

# Corporate Social Responsibility\_2019

This document is available on pages 56- 67 of the English version of the 2019 annual report.

This document was translated into pages 44-51 Chinese 108 Annual Report.

The English version of the 2019 annual report is available on the website showing below.

[ftp://data.aaeon.com.tw/DOWNLOAD/prentations/Y108%20Consolidated%20Financial%20Report\\_English%20Version.pdf](ftp://data.aaeon.com.tw/DOWNLOAD/prentations/Y108%20Consolidated%20Financial%20Report_English%20Version.pdf)

The Chinese 108 Annual Report is available on the website showing below.

[ftp://data.aaeon.com.tw/DOWNLOAD/prentations/Y108\\_annual\\_report.pdf](ftp://data.aaeon.com.tw/DOWNLOAD/prentations/Y108_annual_report.pdf)

**Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.**

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
1. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		<p>For the activities of corporate management: The six management aspects, production, marketing, human resources, R&amp;D, finance and strategy execution, are the target of the Company, and the Company develops relevant and appropriate procedures to implement risk management procedures.</p> <p>Risk management strategy and architecture:</p> <ol style="list-style-type: none"> <li>1. Based on operational vision and plans, we establish consistent risk management goals across units and demonstrate organizational risk management performance.</li> <li>2. We formulate risk management policies based on the organization structure, state the organization's overall risk management goals, announce methods to prevent potential risks, and commit to continuous improvement of risk management. All units should announce their risk management policies to their colleagues, make them aware of relevant responsibilities, and announce potential risks to the interested parties.</li> <li>3. We investigate the internal and external environment of the organization, including planning, implementation, supervision and improvement, and establish a risk management structure.</li> </ol>	No significant difference
2. Does the Company designate a unit that promotes corporate social responsibility and does the Board of Directors authorize senior management to handle such matters and to report the situation to the Board of Directors?	V		The Company appointed a Corporate Social Responsibility Office to handle matters in accordance with the Code of Corporate Social Responsibility Practices and report to the Board of Directors on the handling of related matters in July 2019. According to corporate social responsibility (CSR) policy, we attach importance to corporate governance, implement corporate commitments, expand social participation, promote environmental protection, and report the	No significant difference

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
			<p>following results in accordance with the 17 Sustainable Development Goals (SDGs) of the United Nations as management guidelines:</p> <p><u>Corporate Governance</u>  We comply with local government laws and regulations, Company and shareholders share the profits. We participated in the 5<sup>th</sup> (inspection year 2018) Corporate Governance Evaluation, and achieved the top 36%~50%. We have scored in 56 items and no scores for 29. The items that we have not scored are listen in the “Supplementary documents to Shareholders’ Meeting and Manual uploaded 30 days before the meeting” as priority improvement items. The improvement results of specific items will be presented in the 6<sup>th</sup> Corporate Governance Evaluation.</p> <p><u>Realize business commitments</u>  We establish partnerships and grow together with our customers, suppliers, and employees. Customer satisfaction: 88 points (out of 100 points) 87% of all suppliers has been evaluated. Employee satisfaction: 4.86 (1 as very unsatisfied, 6 as very satisfied).</p> <p><u>Expand social participation</u>  We cultivate the spirit of public service, give full play to corporate energy, and fulfill social responsibilities. Awarded 6<sup>th</sup> place of CommonWealth Magazine Corporate Citizen Award Received Taiwan Corporate Sustainability Award for Corporate Social Responsibility Report Won the Taiwan Enterprise Sustainability Award for Single Indicator - Innovative Growth.</p> <p><u>Environmental Protection</u></p>	



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
			We uphold the principles of purchasing, production and sales in compliance with environmental protection standards, sustainable development. We took part in the intelligent power saving solution plans of “intelligent lighting”, “intelligent air conditioning”, and “intelligent energy management system” provided by the green energy industry, and saved 71,836 kWh, equivalent to reducing CO <sub>2</sub> emissions by 38,791 kg. The company's energy-saving management goal sets 2023 electrical energy to be lower at least 5% than that on 2019, and contributes to the environment.	
3. Environmental issues				
(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(1) The Company establishes a safe working environment in accordance with the Occupational Safety and Health Act. The Company regularly inspects the water quality and carbon dioxide concentration of the water in the water dispenser in accordance with the law, and publicly discloses the relevant test results in the Company's bulletin board. Regular inspection of the water quality of the water dispenser: Two samples are taken every quarter (in January, April, July and October of each year), and the results are placed on the wall of each water dispenser. Regular detection of carbon dioxide concentration: The carbon dioxide concentration is measured semi-annually (in January and July every year), and the inspection results are publicly disclosed in the Company's announcement column.	No significant difference
(2) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?	V		(2) The Company sorts, recycles and reuses resources. The use of hazardous substances is prohibited in product manufacturing, and the design and development are in compliance with regulations of RoHS, REACH, WEEE of EU.	No significant difference

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
			<p><u>Waste and Resource Recycling Management</u>  The total waste generated by AAEON's internal production for 2019 was 14.416 metric tons, of which waste plastic accounted for the most 67.8%, including plastic trays, tubes, empty cans, all packaging materials removed after feeding (IC tube, Tray disks, reels, plastic panels), break-aways was the second highest, accounting for 24.4%, waste iron ranked the third accounted for 5%; and 100% of the waste treatment channels are recycled and reused.</p> <p><u>Industrial Waste Management</u>  The Company's industrial waste manufacturers are selected in accordance with the Environmental Protection Administration's regulations. They are selected among the lost provided by the website of Industrial Waste Report and Management System, Environmental Protection Administration, Executive Yuan. The factories' information is obtained from the "Permit Inquiry". Our partner manufacturers have provided Waste Treatment Permit issued by the Environmental Protection Administration, or Recycling Permit issued by the Ministry of Economy Affairs, indicating their code of waste types permitted is aligned with the Company's waste.  The industrial waste and liquid waste generated by AAEON during the production and operation process are all handled by qualified factories, and relevant information is regularly uploaded to government websites in accordance with laws and regulations.</p> <p><u>Proceeds from Recoverables</u>  In 2019, a total of 2.24 metric tons of tin slag was exchanged for 1,404 kg of lead-free new tin rods, and other industrial waste totaled to NT\$ 35,638.</p>	



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
(3) Does the Company assess the potential risks and possibilities of climate changes to the Company now and in the future, and take measures to respond to climate-related issues?	V		(3) The company evaluates climate change and climate warming factors and is committed to energy saving and environmental protection goals. In product design, the Company is committed to light weight and low energy consumption design. In the manufacturing part, it focuses on green renewable energy and waste recycling. In addition, the Company saves energy and water. There are specific measures for using paper. For example: waste paper recycling and reuse, electronic forms, etc. We also announce monthly about the importance of energy conservation and environmental protection to our employees. We have a 5% reduction in paper use compared to last year.	No significant difference
(4) Does the Company record the greenhouse gas emissions, water consumption and total weight of waste produced in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	V		(4) <u>Greenhouse gas emissions:</u> It is estimated that the greenhouse gas emissions from employee commuting in 2018 was 104,814 kgCO <sub>2</sub> e. It is estimated that the greenhouse gas emissions from employee commuting in 2019 was 116,064 kgCO <sub>2</sub> e. The increase was due to an increase in the number of employees and the absence of public transportation. The Company will continue to encourage employees to use public transportation. In 2018, 2,605,275 kWh of electricity was used, and the estimated direct greenhouse gas emissions were 1,659,560 kgCO <sub>2</sub> e. In 2019, 2,684,779 kWh of electricity was used, and the estimated direct greenhouse gas emissions were 1,710,204 kgCO <sub>2</sub> e. The increase was due to increased revenue. The Company will participate in government energy efficiency performance projects to reduce greenhouse gas emissions. For the implementation of daily life resource	No significant difference

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM-Listed Companies
	Yes	No	Summary description	
			<p>management, reduction of environmental load, photocopy paper environmental management goals and performance, and electricity use electricity management goals and performance, please refer to:  <a href="https://www.aaeon.com/tw/csr/environmental-friendly">https://www.aaeon.com/tw/csr/environmental-friendly</a></p> <p><u>Water Usage:</u>  2018 annual water consumption = 4,680 m<sup>3</sup> = 4,680 metric tons. 2019 annual water consumption = 4,446 m<sup>3</sup> = 4,446 metric tons. There was a reduction of 1.05%, reaching the annual target of 1% annual reduction goal. We continue with the measures such as posting water-saving slogans and conducting water-saving courses.</p> <p><u>Total waste amount:</u>  There were 12.621 metric tons of waste in 2018 and 14.416 metric tons in 2019. The increase in the total weight of waste is due to the increase in revenue. The Company will instruct all units to coordinate and discuss measures for reducing waste reduction.</p>	
4. Social Issues (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and	V		(1) The Company complies with relevant labor regulations, protects the legitimate rights and interests of employees, and manages employees in a bilateral communication manner. The Company's official website contains the content of the human rights declaration, which reads as follows:	No significant difference



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
			<p>Universal Declaration of Human Rights to disclose human rights policy declarations. AAEON's human rights policy declaration is as follows:</p> <ul style="list-style-type: none"> <li>● No child labor: comply with local minimum age laws and regulations, no child labor.</li> <li>● Above minimum wage: Provide employees with the wages and benefits that meet or exceed the requirements of local laws and regulations.</li> <li>● Working hours: Meet or better than local laws and regulations, provide employees with paid vacation, do not force employees to work more than the maximum daily working hours stipulated by local laws and regulations, and comply with the requirements of overtime wages or necessary compensation.</li> <li>● Non-discrimination: Discrimination based on race, color, age, gender, sexual orientation, religion, disability, work membership or political orientation is prohibited. Everyone has the right to equal protection without discrimination.</li> <li>● No inhumane treatment: Harassment, physical abuse or threats are prohibited.</li> <li>● Free choice of occupation: Coercion, guarantee (including debt repayment) or deed to force domestic or foreign workers to work is prohibited. Do not hire involuntary prison workers, servitude or human trafficking, and ensure that all employees work voluntarily. Provide a labor contract written in the employee's mother tongue. Unless required by law, the employee's identity document (ID, passport, work permit or residence permit) must not be withheld.</li> <li>● Health and safety: Provide a healthy and safe working environment for all employees with mutual trust and respect.</li> <li>● Freedom of assembly: According to the law, all employees have the right to freedom of assembly and association and to participation in local legal unions. The employer must not interfere or prohibit it.</li> </ul>	



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM-Listed Companies
	Yes	No	Summary description	
(2) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the results of operating performance in employee compensation?	V		<p>(2) Implementation status of various employee welfare measures (including salary, vacation and other benefits)</p> <p><u>Employee welfare measures and implementation:</u> The Company's current main welfare measures include cultural and recreational activities, employee travel, emergency assistance, festival bonus, weddings and funerals, and maternity subsidies. There are employee group insurance, community activities, employee dividends and other measures.</p> <p><u>Leave system and its implementation:</u> The Company provides employees with a vacation system in accordance with the Labor Standards Act and relevant regulations. The Company's vacation system complies with the regulations. At present, the vacation system is well implemented. For female employees who have worked for more than 6 months and applied for maternity leave for 5 days, 1 week, and 4 weeks, the salary will be paid in full. This system is superior to the regulations.</p> <p><u>Retirement system and its implementation:</u> The Company formulates employee retirement policies in accordance with the provisions of the Labor Standards Act, and adopts a defined contribution system in accordance with the "Labor Pension Act". The retirement benefits are paid by the Company with 6% of the monthly salary as pension, which is saved in a personal special account for pensions. The Company's Articles of Incorporation stipulate that a certain percentage of the Company's profit for the current year is allocated as employee remuneration, and the results of operating performance are appropriately reflected in employee compensation.</p>	No significant difference

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		<p>(3) The Company's work content does not pose a special health hazard. Regular work-up health inspections for on-the-job workers are carried out, and work safety education and training are implemented. The Company also occasionally organizes activities such as employee travel to help employees develop physical and mental health. For the safety of the work environment of employees, the Occupational Safety Office convenes occupational safety committee meetings on a quarterly basis. Representatives of employees and management are invited to submit proposals for improving the safe and healthy working environment. For physical health, the Company arranges health inspections for employees every year. The inspection rate reached 95%. It was found that the biggest problems of employees were fatty liver and high BMI. In response to these health problems, weight loss activities (aerobic boxing, Taichi, billiards, badminton, basketball, yoga) were planned, and diet courses were promoted to help employees lose weight. The Company encourages employees to exercise more good for physical and mental health. In 2019, the Company was awarded the Exercise Enterprise Certification Award by Sports Administration Ministry of Education and Global Views Monthly Magazine.</p> <p>For mental health, in addition to partnering with the Teacher Chang Foundation for psychological counseling, we also assess the needs of employees, and conduct spiritual courses, such as: Children's indulgence in Internet, family relation - impact of marriage on family. In 2019, the Occupational Safety Office conducted work-related education and training (such as fire escape drills, first aid training, etc.) for 621</p>	No significant difference



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
(4) Does the Company have an effective career capacity development training program established for the employees?	V		<p>participants with a total of 2,382 hours. Health promotion related practices, lectures and experiences were held 11 times in total, with a total of 366 participants.</p> <p>(4) The Company provides relevant internal and external professional education and training to enrich employees' career skills. The Company also encourages employees to evaluate their interests, skills, values and goals and communicate personal career intentions with their managers for future career plans. The Company organized internal and external education and training in 2019 with 3,529 participants and a total of 7,016.5 person-hours.</p>	No significant difference
(5) Does the Company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer protection policies and complaint procedures?	V		<p>(5) The Company strives to achieve the goal of "customer satisfaction" and attaches great importance to protecting customer privacy. Customers can utilize the communication channels to handle customer complaints and provide customers with complete product information. The Company's products comply with relevant regulations and international standards.</p>	No significant difference
(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	V		<p>(6) The Company devotes in the energy-saving and carbon-reduction functions of the products provided by suppliers and enhance corporate social responsibility. For the implementation of the quality and environmental management system in corporates of long-term cooperation for more than several times a year, in addition to the signing of the "Quality and Environmental Protection Concepts Letter", and the interactive communication about and improvement on environmental protection</p>	No significant difference

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
			<p>measures, ethical codes of conduct and corporate social responsibility, we have asked the partners to fill in the questionnaire of "Quality and Environmental Management System and Code of Conduct", which inquires about the status of "Quality Management System", "Labor", "Safety and Health", "Behavioral Ethics", "Enterprises" "Social Responsibility" content, and evaluate the response content as the basis for future counseling and improvement. After completing the questionnaire, the partners of the Company are required to sign a "Clean Transaction Statement" to implement good business ethical behaviors such as honest transactions, no bribery, no bribery, and avoidance of benefits at all stages of business transaction execution.</p> <p>The Company carries out environmental activities with customers and suppliers AAEON, Onyx Healthcare, Litemax Electronics, and Good Way Technology jointly held a beach clean-up event on September 21, 2019, with a total of 200 employees and their family participating in the event. This was a meaningful event. Chairman Yung-Shun, Chuang of AAEON and Onyx Healthcare, Chairperson Ying-Chen Li of Litemax Electronics, and Chairman Tzu-Cheng, Tsao of Good Way Technology have also participated in the event to show their determination in loving earth and their support for beach cleaning. In addition, on the day of the event, the participants went to the National Marine Science Museum to enjoy 3D movies of natural ecology a educational tour of natural ecology. The beautiful environment needs you and me together. Let's start with "reducing plastic" and "reducing waste".</p>	



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM- Listed Companies
	Yes	No	Summary description	
<p>5. Does the Company prepare its non-financial reports such as Corporate Social Responsibility Report in accordance to the internationally-used reporting standards or guidelines?</p> <p>Have such reports been assured, verified or certified by a third party?</p>	V	V	<p>AAEON's Corporate Social Responsibility Report was compiled by the Corporate Social Responsibility Office, and referenced to the Global Sustainability Standards Board (GSSB) to formulate the GRI Standards. The Company provides index descriptions, corresponding chapters or supplementary explanations, and page numbers, hoping to provide an overview of AAEON's achievements in various aspects of corporate social responsibility. Please refer to the company website for relative information.</p> <p>AAEON compiles its Corporate Social Responsibility Report voluntarily. The content is prepared with reference to domestic and international guidelines. The report has not yet obtained the assurance opinions of third-party verification units. However, we will perform related operations in accordance with actual needs in the future.</p>	<p>No significant difference</p> <p>No significant difference</p>
<p>6. If the Company has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the principles and their implementation: The Company has established the “Corporate Social Responsibility Best Practice Principles”. The Company is committed to the implementation of policies in the corporate social responsibilities, and there is no discrepancy between the policy and the Company’s implementation.</p>				
<p>7. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: The Company is handling matters proactively in accordance to laws and regulations.</p>				