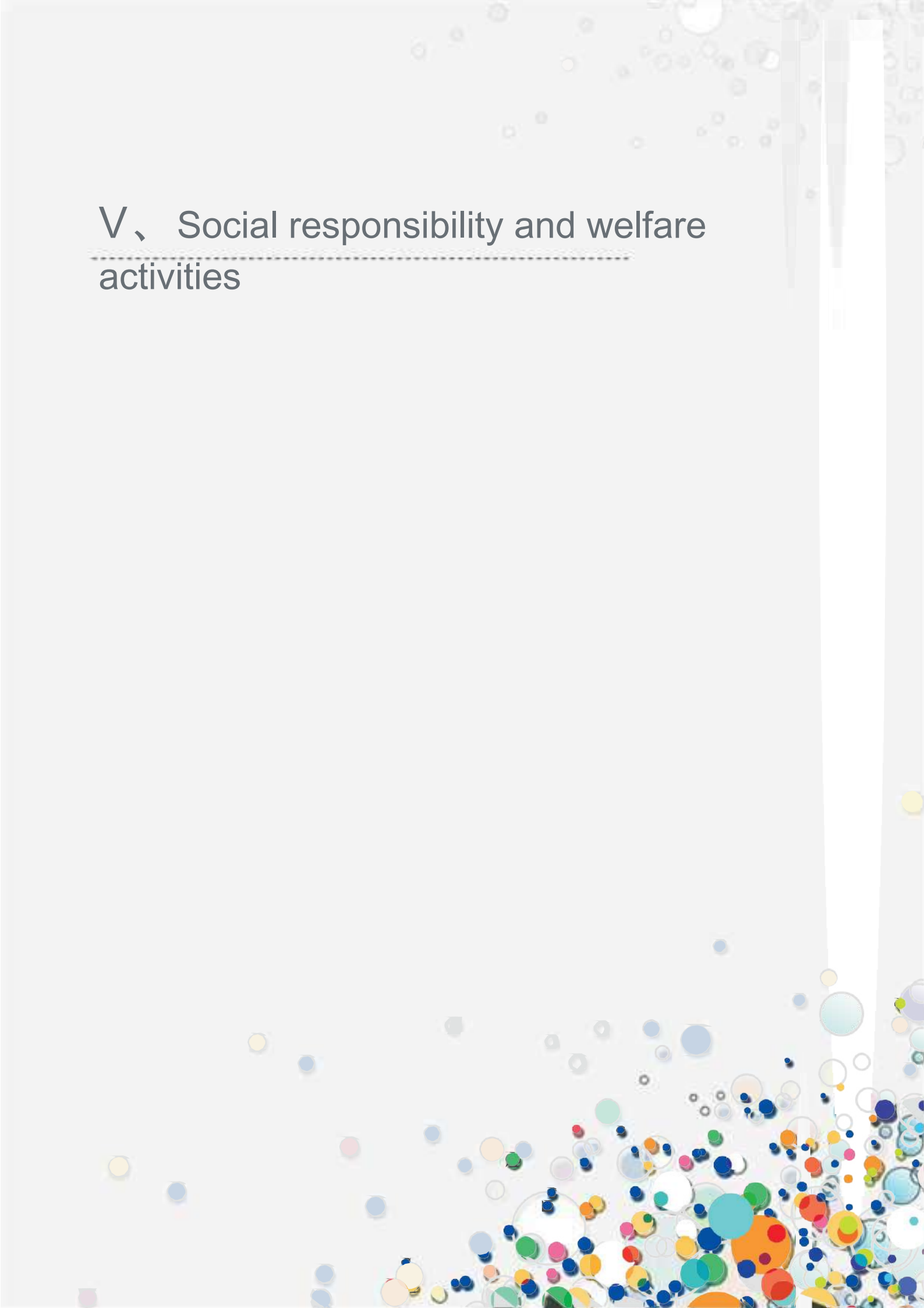


V、 Social responsibility and welfare activities

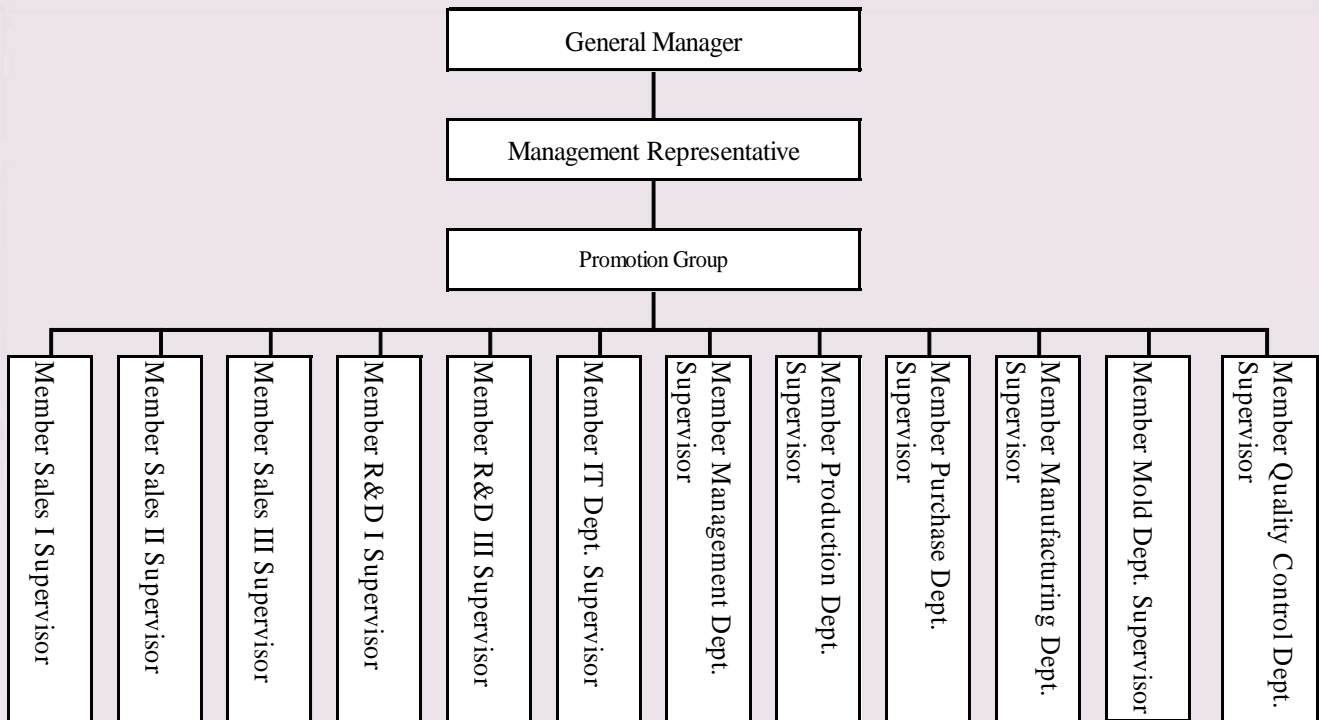


5.1 Introduction: Policy and Management System (EICC)

Owing to Cheng Fwa’s promise towards social responsibility, we promote different social responsibility activities based on “Electronic. Industry Code of Conduct (EICC) standard, including the establishment of “CSR Promotion Committee.” The social responsibility management manual of EICC management system is being established, while a manager is recruited to monitor and supervise the KPI indicators as well as the compilation of ISO 14064-1 greenhouse gases inventory report. It will present all the CSR results and data in the CSR report Promotion plans are described in the following:

(1) The promotion of CSR organization structure:

Outside the organizational structure, we have an interdepartmental promotion group who will be in charge of the integration and promotion of interdepartmental activities. The CSR representative will provide and coordinate the resources needed for the CSR management system (including human, professional, technical and financial resources). The CSR organization structure is as the following diagram:



(2) Development of the overall social responsibility policy :

「Humanitarian care」 、 「Health and safety」 、 「Society caring」 、 「Participation」

1) 「Humanitarian care」 :

HR unit has a plan of retention and promotion for personnel management system. Upholding the social responsibility of “humanitarian caring”, “people” and “home” are the foundations of management; an integral staff caring management system that complies with labor acts is being established. Following EICC regulations, we provide legitimate guarantees to protect the staff’s rights. We also provide a healthy and safe working environment for the personnel together with a dynamic and open labor communication channels and public transparent profit sharing system. These would certainly improve the labor relationship and create a harmonious and peaceful organizational atmosphere and a sense of 「home」 .

2) 「Health and safety」 :

In addition to the compliance of the regulations stated in 「Occupational Safety and Health Act」 , a Labor Health and Safety Organization and a Business Executives and Labor Committee are established as to promote labor safety and health business. Based on EICC regulations, a CSR management system is established as to effectively administer the environmental safety and sanity. This would reduce business risks; prevent occupational hazards and environmental pollutions as well as the guarantee for staff safety and health.

3) 「Society caring」 :

We have regular organization and participation in the social welfare activities. We care about the disadvantaged groups and care about environmental resources and protection. We also promote plant greening and other environmental protection activities. During the production procedure, we adopt green and hazardless substances. All wastes are categorized and legally treated as to reduce the production of further waste and to prevent from damaging the Earth.

4) 「Participation」 :

In order to implement social responsibility management system, we have fortified the internal and external communication and exchange. Regular educational trainings are organized as to reach a consensus among the staff and the compliance to the rules. We make sure that all the employees are enrolled in the trainings.

Meanwhile, we are also conscious of EICC CSR management manual which states the overall policy of social responsibility as well as other labor, health, safety, environment, ethics policies and related regulations. These allow Cheng Fwa to meet the international CSR standard.

5.2 Labor policies and measures

Labor policy: compliance with labor laws and regulations, prohibition of forced labor, child labor and prison labor, intimidation and harassment, discrimination, respect for freedom of association, continual improvement of employees' rights.

Based on the aforementioned labor policy, we have established the operation procedure or management and measures. The summary is described in the following:

- (1) 「Work Rules」 are being re-examined and evaluated by the Labor Affairs Department, New Taipei City Government. The 「Labor Safety and Health Code」 has already been issued.
- (2) Labor conditions:
 - 1) For attendance management, overtime is controlled and categorized in standard, warning, aler and prohibited sections as to strictly control the overtime hours. It is forbidden to exceed the monthly 46 hrs stated by the law.
 - 2) Compensation and benefits modifies the Salary Management Approach for the newly recruited employees as well as the punishment of the employees upon the salary.
- (3) In terms of the labor human rights, these are the procedures and results of our effort:
 - 1) The 「Prohibition of Child Labor and Juvenile Workers Age Identification and Protection Measures」 is established. The identity of the employee shall be strictly verified as to comply with the prohibition of child labor. In terms of the juvenile works, it shall be protected by the law. 「Juvenile Workers Age Identification and Protection Measures」 is being implemented.
 - 2) None of the procedures and measures shall be discriminatory; this includes the Work Rules, Employee Payment Operation Procedure, Salary Management Procedure (including the recruitment, payment, promotion, transfer and salary adjustment), Human Resources Management Procedures (educational trainings) and Punishments. In the Employee Payment Operation Procedure, non-discrimination, same payment same work for both genders and minimum payment stated by the law shall be respected. The company provides a non-discriminatory, non-harassment and equal growth working environment for the employees.
We care about the employees' human rights. We treat each of the employees fairly. We respect their opinions and feedback. We comply with rules and regulations. The Code of Ethics forbid the supervisors from forced labors, slavery, restrictions on movement, mental abuse, misconduct, corporal punishment or other inappropriate behaviors as well as the signature of illegal contracts to regulate the labor relationship.
 - 3) The staff is respected with the freedom of assembly and association given by the law. Based on the regulations, labor committee and labor benefit committee are established and approved by the authority.

5.3 Health, Safety and Environment

Health and safety policy: **safety first, mental and physical wellness, sanitized and clean work place.**

Environmental policy: **compliance to the law, energy saving, carb reduction, pollution prevention, eco-life.**

Based on the aforementioned safety and health policies, we have established the operation procedure or management and measures. The summary is described in the following :

- (1)Occupational Safety: A SOP for the environment is established as to control the waste water, drinking water, waste gas, wastes, noises, hydroelectric energy, chemicals and others. It would reduce the impact to the environment and have effective control of the situation. Hazard identification and risk assessment shall be reviewed and evaluated as to learn the safety and health hazards and risks to the employees and the work place. Safety and health management risk control measures shall also be established as to achieve the goal of 「zero disaster, zero accident」 .
- (2)Emergency preparedness: Emergency procedure is established as to handle any kinds of accidents in an active and rapid way. Every year, there are fire and chemical spillage drills as to reduce damages and the impact to the environment to the minimum. It can also return to normal operation and production as soon as possible.
- (3)Occupational Injury and Illness: Health Management Procedure is established as to regulate the health and safety of the staff. It implements all regulations related to health and safety. Incident Management and Investigation Procedure is established to investigate the occupational accidents of the employees as to understand the reason of injury. It also enhances and prevents the occurrence of the same accident as well as to assess the probability of returning to the same job position.
- (4)Industrial hygiene: Waste Water Operation Procedure is established so that the treated waste water can meet to the EPA emission standard. The Waste Managemet Procedure requires an effective categorization and cleaning of wastes as to enhance the hygiene of the environment. It can achieve a stable, harmless, economic resourcing of the wastes and meet the EPA standard.
- (5)High physical demands of work: Human Factors Engineering Assessment Procedures increases the work safety, health, affectivity and comfort of the staff. It keeps the mental and physical health of the employees as well as to increase the work quality and efficiency.
- (6)Machine guarding: The development of equipment management program as to ensure the accuracy and appropriate safety protection facilities of the machine. This would reduce malfunctioning and prolong the life as well as to guarantee the personnel's safety. Personal protective equipment management approach can provide sufficient and good safety personal protective equipment as to guarantee personnel's safety as well as their health.
- (7)Public health, dormitory and restaurant: drinking fountain management operation restaurant management operation, restroom sanitation operation, dormitory management operation are established as to provide clean, safe and sanitized workplace and living environment which can provide a good and suitable place for working and living.

Based on the aforementioned environmental policy, we have established a operation procedure or management and measures. The summary is described in the following:

- (1) Environmental emissions permits and reporting: Environmental operation procedure is established. Waste water and waste gas shall be reported to the authority as to request for the permission of emission. Regular noise and water inspections are carried out as to meet the EPA standard.
- (2) Pollution prevention and resource conservation: Environmental operation procedure is established. All sewage, drinking water, waste gas, waste, noise, water and electricity energy resources, chemicals, etc. are under control as to reduce the impact to the environment and to be effectively managed.
- (3) Hazardous Substances: Quality manual is established as to reduce the harm to the staff when using, operating or transporting chemicals and organic solvents in the production line
- (4) Wastewater and solid waste: As mentioned in (4) Industrial hygiene procedures for wastewater treatment and waste management procedure, the environment is enhanced as to meet the EPA standard.
- (5) Air emissions: The environmental operation procedure is established. Regular exhaust and air emission are being inspected so that the physical or chemical substances in the air can meet the EPA standard.
- (6) Product content control: The quality manual is established as to regulate the raw materials and the products can be harmless to human

5.4 Ethics and Social Responsibility Promotion

Ethics policy: compliance with the highest ethical standards, incorruptible management, prohibition of corruption and bribery, information transparency including all business activities and financial performances, respect and protection of intellectual rights, fair trade and anti-trust, legal competition and propaganda, confidentiality of the reporter without revenge, continual enhancement of the company's ethics standard.

According to the above ethical policies, we have established protocols and management measures. The summary is described in the following:

- (1) Business Integrity and non-improper benefits: the establishment of ethics codes, gift ethics management methods as to regulate corruption or bribery. This would provide a gift standard for the suppliers and the customers. Employees are also trained to follow the codes of ethics.
- (2) Information transparency: In the company's website (<http://www.chengfwa.com.tw/>), all business activities and financial information and performance are published. All the results and management of the CSR implementation and issues in concern of the interested parties are also announced on the website.
- (3) Intellectual Property Rights: In the professional ethics and labor contracts, the rights of the tangible and intangible properties of the company are being regularized. This would reduce the losses of the company as to achieve the goal of sustainable operation and development.

- (4) Fair trade, propaganda and competition: The Code of Ethics require the staff to follow the regulation of fair trade act. It is not permitted to demand, allure or negotiate joint pricing, monopoly and agreement of pricing. It is not permitted to prevent others from competition as well as bid rigging and bid collusion.
- (5) Confidentiality of identity and no revenge: In the Code of Ethics and Practices of Personal Rights Protection, the staff, suppliers and the customers are provided with a complaint channel as well as protective measures, so the reporters do not need to worry to be taken as the target of revenge.
- (6) Metallic minerals responsibility: In the Subcontractor Management Procedure, the suppliers are requested not to purchase conflicts metals with written promises. They should also provide the source of origin of the raw materials.
- (7) Protection of personal privacy: It is regulated at Computer and Information Security Management and Intellectual Right Property Protection Measures that the employees shall have permission and passwords as the safety precaution. The personal information of the company, supplier and the employee shall be accessed in the right procedure. The Code of Ethics requests the employees not to notify, transmit or leak any of the information to a third party without the consent of the party.

- **Promotion of social responsibility to the suppliers**

Cheng Fwa has corrected “Subcontractor Management Procedure” as to categorize the suppliers. The suppliers who signed the CSR Commitment are categorized to be class B. The 10 top suppliers with auto evaluation and second party auditing are categorized as class A. In 2019, the results of this implementation is shown in Green Supply Chain in 4.2 Green Product.

- **Management of the violation of professional ethics of the suppliers or customers**

In the event for which the violation of professional ethics by the suppliers is being proven with substantial evident, the company shall change the purchase order or reduce the purchase amount depending on the severity of the situation. In the event of severe violation, it would be sent to the authority for further legal actions. In the event of customer’s violation, the management shall be the same as above.

5.5 Community relations and social welfare activities

- **Philanthropic sponsorship**

Cheng Fwa is also involved in social contribution, social service and social welfare, such as the sponsorship of schools at remote areas providing classrooms and equipment as well as charity organizations providing help for the needed.



In 2018, the total amount of donation was around 8.04 million and in the 2019 following year, more than 3.52 million. The units of donations and the amount are listed in the 2020 following table:

2018 Units of donations	Amount
New Taipei City Shen Lin Temple (voluntary fire appliances and money for the temple)	\$1,510,000
Scholarships (for the disadvantaged students and improvement of schools and equipment at remote areas)	\$728,496
Philanthropic donations (hospitals, funds and foundations)	\$5,805,065
Total:	\$8,043,561

2020 Units of donations	Amount
New Taipei City Shen Lin Temple (voluntary fire appliances and money for the temple)	\$638,000
Scholarships (for the disadvantaged students and improvement of schools and equipment at remote areas)	\$1,031,822
Philanthropic donations (hospitals, funds and foundations)	\$507,124
Total:	\$2,176,946

2019 Units of donations	Amount
New Taipei City Shen Lin Temple (voluntary fire appliances and money for the temple)	\$270,000
Scholarships (for the disadvantaged students and improvement of schools and equipment at remote areas)	\$1,09,284
Philanthropic donations (hospitals, funds and foundations)	\$1,649,653
Total:	\$3,528,937

In 2013, the honorary chairman and chairman of the board gifted “life-saving devices” to New Taipei City Fire Department in behalf of the company and the Vice Mayor of New Taipei City, Hou Yu-ih was invited as to present the gift.



In 2016, the honorary chairman and chairman of the board donated “Rehabus”.



In 2017, the honorary chairman and chairman of the board donated “Rehabus”.



In 2019, donated "New Taipei City Government Fire Department Disaster Investigation Vehicle".



•Community caring

(1) Catering service for the single elders

Since 2011, Cheng Fwa has cooperated with Sanchong District Office as to be enrolled with the long-term “catering service for the single elders.” A donation of fifty thousand is provided per month. Cheng Fwa also purchased moon cakes from Children Foundation in the festivals so that the single elders of the community can also feel the attraction and caring of the community.



(2) Cultural activities in Xianse Temple(先嗇宮)

Xianse Temple(先嗇宮) is located at Sanchong District in New Taipei City. It has a 250-year-old history and is considered as class III historical site. It preserves the beauty of two temples, two halls and two chambers. Not only is it the oldest temple in Sanchong District, but also organizes mountain climbing, skill contests and seminars for women.



Cheng Fwa participate keenly in cultural activities of temple, such as Chinese New Year Lantern Festival activities and Shennong Great Mansudae Festival activities, sponsor Chinese Orchestra performing in Beijing and communicate activities. Moreover, Cheng Fwa invite Xianse Temple(先嗇宮) Orchestra to perform on the Cheng Fwa company year-end banquet evening performances, and it has good feedback.



(3) Charity group performance

In the year-end party, Cheng Fwa usually invites sponsored charity group or welfare associations, such as children from “Da Shin Elementary School”, “Yuemei Elementary School” and “Chimei Elementary School.” With this opportunity, Cheng Fwa provides a stage for the community, while the staff enjoys the performances and provide their applauses.



(4) Volunteering :

In addition to the donation of tickets to Genesis Foundation, the employees also volunteer in public service works. In 2020, the "Donation of Shoes to Save Life" event will be held. Colleagues (family and friends) generously donated materials and enthusiastically participated in the sorting activities. Through everyone's teamwork, we fully demonstrated our love.



(5) Scholarship

As to assist the students in Sanchong District, a scholarship for disadvantaged students is provided in Ginling Girl's High School assisting the students who are economically disadvantaged or who have suffered from economic changes at home to finish their education. The General Manager, Tsai, Tzung-Shiun, also leads by example as he has been committed to social welfare together with Wing Lung



Foundation, which is composed with a group of entrepreneurs and other charitable people. Scholarships and teaching equipment are also provided for students in schools at remote areas. In this way, the chances of education would not be reduced due to the lack of resources. Schools include Wa-Gang Junior High School, Pinghe Jr. High School, Yu-Dong Junior High school, Wanrong Jr. High School, Yuemei Elementary School, Chi-an Elementary School, Ren-hua Elementary School, Da Shin Elementary School, Nanhua Elementary School and Chunghua Elementary School. In this way, they can develop different featured education such as football team, tennis team, carpentry, dancing, etc. as well as to enhance school environment and facilities.

(6) Donation AED

To follow up the government publicity, placing AED in public, Cheng Fwa place AED in 19 primary schools and high schools, Xianse Temple to help patient who needs emergency aid and CPR during on the pre-hospital way.



(7) Police Friends Triple Office

General Manager Tsai is currently the director of the Triple Office of the Friends of the Police. Therefore, Cheng Fwa also participated in and sponsored a number of activities to praise and sympathize with the police officers and organize various activities to strengthen the feelings of the police

