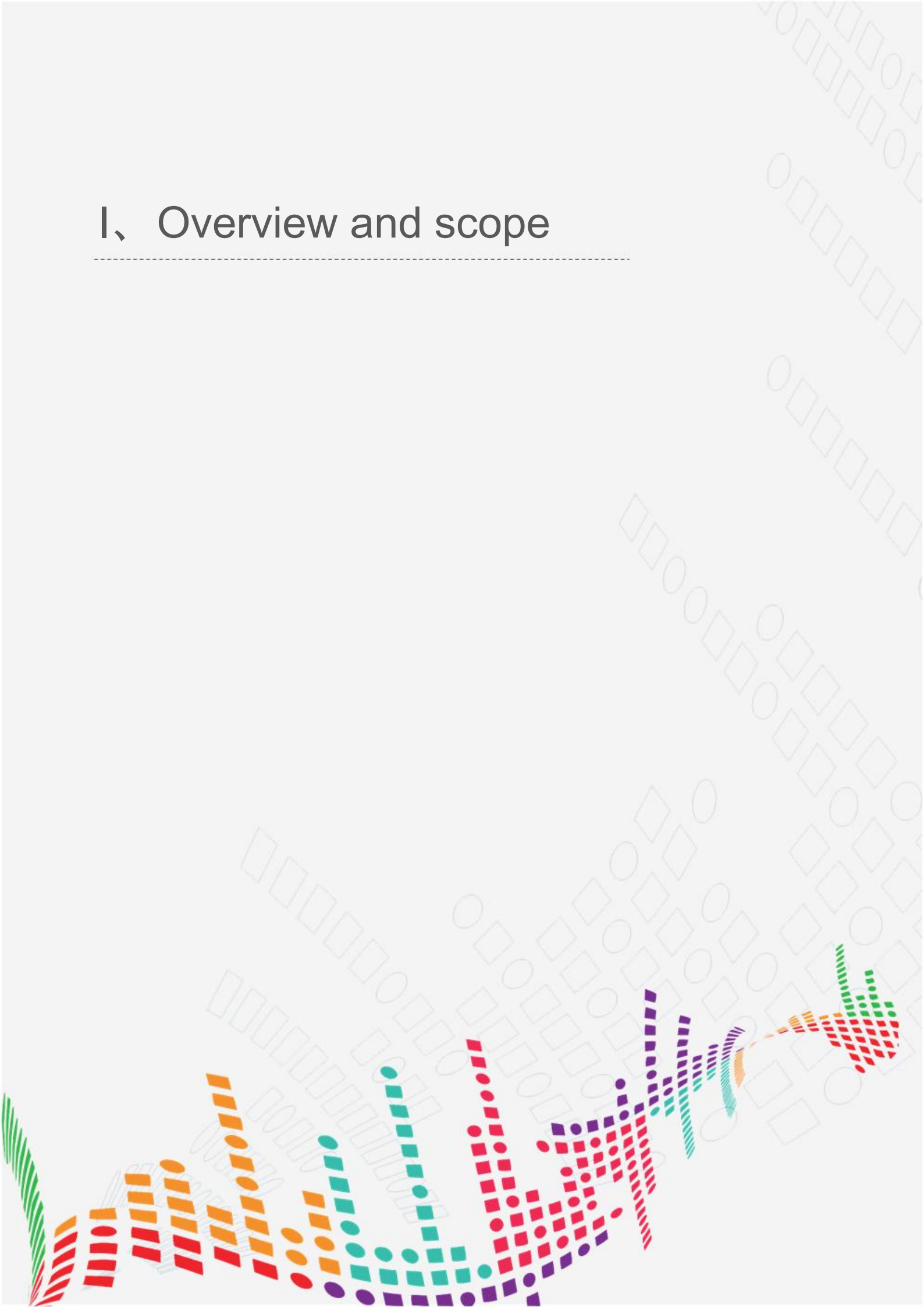


# I、 Overview and scope

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### 1.1 Purpose and summary

Green business concepts and responsibilities include environmental protection, green manufacturing process, employee care responsibilities, contribution to the community, care for the disadvantaged, the fulfillment of our corporate social responsibility and others. Cheng Fwa is here to execute these missions hopefully to achieve business sustainable operations.

Through Corporate Social Responsibility Reports, we share the company's profile, business performance, corporate governance and marketing and development, environmental protection and green supply chain, employee care and health and safety as well as social responsibility and public and professional ethics, customer relationship and supply chain management with you. We manage to advance into the direction of green business, the fundamental basis of Chen Fwa operational management, which is the promise that we made for a sustainable development.



### 1.2 Scope of the report

The key scope of this report is Cheng Fwa Industrial Co., Ltd. Sanchong Plant at New Taipei City and the General Headquarter. The number at the financial reports use New Taiwan Dollars as the unit of calculation, while the rest of the indicators use the international standards, such as the performance of the environment, safety and sanity.

The report discloses the statistical data of each of the indicators which care the statistics and investigation results of Cheng Fwa Industrial Co., Ltd. All sources of financial data are approved, signed and announced by the account. Parts of the data quote the public information announced by the government. They are presented in the general numerical description. If any conversion is needed, it would be specified in the report.

### 1.3 Standard and self-declaration of the report

The content and structure of the CSR report published in 2020 is based on the third generation (GRI G3.1) of Global Reporting Initiative (GRI) which is the focus of the enterprises globally. There is a comparison table with GRI G3.1 at the end of the report which can be taken as a reference.

Meanwhile, we self-proclaimed that our report has reached to GRI Application B.

### 1.4 Identification of interested parties and the feedback evaluation of the major issues

As to promote CSR Report successfully and to implement all the performance indicators, Cheng Fwa has established CSR Promotion Committee that clearly describes the organizational structure, the responsible and other issues that should be noted. The General Manager has led all level one supervisor as well as the CSR committees to take the oath of accomplishing this mission.

Based on AA1000 Standards and GRI G3.1 regulations as well as the considerations towards the degree of concern of each of the interested party and immediate or potential impacts towards the company, a systemic identification and evaluation procedure are being established. The CSR is promoting dynamic communication channels and is using a systemic method to discuss with and identify the interested parties. This includes the board of directors, the stockholders, the customers, the employees, the manufacturers and the contractors. Secondary interested parties include the banks, the governments institutions and other private organizations. This is the results of the CSR Promotion Committee.

**(1) Communication of major issues**

The CSR committee would use different communication channels as to learn the thoughts and needs of the interested parties; that is to say, to obtain their valuable opinions during the process of communication with the interested parties. In this way, they can provide a further response towards the business operations and provide business strategies, management principles, performance objectives and plans as well as innovative approaches as to fortify the business abilities of the company, to satisfy the society's expectations and to achieve the ideal of sustainable development.

The following is the table detailing the issues and communication channels with each of Cheng Fwa's interested parties :

Interested parties	Issues in concern	Communication channel	Communication frequency
Customer	Quality / delivery / price / service / financial credit / certification requirements / technical support / satisfaction degree	email, visits, customer audits, telephone, on-site visit, customer satisfaction surveys, web customer service e-mail, publications delivery, meal gathering	Every season or depending on the circumstance
Employee	Compensation & benefits / health and safety / promotion / training and development / work environment / health / communication channels	email, telephone, company website, announcements, internal audit, irregular communication meetings, regular communication meetings, individual consults with the authorities, complainant channel/hotline, labor conference, satisfaction surveys, benefits committee, proposal system, e-mail, employee suggestion box, educational training	Anytime or regular annual meeting
Contractors	quality / price / construction / fitness	email, visits, on-site supervision, inspection, telephone, field visits, environmental safety education	Irregular
Manufacturers	Manufacturer evaluation / commitment / financial credit / quality / delivery / price / service / green supply chain management / fitness	email, factory audits, on-site visits, telephone, satisfaction surveys, manufacturer evaluation, vendor communication and assembly	Irregular
Stockholder	Revenue / profit / equity / corporate governance	email, telephone, on-site visit, shareholders' meeting, company websites, government websites	Every year
Board of Directors	Revenue / profits / corporate governance	Board of Directors, annual general meeting	Every season / every year
Private organizations	Social welfare / donations / sponsorship	Email, phone, training, seminars, briefings, community recreational activities, meal gathering,, participation in the civil communities	Irregular
Government organization	Industrial safety / environmental / regulatory standards / corporate governance / fire protection / charity / transportation	Official documents, email, check, phone, site visits, questionnaires, briefing	Every season, every half a year, every year
Bank	Revenue / profit / financial credit / corporate governance	email, telephone, field interviews, company websites, government websites, credit investigation	Irregular

(2) Assessment feedback

In terms of the major issues in regard to the interested parties, Cheng Fwa CSR Promotion Committee has classified the degree of concern and the immediate or potential impacts towards the company, which is shown in the following 3x3 table labeled with three levels: high, medium and low.

There 14 issues high concerned by the interested parties, seven of medium concern and of low concern; there are 14 issues that can have high immediate or potential impacts towards the company, 5 medium and 2 low.

All major issues and results are compiled in the following table:

level of concern of the interested party	High	Social welfare Donation & sponsorship	Manufacturer evaluation Environmental pollution	Revenue, profit, corporate governance, quality, price, delivery, fitness, compensation and benefits, health and safety, training development
			Staff communication, shareholders' equity, after-sales service, green concept promotion	Financial credit, green supply chain, corporate image
	Low			Traffic impact
		Low	Medium	High
	Immediate or potential impact towards the company			

The major issues at the aforementioned table include: revenue, profit, corporate governance, quality, price, delivery, fitness, compensation and benefits, health and safety, training, development, financial credit, green supply chain, corporate image, traffic impact, etc. A detailed description is within the CSR report.

1.5 Notes to Editors

This is the first publication of the report. The content mainly presents the concrete operations and CSR actions from January to December 2020. Cheng Fwa promises to have periodic publications of CSR reports in the future.

The content of this report includes: business class declaration, company profile and corporate governance, employee care and health and safety, environmental protection, social responsibility and public service, the use of green supply chain to establish environmental management systems, and the linkage with the sustainable development business. It would disclose the interrelations and the connections of the economic, social and environmental indications of sustainable operations. The content of the reports focuses on the year 2020. The exceed of this scope would be particularly indicated in the report.

All partners, public citizens or interested parties of Cheng Fwa Industrial Co. Ltd: in the event of any doubts or suggestions for the content of this report, please contact us in one of the following ways.

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