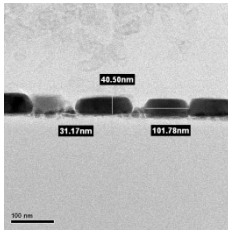
Remark: Patent Nos. 7, 8, 9, and 10 are jointly held by Tong Yang and Taiyou Electric.

### Lightweight Products of Tong Yang

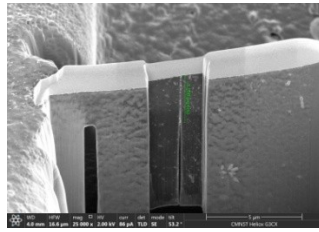


1. Plastic Tailgate
2. Water Tank Support
3. Plastic Cylinder cover
4. Plastic Inlet Manifold
5. Plastic Anti-collision Beam
6. Thin-wall parts Bumper
7. Plastic Fender

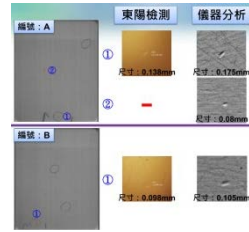
Tong Yang has long-term cooperation with domestic academic units such as Micro Nano Center of National Cheng Kung University, Pingtung University of Science and Technology and Plastics Industry Development Center to enhance research and development energy, such as using various types of high-end precision analytical instruments to research new products or eliminate problem. In addition, Tong Yang chooses excellent suppliers, such as CHIMEI (high-quality electroplating-grade ABS raw material development) and Atotech (environmentally friendly Cr3+ black electroplate), jointly develops new raw materials and products to meet company's needs, and links up with the upstream and downstream industry chain to grow together. Tong Yang also cooperates with large foreign auto plastic parts factories by joint venture or technology cooperation in order to promote the development and production of new lightweight/plastics products.



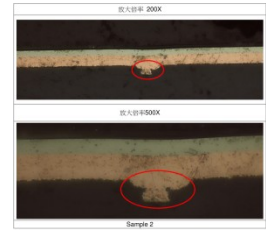
TEM (Transmission Electron Microscope)



SEM (Scanning Electron Microscope)



Electroplating grade ABS surface analysis



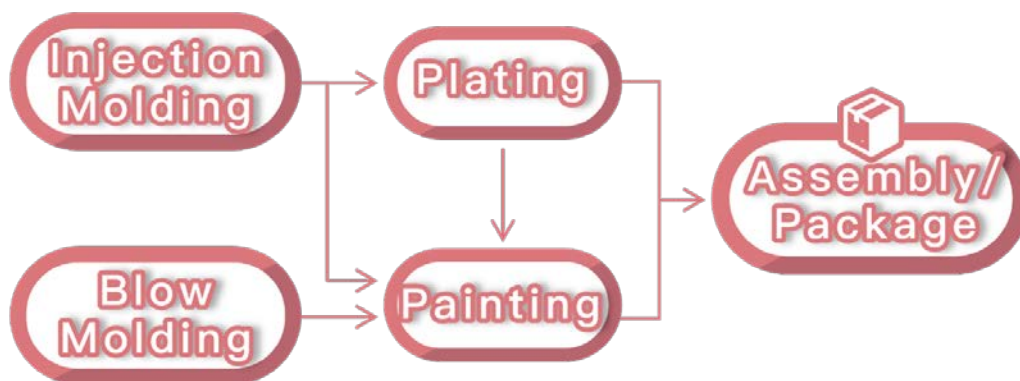
Abnormal analysis of electroplated Cr<sup>3+</sup> products

## 3.3 OEM Service

### 3.3.1 OEM Assembly Car Market

Tong Yang has been manufacturing automobile components since 1976, mainly providing to major OEMs in Taiwan and overseas automakers such as GM, Ford, Nissan and Honda and form a close relationship with the assembly car factory. In 1994, with excellent technology, advanced manufacturing equipment and professional management team, the company developed the business of assembly car in China and cooperated with the top 15 key car factories to set up production plants in China to supply First Automotive Works, Changan Suzuki, Changan Ford, Dongfeng Nissan, Dongfeng Honda, Southeast Auto, Guangzhou Honda and other car manufacturers.

The core focus of the OEM products and services manufacturing process is to integrate Tong Yang's R&D technology, resources, talents, molds investment, raw materials, engineering processes and technique in developing new products to foster the competitiveness of the Group's sustainable operations.



### 3.3.2 OEM Product Quality Control Policy

Management Policy	Description
Global automotive industry quality management system and management spirit	<ul style="list-style-type: none"> <li>OEM business unit constructs a team responsible for "Quality Assurance System" according to the spirit of IATF:16949 (International Automotive Task Force) Distinguishing between organizational quality assurance and quality responsibility management.</li> <li>Managing quality assurance system and clearly defining "deep cultivation of quality, optimized customer satisfaction, production of automotive plastic parts, and continuous improvement of production technology capabilities for the becoming of a professional supplier to automobile makers" as the quality control policy.</li> </ul>
OEM Quality Management Manual	<ul style="list-style-type: none"> <li>Promoted by members qualified with ISO/IATF16949 auditor certification.</li> <li>Planning the first-staged "OEM Quality Management Manual".</li> <li>Launching the functional quality assurance management of OEM.</li> </ul>
Second-tier Management Method Third-tier Management Form	<ul style="list-style-type: none"> <li>Establishing a second-tier management method, specifying operation procedures, management procedures and third- tier management forms to integrate the International System Requirements (IATF) and specific requirements from customers. Developing management indicators that support operational objectives.</li> <li>Providing the team which is responsible for Quality Assurance System with the method and the form to follow the management and review operation performances regularly.</li> <li>Ensuring continuous improvement and sustainable operation of the organization.</li> <li>Providing high quality products and after-sales services that meet customers' requirements.</li> </ul>

### 3.3.3 OEM Quality Assurance System

The principle of handling customer complaints is to prioritize customers' rights. To enable proper and speedy handling of customer complaints, the following handling guidelines have been formulated, including "Customer Complaints Handling Measures for OEM Business Division", "Emergency Response Plan for OEM Manufacturing Division", "Methods for Identification and Traceability of Products of OEM Business Division", and "Handling Operation Standards for Abnormalities of OEM Manufacturing Division" to help customers solve problems in a timely manner. All the relevant standards and operating procedures concerning quality assurance are regularly reviewed and revised in accordance with IATF 16949 specifications, providing a rigorous and complete quality assurance system. In addition, it is also supplemented by irregular internal and external audit activities to confirm whether the operating procedures are effectively implemented. In 2020, there was no incident of product recall due to quality issues in the OEM Business Division.

## 3.4 AM Service

### 3.4.1 AM After-Sales Maintenance Market

In the automotive parts repair market, Tong Yang provides a diversified product line, accumulating more than 30 years of marketing experiences and more than 10,000 sets of molds. Our 2,300 customers are located in more than 200 countries from five continents. In order to provide timely after-sales maintenance service, we have established professional factories in China, Europe and the Americas to manufacture and sell plastic products such as bumpers and water tank covers, sheet metal fenders, hoods and cooling fans. In addition, combined with Taiwan's powerful automotive components industry to form a complete supply chain service system, Tong Yang can simultaneously provide customers with more than 10,000 products for major types of vehicles around the world, satisfying customers' needs for one purchase at a time.



Tong Yang takes Tainan Factory in Taiwan as a resource operation center, establishes a logistics center, central delivery warehouse and hundreds of professional container terminals, and connects production sites in China, America and Europe to form a dense logistics network and provide global automotive parts. The after-sales maintenance market is diversified, professional and convenient. Form a dense logistics network, providing diversified, professional and convenient services for the global AM market of auto components.

For the product recall handling mechanism of the after-sales maintenance market, we will take the recall action when the products sold to customers are confirmed to have safety concerns verified in the laboratory of a third-party testing agency. The foreign sales area serves as the centralized recall point, with the principle of centralized recall and handling. An internal investigation will also be initiated.

### 3.4.2 Quality Management Policy of AM Products

Reduce process defect

Reduce process

Reduce the defect rate of

Our vision in the AM market is to focus on the industry, to develop the main components of traffic equipment and automobile exterior collision parts, and to develop a set of quality policies to ensure the highest quality products to meet customer needs.

For the products of the AM components market, reverse engineering technology is used for product development, and a "Car Center" is set up to confirm that the products meet the standards. Before leaving the factory, the products have passed many safety and durability tests, such as weather and impact resistance, temperature and humidity tests, rust, salt and fog-resistance, welding spots strength test, strength damage test, electro-coating thickness and viscosity test. Under the comprehensive quality assurance system management, we have passed many quality certification systems in Europe and America.

### 3.4.3 Quality Assurance System

#### AM Quality Assurance System

Year	Quality Assurance System	Description
1996	ISO 9001:2015	Quality management system.
2002	ISO 14001	Environmental Management system.
2003	IATF 16949	IATF 16949 is the world's leading automotive industry quality standard developed by the International Automotive Task Force (IATF). This standard incorporates quality standards required by automotive manufacturers and OEMs. IATF 16949 can help to continuously improve the quality of systems and processes, with a focus on meeting customer needs and implementing customer specific requirements.
2005	OHSAS 18001	OHSAS 18001 Occupational Health and Safety Management Systems is a set of standard applicable to various industries, and it provides requirements related to occupational safety and health management systems. OHSAS 18001 enables companies to control and understand the potential risks of normal operations and ones under abnormal conditions, thereby improving business performance.


## AM Product Certification

Year	Product Certification	Description	Note
1992	CAPA (Certified Automotive Parts Association)	CAPA certification is primarily for the certification of high-quality automotive parts used by crash repairers.	--
2004	Thatcham Certification	British Automotive Insurance/Car Research Center: Thatcham is the only one non-profit vehicle maintenance research center in the UK. Founded in 1969, it is a limited liability company registered with the UK Ministry of Trade and Industry.	2004 ~ 2020/03
2005	TÜV -Rheinland Certification	TÜV -Rheinland Certification in Germany	--
2011	NSF (National Sanitation Foundation)	In 2010, NSF launched the automotive parts certification service to verify the quality, safety and performance of automotive aftermarket parts. NSF ensure AM products meet the stringent requirements of the industry and consumers through performance comparisons, and strategically cooperating with insurance companies, distributors, etc. to help products enter the North American automotive part sales system quickly.	2011/08/18~2019/09/30
2015	KAPA	Korean government implemented the Alternative Parts Certification System" in January 2015, and officially launched certified "Alternative Components" in July 2015. Auto parts in Korean aftermarket need to be certified with a KC (Korea Certification). The Korea Auto Parts Association (KAPA) has established a voluntary certification system for auto parts, which evaluates the function of parts and manufacturing plants. KAPA will issue a certificate after evaluation, then certified automotive parts will be able to be sold to Korean aftermarket.	--

Year	Product Certification	Description	Note
2017	China NSF	NFS cooperated with Ping An Property & Casualty Insurance Company of China, Ltd. in July 2016 and started promoting Chinese NSF in China in 2017. Ping An Property and Casualty Insurance will use high quality Chinese NSF certified accessories for auto insurance claims.	2017/04/11 Ping An Property & Casualty Insurance Company and NSF launched the first batch of auto aftermarket certified parts in the China market.
2017	China CAPA	People's Insurance Company of China (PICC), CAPA, Intertek and China Automotive Maintenance and Repair Trade Association (CAMRTA) reached a four-party strategic cooperation in November 2016 to promote China CAPA. China CAPA can be applied in collision repair and insurance claims services, providing more high-quality accessories to car owners and reducing maintenance costs at the same time.	--







## Chapter 4

### Harmonious Workplace

4.1 Manpower Overview

4.2 Salary and Benefit

4.3 Equality of Labor and Management

4.4 Gathering Talents

4.5 Healthy Workplace

4.6 Safeguarding Occupational Safety




## 4. Harmonious Workplace

### 4.1 Manpower Overview

#### 4.1.1 Number of Employees

In 2019, the total number of new staff was 224. Tong Yang also takes the lead in providing employment opportunities for people with disabilities. As of the end of 2020, the actual weighted number of people with disabilities hired by Tong Yang has reached 42, exceeding the number of 35 prescribed by law.



2020 Statistics of Tong Yang's Employee Information							
Category	Group	Male		Female		Total	
		Number	%	Number	%	Number	%
Age	<30	936	26.74%	92	2.63%	1,028	29.37%
	31-50	1,669	47.69%	429	12.26%	2,098	59.94%
	>51	273	7.80%	101	2.89%	374	10.69%
	Subtotal	2,878	82.23%	622	17.77%	3,500	100.00%
Education background of general employee	Under high school	653	25.98%	197	7.84%	850	33.82%
	College	1,165	46.36%	406	16.16%	1,571	62.51%
	Master's Degree	73	2.90%	19	0.76%	92	3.66%
	Subtotal	1,891	75.25%	622	24.75%	2,513	100.00%
Managerial level	Regional manager and above	59	1.69%	9	0.26%	68	1.94%
	Department manager	73	2.09%	15	0.43%	88	2.51%
	Section manager	167	4.77%	33	0.94%	200	5.71%
	Supervisor	190	5.43%	16	0.46%	206	5.89%
	Staff	2,389	68.26%	549	15.69%	2,938	83.94%
	Subtotal	2,878	82.23%	622	17.77%	3,500	100.00%

Note: the education background of regular employees does not include foreign employees and industry-university cooperation students.

Year		2020 Statistics of Employment Rate		
Age\Gender	No. of male employees	Employment rate of male employees (%)	No. of female employees	Employment rate of female employees (%)
<30	49	1.40%	16	0.46%
31-50	36	1.03%	7	0.20%
>51	1	0.03%	0	0.00%
Total number of new employees		109		
Total number of employees		3,500		
Employment Rate (%)		3.11%		

Note: Employment rate (%) = Number of new employees in the category for the current year/ Total number of employees in the category at the end of the year.

Note: New employees include retired/resigned ones.

Year		2020 Statistics of Demission Rate		
Age\Gender	No. of male employees	Demission rate of male employees (%)	No. of female employees	Demission rate of female employees (%)
<30	96	2.74%	12	0.34%
31-50	75	2.14%	25	0.71%
>51	1	0.03%	2	0.06%
Total number of demission employees		211		
Total number of employees		3,500		
Demission rate (%)		6.03%		

Note: Demission rate (%) = Number of demission employees in that category for the current year/ Total number of employees in that category at the end of the year.

Note: The number of resigned employees did not include those laid off and retired or those on the job for less than 3 months.

## 4.2 Salary and Benefit

Tong Yang places a high value on the needs of every employee, provides good working conditions, and strives to meet the welfare needs of employees, and enhances the software and hardware facilities and activities of employees in dieting, clothing, accommodation, transportation, education and recreation, such as: staff quarters, low-cost catering, employee health check-ups, etc. These enable employees to enjoy a well-being welfare system and to contribute to their work positions with peace of mind.



Employee Welfare Committee was established in 1976, representatives are selected by each department and meeting are held at least once every three months. The Welfare measures promoted include:

- All employees are entitled to regular health examination, life insurance, accident insurance and complete insurance plans for their family members
- Provide a wide range of food and healthy diet knowledge
- Contracted with various designated shops to provide all kinds of leisure channels and activities information
- Gather employees' grocery needs, combined with the company resources to build a group buying platform

### 4.2.1 Remuneration System

Tong Yang complies with the Labor Standards Act strictly. When hiring employees, professional capabilities and experience serve as the basis while the regular survey on the local salary market and review of the current salary and bonus system are also carried out to ensure the salary level is more competitive in the market.

In accordance with the requirements stipulated in the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed and OTC Companies, we disclose additional information concerning employees' compensation in the table below.



#### Information of employee compensations

Unit: NTD 1,000

Details	2020
The number of the full-time employees who are not in a managerial position <sup>Note 1</sup> .	3,256
The total compensation of the full-time employees who are not in a managerial position <sup>Note 2</sup> .	1,850,653
The average of salary of the full-time employees who are not in a managerial position <sup>Note 3</sup> .	568
The medium of the salary of the full-time employees who are not in a managerial position <sup>Note 4</sup> .	500

**Note 1:** "Full-time employees" refer to employees whose work hours reach the company-specific minimum or statutory hours, or where minimum hours are not specified, employees whose average weekly work hours exceed 35 hours; otherwise, the employees belong to part-time employees (can be part-time, hourly-paid staff, cooperative education students).

**Note 2:** "Total Salary" means an employee's salary recognized on an accrual basis in the current year, including regular earnings (salary and fixed allowances and bonuses paid monthly), overtime pay (regardless of taxable or nontaxable), and irregular earnings (allowances, bonuses, and employee compensation not paid monthly) but excluding termination benefits. Apart from employee remuneration paid under the Articles of incorporation which is to be added to total salary, estimated "share based payments" (including employee stock options, restricted new shares, and transfer of treasure share to employees or participation in a cash issue) are not included.

**Note 3:** Non-managerial position refers to employees not serving as managers. The definition of a "manager" is described below: (1) general manager and other executives with equivalent job position; (2) vice presidents and other executives with equivalent position; (3) AVPs and other executives with equivalent position; (4) the head of finance department; (5) the head of accounting department; and (6) authorized signatories of the company and other employees who manage the company's business.

**Note 4:** The above table is based on the salary income of employees in our operating bases in 2020.

## 4.2.2 Parental leave without pay

To allow our employees to be free from worries when taking maternity leave, as prescribed clearly in the Labor Standards Act that the company shall never terminate the labor contract during maternity leave and shall provide female employees with 56-day maternity leave before and after childbirth. Our employees are given leave on the spouse's delivery day and a leave of 5 days within 15 days before and after delivery day, and the paternity leave is paid leave. In 2020, the retention rate and the reinstatement rate of the company reached 100%.

Item	2020		
	Male	Female	Total
The number of employees eligible to apply for parental leave without pay (A)	45	25	70
The number of people applying for maternity leave and paternity leave between 2017 and 2020			
The number of employees who actually applied for parental leave without pay in the current year (B)	6	19	25
The number of employees who were expected to be reinstated after parental leave without pay in the current year (C)	3	21	24
The number of employees who were actually reinstated in the current year (D)	2	14	16

The number of employees who were actually reinstated in the previous year (E)	1	12	13
The number of employees who were actually reinstated in the previous year and has been reinstated for 12 months (F)	1	12	13
Reinstatement rate in the current year % (D/C)	67%	67%	67%
Retention rate in the current year % (F/E)	100%	100%	100%

### 4.2.3 Retirement Protection

Tong Yang has set up the Regulations Governing the Pension and Severance Payment of Practitioners as prescribed, providing stable pension contribution and payment. Since the implementation of the Labor Pension Act taking effect on July 1, 2005, Tong Yang has contributed 6% of the salary every month to the individual pension accounts for the employees applicable to the Act.

## 4.3 Equality of Labor and Management

### 4.3.1 Labor-Management Communication

Tong Yang attaches great importance to the opinions of employees and establishes labor union of Tainan Tong Yang Industrial Co., Ltd. according to the Labor Union Act. The main purpose is to protect the rights and interests, enhance the skills and improve the life of employees, to enhance the skills of the employees, and to promote labor-management cooperation. Labor union representatives hold regular meetings with employer representatives to promote communication and coordination between employers and employees and maintain good labor relations. At the same time, in order to promote two-way communication and maintain employment relationship, the representatives of the union and the Company regular hold meetings. The ways of employment consultation include signing labor relations collective contract, participating in the board of supervisors of Labor unions etc., as follows:



1. In order to protect the rights and interests of both parties and improve the working environment and working conditions of employees, the Company and the union sign a collective contract every year since 2015, and both parties will abide and participate in the Company's system governance.
2. Participate in the quarterly union supervisor meeting and the annual union members representative assembly, discuss topics such as labor issues and corporate governance, and effectively promote harmony between labor and the employer.

#### 4.3.2 Advance Notice of Operation Change

We comply with the Labor Standards Act and Act for Worker Protection of Mass Redundancy. When the company is about to undergo major operational changes that will affect the employment rights and prior to changes in various labor conditions, advance notice will be given for the termination of contracts.

#### 4.3.3 Freedom of Association

Tong Yong abides by relevant International Labor Convention and the domestic Labor Union Act. All employees are free to organize or participate in trade unions. In addition, collective consultations can be conducted in accordance with relevant laws and regulations. There were no violations of freedom of association nor collective consultation during the reporting period.

#### 4.3.4 Eliminating Forced Labor

Tong Yong complies with the provisions of the International Labour Convention, eliminates any form of forced or compulsory labor, and strictly complies with the Labor Standards Laws and the Employment Service Law, and will not force or coerce any person who does not have the will to engage in labor, so as to ensure that the employment does not violate the labor law.

#### 4.3.5 Human Rights

Tong Yang strictly complies with the labor and human rights laws and regulations. Employee recruitment, compensation, performance appraisal, training or promotion will not be influenced, discriminated and treated unequally by race, class, language, thought, religion, political party, domicile of origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disorder, or ever for union members, etc.

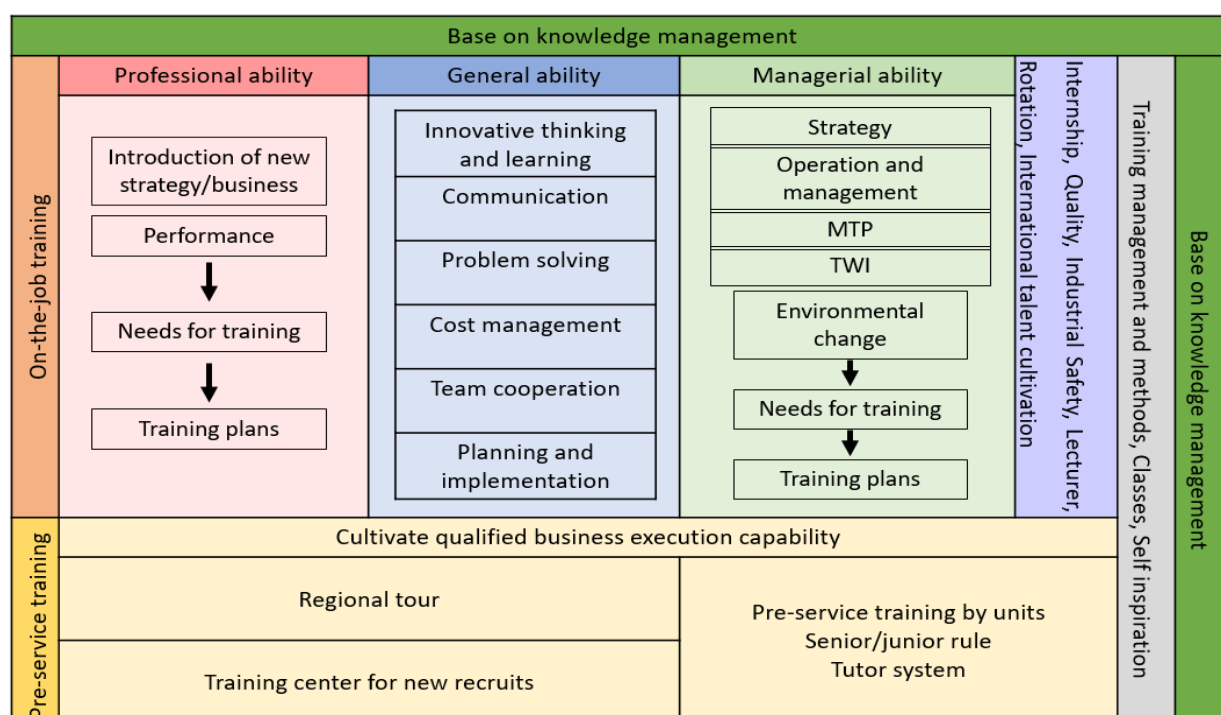
According to the requirements of customers, Tong Yang regularly evaluates working conditions, labor security, equality and discrimination, protection of the underprivileged, organizing labor union and labor relations, and labor inspection, to ensure in accordance with the basic requirements of international laws and regulations. In 2020, the training for managers at all levels stressed that management concepts and leadership skills should in line with labor laws, to avoid any illegal events or violation of human rights in management or system planning. The total number of participants was about 834, with a total number of 2,474 training hours.

## 4.4 Gathering Talents

### 4.4.1 Education and Training

Tong Yang places a high value on the needs of every employee, provides good working conditions, and strives to meet the welfare needs of employees, and enhances the software and hardware facilities and activities of employees in dieting, clothing, accommodation, transportation, education and recreation, such as: staff quarters, low-cost catering, employee health check-ups, etc. These enable employees to enjoy a well-being welfare system and to contribute to their work positions with peace of mind.

#### Talent Cultivation System



At present, the staff training methods are diverse, such as pre-employment training, mentor program, professional technical training, language proficiency, workplace safety and quality training, lecture sharing and other multi-learning channels. We also encourage and subsidize colleagues to participate in the external courses and actively obtain professional licenses. In addition to the in-house lectures and external professional courses offered by the various units, employees can also sign up for the technical training of the company's main manufacturing process, such as injection molding technology and coating technology, to help colleagues understand the company's products and production technology. The training units also provide regular public lectures and second professional specialty training on a monthly basis and help employees plan ahead for their retirement. Moreover, Tong Yang regards the knowledge of our managers at all levels as important assets, for this reason, managers above associate manager level should plan at least one course every year to pass on the experience to their subordinates, allowing the knowledge and experience to remain regardless of the employees' retirements.

Continuous improvement of ideas and methods is also part of our continuous training of employees, in order to encourage the improvement of employees' proposal, in addition to the existing proposal bonus in the company system, all departments also allocate some performance bonus as internal competition bonuses, allowing employees to strive for the honor for themselves and the department.



2020 statistics of education and training

Training	Gender	Male		Female		Total hours	Total number
		Hours	Number	Hours	Number		
Occupational Safety and Hygiene	Outsourcing services	3,402	1,134	363	121	3,765	1,255
	Internal employees	5,197	747	327	105	5,524	852
Managerial training		2,030	508	147	29	29	537
Professional training		3,411	1,383	1,148	486	4,559	1,869
General training		7,370	3,936	1,480	772	8,850	4,708
Orientation training		1,179	393	69	23	1,248	416
Total		22,588	8,101	3,534	1,536	26,122	9,637

#### 4.4.2 Industry-Academy Collaboration

The company's promotion system is divided into three categories: qualification post, commissioner post and supervisor post. We advocate all colleagues to achieve promotion through personal performance. Depending on different position, employees may receive different salaries increases and must also assume different responsibilities and obligations.

Tong Yang has been actively engaged in industry-academy collaboration for many years. In addition to delivering immediate and advanced industry-related information to the academic community, and we have spared great effort in recruiting, talent development, internship and company visits. We hope to enhance students' practical experience through industry-academy collaboration and bridge the gap between theory and practical operation. In addition, through the government-related industry-academy cooperation program, we have continued to cooperate with diverse schools for more than 10 years to provide internship and employment opportunities. In 2020, 273 students participated in the program, including "Double Track Training Flagship Project" conducted by the Ministry of Labor, "Industry-School Joint Project" conducted by the Ministry of Education, and the Internship program for senior students.



In response to Tong Yang Group's continuous development and expansion, cultivation of technical talents and manager became our key focus:

- Professional technical skills and management training: through practical training to cultivate professional technical and leadership skills and select suitable managerial and technical candidates.
- Regular symposium: plan regular symposium and invite school and unit supervisors to create coherence.
- New employee counseling: arrange seniors to coach and impart professional knowledge, and through counseling to assist students adapt to the environment and interpersonal relationships as early as possible.

- Company, school and student communication platform: Establish communication group such as Facebook and Line for students, to share their experience through informal communication channels. On the other hand, this allowed supervisors and schools understand students' feeling and expectation. Students also record weekly learning, experience interpersonal relationships to communicate with managers.

#### 4.4.3 Performance Management

In order to actively develop the potential of employees and create high performance of the organization, the quarterly assessment is conducted by the employees themselves to assess their performance future plan for ability improvement, and the need of managers' assistance as the basis for subsequent communication with managers.

Managers of the unit evaluate quarterly performance according to the assessment items, and gives feedback to the employees' self-assessment, allowing both parties to identify performance barriers through communication, assist subordinates to improve their personal ability and work performance, and jointly review self-improvement goals for the next quarter. In addition, unit managers report the top 2% employees as the key talent cultivation; The last 2% will need additional coaching. At the same time, managers will report the selection of potential candidates, so as to cultivate key talents through succession plan, and achieve a win-win situation for both the organization and employees.

#### 4.4.4 Advancement System

The company's promotion system is divided into three categories: qualification post, commissioner post and supervisor post. We advocate all colleagues to achieve promotion through personal performance. Depending on different position, employees may receive different salaries increases and must also assume different responsibilities and obligations.

### 4.5 Healthy Workplace

In Tong Yang, we perceived employees as family members, listen to the voices of every employee, provide a better working environment, and value the health of employees. In addition to continuous improvement in hardware facilities, we provide our employees with a comfortable working environment and more choices in dieting management, environmental greening, and club activities.



### 4.5.1 Extracurricular Activities

We encourage employees to form clubs which enhance mutual interaction and becomes a multi-disciplinary communication channel. Currently, there are yoga clubs, Tai Chi clubs, table tennis clubs, volleyball clubs, softball clubs.



### 4.5.2 Health Examination

The company regularly conducts annual physical examination every two years, and the items for examinations are superior to legal regulations. Unit supervisors and staff dispatched overseas can receive advanced health checkup in the hospital when they return to Taiwan. Employees involving in special operations receive special physical examinations as scheduled, and the items include noise, dust, n-hexane, chromium, nickel and their compounds. Physical examinations are held once a year for catering staff, and staff with abnormality will be actively notified for re-examination in the hospital. Meanwhile, the employees' family members can



also participate in the health checkup with the same check items at their own expense and preferential discounts are provided.



## ● Employee Assistance Program (EAP)

Tong Yang attaches great importance not only to employee benefits and cultivation but also to the release of pressure accumulated in the workplace. We have internal professionals to plan and come up with Employee Assistance Program (EAP) suitable for the organizational culture to help our employees with the solutions for their personal issues that can affect their work productivity while at the same time prevent and solve the reasons for the decline in the productivity of the employees. Meanwhile, professional management consulting services are also available for supervisors to help them solve crises and management issues. Through systematic professional services, the planning of programs and the provision of resources, our employees can devote themselves to work in a healthy way both physically and mentally, enhancing the corporate competitiveness and creating a win-win situation for the labor and the management.



### 4.5.3 Healthy Diet Management

Tong Yang offers a variety of dining options, including food courts, local snacks, healthy meals, exotic dishes, and more. The colleagues can use the Tong Yang' s app to instantly check the dishes and feedbacks.

The management of the meal is assisted by the nutritionist to create the menu and provide the calories of the meal as a reference to the health management for the colleagues.

### 4.5.4 Care for Foreign employees

Tong Yang spares no effort in the care and welfare of foreign employees. The specific performance is as follows:

- 24 hours translation available in the plant to solve the work problems immediately. For those whose performance falls behind others, the translator will actively provide assistance and communicate with the supervisor.
- Medical treatment: The translator and designated car are available in the daytime and at night to help those who don' t feel well and need to seek medical treatment in clinics or hospitals and assistance is also provided for the communication between the patient and the doctor. Designated staff will also follow-up the recovery status of the sick foreign employees and periodic visits are paid to track their conditions until recovery.
- Respect different regions beliefs in different cultures. Worship rooms for Muslims and wats are set up for our foreign works to find spiritual peace.
- The staff restaurant provides a comfortable and convenient dining space, and Thai, Indonesian and Vietnamese dishes are also available here.
- Large-scale celebration or activities on major festivals and holidays in Indonesia, Vietnam and other countries are held for the employees to celebrate together, such as the Eid al-Fitr, Songkran Festival and so on.
- We provide the gym, ball equipment, singing equipment, BBQ area, volleyball/badminton court, and rest areas for leisure use.
- 150 bicycles are provided for the employees to use to go grocery shopping or for an errand after work or on holidays.
- Laundromat equipment is provided in the dormitories and the charge is provided at half price to the employees.
- Seminars are held every quarter for bi-lateral communication to listen to the employees' needs.
- QR Code Opinion Reflection Platform is set up to provide employees from different countries to express their opinions whether by giving their names or making it anonymous.



## 4.6 Safeguarding Occupational Safety

Tong Yang introduced OHSAS 18001 (Occupational Safety and Health Management System) in 2005, which is applicable to all employees in all the factories of Tong Yang, including the contractors entering the factory. Through the occupational safety and health management system, the employees' safety and health is safeguarded and the comfortable working environment also improve the occupational safety and health management performance.

The internal audit of ISO 45001 in 2020 was completed in March. A total of 30 departments were audited and the corrective and preventive measures of the audited units were all completed. The external audit was completed by a certification body in May. In addition, the verification of ISO 45001 Occupational Health and Safety Management Systems was passed, and the follow-up review will be conducted annually.





In August 2010, Tong Yang SH Family was established, mainly consisting of He Shun industrial park manufacturers and cooperative manufacturers. "Big factories leading small factories" is to pass on experiences and promote cooperation. we also set up a communication platform to help members learn from each other and share resources, so as to improve the level of independent management of safety and health. Tong Yang has also formulated relevant norms and channels for the collection of multiple opinions on workplace infringement. If employees feel their rights and interests are damaged or infringed, they can ask for assistance through internal communication channel.

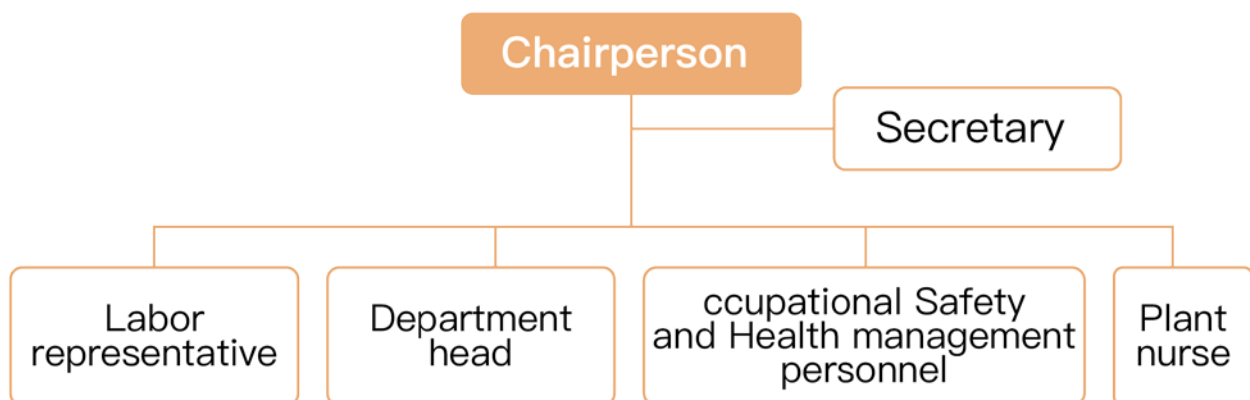


In addition to complying with regulations, we hope to internalize the concept of work and safety to become the habit of employees. Tong Yang holds a zero-injury competition every year and sets awards and punishments and inspection systems. Tong Yang is not only the industrial and safety model enterprise in Tainan City, but also often arranges for manufacturers or foreign guests to inspect and learn. We have won the "Five Star Award of Workplace Safety" twice issued by the Council of Labor Affairs, and it has also attracted other car manufacturers to come and learn. In 2020, we were even honored with the National Occupational Safety and Health Award-Special Award for Investment in the Traditional industry. In view of the characteristics of 3D job, namely Dangerous, Dirty and Difficult, in the workplace, we have invested NTD 610 million in total over the six years in the safety and health related measures to strengthen the comfort of the workplace, ensure the safety and health of our employees, and deepen our employees' safety awareness.



#### 4.6.1 Occupational Health and Safety Committee

Tong Yang has set up an “Occupational Health and Safety Committee” and monthly meeting is convened to track industrial safety improvement items, health management, occupational disease prevention, health promotion matters, results of work environment monitoring, various safety and health proposals, autonomous inspection of business units, safety and health audit items and discussions concerning contractor management. Moreover, by means of the regional joint defense of the factories conducted by the Occupational Health and Safety Committee, hazard factors and things to be learned can be identified through the cross-audits of the heads of different departments to enhance the overall performance of occupational safety and health. In addition, with the spirit of continuous improvement of the occupational safety and health system, the CEO chairs the Annual Safety Meeting every year to understand the implementation status and management performance of the annual environmental safety and health (ESH) and set the annual ESH objectives, propose specific and feasible improvement plans to carry out, reducing the potential ESH risks in the environment.





## 4.6.2 Management of Occupational Safety

### ● Occupational Safety and Health Risk Assessment

Tong Yang' s occupational safety and health assessment follows the content of the provisions in ISO 45001. When identifying hazards, in addition to considering the general physical, chemical, biological and ergonomic hazards, risks of social and psychological factors, such as workload, long hours of work, workplace bullying and sexual harassment are also put into consideration. The quantitative indicators of the evaluation criteria can be divided into frequency of incidents, employee health and plant safety. When the assessment results show that the item is in major hazard risk, such hazard risk should be handled, and a management plan should be presented to eliminate the hazards to reduce the risk to the minimum. Moreover, when there are changes in the process equipment or operating procedures, and when a major industrial safety accident occurs, hazard identification and risk assessment should be re-processed. Changes can only be made after the approval from the occupational safety and health management representative.

#### Hazard identification

- Annual risk assessment education and training is held to equip the personnel with assessment capabilities.
- The assessor looks for potential hazards that may cause casualties, poor health and property loss in the work area.

#### Risk assessment

- Quantitative assessment of individual Hazard factor, including incident frequency, personal health, plant safety and calculation of risk value, is conducted based on professional knowledge and experience to identify hazard risks.

#### Risk control

- Propose management plans for the improvement of major hazards and risks and ensure the implementation of various measures through audits.



## ● Accident Investigation and Injury Prevention

To reduce injuries after an accident and to avoid the same type of injury from happening again, we have formulated a complete set of accident investigation procedures. When an accident happens, an investigation team is immediately set up to explore the cause of the incident and the countermeasures for improvement, and strict control and improvement measures will be implemented based on the results of the investigation. At the same time, horizontal review of the incident will also be conducted, requiring all departments to check whether the same hazard factor exists. If the same hazard factor exists, improvement and advocacy are required to achieve continuous improvement.

### 4.6.3 Occupational Safety Education and Training

## ● Attach importance to occupational safety and health issues

Occupational safety and health is one of the key issues in the employment communication in Tong Yang. The group agreement signed with our employees and the discussion at the occupational safety and health committee meeting contain the following safety and health agreements and issues:

- Provide personal protective equipment
- Newly hired or assigned staff shall receive labor safety and health training as prescribed.
- Labor representatives participate in health and safety inspections, reviews and accident investigations.
- Provide labors with work-related education and training.
- Labor grievance mechanism
- The right to refuse unsafe work.
- Arrange regular health checkups for labors.
- Discuss health or safety related issues the employees encountered.
- Implement various safety management related issues of the contractors.

## ● Safety and Health Education and Training

Unsafe behavior is the main cause of occupational disasters. Therefore, through various training and publicity activities, the workers' awareness of the hazards is strengthened to instill work safety concept into our employees and take root in safety and health culture. The items for education include not only the general occupational safety and health training prescribed by

regulations, education and training of environmental safety and health management system, emergency fire drills, CPR & AED education and training and hazardous machinery safety and health education and training are also conducted to strengthen labors' awareness of work safety and emergency response capacity. Moreover, the company has also established a somatosensory classroom for industrial safety to enable our employees to understand the importance of safety and operation related regulations through practical operation of machinery and equipment, and all our new recruits and contractors shall receive the somatosensory training for industrial safety before entering the site.

### 2020 Occupational safety and health education and training items

#### Items



License education and training for forklift operation certification



2020 Tong Yang SH Family Education and Training (hazard identification and risk assessment)



On-the-job education and training of the forklift



Industrial safety experience for contractors



On-the-job education and training of stationary crane



Emergency fire test without warning



Senior management symposium



Drill without warning for volunteer fire fighters



Education and training for overseers



Training of firefighting techniques



Education and training of ISO14001 & OHSAS18001 Management Systems



Education and training of CPR & AED for the dormitory supervisor and translators of foreign labors



ISO45001 internal auditor training



Education and training of high-altitude operation vehicles



Industrial safety somatosensory training and health promotion demonstration



#### 4.6.4 Occupational Safety and Health Management

##### ● On-site Service of Plant Doctor

To strengthen the healthy workplace environment, we invite doctors from the Department of Family Medicine to provide on-site service nine times a month. In 2019, a total of 108 sessions of on-site services were provided for one-on-one health consultation (health screening, psychological consultation, nutrition and exercise consultation) to enable our employees to receive professional medical consultation during working hours and understand their health conditions and warning signs so as to reach the purpose of "early detection, early treatment". In addition, to strengthen the healthy workplace, we also hold health lectures from time to time and invite our employees from the on-site units to attend.





## ● Maternal Health Protection Plan

The existence of safety and health hazard factors in the workplace may have adverse effects on pregnancy and breastfeeding. When women have an indispensable role in the workplace, it highlights the importance of maternal health protection. At Tong Yang, we regard female employees who are pregnant, within one year after delivery or those who still continue breastfeeding as our protection objects. The Maternal health protection evaluation form is filled in and the plant doctor and nurse will go to their workplace for on-site evaluation and interview and propose suggestions for improvement or measures to take.



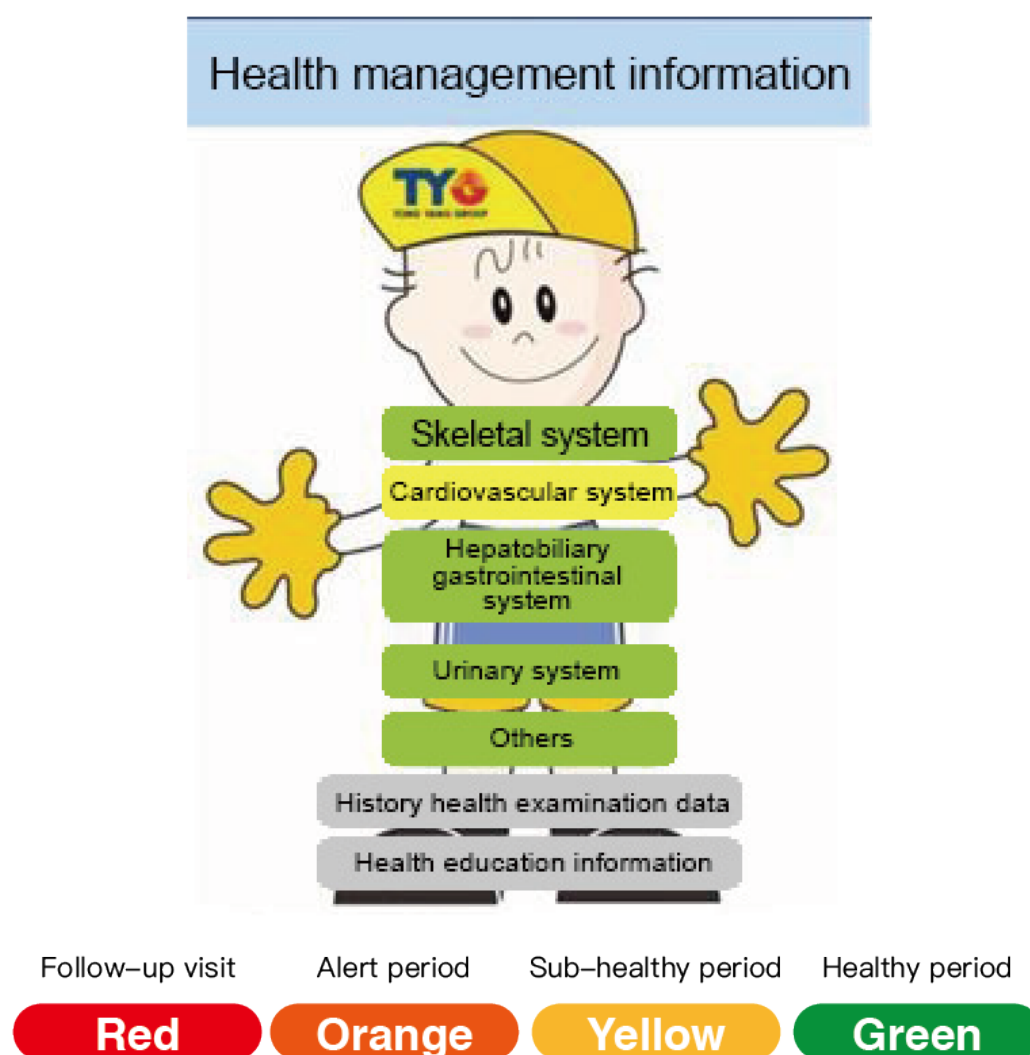
## ● Prevention Plan for Overload and Ergonomic Hazards

Every year, we ask our employees in the units to fill in the “Overwork scale and musculoskeletal questionnaire” by scanning the QR-CODE, and a tracking list is made for the plant doctor and nurse to pay attention to for understanding the cause of the symptoms and also give proper suggestions for improvement.



## ● Establishment of Health Management System APP

In order for our employees to know their own health status over the years, starting from 2018, an electronic health examination management database platform was combined with the company' s APP for employees to inquire their personal health examination reports and comparison tables of their history physical exam items. Furthermore, relevant health education information is also provided in this system so that the employees can learn health management independently and make real-time inquiry of reports of health checkups online.



## ● Prevention of Occupational Disease

In the production process of traditional industries, it is inevitable to generate health hazards such as noise, dust, n-hexane, chromium, nickel and their compounds during operations. The company controls the hazards in the working environment and health status of the personnel through the Labor Working Environment Monitoring and special physical examinations.

## ● AED Education and Training

AEDs (Automated External Defibrillators) are set up in 3 locations, and CPR+AED education and training is held annually.



## ● Keen on Public Welfare Activities to Give Back to Society

### 2020 Field Observation Meeting for Fall Accident Prevention

We co-organized the 2020 Field Observation Meeting for Fall Accident Prevention with the Southern Occupational Safety and Health Center. The content of this observation meeting was divided into three parts, namely the "safe operation procedures and facilities for roof work and mobile scaffold", "safety protection for forklift operation and robot operation", and "somatosensory teaching and operation experience for industrial safety". Through on-site demonstration and experience, the trainees can understand correct concept and knowledge of protection.





### Student Visit for Industrial Safety

We regularly hold observation activities for students. Through sharing practical experience and observation of on-site safety and health measures for operations, students can experience the industrial safety culture of the company in person and combine what they see on site with their professional knowledge to strengthen their knowledge of industrial safety.



### Blood Donation from Tong Yang

Our employees enthusiastically participate in blood donation activities to save others and continue life by passing on love.



## 4.6.5 Safety of Work Partners

### ● Statistics of Tong Yang' s Work Injuries

In 2020, there were 2 work-related injuries. Tong Yang conducted an investigation immediately to determine the causes of the accidents, and conducted a horizontal investigation to determine whether other units had potential hazards, and improve and strengthen safety education and training.

2020 Statistics of occupational safety and work-related injuries							
Factory	Gender	Occupational injuries		Disabling Injury Frequency Rate (F.R.)		Disability Injury Severity Rate (S.R.)	
		Injuries	Death	Number of Disability injuries	Total Working Hours	Total Damage Loss Days	Total Working Hours
All factories	Female	0	0	0	1,279,285	0	1,279,285
	Male	2	0	2	6,396,424	34.19	6,396,424
Total			0	2	7,675,709	34.19	7,675,709
Average at Tong Yang				0.26 time		4.45days	
National average				1.26times		100.00 days	
Definition and description				F.R.: Actual disabling injures per million-man hours worked		S.R.: Loss days due to disabling injuries per million-man hours worked	
Type of occupational injury		Falling (1 case); (2) Pinch (1 case)					

## ● Statistics of Contractors' Occupational Injury

In 2020, no occupational injuries occurred in our contractors.

(Note: The total working hours for female contractors was 52,726 hours, 144,398 hours for male contractors, and the total working hours for contractors was 197,124 hours)

## ● Statistics of Occupational Diseases

In 2020, no deaths caused by occupational diseases occurred in our employees and contractors.

Note:

1. The total working hours of for female works at Tong Yang was 1,279,285 hours, 6,396,424 hours for female employees, and the total working hours was 7,675,709 hours.
2. The total working hours for female workers of contractors (non-employee workers) was 52,726 hours, 144,398 hours for male works, and the total working hours was 197,124 hours.

## ● Occupational Safety Management of Contractors

Occupational Safety and Health System applies to Tong Yang' s Tainan Factory and Guanyin Factory, and all contractors entering the factories, including the construction personnel, guards, cleaning personnel and kitchen staff. Before entering the factories, contractors have to sign an agreement and receive hazard notification education and training as well as the somatosensory training for industrial safety. All contractors can enter the factories after passing the test, and retraining is needed every three years. To maintain the safety of contractors' construction personnel and the safety of the plants, industrial safety personnel will conduct inspections from time to time at the construction site. Once hazard factors are found, notification will be immediately made requesting improvement.







## Chapter 5 Dialogue with Partners

5.1 Partners

5.2 Evaluation and Management

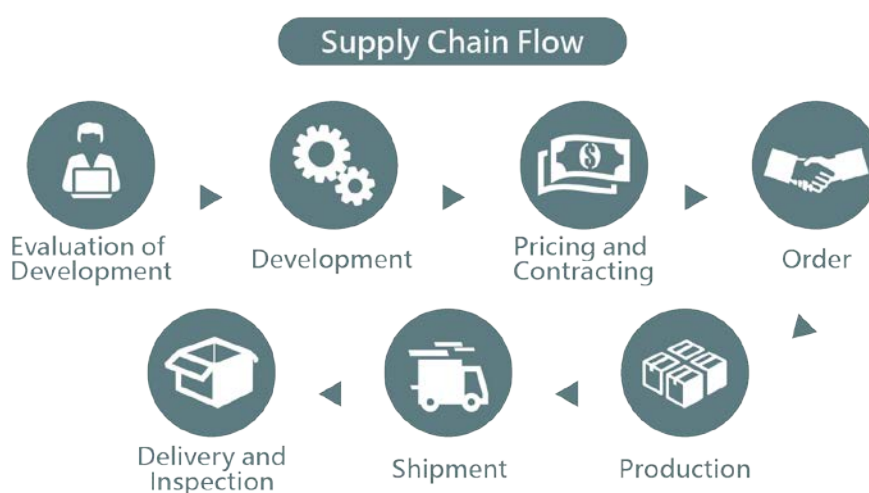
5.3 Green Procurement

5.4 Customer Relationships

## 5. Dialogue with Partners

### 5.1 Partners

Tong Yang regards the suppliers as long-term partners and aims to establish common growth. Through various communication platforms, we strengthen information exchange and problem communication with suppliers and enhance the management of supplier chain. In addition to promoting quality, we also urge them to organize and rectify the production environment, improve the production process, and handle things related to safety management, with a view to strengthening process technology, improving production quality, and inspiring suppliers to pursue sustainable business operations, thereby creating a win-win situation and achieving coexistence and common prosperity.



#### 5.1.1 Supplier Overview

Procurement of the company has to be conducted in accordance with the procurement management operation related measures and regulations, and evaluation regulations for suppliers have also been set up for regular assessment of qualified suppliers. The main suppliers of Tong Yang can be divided into raw materials, outsourcing processing and packaging material suppliers. The percentage of procurement from domestic and foreign manufacturers in 2020 is shown in the following table. Under the similar supply conditions, priority is given to local suppliers for procurement to establish long-term and stable cooperative relations. The proportion of domestic suppliers accounts for more than 85%.



2020 Statistics of Supplier Procurement			
Business Group	Supplier Type	Procurement %	Number of Supplier
AM	Raw material supplier	50.33%	57
	Outsourcing processing supplier	35.60%	150
	Packaging material supplier	14.07%	20
OEM	Raw material supplier	51.05%	45
	Outsourcing processing supplier	45.01%	137
	Packaging material supplier	3.9%	14

2020 Statistics of Domestic and International Supplier			
Business Group	Supplier Type	Procurement %	Number of Supplier
AM	Domestic supplier	93.54%	221
	International supplier	6.46%	6
OEM	Domestic supplier	85%	166
	International supplier	15%	30

## 5.1.2 Supplier Communication Channel

### ● SCM Online Platform

Tong Yang introduced the supply chain management system into the SCM platform, which can provide relevant information such as orders, important announcements, and assessments of the company as the communication with suppliers. Through this platform, suppliers can obtain and respond to information such as shipping materials, inspection materials, material abnormality and acceptance failure measures single data, payment notice information, and supplier assessment records and documents (inspection standards, packaging standards,). In addition, the information of the ERP system can be updated to the SCM platform immediately.



SCM Platform features: document check, order management, delivery receipt, quality management, money transfer, and project announcement.



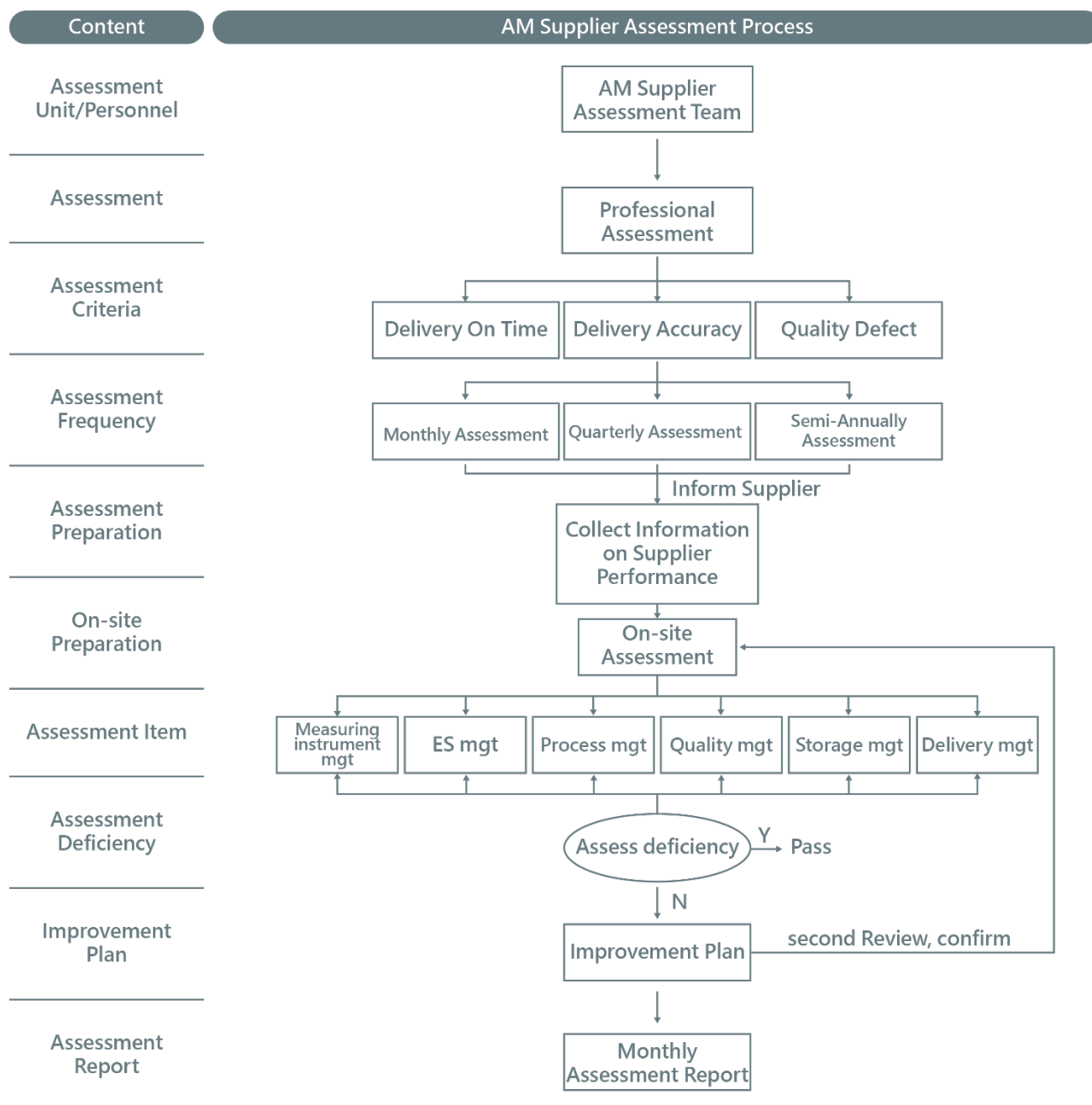
## 5.2 Evaluation and Management

### 5.2.1 Supplier Evaluation and Audit

An annual evaluation plan is established each year, and key suppliers are selected to perform project evaluation on a monthly basis in order to strengthen supplier's production management capability, quality, on-time delivery, reduce defect rate, and supply production demand in a timely manner. In addition, Tong Yang conducts an annual evaluation based on each supplier's performances, expecting to simplify management procedure and improve product quality.

OEM: Supplier Guidance Team regulated annual supplier assessment plan according to the "Supplier Assessment Policy" and conducted monthly on-site assessment. Suppliers who fail the evaluation score (<70) must provide improvement plan to improve and be re-assessed. Besides guidance plan, Tong Yang also provided guidance performance result to ensure improvement meet the requirement. In order to assist supplier to provide high quality and build mutually beneficial relationship, OEM Supply Team founded Supplier-Counseling Organization, and looked for long-term cooperation based on assessment policy and risk evaluation. We use effective assessment to examine supplier and perform monthly review on improvement and countermeasures.

AM Supply Division arranges the annual supplier evaluation schedules, conducts on-site evaluation of suppliers in accordance with the schedules every month, and submits the monthly comprehensive report based on the evaluation results. Those who do not meet the requirements or are not compliant are included in the counseling and tracking process. Suppliers should analyze the cause of the problems and submit an improvement plan or are asked to come to Tong Yang for the deficiency review report. Our counseling unit for contractors will provide proper assistance and reschedule the evaluation audit for project review and track it until improvement is made. Suppliers whose score of evaluation item is unqualified (under 70 points) will receive project counseling. The following is the flowchart of supplier evaluation process.



In addition, Tong Yang conducts annual evaluations based on the evaluation status of each supplier for nearly one year, and sets the supplier's selection operation, in hope to simplify and management process and improve product quality. Evaluation and auditing are divided into six major items, including Management, Measuring instrument management, Quality management, Process management, Storage management, ES management, and Delivery management.

## 5.2.2 Supplier Code of Conduct

To strengthen corporate integrity management and corporate governance and to follow the United Nations Convention against Corruption and international trend of anti-corruption, Tong Yang has set up the Supplier Commitment Letter, stipulating that all the major vendors shall not provide false, forged or altered information; major vendors shall not promise or give a bribe or other improper benefits to our employees. Boycotting and exposing the acts of bribing or accepting bribes are called for to implement the integrity management policy of the Company and prevent illegal behavior. This is for the purpose of establishing a transparent, honest, and fair business environment to positively protect the rights and interests of both our company and the vendors.

We have required our major suppliers (including new suppliers) to sign the Supplier Commitment Letter since 2018 and added in the supplier evaluation that the audit of suppliers should be verified to ensure that there is no violation of labor conditions and human rights issues. In 2021, the second-stage of investigation of the signing of suppliers will initiate to construct a complete and sustainable supply chain of Tong Yang.

## 5.3 Green Procurement

Tong Yang requires the woven bags for packaging materials provided by the suppliers be imported with water-based paint printing to reduce the consumption of diluted poison of oil-based primer. The packaging materials of each layer are made of PE materials of the same nature, which is convenient for customers to recycle and dismantle. In addition, in accordance with the SASO certification, the packaging materials of acrylic bags exported to Saudi Arabia are made of the promoted biodegradable plastics that complies with the biodegradability standards.

In 2016, we are committed to promoting the procurement of water-based coatings in order to comply with the VOC (Volatile Organic Compound) organic solvent emission regulations and reduce the dilution of toxic substances in oil-based primers to reduce environmental damage. The traditional VOC emissions of solvent-based coatings account for 50-60% of the total. After the use of water-based coatings, it can be reduced to less than 10%, meeting strict environmental requirements.

Meanwhile, heavy metals including lead, mercury, cadmium, hexavalent chromium and so on are banned to reduce the harmful impact of electroplating process on human bodies and also for effective treatment of wastewater.

Tong Yang officially issued a notice on 2016/2/22 to comply with the ban on heavy metals such as lead, mercury, cadmium and hexavalent chromium. The new development specifications also completely banned the aforementioned hazardous substances.

AM' s introduction of water-based coatings- procurement ratio distribution		
Year	Proportion of general coatings	Proportion of water-based coatings
2018	54.5%	45.5%
2019	52.0%	48.0%
2020	56.9%	43.1%

## 5.4 Customer Relationships

### 5.4.1 OEM Customer Satisfaction

Tong Yang keeps on deepening quality of automotive plastic parts for customer satisfaction, and continues to sophisticate our technical capabilities for production, aiming at the goal of becoming a professional supplier to automobile manufacturers. The aspects of satisfaction for OEM customers include the followings.

- (1) Business: Grasp the schedules for design change and response capability.
- (2) Design and development function: Capability to grasp the progress of product development and capability to cope with problems of trial assembly.
- (3) Quality assurance: Exception handling and timely feedback.
- (4) Production and marketing: Capabilities to deal with abnormalities.

The results of the overall satisfaction survey in 2020 improved compared with 2019, and the performance of all functions improved compared with the previous year. The overall satisfaction in 2020 was 83.05%.

Customer satisfaction of the OEM Assembly Market			
Year	2018	2019	2020
Customer Satisfaction	81.57%	82.16%	83.05%

The aspects our customers want us to improve include the followings. It is suggested that the responsible units work on the improvement and make efforts in accordance with the existing annual work target system, develop professional capabilities in product development to ensure quality and progress, solve the quality problem and prevent it from recurrence, and strengthen the capability of handling orders to ensure on-time delivery.

## 5.4.2 AM Customer Satisfaction

The overall customer satisfaction survey of the AM measured by 9 indicators was 91% in 2020, which is better than 90% measured in 2019 and the average 85% of the entire industry in Taiwan. Tong Yang will go on to provide customers with premium quality and keep cost trimming to make customers more competitive on price, which is only one out of the 9 indicators lower than 90%. After the satisfaction analysis, a review meeting will be held to set up the improvement plan and deadline.

AM Customer Satisfaction			
Year	2018	2019	2020
Tong Yang	87%	90%	91%
Industry Average	81%	85%	85%

The Customer Satisfaction is a bridge of communication with customers, also an essential means for Tong Yang to review our performance in all aspects. We hope to promote the industry with perfect communication then become a pioneer in the market of quality service provider.

### The satisfaction survey results of the nine aspects of Maintenance Market



Product Quality



Product Price



Complaint Handling Efficiency



Delivery Accuracy



Delivery On Time



Loading and Delivery Quality



Sales Personnel Problem Handling Ability



Sales Personnel Service Attitude



Sales Personnel Level of Profession

### 5.4.3 Customer Privacy

The assembly market (OEM) needs to safeguard customer's patents and related materials. Therefore, in addition to signing relevant technical and research and development confidentiality agreements with customers/suppliers, internal regulations such as "Confidential Information Management Measures", "OEM New Product Design Operation Management Measures", "OEM Technical Data Management Measures", "Intelligence Property Management Measures", "Group Business Secret Management Measures" and "Employee Code of Conduct" are established to protect customer patents and technologies and other business-related information. Tong-Yang didn't violate any customer privacy or lost customer information in 2019.

### 5.4.4 Diverse Communication Channels

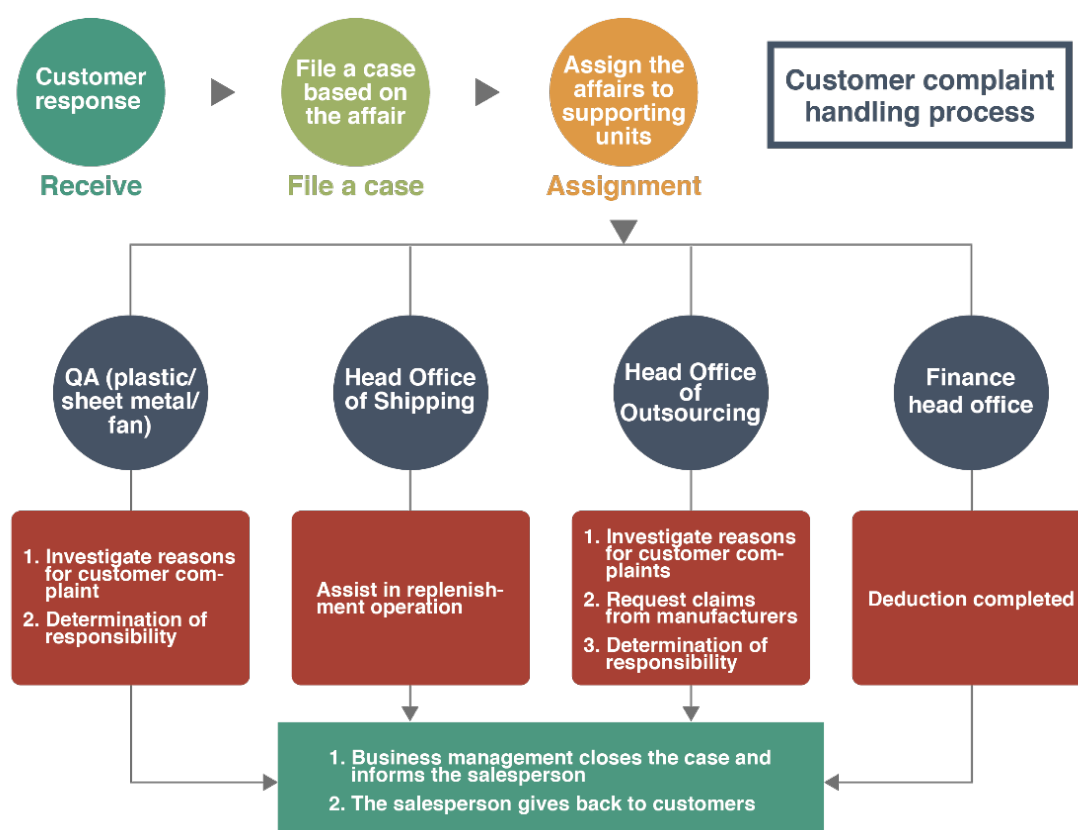
To provide our customers with diverse information channels, in addition to direct e-mails to dedicated salespersons from our customers, we also plan to design an e-commerce platform in different languages such as Mandarin, English, Spanish and so on to for our customers to obtain the latest product information or inquiry about products in a timeless and borderless manner so that our customers can keep informed of our product development trends and technological development.

In addition, Tong Yang also regularly participate in exhibitions of related industries in different countries to promote our brand and to stay close to customers as well as share recent industry development. In addition, we also exchange ideas and practices of new product technologies and improvement measures with our customers when they visit. In 2020, due to the epidemic, the exhibitions were not held and there was no face-to-face interaction with customers. However, we still made frequent exchanges through video conferences.

#### ● Consumer compliant

In response to the objection raised by the customer, Tong-Yang has a "customer complaint handling method". All customer complaints will respond to the customer's processing status within 24 hours. We hope to use the fastest processing to achieve the recurrence prevention effect so that the customer can reduce dissatisfaction and ensure the company's reputation. In order to ensure different customer complaints, we established relevant operating procedures.





### 5.4.5 Delivery Management

In order to ensure on-time delivery, Tong-Yang follows the "Delivery control methods for the vehicle-assembling division" and the "Delivery control methods for Maintenance Market" to make sure the smooth delivery process. The followings are the delivery control methods :

Step1	Ensure order	<ol style="list-style-type: none"> <li>1. The business division converts customer' s order into internal order and delivers it to the management/shipment control group.</li> <li>2. Check details of the order.</li> </ol>
Step2	Follow up the deadline of delivery	<ol style="list-style-type: none"> <li>1. The production management group confirms the actual shipment quantity and notifies the tally window according to the delivery schedule.</li> <li>2. Daily order out-of-stock details provide each process as a payment information to return to the management list.</li> <li>3. Products that fail to deliver on time need to fill out the "Daily Orders Delay Report".</li> </ol>
Step3	Delivery	The shipping window of production management division will be shipped according to confirmed delivery day.

### 5.4.6 Requirement of Products Labeling

Tong Yang has received certification from Certified Automotive Parts Association (CAPA) for the sale of plastic and sheet metal components in the United States and was honored with the "Compliance with CAPA New Product Standards" award. To meet the customers' needs, our product design center continuously introduces the latest computer-aided systems (CAD/CAM/CAE) to strengthen product value with professional design, providing customers components and parts with exquisite appearance and more comfort and safety.



Moreover, we are also dedicated to the R&D of materials, improvement of the design and development capabilities of bumpers and dashboards. We continuously improve the quality to meet the quality standards required by customers at home and abroad. In the meantime, to implement environmental protection, Tong Yang took the lead in introducing water-based primers for plastic products in the industry, making it the very first manufacturer to obtain CAPA and NSF certification for products using water-based primers. Only by continuously engaging in research and development can we become the leading manufacturer in the industry, laying a more professional, stable and solid foundation for us to enter the competitive market internationally.

Tong Yang is the first enterprise in the world to use water-based primer in the AM market.

The advantages of using water-based coating include the followings.

1. Low VOC: Reduce volatile organic compounds (such as toluene, xylene) to avoid adverse effects on the environment and body.
2. Great improvement in coating quality:
  - (1) Increased strength of paint adhesion: Water-based primer has better adhesion strength than oil-based primer.
  - (2) Increased abrasion resistance: After reacted by the hardener, the coating film of the two-component water-based primer is tougher, more wear-resistant and harder to remove paint.

Different countries or customers have different considerations and needs. Therefore, we provide labels required on the products or packaging.

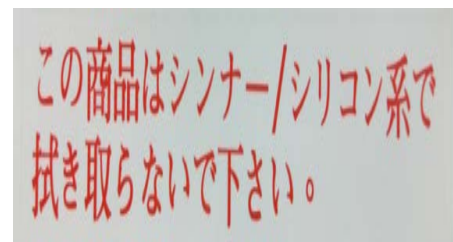
## ● Environmental Labeling

Tong Yang ' s products with water-based primer are certified by US and Chinese certification associations. For these products with certified water-based primer, the certification label of a green leaf is used on the products or packaging.



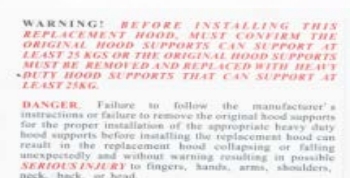
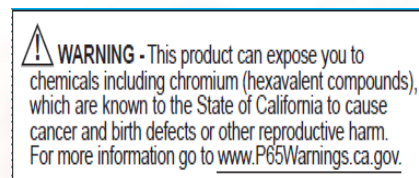
## ● Products Labeling

Tong Yang provides label of Painting Instruction in many languages in order to ensure quality.



## ● Risk labeling

In order to ensure consumers' safety during operation, we put warning signs on fan, electroplating products, and overweigh iron hoods.







## Chapter 6 Sustainable Environment

6.1 Material Management

6.2 Energy Management

6.3 Green Environment and Energy Conservation

6.4 Water Management

6.5 Pollution Prevention

## 6. Sustainable Environment

Tong Yang's environmental policy and philosophy are designed to reduce environmental impact, comply with relevant environmental regulations and the needs of green consumers. We introduced the international standard ISO 14001 Environmental Management System to establish, implement and maintain our environmental management system to ensure the environmental management operates properly and efficiently.

In addition to comply with relevant regulations of the government's environmental protection of work safety, Tong Yang has also formulated the EHS management system review procedures, and is committed to the following work:



### Pollution Control

- ◆ Periodically inspecting pollutions (air, water, waste, toxic substances and noise) generated by company activities and products.
- ◆ Preventing potential pollution and implementing corrective measures.



### Communication

- ◆ Internal : Proactively publicizing our EHS policy to all employees.
- ◆ External : Publicizing our EHS policy on the official website for shareholders, co-operators, community, and the general public and is opened to inquiry. Also, establishing a good communication channel and relationship with stakeholders.



### Work Safety

- ◆ Implementing auto inspection and periodical maintenance of machinery and equipment.
- ◆ Preventing work accidents with effective EHS management systems and regular check.
- ◆ Strengthening emergency management measures to create a safe working environment.





### Improve Hygiene

- ◆ Conducting environmental measurements and health check regularly.
- ◆ Providing personal protective equipment and supervising the use of it.
- ◆ Strive in hazard and risk management to improve the working environment and prevent physical injury and illness of employees.



### Compliance

- ◆ Ensuring that the latest environmental safety regulations are the basis for production improvement.
- ◆ Complying with the government's environmental safety laws and regulations.
- ◆ Meeting requirements for hazard identification and other environmental issues.



### Education Training

- ◆ Improving employees' awareness of EHS



### Energy Saving

- ◆ Implementing recycling and cultivating environmental awareness.
- ◆ Actively promoting energy conservation activities and paperless operations to enhance cost competitiveness.
- ◆ Supplying green materials.



### Continuous Improvement

- ◆ Regularly reviewing errors and updating goals of environmental and safety.
- ◆ Using the PDCA cycle for continuous improvement.

## 6.1 Material Management

The company's statistics of raw material consumption in recent years are shown in the following table.

Statistics of raw material consumption				
Unit: ton				
Business Group	Name of raw material	2018	2019	2020
AM	ABS Plastic	Raw material	2,600	2,800
		Recycled materials	400	485
	Polypropylene	Raw material	19,200	21,000
		Recycled materials	2,186	2,335
OEM	ABS Plastic	Raw material	565	432
	Polypropylene	Recycled materials	2,539	1,935

Note: Recycled materials refer to materials recycled and reused in the factory.

## 6.2 Energy Management

### 6.2.1 Energy Use

Tong Yang's energy use includes electricity, natural gas and diesel, of which electricity usage is the largest consumption. Electricity is mainly used in air conditioning systems and production machines; natural gas is used in the factory oven, air pollution control equipment and boilers for fuel; Diesel is mainly used in vehicles. The water source used in the Tong Yang plant is supplied by the Taiwan Water Corporation. Water is mainly used in the manufacturing process including electroplating, painting, as well as cooling tower water recycling; non-production use is mainly employees' domestic water and plants watering. The energy use of Tong Yang is as follows. The impact of the epidemic caused severe decline in the sales performance in 2020, and the change in the proportion of products with higher energy consumption was larger, resulting in increase in the ratio of energy consumption to the turnover, which led to the increase in the GHG emission intensity.

### Tong Yang' s statistics of energy consumption over the years

Item	2018	2019	2020
Electricity(kWh)	105,998,480	106,540,680	94,545,820
Natural Gas(kWh)	3,728,568	3,683,560	3,436,850
Diesel(Liter)	1,222,990	1,261,500	1,111,500
Energy usage(GJ)	549,380	551,179	494,729
Revenue (1,000 NTD)	16,150,778	16,919,352	13,264,281
Energy intensity (GJ/ Revenue)	0.034	0.033	0.037

## 6.2.2 Greenhouse Gas Emission

Tong Yang has conducted basic greenhouse gas inventory inspection to calculate greenhouse gas emissions by means including source identification, activity intensity, and emissions data. The company's total greenhouse gas emissions calculations include Scope 1 and Scope 2 emission. The main sources comprise of production processes and transportation vehicles. The greenhouse gas emissions of Tong Yang' s operation base for the past three years are as follows.

### Statistics of GHG emissions over the years

Unit: metric tons of CO <sub>2</sub> e			
Item /Year	2018	2019	2020
Scope 1	10,211.02	10,227.07	9,389.72
Scope 2	56,497.19	56,786.18	48,123.82
Scope 1+Scope 2	66,708.21	67,013.25	57,513.54
Revenue (1,000 NTD)	16,150,778	16,919,352	13,264,281
Greenhouse Gas Emission Intensity	0.0041	0.0040	0.0043

Note:

1. Scope 1 comes directly from the emission sources the company owns or controls, including stationary combustion sources, process emissions, mobile combustion sources in transport and fugitive emission sources.
2. Scope 2 refers to indirect energy emissions, such as purchased electricity. The power emission coefficient was calculated based on the latest data of v. 6.0.4 announced by the Bureau of Energy, MOEA.
3. Types of GHG emissions: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O).
4. The emission was estimated by the company and has not been verified by a third-party agency.

## 6.3 Green Environment and Energy Conservation

### 6.3.1 Carbon Reduction Measures

The energy-saving measures currently promoted by the plant are gradually replacing equipment with poor efficiency to improve efficiency, replacing the lighting equipment with T5 or LED lamps, and adding sensors to save energy. In addition, the new production line areas all purchase energy-saving lamps and equipment. The table lists the equipment and lighting materials that have been purchased in recent years. We continue to formulate plans for the future to achieve the goal of continuous energy saving and carbon reduction. Solar power generation equipment has been installed on the roofs to reduce carbon emissions. It is expected to generate 2.66 million kWh of green electricity in 2021.

Cumulative quantity of new equipment and lamps purchased (since 2014)				
Name	Unit	Year		
		2018	2019	2020
Injection molding machine (servo energy saving)	unit	53	57	62
Air compressor (frequency conversion and energy saving)	unit	19	20	24
T5 energy-saving lighting fixtures	unit	8,835	11,500	12,459
T5 energy-saving lamps/bulbs	unit	11,002	13,077	15,098
LED light fixture	unit	3,942	4,725	5,139
LED lamps/bulbs	unit	2,262	2,829	3,245
Heat pump water heater (dormitory)	unit	-	6	6
Rooftop solar power generation	kWh	1.366 million		

Note: Rooftop solar power generation of 1997KW.

## 6.4 Water Management

### 6.4.1 Water Use Management

Access to fresh water is vital to the survival and well-being of humans, and it is also a human right recognized by the United Nations (UN). Major goals related to sustainable water resource management are included in the 2030 Agenda for Sustainable Development and the SDGs. For example, the Sustainable Development Goal 6 is to ensure access to water and sanitation for all. These goals aim at achieving universal access to safe and affordable drinking water, improving water quality and solving the problem of water shortage.

The water intake and consumption of an enterprise, as well as the discharge water quality may cause an impact on the ecosystem. Therefore, enterprises should have a comprehensive understanding of their own water usage conditions. Through the World Resources Institute's WATER RISK ATLAS, Tong Yang inquired about the water risk in Tainan and Guanyin where our operation bases are located in, and both showed Low – Medium (1-2), indicating that the company's water intake has not caused significant impacts on the ecological environment.

Tong Yang's statistics of water consumption over the years

Unit : tons			
Item	2018	2019	2020
Water intake	775,733	720,831	707,342
Water discharge	384,447	438,057	381,035
Water consumption	391,286	282,744	326,307
Revenue (1,000 NTD)	16,150,778	16,919,352	13,264,281
Water intensity	0.048	0.043	0.053

Note:

1 : Raw water source water.

2 : Water consumption = Water intake - Water discharge.

3 : Water intensity = Water intake/ thousand dollars of revenue.



## 6.4.2 Water Saving Measures

For water resources management, the Company has established the floor plan for water resource storage and flow for use and also installed different flow meters to manage the use of process water, recycled water, wastewater and domestic water in the plant for water resource management. Recycled water is managed in accordance with the process requirement. The cleanest water is first used in the purification process, and then the secondary water is used. Finally, water is treated in the wastewater treatment plant and is continuously recovered for use after treated.

In terms of water intensity, the water intensity in 2020 increased by approximately 23% compared with that in 2019, this was because that the sales performance decreased drastically due to the impact of the epidemic in 2020, and the sales items were uneven, leading to the increase in water intensity. The assessment of the water efficiency has always been the focus of water saving improvement. Manufacturing process is the main water use in Tong Yang, therefore, our water conservation plan mainly focuses on reuse process water. For example, the Tainan plant painting process used only recycled water, which reduce the costs and improve the water use efficiency.

Tong Yang continues to promote the water conservation plan, expecting to effectively achieve water conservation goals. The company has introduced new water recycling equipment in 2017. It is expected to recycle 40 tons of effluent discharged from the electroplating wastewater field every day and process it to the tap water grade for the use of operating process in 2020.

## 6.5 Pollution Prevention

### 6.5.1 Pollutant Management

Tong Yang has obtained a fixed pollution source operation permit approved by the competent authority in each operation site. The operation is carried out in accordance with the approved contents of the operation permit, and the inspection is carried out regularly according to the regulations. For the management of air pollutants, Tong yang not only implemented exhaust cleaning system and biodegradation method to reduce pollution emissions, but also introduced water-based coating equipment to control pollution from the source. We expect to minimize air pollution emissions and reduce impact on environment by source management as much as possible.

Currently, the air pollutants generated by the factory are effectively collected to the air pollution control equipment through the hood and the conduit. All control equipment is included in the daily operation inspection items and the annual regular maintenance to ensure its operation. The emissions we generated are declared every year according to regulations.

Strategic goals	Results in 2020	Goal Set for 2021
The VOC emission intensity per unit turnover in 2030 to decrease by 45% compared with 2016 (under the condition of no new process).	The VOC emission intensity per unit turnover dropped by 27.4% compared with 2016 (target 20%) (the turnover dropped due to the impact of the epidemic, and the use of VOC containing raw materials also reduced, so the performance exceeded the original target).	The VOC emission intensity per unit turnover to reduce by 22% compared with 2016.

## 6.5.2 Waste Management

Waste generated during the operating process by Tong Yang will be handled in accordance with the relevant provisions of the Trash Clearance Act. We classify waste to improve the efficiency of recycling. Tong Yang signs contracts with qualified clearing operators for regular waste treatments.

Waste can be classified into industrial waste and recyclables as follows :



General/hazardous industrial waste

plastic mixture, sludge, paint slag, electroplating sludge, wood, general waste etc.



Recyclables

oil, scrap metal, scrap aluminum, plastic, paper, fluorescent lamp, etc.

● Waste treatment methods

Tong Yang signs tripartite written contracts with qualified clearing operators for regular waste treatments. The outsourcing treatments of industrial waste including recycling, incineration and landfill.

● Waste treatment flow

Tong Yang confirms and control the flow of waste treatment according to law to ensure that waste is properly treated.

2020 Waste treatment methods and statistics					Unit: Ton
Waste composition	Waste generated (tons)		Treatment method		
Item	On-site (in-plant treatment)	Off-site (treatment outside the plant)	On-site (in-plant treatment)	Off-site (treatment outside the plant)	
Hazardous waste					
1. Electroplating sludge	0	366	-	Heat treatment	
2. Waste oil	0	84	-	Recycling	
3. Fluorescent lamp	0	0.15	-	Recycling	
<b>Total amount</b>	<b>0</b>	<b>450.15</b>	<b>-</b>	<b>-</b>	
Non-hazardous waste					
1. General garbage	0	1,126	-	Incineration	
2. Waste wood	0	213	-	Incineration	
3. Waste plastic mixture	0	14	-	Incineration	
4. Sludge	0	233	-	Physical treatment	
5. Paint residue	0	257	-	Incineration, heat treatment	
6. Scrap steel	0	210	-	Recycling	
7. Scrap aluminum	0	459	-	Recycling	
8. Waste plastic	0	281	-	Recycling	
9. Waste paper	0	509	-	Recycling	
<b>Total amount</b>	<b>0</b>	<b>13,442</b>	<b>-</b>	<b>-</b>	

Note:

1. For the composition of waste, please refer to the category of (A/B/C/D/E/R...) in the "Waste Disposal Plan" .
2. The weight of waste is all measured in tons.
3. Types of recycling operations: such as preparation for reuse, reuse and others.
4. Explain the type of recycling: downgrade utilization.
5. Other recycling operations: Such as change of purpose of use or refurbishing.
6. Types of disposal methods, such as incineration (including energy recovery), incineration (excluding energy recovery), landfill and other disposal operations.
7. Explain other disposal operations: such as dumping, open air burning and deep well injection.
8. "On-site" ' refers to the area within the physical boundary or administrative control of the reporting organization; "off-site" means the area outside the physical boundary or administrative control of the reporting organization.

### 6.5.3 Waste Reduction

In terms of waste reduction, Tong Yang implemented the source reduction. Reduce unnecessary packaging during product design and packaging to reduce the amount of waste, as well as waste separation and recycling, and use waste wood pallets for recycling, which can reduce wood output by about 8% to 10%. In addition, the sludge dryer is introduced to reduce the moisture content of the sludge, and part of the process waste heat and the burner are used to carry out the drying and reduction of the general sludge and electroplating harmful sludge.

Strategic goals	Results in 2020	Goal Set for 2021
The waste generation per unit turnover for 2030 to decrease by 20% compared with 2017.	The waste generation per unit turnover for 2020 reduced by 1.52% compared with 2017 (the goal is 1.5%).	The waste generation per unit turnover for 2021 to reduce by 3% compared with 2017.

Tong Yang cooperates with manufacturers to study the waste recycling technology for circular economy. The copper liquid waste in the electroplating process is electrolytically recovered and transferred to the manufacturers for refining before reusing it in the process. Recycling equipment is expected to be introduced in 2021 to recycle 20% of copper liquid waste, and it is expected to recycle 100% of copper liquid waste in 2027 to reduce the output of sludge and at the same time improve the discharge of heavy metal in wastewater.

## 6.5.4 Wastewater Management

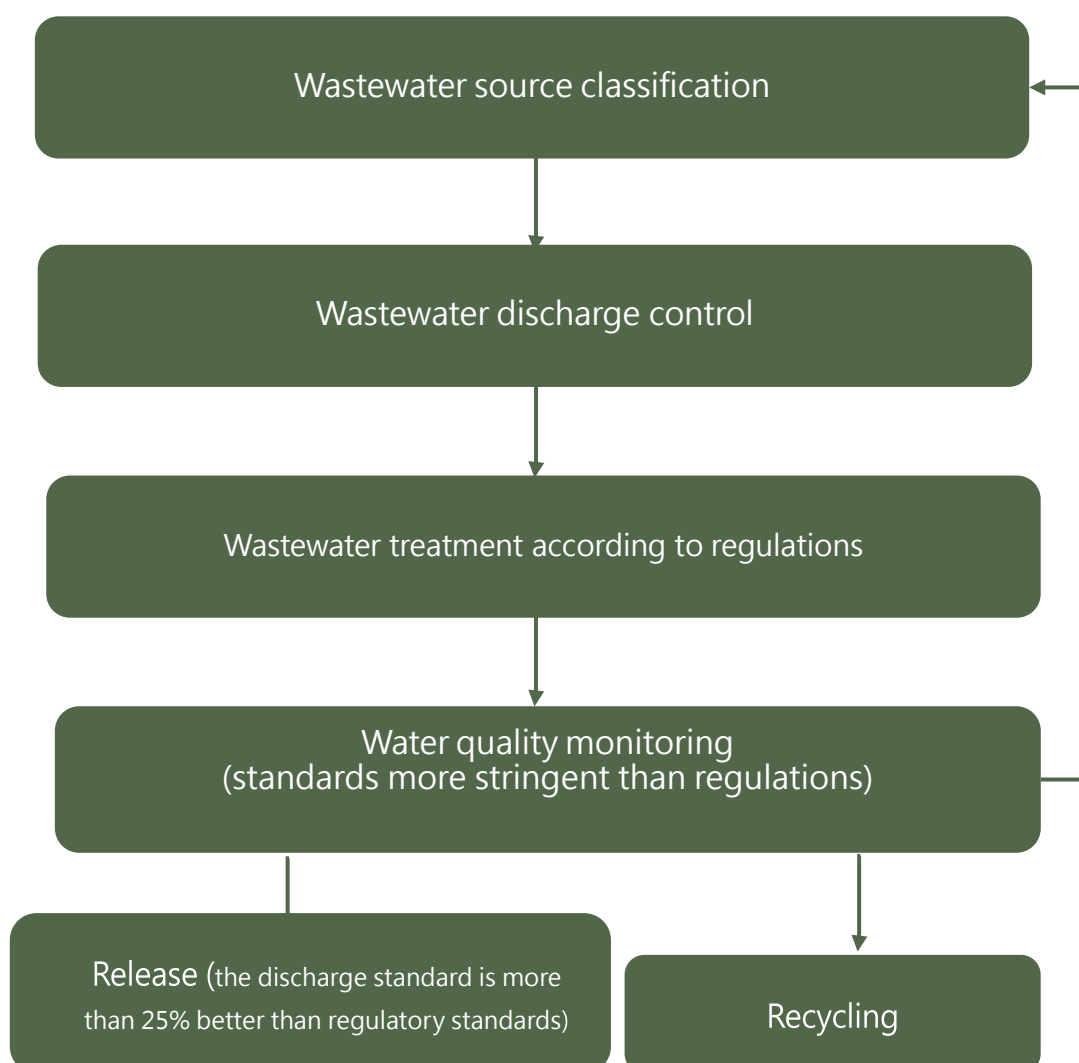
Tong Yang has developed prevention and control technology and monitoring of water quality. The recycling equipment is used to reduce the original concentration of process wastewater in the Company, and a total of 9 diversion systems have been established based on its composition and concentrations to effectively decompose and treat pollutants to reduce the concentration of pollution. Water quality analysis equipment is established at the discharge outlets of all wastewater treatment plants to regularly monitor changes in water quality and water volume to facilitate proper emergency treatment when abnormal situations occur.

Strategic goals	Results in 2020	Goal Set for 2021
The comprehensive indicator of water pollution in 2030 to be 45% better than regulatory standards.	The comprehensive indicator of water pollution was 28% better than the regulatory standards (the target is 25%).	The comprehensive indicator of water pollution to be 30% better than the regulatory standards.

Note: The comprehensive indicator of water pollution is based on the comprehensive average of the main pollution indicators of emissions of COD, SS, copper, nickel, and chromium in the process.

There are three types of wastewater generated by our manufacturing process: plastic coating wastewater (including domestic wastewater), electro-coating/ electroplating wastewater, mold-changing oil water and cooling wastewater. The wastewater treatment process is shown in the figure.

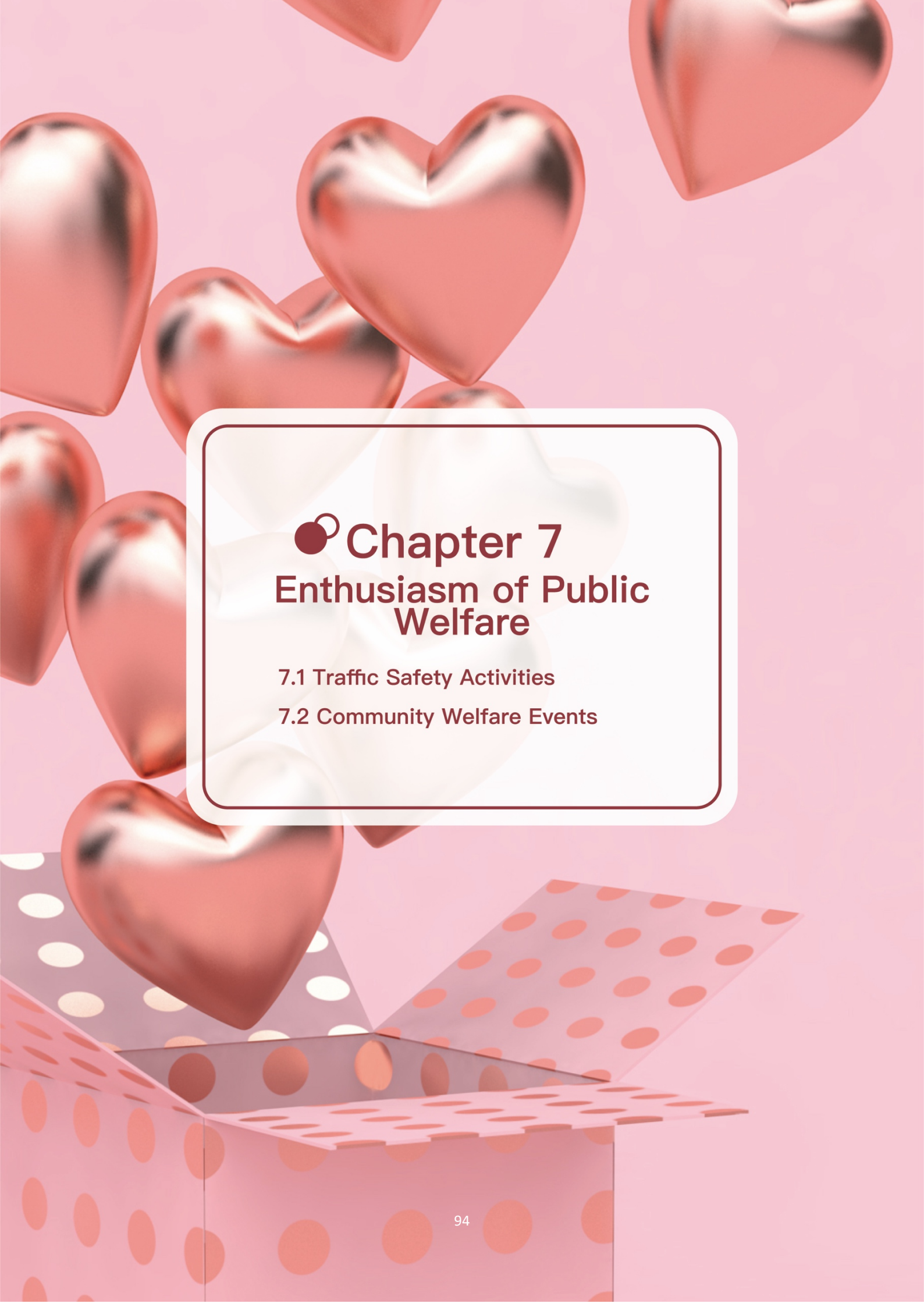




Statistics of water pollution testing		
Test item	2020	
	Standard value of emission (ppm)	Annual average monitoring value (ppm)
COD ( mg/L )	100	70
SS ( mg/L )	30	10

For recycling wastewater, Tainan plant' s painting process uses 100% recycled water. After the electroplating wastewater treatment, there are about 1,500 tons of effluent will be supplied monthly for the Environmental Protection Bureau to wash the street. We have introduced a new water recovery equipment in 2017, effluent discharged from the electroplating wastewater field will be recovered and processed to the tap water level for the use of operating process. The overall water recycling ratio and targets of the Company is shown in the following.

Strategic goals	Results in 2020	Goal Set for 2021
The water recycling amount to account for 10% of the tap water use in 2030.	The water recycling amount accounted for 8% of the tap water use in 2020 (target: 7.8%).	The water recycling amount to account for 8.3% of the tap water use in 2021.

The background of the page is a solid light pink color. Scattered across the upper and middle portions are several 3D-rendered hearts in a metallic rose-gold or copper finish. These hearts have highlights and shadows, giving them a realistic, reflective appearance. At the bottom of the page, there is a stylized illustration of an open gift box. The box is decorated with a pattern of large, solid pink circles on a lighter pink background. The box is open, showing its interior and the flaps of the lid.

## Chapter 7

### Enthusiasm of Public Welfare

7.1 Traffic Safety Activities

7.2 Community Welfare Events

## 7. Enthusiasm for Public Welfare

Tong Yang has been upholding the enthusiasm, caring about the society and combining internal and external resources of the Group for the long-term promotion of traffic safety, community care, youth cultivation and other social welfare activities. From the education of traffic safety at school to the promotion of traffic safety concept to the public, we try to enrich the society with enthusiasm to create a better and safer life for all.

Theme	Traffic safety	Community welfare
Purpose of activity	Tong Yang Culture & Education Foundation focuses on the mission to care for the culture of the society and improve of the quality of the people. Various traffic safety promotion activities have been actively organized for not only school students but all the people in Taiwan. In addition, the Foundation also maintains GoNews, an online platform, to promote the knowledge of traffic safety, promoting the concept of Safe-Go to the public, and has been affirmed and recognized by government agencies.	In addition to being committed to the propaganda of traffic safety related to our core industry, we even take practical actions to care for the communities, participate in community welfare activities, assist disadvantaged groups and provide emergency relief based on our corporate spirit of enthusiasm.
Input cost in 2020 (NTD)	NTD 1.297 million	NTD 456,000
Number of participants in 2020	In response to the epidemic of COVID-19, the activity was held online, and the total number of people reached amounted to 1.106 million.	801 people
Goal for 2021	<ul style="list-style-type: none"> <li>10 sessions of traffic safety propaganda on campus</li> <li>50 articles in the columns on the websites of traffic safety knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Continue to participate in various charity activities and sponsorship</li> <li>Organized 2 employee blood donation activities</li> </ul>
Long-term goal for 2024	<ul style="list-style-type: none"> <li>Cumulative of more than 172 sessions of traffic safety propaganda on campus</li> <li>Cumulative of more than 350 articles in the columns on the websites of traffic safety knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Continue to participate in various charity activities and sponsorship</li> <li>Cumulative of more than 25 employee blood donation activities</li> </ul>

## 7.1 Traffic Safety Activities

Description of event: Due to the epidemic of COVID-19, all physical activities were conducted online.

### 7.1.1 Tong Yang Culture & Education Foundation

Tong Yang Culture & Education Foundation was established in October, 1993. In memory of Tong Yang Group's founder, Mr. Wu Kao, who devoted his life to the production of transportation equipment spare parts, the foundation's mission is to care for the traffic culture of the society and improve the traffic quality for the people. The targets of the events are all students, from elementary school students to college students. The online platform of GoNews has been established to actively organize various propaganda activities to promote traffic safety. The Foundation won the "Sports and Education Community of Seven Counties in the Southern Province of Taiwan" Award and the "National Social Education Active Group" award in 1996. In 2019, the foundation was even honored with the MOTC's Golden Safety Award- Enterprise Contribution Award, fulfilling the social responsibility of a good legal person in society.





## 7.1.2 Tainan Safe-Go



By making use of the online media, all the previous participants of Tainan Safe-Go who had taken their pictures with the cardboard-cutouts in historical spots such as Chihkan Tower, Fort Zeelandia, Anping Tree House, and Eternal Golden Castle were asked to send their pictures back to join in this event. In addition, the foundation's online platform of GoNews was also utilized to introduce the historical spots and popular tourist attractions in Tainan, including Chihkan Tower, The Spring, Big Fish Bless, and Jing Zhai Jiao Tile Paved Salt Fields, to increase the interactions with the netizens. The limited edition of the self-designed Tong Yang mascot leisure bag gift set was also given away. The number of people reach online amounted to 53,508 during the event. The foundation will continue to promote care for the traffic safety of the public, hoping that all can go out happily and return home safely.

Duration of event	Cumulative number of participants	Cumulative number of people reach online
2016-2020	948	91,000

### 7.1.3 The 13th Tong Yang Cup " Safe-Go Culture Talent Show



We organized online competition of films on the topic of "safe-go", targeting at senior high school students and using their strong interests in performing to promote the awareness of traffic safety among senior high school students to further improve these young people's awareness and concept of traffic safety.

The targets of this event were all the students from the 48 senior high school and vocational schools in Tainan City. All the senior high school students in Tainan could form a team and sign up for this event. The competition groups were divided into two categories, the drama group and music & dance group. All the participating teams could have creative performance on the theme of traffic safety and shoot it into a 5-minute film for the competition. All the participating works have been uploaded to the official website of the event in March, 2021 for the viewers to vote for the "most popular work" and select the Best drama, the Best music & dance as well as several outstanding works. The Fanpage is used for the promotion of the films to expose them to more than 60,000 senior high school students in Tainan City. The online promotional film has had 465,292 views. It is hoped that high school students can attach more importance to traffic safety and realize the importance of it.

Duration of event	Cumulative sessions on campus	Cumulative number of participants	Cumulative number of people reach online
2008-2020	132 sessions	More than 154,000	687,000

## 7.1.4 GoNews- Online Platform of Traffic Safety Knowledge



To promote the Safe-Go Culture, the foundation developed the media platform, GoNews, and a theme related to traffic safety is chosen every week and the information in graphic or video clips are compiled and published on the website. All the traffic regulations, knowledge of automobiles and motorcycles, current traffic related affairs can be searched with relevant keywords (such as speeding tickets, temporary parking on yellow line and so on) or just view it on the GoNews Website to enhance everyone's understanding of and attention to road traffic culture.

Currently, the cumulative original column articles related to traffic safety has reached 144, and dozens of articles have been placed on the homepage of the search engine, Google. The total clicks of the website amounted to 312,993, the cumulative reach totaled 587,374, and the interaction clicks reached 78,051 times. It is hoped that the public can have a better understanding of traffic rules and information related to traffic safety so as to improve the social environment for traffic safety.

Duration of event	Cumulative original articles	Cumulative number of people reach online
2018~2020	144	722,000

## 7.2 Community Welfare Events

### ● Adoption of Ancing Park for cleaning and maintenance

We adopt the park in the community where Tong Yang is located and lead our employees to jointly clean, maintain and beautify the green space to enhance the bond with the community residents and improve the living environment for a clean and high-quality space in the community.

Adoption period	Cleaning and maintenance hours	Input cost
2020	260 hours	NTD 42,000

### ● Adoption of 1.3-km road cleaning and maintenance

We adopt the road around the plant of Tong Yang and lead our employees to clean the road so as to provide a clean and safe road for passers-by.

Adoption period	Cleaning and maintenance hours	Input cost
2020	480 hours	NTD 77,000

### ● Adoption of the 1.2-km bike trail of the Mountains to Sea National Greenway for watering and maintenance

We care about environmental protection. In order to safeguard the beautiful homeland, we respond to the Mountains to Sea National Greenway Project of Tainan City Government and adopt the bike trail outside the plant of Tong Yang for the watering of trees to maintain the ecology, providing a green bike trail that the public can enjoy when biking, taking a walk or enjoying the leisure time.

Adoption period	Watering and maintenance hours	Adoption period
2020	104 hours	NTD 17,000

## ● Blood donation Activity in the Group

Employees of Tong Yang Group respond to the “Donate one bag of blood, save one life” activity of the blood donation center and hold the blood donation twice every year. The blood donation vehicle was stationed in Tong Yang, and 73 people donated a total of 18,250 c.c. of blood. Our employees take practical actions and donate blood for the use of rescue and emergency, injecting strength into the blood bank in Taiwan.

Duration of the activity	Cumulative blood donation sessions/ number of people	Cumulative donation of blood
2010-2020	17 sessions /673 people	168,300 C.C.

## ● Engagement in public welfare

Tong Yang cooperates with the city government and participates in various public welfare activities in communities to provide the disadvantaged with emergency relief, clean up the beaches and other activities, sponsoring NTD 320,000 in these activities to contribute to the society and continuously bring positive energy to care for the society.





# Appendix :

## Global Reporting Initiative (GRI) Index (including items required to disclose by Financial Supervisory Commission)

「 \* 」 indicates major aspects while.

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
<b>1. Organizational Profile</b>					
GRI102 General disclosure 2016 : Core	102-1	Name of the organization	About This Report	6	
	102-2	Activities, brands, products, and services	2.1 Glory of Tong Yang	25	
	102-3	Location of headquarters	2.1 Glory of Tong Yang	25	
	102-4	Location of operations	2.1 Glory of Tong Yang	25	
	102-5	Ownership and legal form	2.1 Glory of Tong Yang	25	
	102-6	Markets served	2.1 Glory of Tong Yang	25	
	102-7	Scale of the organization	2.1 Glory of Tong Yang	25	
			3.1.2 Market Segmentation	51	
			3.3 OEM Service	58	
			3.4 AM Service	60	
	102-8	Information on employees and other workers	4.1 Manpower Overview	67	
	102-9	Supply chain	5.1 Partners	95	
	102-10	Significant changes to the organization and its supply chain	Scope and Basis of Statistical Data		No significant changes
GRI102 General disclosure 2016 : Core	102-11	Precautionary Principle or approach	2.4 Risk Adaptation	38	
	102-12	External initiatives	2.1.4 Award Records	31	
	102-13	Membership of associations	2.1 Glory of Tong Yang	25	
<b>2. Strategy</b>					
GRI102 General disclosure 2016 : Core	102-14	Statement from senior decision-maker	Chairman' s Message	1	
	102-15	Key impacts, risks, and opportunities	2.4 Risk Adaptation	38	
<b>3. Ethics and Integrity</b>					
GRI102 General disclosure 2016 : Comprehensive	102-16	Values, principles, standards, and norms of behavior	2.2 Integrity Management	34	
	102-17	Mechanisms for advice and concerns about ethics	2.2 Integrity Management	34	
<b>4. Governance</b>					

GRI102 General disclosure 2016 : Core	102-18	Governance structure	2.1 Glory of Tong Yang	25
	102-22	Composition of the highest governance body and its committees	2.2 Integrity Management	34
	102-23	Chair of the highest governance body	2.2 Integrity Management	34
	102-24	Nominating and selecting the highest governance body	2.2 Integrity Management	34
	102-25	Conflicts of interest	2.2 Integrity Management	34
	102-26	Role of highest governance body in setting purpose, values, and strategy	2.2 Integrity Management	34
	102-30	Effectiveness of risk management processes	2.4 Risk Adaptation	38
	102-35	Remuneration policies	2.2 Integrity Management	34
	102-36	Process for determining remuneration	2.2 Integrity Management	34
5. Stakeholder Engagement				
GRI102 General disclosure 2016 : Core	102-40	List of stakeholder groups	1.1.1 Identification of Stakeholders	9
	102-41	Collective bargaining agreements	4.3.1 Labor-Management Communication	72
	102-42	Identifying and selecting stakeholders	1.1.1 Identification of Stakeholders	9
	102-43	Approach to stakeholder engagement	1.1.2 Stakeholders Communication Channels and Frequency	10
	102-44	Key topics and concerns raised	1.1.2 Stakeholders Communication Channels and Frequency	10
			5.4 Customer Relationships	100
6. Report Profile				
GRI102 General disclosure 2016 : Core	102-45	Entities included in the consolidated financial statements	2.3.1 Financial Performance	37
	102-46	Defining report content and topic Boundaries	1.2.1 Material Topics Identification Process	13
			1.2.2 Prioritization of Material Topics	15
			1.2.1 Material Topics Identification Process	13
	102-47	List of material topics	1.2.2 Prioritization of Material Topics	15
	102-48	Restatements of information	Scope and Basis of Statistical Data	6
	102-49	Changes in reporting	Scope and Basis of Statistical Data	6
	102-50	Reporting period	Scope and Basis of Statistical Data	6

	102-51	Date of most recent report	Scope and Basis of Statistical Data	6
	102-52	Reporting cycle	Scope and Basis of Statistical Data	6
	102-53	Contact point for questions regarding the report	Scope and Basis of Statistical Data	6
	102-54	Claims of reporting in accordance with the GRI Standards	Scope and Basis of Statistical Data	6
	102-55	GRI content index	Scope and Basis of Statistical Data	6
	102-56	External assurance	Scope and Basis of Statistical Data	6
<b>Topic-specific disclosure: 200 series (Economic topics)</b>				
<b>* Sustainable Development</b>				
GRI 103 Management approach of Sustainable Development 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
<b>* Economic performance</b>				
GRI 103 Management approach of Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
GRI 201 Disclosure of Economic Performance 2016	201-1	Direct economic value generated and distributed	2.3.1 Financial Performance	37
	201-2	Financial implications and other risks and opportunities due to climate change	2.4.2 Financial Risks of Climate Change	39
	201-3	Defined benefit plan obligations and other retirement plans	4.2 Salary and Benefit	69
	201-4	Financial assistance received from government	2.3.1 Financial Performance	37
<b>Market Presence</b>				

GRI 202	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.2 Salary and Benefit	69
Disclosure of Market Presence 2016	202-2	Proportion of senior management hired from the local community	4.1 Manpower Overview	67
<b>Indirect Economic Impacts</b>				
GRI 203	203-1	Infrastructure investments and services supported	Chapter 7 Enthusiasm of Public Welfare	121
Disclosure of Indirect Economic Impacts 2016				
<b>Procurement Practices</b>				
GRI 204	204-1	Proportion of spending on local suppliers	5.1 Partners	95
Disclosure of Procurement Practices 2016				
<b>Anti-corruption</b>				
GRI 205	205-2	Communication and training about anticorruption policies and procedures	2.5 Regulatory Compliance	45
Disclosure of Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	2.5 Regulatory Compliance	45
<b>Anti-competitive Behavior</b>				
GRI 206	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.5 Regulatory Compliance	45
Disclosure of Anti-competitive Behavior 2016				
<b>Topic-specific disclosure: 300 series (Environmental topics)</b>				
<b>Materials</b>				
GRI 301	301-1	Materials used by weight or volume	6.1 Material Management	109
Disclosure of Materials topics 2016				
<b>Energy</b>				
	302-1	Energy consumption within the organization	6.2 Energy Management 6.3 Green Environment and Energy Conservation	109 111
GRI 302	302-3	Energy intensity	6.2 Energy Management 6.3 Green Environment and Energy Conservation	109 111
Disclosure of Energy topics 2016	302-4	Reduction of energy consumption	6.3 Green Environment and Energy Conservation	111
	302-5	Reductions in energy requirements of products and services	6.3 Green Environment and Energy Conservation	111
<b>Water and Effluents</b>				
GRI 303	303-1	Interactions with water as a shared resource	6.4 Water Management	112
Disclosure of Water and				

Effluents topics 2018	303-2	Management of water discharge-related impacts	6.4 Water Management	112
	303-3	Water withdrawal	6.4 Water Management	112
	303-4	Water discharge	6.4 Water Management	112
	303-5	Water consumption	6.4 Water Management	112
<b>* Emissions</b>				
GRI 103 Management approach of Emissions 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
GRI 305 Disclosure of Emissions topics 2016	305-1	Direct (Scope 1) GHG emissions	6.2.2 Greenhouse Gas Emission	110
	305-2	Energy indirect (Scope 2) GHG emissions	6.2.2 Greenhouse Gas Emission	110
	305-4	GHG emissions intensity	6.2.2 Greenhouse Gas Emission	110
<b>* Waste</b>				
GRI 103 Management approach of Waste 2020	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
GRI 306 Disclosure of Waste topics 2020	306-1	Produzione di rifiuti e impatti significativi connessi ai rifiuti	6.5 Pollution Prevention	113
	306-2	Gestione degli impatti significativi connessi ai rifiuti	6.5 Pollution Prevention	113
	306-3	Rifiuti prodotti	6.5 Pollution Prevention	113
	306-4	Rifiuti non destinati a smaltimento	6.5 Pollution Prevention	113
	306-5	Rifiuti destinati allo smaltimento	6.5 Pollution Prevention	113
<b>* Environmental Compliance</b>				
GRI 103 Management approach of Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material	16



			Topics	
			1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	Topics	
GRI 307				
Disclosure of Environmental Compliance topics 2016	307-1	Non-compliance with environmental laws and regulations	2.5 Regulatory Compliance	45
<b>Supplier Environmental Assessment</b>				
GRI 308				
Disclosure of Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	5.2 Regulatory Compliance	97
	308-2	Negative environmental impacts in the supply chain and actions taken	5.2 Regulatory Compliance	97
<b>Topic-specific disclosure: 400 series (Social topics)</b>				
<b>* Employment</b>				
	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
GRI 103				
Management approach of Employment 2016	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
GRI 401				
Disclosure of Employment topics 2016	401-1	New employee hires and employee turnover	4.1 Manpower Overview	67
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Salary and Benefit	69
	401-3	Parental leave	4.2 Salary and Benefit	69
<b>* Labor/Management Relations</b>				
	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
GRI 103				
Management approach of Labor/Management Relations 2016	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
GRI 402				
Disclosure of	402-1	Minimum notice periods regarding operational changes	4.3.2 Advance Notice of Operation Change	73

Labor/Management Relations 2016				
<b>* Occupational Health and Safety</b>				
GRI 103 Management approach of Occupational Health and Safety 2018	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
GRI 403 Disclosure of Occupational Health and Safety topics 2018	403-1	Occupational health and safety management system	4.6 Safeguarding Occupational Safety	81
	403-2	Hazard identification, risk assessment, and incident investigation	4.6 Safeguarding Occupational Safety	81
	403-3	Occupational health services	4.6 Safeguarding Occupational Safety	81
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.6 Safeguarding Occupational Safety	81
	403-5	Worker training on occupational health and safety	4.6 Safeguarding Occupational Safety	81
	403-6	Promotion of worker health	4.6 Safeguarding Occupational Safety	81
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.6 Safeguarding Occupational Safety	81
	403-8	Workers covered by an occupational health and safety management system	4.6 Safeguarding Occupational Safety	81
	403-9	Work-related injuries	4.6 Safeguarding Occupational Safety	81
	403-10	Work-related ill health	4.6 Safeguarding Occupational Safety	81
<b>* Training and Education</b>				
GRI 103 Management approach of Training and Education 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16

			Topics	
GRI 404 Disclosure of Training and Education topics 2016	404-1	Average hours of training per year per employee	4.4 Gathering Talents	74
	404-2	Programs for upgrading employee skills and transition assistance programs	4.4 Gathering Talents	74
	404-3	Percentage of employees receiving regular performance and career development reviews	4.4 Gathering Talents	74
Diversity and Equal Opportunity				
GRI 405 Disclosure of Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.2 Salary and Benefit	69
Non-discrimination				
GRI 406 Disclosure of Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.3.5 Human Rights	73
Freedom of Association and Collective Bargaining				
GRI 407 Disclosure of Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.3.3 Freedom of Association	73
Child Labor				
GRI 408 Disclosure of Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	4.3.4 Eliminating Forced Labor	73
			5.2 Evaluation and Management	97
Forced or Compulsory Labor				
GRI 409 Disclosure of Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.3.4 Eliminating Forced Labor	73
			5.2 Evaluation and Management	97
Human Rights Assessment				
GRI 412 Disclosure of Rights of Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	4.3.5 Human Rights	73
Local Communities				

GRI 413		Operations with local community	Chapter 7	Enthusiasm of	
Disclosure of Local Communities 2016	413-1	engagement, impact assessments, and development programs	Public Welfare		121
Supplier Social Assessment					
GRI 414	414-1	New suppliers that were screened using social criteria	5.2 Evaluation and Management		97
Disclosure of Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	5.2 Evaluation and Management		97
* Customer Health Safety					
GRI 103	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics		16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics		16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics		16
GRI 416	416-1	Assessment of the health and safety impacts of product and service categories	3.1.2 Market Segmentation		51
			3.3 OEM Service		58
			3.4 AM Service		60
Disclosure of Customer Health Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	5.4.6 Requirement of Products Labeling		104
			3.1.2 Market Segmentation		51
			3.3 OEM Service		58
Marketing and Labeling					
GRI 417	417-1	Requirements for product and service information and labeling	3.4 AM Service		60
			5.4.6 Requirement of Products Labeling		104
			3.1.2 Market Segmentation		51
Disclosure of Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	3.3 OEM Service		58
			3.4 AM Service		60
			5.4.6 Requirement of Products Labeling		104
	417-3	Incidents of non-compliance concerning marketing communications	3.1.2 Market Segmentation		51
			3.3 OEM Service		58
			3.4 AM Service		60

			5.4.6 Requirement of Products Labeling	104
<b>* Quality Management</b>				
GRI 103 Management approach of Quality Management 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
<b>* R&amp;D Innovation</b>				
GRI 103 Management approach of R&D Innovation 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
<b>* Customer Privacy</b>				
GRI 103 Management approach of Customer Privacy 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
	103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
GRI 418 Disclosure of Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.4 Customer Relationships	100
<b>* Customer Satisfaction</b>				
GRI 103 Management approach of Customer Satisfaction 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
	103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16



		103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
<b>*Quality Management</b>					
GRI 103 Management approach of Quality Management 2016		103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
		103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
		103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
<b>*Delivery Management</b>					
GRI 103 Management approach of Delivery Management 2016			Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
			The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
			Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
<b>* Socioeconomic Compliance</b>					
GRI 103 Management approach of Socioeconomic Compliance 2016		103-1	Explanation of the material topic and its Boundary	1.2.3 The Management Approaches of Material Topics	16
		103-2	The management approach and its components	1.2.3 The Management Approaches of Material Topics	16
		103-3	Evaluation of the management approach	1.2.3 The Management Approaches of Material Topics	16
GRI 419 Disclosure of Socioeconomic Compliance 2016		419-1	Non-compliance with laws and regulations in the social and economic area	2.2 Integrity Management	34
				2.5 Regulatory Compliance	45

## ○ Items required to disclose by Financial Supervisory Commission

Items required to disclose by Financial Supervisory Commission

Article 4 stipulated by FSC	The number of full-time employees not in managerial positions, the average and median salary of full-time employees not in managerial positions, and the difference compared with the previous year	4.2 Salary and Benefit	69
	Corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and indicators and objectives used for the assessment and management of climate-related issues.	2.4.3 Financial Risks of Climate Change	41