

2021

# CMP GROUP

## Sustainability Report





# Short-, Medium-, and Long-Term Goals for Sustainable Development

## 2021 Goals Achieved and Results



### Corporate Governance

1. Published quarterly and annual English reports
2. Issued the English meeting notices and English handbooks for the Annual General Meeting
3. Adopted the candidate nomination system for electing directors



### Environmental Aspect

1. The reclaimed steel use rate accounted for 91% of the overall raw materials. In some plants, the number reached up to 98%
2. Through optimization of manufacturing processes and equipment, a total of 11,789 tons CO<sub>2</sub>e was reduced in 2021, with a 17.13% decrease in energy consumption per product produced and a 17.71% decrease in GHG emission intensity compared to the base year respectively
3. Installed environmental monitoring systems to monitor power consumption, dust, recycled water, etc. Continue to implement and improve management through monitoring
4. Installed solar power panels in the plants to generate green electricity. The installation has a capacity of 9.2MW
5. In 2021, there was a total 131,902 tons of waste with a non-hazardous waste recovery rate of 78.41% and a reuse rate of 16.81%. The rate of non-recoverable and non-reusable waste declined to 4.78%
6. CMP Midtown utilized the IoT and big data analysis to retain water resources; 13.13 million tons of water and 5.56 million kWh of power consumption can be saved



### Social Aspect Inside the CMP Group

1. Continued to sign the "CMP Group Supplier Honesty and Integrity and Confidentiality Agreement" with new and existing suppliers
2. No major deficiencies identified during supplier audits
3. All the plants of CMP Group have obtained the certification of ISO 45001:2018
4. CMP Group won the Happiness Enterprise Manufacturing Group Gold Award from 1111 Job Bank
5. Obtained the Accredited Healthy Workplace - Health Promotion Badge of the Ministry of Health and Welfare.
6. Obtained Taipei City's Accredited Healthy Workplace.
7. CMPedia added 83 new online courses this year, with a total of 165 courses, and the total number of hours of the courses exceeded 100
8. CMP cooperated with the Department and Institute of Industrial Engineering of National Taipei University of Technology on the quality management plan and held six series of lectures, which were also included in CMPedia
9. 110 persons of CMS obtained the vocational skill level "mechanical equipment installers" certificate
10. 118 persons of CMS obtained the vocational skill level "multi-process numerical control operators and adjusters" certificate
11. CMS Manager Wu, To I won the honor of Model Worker in New District
12. The first batch of trainees of CMW's "Hai He Craftsmanship" Corporate Training Center officially graduated, with a total of 100 students
13. A total of 185 people have been trained in CMW's "Working in Company as Training of the Youth"
14. 35 persons of CMB obtained the certificate of senior engineer of mechanical equipment installation
15. Three colleagues of CMB participated in the "5th Xiangcheng District Skills Championship Competition and Suzhou Skills Competition Tryout (for CNC)" and won certificates
16. CMB deputy director Kao, Ching Hui was named "Craftsman of Jiangsu"



### Social Aspect Outside the CMP Group

1. Implemented annual charity projects for seven years in a row
2. Supported the establishment of the "philanthropic library project" during the pandemic
3. Sent supplies to underprivileged families
4. Supported disadvantaged students
5. Conducted community disaster prevention, held health forums, and cleaned the environment
6. Long-term volunteering project of "Yiyang Old Age Apartment"
7. Volunteer service at Sunshine Home Education and Nursing Home
8. Donations for flood disaster in Zhengzhou, Henan
9. CMP Midtown utilized the IoT and big data analysis to effectively retain water resources and fought against drought with the government to provide water for the semiconductor industry, water supply companies, and fire stations. Moreover, it set 16 places where people can obtain water

# Short-, Medium-, and Long-Term Goals for Sustainable Development

## Short-term goals 2023

## Medium-term goals 2025

## Long-term goals 2027



### Corporate Governance

1. Improve disclosure of information in English
2. Set up an ESG Sustainability section on the CMP Group's official website
3. Set up the Sustainability Committee

1. Improve corporate governance evaluation level to top 6-20%
2. Adopted the candidate nomination system for electing directors

Continue to strengthen corporate governance, increase information transparency, and protect and respect the rights of shareholders and stakeholders



### Environmental Aspect

1. Install dust removal equipment to reduce dust permeation
2. Upgrade equipment to improve energy-saving facilities
3. Optimize manufacturing processes to reduce power consumption
4. Install solar power panels to generate green electricity
5. Active waste management

1. Green buildings and install rainwater recycling facilities
2. Solar systems, thermal-insulating green roofs, etc.
3. Effective waste management with an annual decrease of 5%

1. Limit the use of pig iron within 10% of raw materials, adopt product designs which generate circular economy benefits, and strengthen R&D on energy conservation and carbon reduction
2. Optimize automation of special procedures and reduce environmental pollution during the manufacturing process



### Social Aspect Inside the CMP Group

1. Strengthen the promotion on the importance of corporate social responsibilities to suppliers
2. Include CSR as a supplier audit item
3. No major deficiencies identified during supplier audits
4. Committed to talent cultivation

1. Establish a green supply chain
2. Expand supply chain assessment/audit/management and require suppliers to achieve no material deficiency
3. Increase customer satisfaction by 5%
4. Host a supplier conference annually

1. Green smart management
2. Promote legal rights for labors, and protect the rights of employees



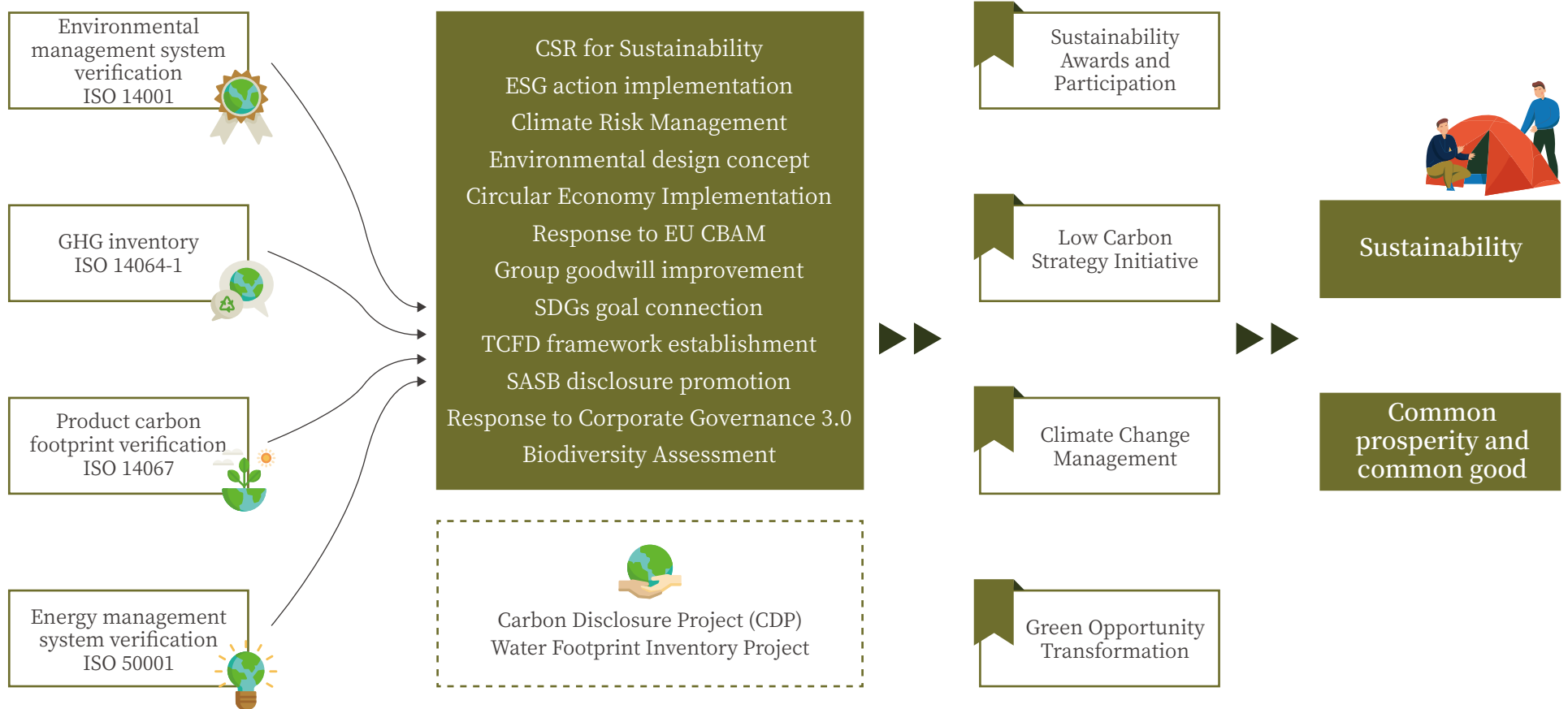
### Social Aspect Outside the CMP Group

1. Continue to focus on charitable organizations and non-profit organizations, and provide adequate donations and assistance
2. Continue to participate in and sponsor charity projects

1. Sponsor underprivileged organizations and provide them with training opportunities for the long run

1. Develop long-term volunteering projects, encourage employees to provide assistance in different aspects for underprivileged organizations and extend the scope of Family Day to social welfare organizations
2. Support creation and foster art and cultural industries

# Sustainable Development Plan



Climate Adaptation Project

Carbon neutrality

Net Zero Emissions



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# About the CMP Group Sustainability Report

Since the first publication in 2015, the annual CMP Group CSR Report (renamed the Sustainability Report in 2021) has detailed CMP Group's contributions to the economy, the environment, and society. The Sustainability Report also covers CMP Group's responses to the expectations and the wishes of its stakeholders while conveying the CMP Group's unwavering commitment to continue sustainable business practices.

## Boundary and Scope

This CMP Group Sustainability Report includes all events that occurred during the reporting period from January 1, 2021, to December 31, 2021, within the CMP Group and its subsidiaries as listed below. All partial disclosures would be highlighted in specific chapters. CMP Group will continue to disclose and gradually include complete details of all affiliated companies and other subsidiaries to present its sustainability influence on the CMP Group value chain.

- China Metal Products Co., Ltd.
- China Metal International Holdings Inc. (including the subsidiaries: Suzhou CMS Machinery Co., Ltd., CMW (Tianjin) Industry Co., Ltd., and Suzhou CMB Machinery Co., Ltd.)
- PUJEN Land Development Co., Ltd.
- Shangrila Tourism Co., Ltd.
- CMP PUJEN Foundation for Arts and Culture

## Compilation Guidelines

This Sustainability Report was compiled in accordance with the core options and reporting guidelines prescribed by the Global Reporting Initiative (GRI) Standards. KPMG Taiwan independently audited all financial reports and appointed British Standards Institution (BSI) to verify the disclosure contents of CMP Group's Sustainability Report in accordance with the core options of the GRI Standards and Type 1 of AA1000AS v3 assurance engagement. The data collection and calculation methods used to quantify the indices were in accordance with the following sequence: local regulations, global standards, and industry standards and industry best practices, respectively. The currency exchange rate is based on the average currency exchange rate provided by CMP Finance and Accounting Department for the period from January to December of the current year.

## Compilation Process and Review

All data and information disclosed in this Sustainability Report were organized and compiled by the executive secretary after an internal survey conducted by the Sustainability Development Task Force and the confirmation by relevant responsible supervisors for their correctness.

## Sustainability Report Publication

Current Version: July 2022

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▲ CMP Group Website



# Letter from Management

In 2021, the COVID-19 pandemic was still relentless while climate anomalies caused more disasters than ever. Taiwan faced the most severe drought in 56 years, and people's livelihood and businesses were in crisis. The strongest cold snap in 30 years hit Texas, U.S., leaving 4 million households without power for more than 30 hours. Record-breaking high temperatures in Canada and the northwestern U.S. caused hundreds of casualties. Extreme rainstorms hit Zhengzhou, Henan province. Germany and Belgium were hit by the most devastating floods on record, all of which caused losses and casualties to society and businesses. The impact of extreme weather has increased the world's attention to ESG issues. Sustainability has become a universal value, followed by policies such as Taiwan's 2050 net zero roadmap, China's dual carbon goals, officially launched carbon trading markets, and the EU's Carbon Border Adjustment Mechanism (CBAM). Companies will undoubtedly pose the greatest risk to sustainable management if they are content with the status quo and do not change their thinking about how to create value for their employees, the environment and society in the future.

## Anchoring the three major business groups and setting targets for the coming year

The Group spans three major business groups, each of which has a unique mission and vision and endeavors to create value for society and the environment. The way CMP Group selects a symbolic word for every year has also been unique since the very beginning. Instead of summarizing the past year, we look at objectives and prospects for the coming year. At the end of 2020, we chose "brilliance" as our annual symbolic word for 2021, representing brightness and optimism. Despite the challenging environment, the foundation laid in the past will enabled us to embrace the future and move towards a brighter tomorrow.

	 <p>Metal Manufacturing Circular Economy <b>Practitioner</b></p>	 <p>Land Development Friendly Living Environment <b>Provider</b></p>	 <p>Lifestyle Hospitality Lifestyle Aesthetics and Culture <b>Explorer</b></p>
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## Corporate governance leads the way : Consecutive achievements

CMP Group has adopted G, S, E as its strategy to propel sustainability since 2016. Starting with corporate governance (G), the Group prioritizes the formation of the concept of sustainability. We share pertinent ideas and behaviors with our employees and encourage them to transform those into daily habits, so that sustainability can be realized in a more comprehensive manner.

In 2021, the Group continued to take care of its employees and their families and help them strike a balance between professional and personal life. In addition to motivating employees to pursue further education, organizing courses to help them obtain various professional licenses certificates, and providing corresponding subsidies, the Group's internal lecturer system served as a platform where teachers and students benefit each other to facilitate management and dissemination of knowledge. In the area of employee care, we introduced new programs to provide free one-on-one psychological counseling at professional institutions, physical and mental health courses, and emergency assistance while continuing to provide free rapid antigen tests and pandemic prevention care kits. We will also significantly increase subsidies for marriage and childbearing starting in 2022.

All business groups also achieved remarkable results. Metal Manufacturing once again improved its technologies to increase the average use of recycled steel from 88% to 91%. Renewable energy installations reached a capacity of 9.2 MW whereas GHG emissions intensity dropped 17.71% from the base year. Meanwhile, a climate risk assessment was conducted, and financial disclosures were made as per Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Land Development successfully utilized the Internet of Things and big data analysis to save 37% of water and 51% of electricity and reduce 55% of carbon emissions in the construction process compared to traditional methods. It also initiated free provision of water resources on construction sites during the drought and called on industry peers to respond and help society and the industry to overcome water shortages together. Lifestyle Hospitality strove to protect biodiversity and tapped into the resources it has cultivated over time to support like-minded local businesses and professionals. It created a residential area around Calligraphy Greenway, extending benefits to neighboring businesses and customers and exemplifying a new form of sustainable tourism and travel.

Thanks to the efforts of its employees and partners, the Group won the Gold CSR Report Award of the Taiwan Corporate Sustainability Awards (TCSA), Gold Happy Enterprise Award - Manufacturing from 1111 Job Bank, 4th Taichung City Low Carbon Sustainable City Outstanding Contribution Award, Bronze Award of the Taiwan Sustainability Action Awards (TSAA), and Health Promotion Certification by the Ministry of Health and Welfare. Not only was the Group widely recognized for its contributions, but it also reached an unprecedentedly high revenue of almost NT\$19 billion. The promise of embracing the future and moving towards a brighter future in 2021 was fulfilled. Our achievements have proven that it is not zero-sum between economic performance and the environment and society, but complementary and positive interactivity. Furthermore, it is hoped that CMP Group serves as a model to build confidence in the industry and accelerate its transition to sustainability, leading to something bigger.

## Gold and longevity for rebirth: Implementing sustainable development plans

Choosing "casting" to be the symbolic word for 2022 has a special connotation to CMP Group. The Chinese character "casting" (鑄) is made up of two parts that mean "gold" (金) and "longevity" (壽), respectively. Gold symbolizes great value while longevity means life, so "casting" conveys a valuable life, like the phoenix that burns itself and is re-born from the ashes. We will use the character "casting" to celebrate our half-century-long history, looking back on the founding of CMP Group 50 years ago and thanking our partners for all the shared achievements along the way. We look forward to the next 50 years. The three major business groups will stay true to our vision and persist in sustainable development to be reborn from adversity and create a future never seen before.

Chairman LIN, Ting Fung





# Annual Accomplishments



## CMS

- Obtained the top 30 tax contributions in 2020 by the Suzhou New District Management Committee
- Obtained the director unit of Suzhou New District (Huqiu District) Safety Production Management Association
- Won the 2020 Excellent Supplier Award of Daikin Electronic Devices (Suzhou) Co., Ltd.
- Won the 2020 Advanced Enterprise of Harmonious Labor Relations
- Won the Bosch Rexroth Global Partner Award
- Won the John Deere Global Excellent Supplier and Partner Award
- Manager Wu, To I won the honor of Model Worker in New District

## CMW

- Selected as one of the top 100 manufacturing enterprises in Tianjin in 2021
- Selected as the 2021 level B autumn and winter environmental protection enterprise
- Won the 2021 National Machinery Industry Product Quality Innovation Award-Ministry of Machinery Industry of China
- Won the first batch of smart manufacturing projects - comprehensive standardization and new model application direction of Tianjin City in 2021
- Excellent supplier of ZF Automotive Systems (Wuhan) Co., Ltd. in 2020
- 2021 High-tech Enterprise of the State Administration of Taxation Tianjin Office
- The Most Beautiful Factory in TEDA Award by the Tianjin Economic-Technological Development Area Management Committee Office

## CMP Group

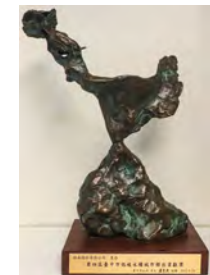
- Chairman LIN, Ting Fung won the 2021 “EY Entrepreneur Of The Year” Multidimensional Strategist Entrepreneur Of The Year
- CMP Group won the TCSA gold award in the traditional industry category of Taiwan Corporate Sustainability Report Awards
- CMP Group won the Happiness Enterprise Manufacturing Group Gold Award from 1111 Job Bank
- CMP Group Headquarters obtained the Health Promotion Badge certification of the Ministry of Health and Welfare
- CMP Group won the 4th Taichung Outstanding Contribution Award for Low-carbon Sustainable City in 2021
- CMP Group’s “Kong-Ke Museum” project won the 2021 TSAA Taiwan Sustainability Action Award Bronze Medal

## CMB






- Obtained carbon emission ISO 14064-1 compliance certification
- Obtained the disposal of hazardous waste (waste oil barrels, waste acid) by self-reduction and utilization, and obtained the approval of environmental protection exemption
- Won the YANMAR Company’s Strategic Partnership Award for Foundry
- Deputy director Kao, Ching Hui was named the “Craftsman of Jiangsu”

## CMP PUJEN Foundation for Arts and Culture





- Kong-Ke Museum was recognized by La Vie Creative Awards
- Kong-Ke Museum received the Interior Architecture Award at iF Design Awards 2021, and was recognized in the Visual Identity at A’ Design Award






# UN Sustainable Development Goals (SDGs)

SDGs	Goal	CMP Group Actions
 <p>Good Health and Well-being</p>	<p>Ensure healthy lives and the promotion of well-being for all at all ages</p>	<ol style="list-style-type: none"> <li>1. Annual Health Check.</li> <li>2. Special Health Check.</li> <li>3. Encourage staying healthy and self-initiated exercise, set up sports clubs and activities, and offer bonuses and prizes</li> <li>4. Employee Assistance Programs (EAP).</li> <li>5. Obtained the Accredited Healthy Workplace - Health Promotion Badge of the Ministry of Health and Welfare.</li> <li>6. Obtained Taipei City's Accredited Healthy Workplace.</li> <li>7. Offer physical and mental health courses.</li> <li>8. Track and assist people who have an uncertain diagnosis from health checkups.</li> <li>9. Implementation of strict management and treatment of hazardous waste and chemical substances. Extend the concept to supplier management.</li> <li>10. Significant investment in dust collectors and related detection devices to tightly control dust pollution.</li> </ol>
 <p>Quality Education</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ol style="list-style-type: none"> <li>1. In 2021, there was a total of 84,396 training and education hours, and on average, each employee received 46.99 hours of training. The total cost was NT\$1,690 thousand.</li> <li>2. Established a digital learning platform: CMPedia for employees to learn new things without worries about time difference and places for class.</li> <li>3. Established the "Every-Second-Wednesday Forum", offering courses to share new knowledge regularly.'</li> <li>4. Release the Group's e-newsletter "CMP GROUP NEWS", internal electronic publication "CMP PLUS", workplace health monthly newsletter, and information security report to provide details of the Group's media coverage and professional knowledge.</li> <li>5. A total of 63,913 people participated in the establishment of a food and agricultural base in Shangrila Paradise Theme Park, and the experience and promotion of food and agricultural education.</li> </ol>
 <p>Gender Equality</p>	<p>Achieve gender equality and empower all women and girls</p>	<ol style="list-style-type: none"> <li>1. Established and implemented "Regulations and Handling Procedures for Sexual Harassment".</li> <li>2. Established a designated sexual harassment hotline and reporting mailbox.</li> <li>3. Audit and distribute salary in accordance with the "Guidelines for Remuneration Management" regardless of gender.</li> <li>4. There were 17 male and 10 female managers or at higher position of the Group at the end of 2021.</li> </ol>
 <p>Clean Water and Sanitation</p>	<p>Ensure availability and sustainable management of water and sanitation for all</p>	<ol style="list-style-type: none"> <li>1. The building construction project of CMP Midtown utilized the IoT and big data analysis to effectively retain water resources. 13.13 million tons of water can be saved. It set 16 places where people can obtain water from pumping well and also provided water for the leading semiconductor manufacturers, water supply companies, and local fire stations to tackle the severe drought in Taiwan.</li> </ol>
 <p>Affordable Energy</p>	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ol style="list-style-type: none"> <li>1. Upgrade the production technology to change the raw material composition for castings, e.g. reducing the use of pig iron and replacing it with recycled steel via city mining. By doing so, waste steel is well utilized, also protecting the natural forests. In 2021, the reclaimed steel use rate reached 91.08%.</li> <li>2. In 2021, the annual energy consumption per unit was 7.9343 GJ / ton, 17.13% lower than the base year.</li> <li>3. The building construction project of CMP Midtown saved 5.56 million kWh of power consumption by adopting big data analysis and the IoT application.</li> </ol>



SDGs	Goal	CMP Group Actions
 <p>Employment and Economic Growth</p>	<p>Promote inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ol style="list-style-type: none"> <li>In 2021, the annual energy consumption per unit was 7.9343 GJ / ton, 17.13% lower than the base year.</li> <li>CMP Group has a complete compensation system and a Remuneration Committee. The base salary advocated on the work grade and job functions, all in compliance with the local minimum wage. In addition, CMP Group strongly emphasizes a standard starting salary for the same job functions. There is no sex or age discrimination at CMP Group.</li> <li>CMP Group complies with the local labor and hiring regulations along with CMP Group's corporate guidelines for hiring. CMP Group only considers if the candidate possesses the talent, experience, and potential. CMP Group treats each employee equally and fairly and is against any form of discrimination due to gender, ethnicity, nationality, age, or religious beliefs. Moreover, forced labor and child labor employment are both prohibited.</li> <li>CMP Group holds employee safety in the highest regard, aiming to achieve zero severe occupational injuries. All production plants have an Occupational Health and Safety Committee on site which is responsible for establishing safety protocols for production equipment and providing a safe production environment through training, monitoring, policy guidance, and continual improvement of production environment.</li> </ol>
 <p>Industry, Innovation and Infrastructure</p>	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<ol style="list-style-type: none"> <li>To increase the R&amp;D ability and production benefits, the CMP Group invested a total of NT\$ 388,343 thousand in 2021 to innovate new products and improve production technology. This amount accounted for 2.05% of 2021 net revenue.</li> <li>CMP Midtown installed a remote pumping water control system. Through the water level monitoring software, the data of current water level will be analyzed by the IoT and big data to decide how many and which pumping wells should be activated for the safety of construction after submitted to the remote pumping water control system. Then, activate pumping water through remote system, which significantly takes advantage of the IoT connection.</li> </ol>
 <p>Reduced Inequalities</p>	<p>Reduce inequality within and among countries</p>	<ol style="list-style-type: none"> <li>Unlike the usual prefab standard site offices, the Kong-Ke Museum introduces an architectural accent, better spatial arrangement, and an on-site kitchen, hoping to provide workers with a better work environment and access to safe, freshly prepared meals so much so that it remains a part of the construction site and primarily serves laborers working on the site. Through exhibitions and community reach-out programs, the boundary of the construction site is overcome, allowing the public to explore the uniqueness of the work culture at Taiwan's construction sites and to interact with laborers, and thus uplifting public recognition of construction workers. By doing so, we hope people from all walks of life can embrace each other and fulfill the idea of a culturally diverse society.</li> </ol>
 <p>Responsible Consumption and Production</p>	<p>Ensure sustainable consumption and production patterns</p>	<ol style="list-style-type: none"> <li>Upgrade the production technology to change the raw material composition for castings, e.g. reducing the use of pig iron and replacing it with recycled steel via city mining. In 2021, among a total output of about 210,000 tons, the use of recycled steel reached 91.08%.</li> <li>In 2021, the annual energy consumption per unit was 7.9343 GJ / ton, 17.13% lower than the base year.</li> <li>In 2021, the recovery rate of non-hazardous waste was 78.41% with a reuse rate of 16.81%. The rate of non-recoverable and non-reusable waste declined to 4.78%.</li> <li>Established CMP PUJEN Foundation for Arts and Culture to improve quality of culture and life and create a robust art environment in our daily life. Uncovering the local vitality, CMP Group has orchestrated annual performances and promoted the combination of local cultures and arts with the themes of lifestyle and creativity, as an effort to cultivate local young artists.</li> <li>CMP Midtown utilizes the water level monitoring platform to see the water flow amount so as to evaluate the current pumping efficiency while controlling pumping wells to make the similar flow amount, thereby realizing energy efficiency and achieving a new sustainable model of water reduction and energy conservation.</li> <li>Shangrila Paradise Theme Park uses the replaced bamboo materials to perform bamboo weaving art, assist in the treatment of cow dung and waste beer residue, rice husk and fallen leaves, etc. In the initial stage, it can independently supply 2,000m<sup>2</sup> of farmland or 8,000m<sup>2</sup> of forest land, and realize the goal of sustainable farming in summer fields through waste recycling.</li> <li>Shangrila Paradise Theme Park uses self-made organic compost to improve the desertification of the vegetation cover on the slope soil.</li> </ol>

SDGs	Goal	CMP Group Actions
 <p>Climate Action</p>	<p>Take urgent actions to combat climate change and its impacts</p>	<p>1. CMP Group has established the following measures: "Emergency Safety Plan," "Frost and Blizzard Emergency Plan," "Flood Prevention and Typhoon Emergency Plan," "Heatstroke Prevention and Cooling Emergency Plan," and "Environment Emergency Plan" to respond to the negative impacts of climate change while raising awareness and strengthening actions for environmental protection.</p>
 <p>Life on Land</p>	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>1. In support of CMP Group's green efforts, CMP Village continues to promote "Leave No Trace" movement that is dedicated to environmental protection, reduction of waste, implementation of garbage sorting, and the reduction of plastic and disposable product.</p> <p>2. Since 2017, Shangrila has promoted the "Leave No Trace Lifestyle" with a short, medium, and long-term plan.</p> <p>Short term goals: Improve the current situation and proceed with environmental care. Reduce the use of disposable products, implement garbage sorting, and purchase green products.</p> <p>Mid-term goals: Proactively choose and implement carbon reduction, create compost from leftovers and fallen leaves, procure certified green products, and select food produced from eco-friendly and non-toxic farming farms.</p> <p>Long-term goals: Based on the development of life and ecology and renovations of the park, CMP Village will continue to take inventory of the software and hardware equipment in the park and the related regulations to strive for opportunities to implement and upgrade carbon reduction plans. CMP Village hopes that one day, it would become an ecological education field and a benchmark in the green leisure industry.</p> <p>3. Shangrila Paradise Theme Park and surrounding ecological survey and biological monitoring.</p> <p>4. Monthly regular soil and seedling care.</p> <p>5. Staff training course on native plant identification for a total of 12 hours, with 9 people participated.</p> <p>6. The removal of exotic plants has been performed for 11 times, covering an area of about 2 hectares.</p> <p>7. A total of 120 native species were planted and transplanted, covering an area of 2 hectares, and a total of 120 people participated.</p> <p>8. Promote "sustainable forest" through the tree planting family day, with 120 participants and a total of 960 hours of service in the forest.</p>
 <p>Global Partnership</p>	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>1. PUJEN Land Development successfully facilitated the cross-industry collaboration and industry-academia collaboration on the project of underground water recycling on the construction sites, including tech companies, water corporations and academic institutions. PUJEN Land Development expanded its exchanges with other construction sites and different industries and successfully addressed the problem of water supply and demand in society.</p> <p>2. Global sustainable tourism certification training of the Shangrila Paradise Theme Park.</p>

# Technological pandemic control

Since the outbreak of the epidemic, CMP Group has immediately set up an pandemic control response team and deployed in advance, and we also conduct the impact assessment for all business operations to formulate countermeasures and actively apply for the government relief package; meanwhile, the Audit Office is responsible for carrying out the inspection of the pandemic control project. While the pandemic continues, in addition to trying our best in assisting and caring for employees, we also make good use of technology to improve operational efficiency and effectiveness.



# Utilize the IoT to retain water resources

## Build smart cities and strengthen climate adaptation capabilities with pioneering technologies in the industry

Although Taiwan is surrounded by the sea, the terrain is steep and water resources are not easy to store and use; and due to the impact of climate change, the risk of keeping water resources in the future will be even more critical. CMP Group applied innovative construction methods in Taiwan to the "CMP Midtown" case to effectively reduce groundwater pumping at construction sites by 37%, electricity consumption by 51%, and carbon emissions by 55% compared with traditional construction methods. At the same time, through industry and academia collaboration and the holding of large-scale construction site visits and experience sharing in seminars, we drive the construction industry to move towards the goal of low-carbon. Furthermore, during the drought period, we took the initiative to provide the groundwater to neighbors, fire fighting units, domestic water and technology industries for use. Different construction sites had been processed to join in this action, which provide 10 times volumes of groundwater contributed by the "CMP Midtown" case.

### Origin

- Due to different geology, in order to ensure construction safety, pumping water is used to reduce the groundwater level. It is a necessary construction project for the cobble stratum in the Taichung area

As far as underground engineering is concerned, different construction methods are required according to different geology. The Taipei Basin is mostly composed of silty clay, silty sand, sandy clay and sand. The soil retaining construction method for basement excavation can mostly be performed with stabilizing bath accessory machinery. The cobble stratum in the Greater Taichung area has a large grain size and good permeability, which can easily lead to rising water levels and are difficult to control. As a result, it is necessary to drill pumping wells first, and pump water by motor to lower the groundwater level below the excavation surface, so as to maintain the operation safety during the excavation project. However, in order to prevent the groundwater level from not being able to be lowered to the required height and thus affecting the construction safety, the traditional construction method adopts the continuous pumping mode, resulting in waste of water resources.


- Internal reflection and innovation

The Group has been focusing on low-carbon operation for a long time, and the Land Development has achieved outstanding results in green buildings and intelligent buildings. This phenomenon of water pumping has prompted internal reflection about whether there is a better way to take into account construction safety and at the same time solve the problem where uninterrupted pumping leads to excessive water waste.





## Characteristics of innovative construction methods

	Pumping well layout assessment	Number of pumps	Groundwater level monitoring method	Dewater method	Water pumping amount	Electricity consumption amount	Carbon emission amount
 Innovative construction method	Field test With software simulation	13 pumps (with 5-8 pumps always running)	Automated monitoring	<ul style="list-style-type: none"> <li>Automated monitoring, Internet of Things (IoT) applications, big data analysis, control systems</li> <li>The groundwater is higher than the warning level → send an alarm by the communication software → remotely control the pumping system. Accurately control the water to stay 1-2 meters below the excavation surface</li> </ul>	↓ 37%	↓ 51%	↓ 55%
Traditional construction method	According to personnel experience	21 wells	Manual measurement	Uninterrupted, continuous pumping	-	-	-

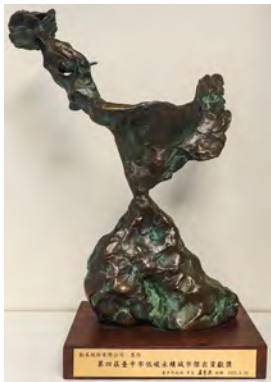
## Results

Environment: Reduction	Environment: Recycle and reuse	Environment: Making an impact	Social: Industry contribution	Social: Academic contribution	Governance: Economic contribution
Water conservation 13.13 million tons = 9.1 Shih-Kang Dam Reservoirs	Households (tap water) 822,000 tons <ul style="list-style-type: none"> <li>Water Resources Agency</li> <li>Taiwan Water Corporation</li> </ul>	For Taichung 30 sites responded 8.56 million tons	3 large-scale construction site visits 250 people participated	Provide a field for on-site experiments to bridge the gap between education and employment	Create shareholder value NT\$33.36 million
Electricity savings 5.56 million kWh = annual electricity consumption of 1,586 households	Households (secondary water) 423 tons <ul style="list-style-type: none"> <li>Neighborhood</li> <li>Fire department</li> <li>Environmental Protection Bureau</li> </ul>	For the Government The practices of groundwater utilization from construction sites are incorporated into the Executive Yuan's Contingency Plan for Emergency Water Supply During Period of Drought 2.0	Invited to 4 seminars 200 people participated	Journal / video publishing <ul style="list-style-type: none"> <li>Video of the Sino-Geotechnics Research and Development Foundation</li> <li>Special issue of the Taichung Real Estate Development Association</li> <li>Journal of the Chinese Taiwan Water Works Association</li> </ul>	Create Taiwan's competitiveness NT\$350 million
Carbon reduction 2,789 tons =7.3 times the carbon absorption amount of the Da-an Forest Park	Industrial water consumption 64,000 tons Technology industry	Other counties and cities Taoyuan City and Kaohsiung City follow suit and use the groundwater at construction sites as emergency water for drought relief			

## Awards and Honors



▲ Drought Relief Heroes National Day Parade



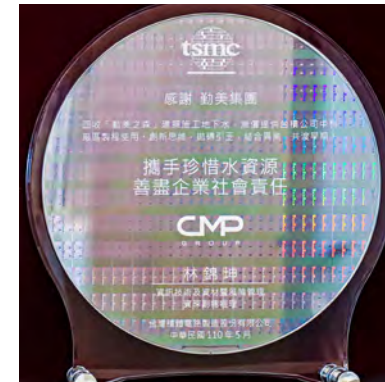
▲ 4th Taichung Outstanding Contribution Award for Low-carbon Sustainable City



▲ 18<sup>th</sup> 《Global Views Monthly》 CSR and ESG Award



▲ Certificate of Appreciation from Taichung City Government



▲ Certificate of Appreciation from TSMC



▲ Certificate of Appreciation from Water Resources Agency, MOEA



▲ Provide 16 water intakes for neighborhood use



▲ Fire fighting unit water taking



▲ TSMC water taking

# Task Force on Climate-related Financial Disclosures

	Governance	Strategy	Risk Management	Targets and goals
Disclosure Items	1. Board Supervision	1. Short-, medium- and long-term risks and opportunities	1. Identification and assessment process	1. Indices and performance
Corresponding approaches	Implemented by the Sustainability Task Force of the Secretariat under the Board of Directors under the supervision of the Board of Directors and regularly reports to the Board of Directors	Regularly identify sources and impact levels of short-, medium- and long-term entity and transition risks and opportunities	Identify climate sensitivity by hazard, vulnerability, exposure according to IPCC AR5	<ul style="list-style-type: none"> <li>■ Promote ISO 14064 -1GHG inventory</li> <li>■ Conduct ISO 14067 product carbon footprint inventory</li> <li>■ Promote ISO 50001 energy management</li> </ul>
Results	<p>The Sustainability Task Force will present a report on the results of the current year at the last board meeting at the end of the year, and at the same time propose an implementation plan for the next year</p> <p>Incorporate climate change indicators into ESG performance assessments</p>	<ul style="list-style-type: none"> <li>■ Short-term risks / opportunities: Extreme weather events (flooding, drought, heat)</li> <li>■ Medium-term risks / opportunities: Costs and expenses of low-carbon transitions / increased sustainability-related demands and regulations / green finance</li> <li>■ Long-term risks / opportunities: Carbon tax / increased renewable energy ratio requirements / price rise of key raw materials / energy shortage</li> </ul>	<p>The Metal Manufacturing Division provides the required data and quantifies the risk according to the following formula</p> <p>Risk = Hazard * Vulnerability * Exposure * Sensitivity</p>	<ul style="list-style-type: none"> <li>■ According to the GHG inventory results</li> <li>■ Understand the Company's overall carbon emissions and clarify the source of emissions, and then plan the space for greenhouse gas reduction and effectively assist the Company in minimizing the negative impact on the environment</li> <li>■ The implementation of product carbon footprint can check the energy and resource consumption of each production path and the carbon emissions of each life cycle and respond accordingly, thereby optimizing energy management</li> </ul>
Disclosure Items	2. Management operation	2. Risks and opportunities of major impact	2. Management process	2. Indices and goals
Corresponding approaches	The vice president of the Metal Manufacturing Division serves as the convener and establishes a climate change adaptation management team	Qualitative and quantitative methods are used to evaluate and develop countermeasures for risks and opportunities that have a major impact on business strategies and financial planning	Risk identification, response, monitoring and reporting through the "Climate Impact Risk Identification Questionnaire"	Presented with concrete results

	Governance	Strategy	Risk Management	Targets and goals
Results	The climate change adaptation management team is responsible for the implementation of the plan throughout the year and regularly reviews and reports to senior management	Reduce or shift losses with significant impact risk, including heavy rain, drought and high temperature events	Develop countermeasures for major risks to mitigate or transfer the impact on the Company's operations to control financial losses. And use the list of opportunities to find development opportunities and business opportunities to promote low-carbon production and sales	Presented with concrete results
Disclosure Items		3. Situation analysis	3. Integrated management	3. Indices and goals
Corresponding approaches		<ul style="list-style-type: none"> <li>■ Physical: Prediction of temperature and rainfall based on RCP8.5</li> <li>■ Transition: The impact assessment and analysis of the future global temperature rise of 2° C</li> <li>■ Coverage: Headquarters and Metal Manufacturing Division</li> </ul>	Integrate climate change risk management into the overall risk management policy	Perform 2021 greenhouse gas inventory for Metal Manufacturing Division and obtain ISO 14064-1 through third-party verification
Results		<ul style="list-style-type: none"> <li>■ Physical: Mainly analyze the damage potential distribution in the Metal Manufacturing Division and estimate the impact caused by flooding, drought and high temperature events due to future rainfall and temperature</li> <li>■ Transition: Mainly assess the capital investment and operating expenses that the Company will invest in relevant facilities and equipment under the requirements of relevant domestic and foreign regulations</li> </ul>	Cooperate with ESG sustainability strategy promotion and monitoring management	<p>Greenhouse gas:</p> <p>Scope 1: 3,715 metric tons CO<sub>2</sub>e</p> <p>Scope 2: 19,223 metric tons CO<sub>2</sub>e</p> <p>Scope 3: 32,733 metric tons CO<sub>2</sub>e</p> <p>In the future, we will promote energy conservation and carbon reduction projects, with the hope that in 2022, the greenhouse gas emission intensity may be reduced by 0.01 metric ton CO<sub>2</sub>e/ton in 2022</p>





chapter. 1

# CMP Group Overview

1.1 Business Philosophy

1.2 History & Developments

1.3 CMP Group Scale

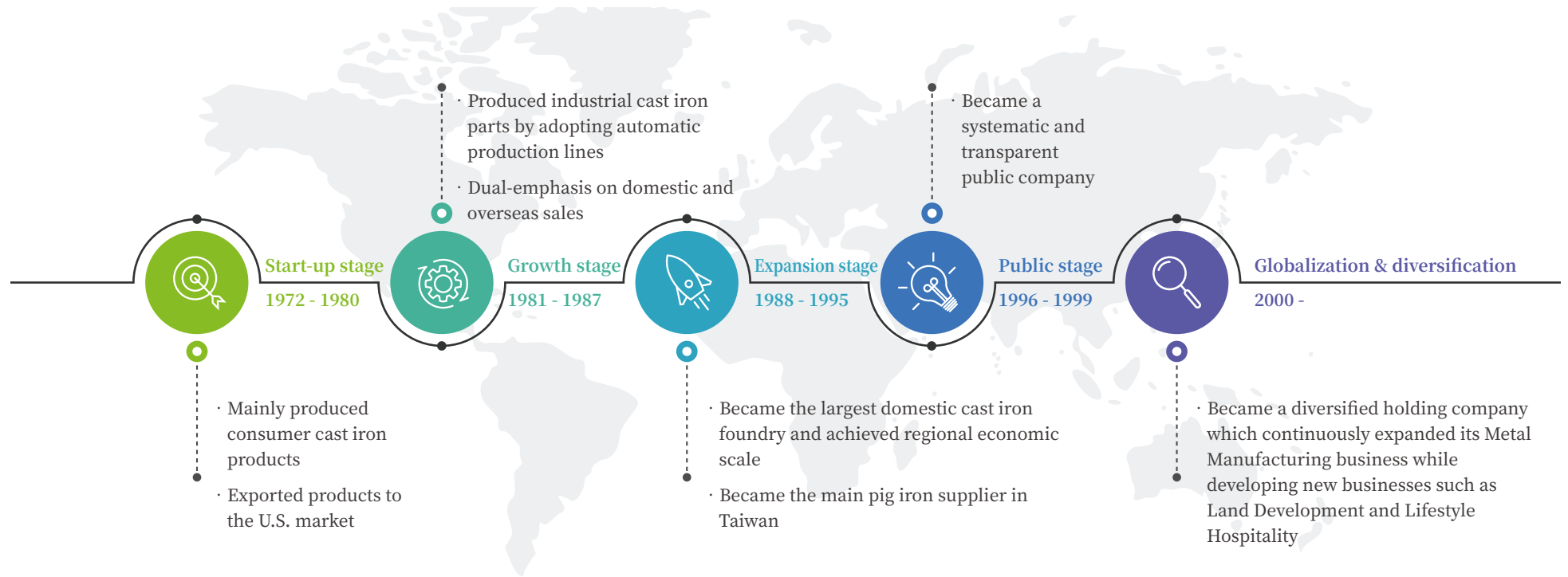
1.4 External Initiatives & Membership of Associations

# 1.1 Business Philosophy

Rooted with integrity, CMP Group's core beliefs of "Diligence, Integrity, Honesty, Beauty, Kindness, and Sincerity" are translated into working diligently and delivering results beautifully. The beauty of CMP Group's products is not only proven top-notch in quality but also demonstrated with the grace of originality retrieved from the land and local culture. As CMP Group continues to push boundaries and break existing business frameworks, the beauty of surpassing oneself shall be attained.

CMP Group's philosophy of "Learning and Sharing" signifies that through learning and exchanges, everyone can grow, create new opportunities, and then celebrate collective achievements together.

# 1.2 History & Developments





## 1.3 CMP Group Scale<sup>1</sup>

### Headquarters

Company Name	China Metal Products Co., Ltd.
Total Employees	2,359 persons <sup>2</sup>
Date of Establishment	September 9, 1972
Chairman	LIN, Ting Fung
President	LIN, Ting Fung
Location	4F., No. 85, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)
Authorized Capital	NT\$3,761,221 thousand

### Metal Manufacturing–Circular Economy Practitioner

- CMP-Hsinchu      ■ CMS      ■ CMW
- CMB              ■ CMH<sup>3</sup>

Since 1972, CMP Group has transformed itself from a cast iron manufacturer into a total solution service provider in the metal manufacturing industry. CMP Group has been dedicated to mold design and development, cast iron manufacturing, high-end precision finishing, and logistics, providing high-quality products such as automotive parts, industrial parts, agricultural machines parts, and compressor parts. through integrated services.

Since CMP Group introduced its first automatic molding machine in 1981, CMP Group has continued to invest in environmental cleaning equipment such as automatic devices and dust collectors, which combine energy-saving equipment such as smart integration control, waste heat recovery equipment, and photovoltaic systems. CMP Group

has also attempted to apply and utilize new materials while utilizing recycled steel instead of using virgin pig iron. Waste production is also properly managed and turned into the reclaimed sand for production; moreover, the sand can further be made into raw materials of cement and ceramic tiles for other industries. With decades of efforts, CMP Group has successfully debunked the public preconception of the traditional industry that involves arduous, dirty, dangerous work and over-utilizes natural resources by taking concrete actions, thus opening a new chapter of green and smart production.

### Land Development–Friendly Living Environment Provider

#### ■ PUJEN Land Development

The PUJEN Land Development was formally founded on October 14, 2002; the name, PUJEN, symbolizing the combination of the land, architecture, aesthetic, and the natural environment. With the aim of revitalizing and maximizing the use of land, PUJEN does not produce only cold skyscrapers; instead, it creates a living space that tells stories and carries memories. Taiwan is currently following the global trend of shaping low-carbon cities by constructing intelligent buildings and adopting green designs. Through land development, PUJEN hopes to bring people's life back to nature, and create a beautiful environment that is sustainable.

1 This chapter does not contain the disclosure scope. Please refer to the page of "[About the CMP Group Sustainability Report](#)" for the details of the disclosure scope.  
 2 The number of employees has been calculated based on the CMP's statistics as of December 31, 2021. The number does not include all of CMP Group's subsidiaries employee counts.  
 3 To fulfill the goal of production automation and smart production, CMP Group continues to invest in large-scale projects. In 2018, the CMP Group established CMH. In April 2021, the first furnace of molten iron was poured out, further fulfilling the CSR goals and eco-friendliness.

## Lifestyle Hospitality—Lifestyle Aesthetics and Culture Explorer

■ Park Lane by CMP ■ Shangri-La—CMP Village ■ The Hotel National

Every corner of Taiwan demonstrates a profound and unique culture. CMP Group believes that the leisure industry can impress its customers with diverse cultures, beliefs, philosophy, art, and living experience in addition to quality consumer experience. With a decade-long experience, CMP Group has gradually integrated its group resources by adjusting its business model and improving its products. It has integrated existing venues with the local culture, produce and crops, environment, and art to create a whole new lifestyle for local residents while supporting the local communities.

## Art Cultivation—Trends Creator of Art and Culture

■ CMP PUJEN Foundation for Arts and Culture ■ CMP Block Museum of Arts<sup>4</sup> ■ The Jen Library

Established in 2010, the CMP PUJEN Foundation for Arts and Culture aims to elevate the cultural and living quality while providing a robust environment for art development. Starting from the themes of life and creativity, the Foundation explores the hidden energy of the local culture by gathering the local communities and inviting famous leaders in different fields to participate in this project. By doing so, the Foundation would be able to successfully achieve the goal of aesthetics for all. CMP Group believes that beauty is everywhere and accessible to everyone. Combining group resources, CMP Group was able to promote mobile street vendor projects, and local aesthetics festivals such as the CMP Block Museum of Arts, the House on Guiling Street, the House on Yanji Road, and The Jen Library. In addition, by leveraging resources from the Lifestyle Hospitality and Land Development businesses, CMP Group has hosted many exhibitions and reading sessions; moreover, CMP Group has incorporated art and beauty into the Metal Manufacturing business to diversify product applications. CMP Group has been committed to cultivating artists. It is hoped that CMP Group can be a platform where artists can display and share their art to build a robust art environment and incorporate art aesthetics into the daily lives.

<sup>4</sup> The CMP Block Museum of Arts, transformed from an abandoned elementary school, has been closed for remodeling since 2018. The center is expected to reopen with a brand-new look next to the CMP Midtown, in 2022.



## 1.4 External Initiatives & Membership of Associations<sup>5</sup>

Taiwan Casting Industry Association*	Suzhou City Foundry Association*
Taiwan Foundry Society	Suzhou City Special Equipment Association
Taiwan Institute of Directors	Director Unit of the Harmonious Labor Relations Enterprise of New District, Suzhou City*
Hsinchu Industrial Association	China Foundry Industry Association*
National Quality and Sustainable Excellence Alliance	Tianjin Taiwan Investment Enterprise Association*
The Entrepreneur Club	Tongan Business Chamber
The Institute of Internal Auditors, R.O.C.	TEDA Environmental Protection Association
Shangkeng Village Development Association	TEDA Federation of Trade Unions
Suzhou New District (Huqiu District) Green Development Association	Tianjin Casts Hammers the Profession Association*
Suzhou New District (Huqiu District) Automotive Industrial Association	TEDA Safety Association
Suzhou New District (Huqiu District) Safe Production Management Association*	National Taiwan Investment Enterprise Association
Suzhou New District (Huqiu District) Ethical Enterprises Association	Taiwan Investor Relations Institute
Suzhou New District Taiwan Investors Association*	The Land Development Association of Taipei (REDAT)
Suzhou New District Human Resource Services Association Labor Dispute Mediation Committee	The Real Estate Association of R.O.C.
Suzhou New District Taiwan Investors Association Labor Dispute Mediation Committee	Taichung Land Development Association
Jiangsu Province Foundry Association*	Zero Energy Building Technology Alliance (ZEBTA)

<sup>5</sup> Those marked with "\*" are qualified as directors.



## chapter.2

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# Management of sustainability issues

### 2.1 Sustainability Development Task Force

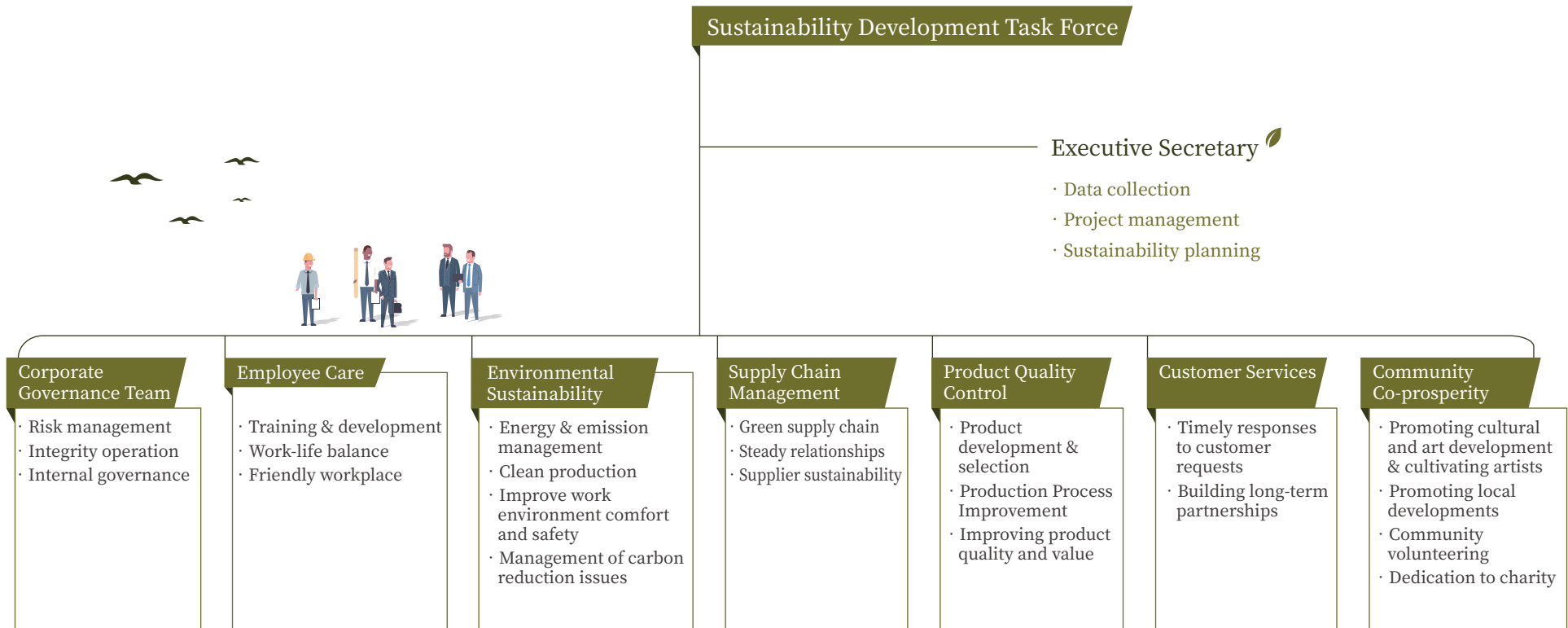
### 2.2 Material Topics

### 2.3 Stakeholder Engagement

The CMP Group upholds itself to the business philosophy of "Diligence, Integrity, Honesty, Beauty, Kindness, and Sincerity" and is devoted to corporate sustainability practices. In addition to CMP's "Sustainable Development Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and the "Guidelines for the Adoption of Codes of Ethical Conduct" that were approved by the BOD, a Sustainability Development Task Force (or Sustainability Team) was formed in accordance with CMP Group's bylaws. Through communication with stakeholders, special project promotions, management system, execution of management approaches, constant reviews and adjustments, and regular reports to the BOD, CMP Group hopes to facilitate prosperity amongst all stakeholders, the environment, and society.

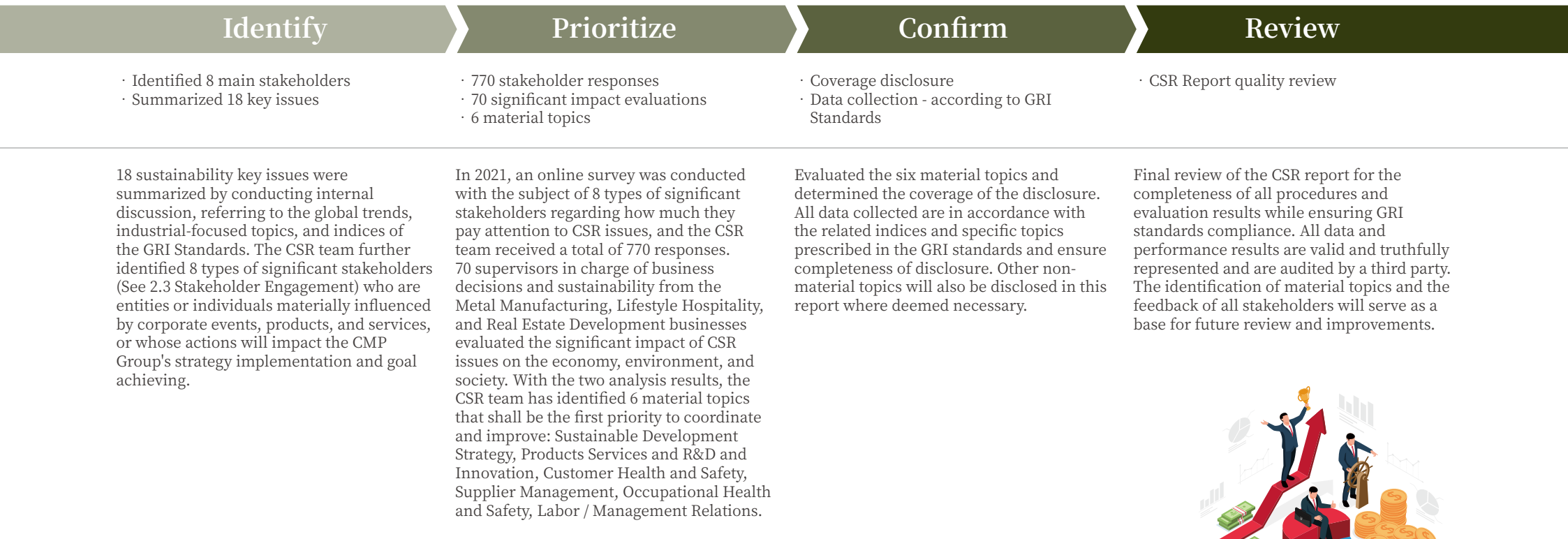
## 2.1 Sustainability Development Task Force

Assembled in 2016, the CSR Team (renamed the Sustainability Development Task Force in 2021) is comprised of seven sub-groups of CMP Group: Corporate Governance, Employee Care, Environmental Sustainability, Supply Chain Management, Product Quality Control, Customer Services, and Community Co-prosperity. The CSR team reports to the BOD semi-annually and is responsible for formulating sustainability development policies, regulations, guidelines, and the implementation and operation of said plans.



## 2.2 Material Topics<sup>6</sup>

### 2.2.1 Flow Analysis

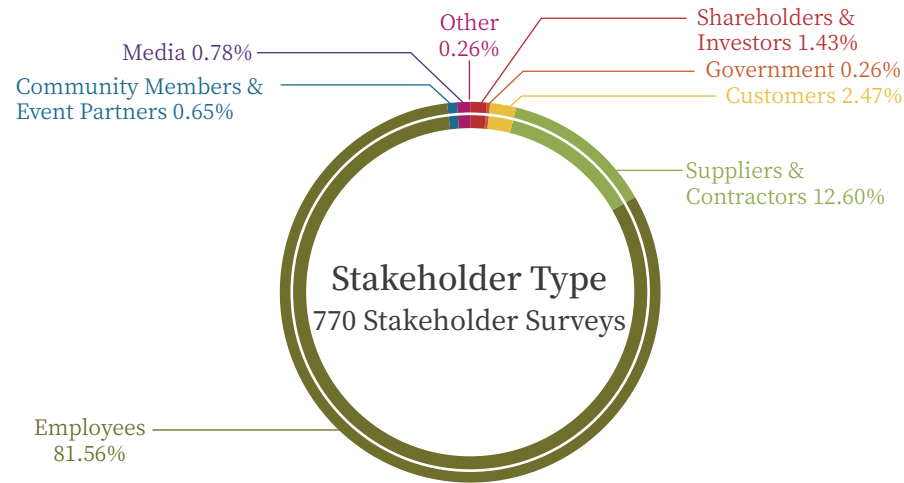


6 Compared with last year, there have been significant changes in the major themes that were not included in this year. Among which, supplier management and labor relations, which were included for the first time, were included mainly due to the novel coronavirus pandemic. Therefore, companies building more flexible supply chains and protecting labor rights and benefits have become the focus of stakeholders. In addition, since climate change has become a global issue, product R&D have been used to create new efficiency in energy conservation and carbon reduction, and taking into account customer health and safety. Therefore, strengthening product service R&D innovation has become a major theme once again in 2018.

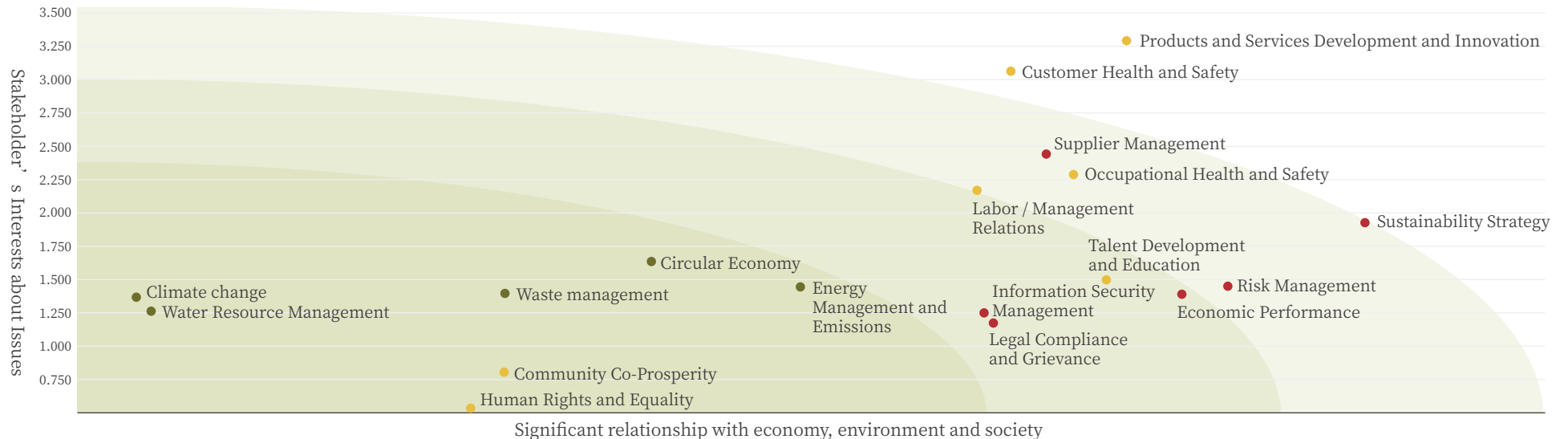


- 2.1 Sustainability Development Task Force
- 2.2 Material Topics
- 2.3 Stakeholder Engagement

## 2.2.2 Material Topic Outputs



Corporate Governance/ Economic	Environmental	Social
Sustainability Strategy	Circular Economy	Labor / Management Relations
Risk Management	Energy Management and Emissions	Occupational Health and Safety
Legal Compliance and Grievance Mechanism	Water Resource Management	Talent Development and Education
Economic Performance	Waste management	Human Rights Assessment
Information Security Management	Climate change	Community Co-Prosperity
Supply chain management		Customer Health and Safety
		Products and Services Development and Innovation





## 2.2.3 Report Boundary

Type	Material Topics	Corresponding GRI Standards	Report Boundary				
			Value Chain				
			Project Research & Development	Outsourcing & Procurement	Production Management	Transportation & Sales	Thoughtful Customer Service
Corporate Governance/ Economic/ Environment	Supply chain management	GRI 308: Supplier Environmental Assessments 2016					
		GRI 414: Supplier Social Assessment 2016	○	○	○	△	△
		GRI 204: Procurement Practices 2016					
Social	Labor/Management Relations	GRI 402: Labor/ Management Relations 2016	○	○	○	△	□
Social	Products and Services Development and Innovation	Items set by CMP Group	○	△	△	△	△
Corporate Governance/ Economic	Sustainability Strategy	Items set by CMP Group	○	○	○	△	△
Social	Customer Health and Safety	GRI 416: Customer Health and Safety 2016	○	△	○	△	○
Social	Occupational Health and Safety	GRI 403: Occupational Health and Safety 2018	○	△	○	○	○

○ : Direct impact △ : Indirect impact □ : Directly impacted through business relationships




Material Topics	Impact Description	Management Approach	Responses	Results	Linked page
 Supply chain management	An effective supply chain management system can minimize the cost, waste and time in the production cycle	Require suppliers to follow CMP Group's Supplier Management Code and regularly perform risk assessment and audits to strengthen supply chain management through continuous improvement	Taking the "Sustainable Development Best Practice Principles" and "Internal Control System_Supplier Management Procedures" as the highest standards to select and manage the supply chain in terms of quality review, equipment and production capacity, technical capability, company overview and management capability, environment, customer service and social aspects, respectively	1. CMW Passed the Fifth Batch of Green Production in China — National Enterprise Green Supply Chain Management Review 2. CMS won the 2020 Excellent Supplier Award of Daikin Air-conditioner (Suzhou) Co., Ltd. 3. CMS won the Bosch Rexroth Global Partner Award 4. CMS won the John Deere Global Excellent Supplier and Partner Award 5. CMB won the YANMAR Company's Strategic Partnership Award for Foundry	<a href="#">5.1.1</a>

- 2.1 Sustainability Development Task Force
- 2.2 Material Topics
- 2.3 Stakeholder Engagement

Material Topics	Impact Description	Management Approach	Responses	Results	Linked page
 <p>Labor / Management Relations</p>	<p>Employees are the most important pillars of the Company. We are committed to establishing a harmonious relationship of mutual trust between labor and management by realizing the self-growth of colleagues and the goal of the Company, while creating a challenging and forward-looking working environment with an active and open management model</p>	<p>Set up internal communication channels to make communication barrier-free, and provide a safe and secure working environment to make work smooth and safe</p>	<ol style="list-style-type: none"> <li>Barrier-free communication through monthly meetings, employee suggestion boxes, communication software groups, and labor-management meetings</li> <li>"Regulations and Handling Procedures for Sexual Harassment" have been established to protect and support gender equality</li> <li>We attach great importance to the rights and interests of employees and their physical and mental health, and have established the "Employee Care Management Measures", "Health Examination Management Measures", "Planned Work Incentive Measures", etc., sparing no effort to care for employees and their families</li> </ol>	<ol style="list-style-type: none"> <li>CMP Group won the Happiness Enterprise Manufacturing Group Gold Award from 1111 Job Bank</li> <li>CMP Group Headquarters obtained the Health Promotion Badge certification of the Ministry of Health and Welfare</li> <li>CMS won the 2020 Advanced Enterprise of Harmonious Labor Relations</li> <li>In 2021, the human resources department introduced HRBP<sup>7</sup> in the business unit, increasing production site visits through business partners, while reaching the goal of convening review meetings on a quarterly basis</li> <li>Since October 2021, we have added monthly regular meetings with foreign labor agents. Through the meetings, we care about the work and living conditions of foreign colleagues on site, and implement human rights protection</li> </ol>	<p><a href="#">4.2</a></p>
 <p>Products and Services Development and Innovation</p>	<p>Through R &amp; D and innovation to enhance core technical capabilities or services, and to further enhance the added value and competitiveness of the products</p>	<p>With the demands of green environmental protection, eco-friendly and customer needs, we will continue to develop innovative and energy-saving products or services and solutions, and provide efficient, reliable and safe products or services</p>	<p>To improve the overall R&amp;D capacity and production results, CMP Group has taken to communicating and exchanging opinions with other companies in the same industry and professional institutions to dive into new technology knowledge. With CMP Group's 4-decade-long industry experience in the technological know-how, CMP Group intelligently and systematically manages to improve the production efficiency and enhance innovation energy. In 2021, a total of NT\$388,343,000 were invested in research and development, accounting for 2.05% of the turnover</p>	<ol style="list-style-type: none"> <li>CMP Group won the 4th Taichung Outstanding Contribution Award for Low-carbon Sustainable City in 2021</li> <li>CMP Group's "Kong-Ke Museum" project won the 2021 TSAA Taiwan Sustainability Action Award Bronze Medal</li> <li>Kong-Ke Museum received the Interior Architecture Award at iF Design Awards 2021, and was recognized in the Visual Identity at A' Design Award</li> <li>Kong-Ke Museum was recognized by La Vie Creative Awards</li> <li>CMW won the 2021 National Machinery Industry Product Quality Innovation Award - Ministry of Machinery Industry of China</li> <li>CMW won the first batch of intelligent manufacturing projects - comprehensive standardization and new model application direction of Tianjin City in 2021</li> </ol>	<p><a href="#">5.1.2</a></p>

7 HRBP : Human Resource Business Partner



- 2.1 Sustainability Development Task Force
- 2.2 Material Topics
- 2.3 Stakeholder Engagement

Material Topics	Impact Description	Management Approach	Responses	Results	Linked page
 Customer Health and Safety	<p>Customer health and safety include customer privacy, which is not only an important asset for both parties, but also the foundation of mutual trust. If the Company violates relevant regulations or the products endanger the health and safety of customers, it will seriously damage the corporate image and cause financial risks</p>	<p>Taking control of raw material supply and production process as the quality basis for providing health and safety products, and participating in multiple customer meetings to obtain more relevant information through communication and sharing to minimize health and safety risks. Continue to pay attention to customer health and service quality, and provide healthy and safe products or services to customers</p>	<ol style="list-style-type: none"> <li>1. Through the customer satisfaction survey to understand the customers' recognition of the Company's service and product quality.</li> <li>2. Enhance service quality through customer complaints and improvement mechanisms</li> <li>3. Accept customers to visit the factory for audit to reduce the probability of customer complaints and improve product quality and customer relations</li> </ol>	<ol style="list-style-type: none"> <li>1. CMW won the 2021 National Machinery Industry Product Quality Innovation Award- Ministry of Machinery Industry of China</li> <li>2. Suzhou CMS Machinery Co., Ltd. obtained the director unit of Suzhou New District (Huqiu District) Safety Production Management Association</li> </ol>	<p><a href="#">5.1.2</a> <a href="#">5.2.2</a></p>
 Sustainable Development Strategy	<p>Continue to investigate and formulate development strategies through sustainability factors every year to respond to economic, environmental, and social impacts</p>	<p>Disclose the management approach, countermeasures, action plans and execution results in the face of major environmental and social impacts through the Sustainability Report</p>	<ol style="list-style-type: none"> <li>1. CMP Group identifies sustainability factors specific to CMP Group through questionnaires and surveys and formulates corresponding strategies</li> <li>2. Improve employee quality through education and training in response to sustainability</li> </ol>	<ol style="list-style-type: none"> <li>1. CSR and Sustainability Reports from 2015 to 2021</li> <li>2. In 2021, 29 CSR educational training and review conferences were held with a total of 134 participants</li> </ol>	<p><a href="#">Letter from Management Sustainable Development Plan Short-, Medium-, and Long-Term Goals for Sustainable Development</a></p>
 Occupational Health and Safety	<p>Potential risks from workplace will negatively impacted employee safety and health. Therefore, providing a safe and healthy workplace is our friendly commitment and also shows our respect to human rights. Occupational health and safety include injury prevention and health and welfare promotion</p>	<ol style="list-style-type: none"> <li>1. Formulate Occupational Health and Safety Goals</li> <li>2. Establish a robust environmental safety and health management system, reinforce risk assessment and education and training, and implement environmental safety and health audits to ensure a safe, healthy and clean working environment</li> </ol>	<p>According to the Regulations Governing Occupational Health and Safety, an Occupational Safety and Health Committee was established and its meetings are convened quarterly focusing on the issues of safety concerns and internal audit, disaster prevention and drills, the current regulations and laws, and promotion of education and training and on-site inspection to ensure safe production</p>	<ol style="list-style-type: none"> <li>1. All plants have obtained the certification of ISO 45001: CMP-Hsinchu also passed CNS 45001</li> <li>2. Suzhou and Tianjin Plants obtained Level 2 &amp; 3 certifications of work and production safety standardization issued by the State Administration of Work Safety</li> <li>3. CMS obtained the director unit of Suzhou New District (Huqiu District) Safety Production Management Association</li> <li>4. The employee cafeteria in CMS also passed ISO 22000 to ensure food safety</li> </ol>	<p><a href="#">4.5</a></p>





- 2.1 Sustainability Development Task Force
- 2.2 Material Topics
- 2.3 Stakeholder Engagement

## 2.3 Stakeholder Engagement

Stakeholders	Focused Topics	Communication Channel	Communication Frequency	Significance	Conclusion	CMP Group Response
 Shareholders & Investors	Sustainable Development Strategy	Annual Meeting of Shareholders	Annually	Investors and shareholders are CMP Group's most vital supporters and should be kept informed of operating results and related information.	Frequent update on CMP Group operation with investors through investor conferences and meeting for shareholders. Improve corporate governance by providing spokesperson's hotline and provide feedback in a timely manner. Investors also give their suggestions and expectations at the AGM.	Increase efforts to conduct stakeholder surveys to more effectively grasp the shareholders' and investors' concerns about CMP Group's operation. Continuously improving Corporate Governance The corporate governance evaluation in 2021 ranked corporate governance level Top 21%-35% among the listed companies in Taiwan.
	Products Services and R&D and Innovation	Road show	At least twice a year			
	Supplier Management	Board of Directors (BOD)	At least quarterly			
	Customer Health and Safety	Telephone Communications and Spokesperson's Hotline	Real-time, when necessary			
	Risk Management	Stakeholder Survey	Annually			
 Customers	Risk Management Energy Management and Emissions Occupational Health and Safety Customer Health and Safety Products Services and R&D and Innovation	Customer Satisfaction Survey	Quarterly & Semiannually	The customers are the primary sources of CMP Group's revenue. Customers should be serviced with the most professional technology and provided with the best quality product. In addition, customers will be assisted with production planning capability to practice ESG sustainability such that there is a reduction of the negative impact of related products on the environment. The profits generated from customers support corporate survival and development.	Through face-to-face visits, supplier conferences, and other methods of communication, CMP Group can better understand customer needs and opinions. In addition, daily and frequent communication with customers and annual customer satisfaction surveys also allow CMP Group to improve customer services further and enhance CMP Group economic performance.	The quality products and services of the CMP Group's various business groups have continued to increase economic benefits and prudent audit and response to various risks have been carried out. Metal Manufacturing continues to develop and improve innovative technologies. With the idea of promoting green design and alternative raw materials for production, circular economy has been adopted and such product quality is ensured to enhance customer satisfaction. Land Development values information security management, customer privacy as well as quality services and ideas that incorporate the concepts of green construction for low carbon life and intelligence buildings in all construction projects. Lifestyle Hospitality continues to provide lifestyle hospitality services that promote culture and creative art services in the local community while satisfying the diverse customer needs to stimulate the local economic momentum.
		Supplier Conference	Annually			
		Telephone, Electronic Communications, and Mail	Real-time, Daily			
		Regular Review	Annually			
		Supplier Monthly PPM	Monthly			
		Interviews, Office Visits & On-site Visits	When necessary			
		DM、EDM、App	Monthly			
		Website, Facebook Fanpage	One post every 1-2 days			
		Stakeholder Survey	Annually			
		Annual Quality Improvement Plan Report	Annually			



- 2.1 Sustainability Development Task Force
- 2.2 Material Topics
- 2.3 Stakeholder Engagement

Stakeholders	Focused Topics	Communication Channel	Communication Frequency	Significance	Conclusion	CMP Group Response
 Government	Circular Economy Occupational Health and Safety Sustainable Development Strategy Risk Management Labor / Management Relations	Submission of reports	Monthly required reports	The government oversees enterprises, sets regulations, and requests them to report matters regarding corporate governance on a regular basis accordingly. This exchange of information through various communication channels and tools between the government and enterprise allow enterprises to obtain the trust, support, and cooperation of the government. This symbiotic relationship establishes a good external political environment for the enterprises and allows the enterprises to promote their own survival and development.	Operate our business and pay income tax accordingly. Through e-filing system, providing the government and the public with information of their interest. This action complies with all the laws and the Ethical Corporate Management Best Practice Principles.	Complying with the statute, CMP Group follows the monthly submission requirements and issues relevant declarations to support the government's authority. CMP Group has a dedicated unit that responds and interacts with the government for their audits or inquiries by providing the necessary information while maintaining and establishing a good relationship. The human resources unit makes good use of the government's resource and fully promotes the collaboration between industry, business, and government to cultivate talent for relevant fields in support of the promotion of government policies.
		Material Information	At least twice per month			
		Letter from Authorities	At least once per month			
		Telephone and Electronic Communications	When necessary			
		Interviews	Quarterly			
		On-site Inspection by Authorities	When necessary			
		Meetings	When necessary			
 Suppliers & Contractors	Supplier Management Sustainability Strategy Customer Health and Safety Economic Performance Products Services and R&D and Innovation	Supplier Conference	Annually	Ensure that the products provided by the suppliers comply with the CMP Group standards and satisfies CMP Group's customers.	Implement supplier management requirements in procurement and supplier management. Meanwhile, maintaining a good communicative relationship with suppliers to further implement CMP Group business philosophy and CSR practices. Host annual supplier conference that promotes government regulations and annual procurement plans to raise the awareness of ESG sustainability through active communication in hopes of creating a friendly work environment and creating an substantial influence on ESG (the society, environment, and corporate governance & economy).	Implement supplier management mechanism through the monthly and annual supplier assessments. In hopes of encouraging suppliers to further practice corporate social responsibility, CMP Group continues to conduct the ESG corporate governance, economic, environmental, and society-oriented audits formulated in 2019 to reduce the negatives and enhance the positives of long-term sustainable management methods. With green procurement as a base and sustainable supplier management practices, CMP Group strives to create an environment where suppliers can easily operate in a sustainable manner accordingly. In light of frequent loopholes in information security management in 2020, CMP Group has continued to request suppliers to build a strong information security management system.
		Year-End Party	Annually			
		On-site Audit	In accordance with annual plan			
		Training	When necessary			
		Letters	Monthly			
		Meetings	When necessary			
		Interviews	When necessary			
		Telephone, Electronic Communications, and Mail	Real-time			

- 2.1 Sustainability Development Task Force
- 2.2 Material Topics
- 2.3 Stakeholder Engagement

Stakeholders	Focused Topics	Communication Channel	Communication Frequency	Significance	Conclusion	CMP Group Response
 Employees	Labor / Management Relations Economic Performance Occupational Health and Safety Talent Development and Education Human Rights Assessment	Family Day	Annually	Employees are the core partners of an enterprise and must be provided with a friendly, respectful, and caring work environment such that they can thrive alongside with the company. The CMP Group also offers a comprehensive salary and welfare system to attract outstanding talent while committed to talent development.	Through weekly, monthly, departmental, and labor management meetings and employee satisfaction survey, CMP Group discusses working environment, salary and benefits, employ care, and education and training matters with its employees. During these meetings, employee feedback is highly welcomed, and the feedback will be taken into consideration for policy adjustments, regulation formulation, and revisions. All this is to facilitate further and promote a friendly working environment.	Constantly improve the quality of education and training to systematically enhance professional literacy and ability of all employees. In addition, through mid to high-level management educational projects, CMP Group hopes to concretely shape its corporate culture and set the tone for a lifelong learning practice at CMP Group. CMPedia, an online learning platform rolled out in February 2019, not only provides job competency learning and professional learning, but also shares diverse lifestyles with CMP employees, which enrich their cultural literacy, tastes, and attitude toward life.
		Employee Satisfaction Survey	Semiannually, Annually			
		Performance Review	Monthly & Semiannually			
		Labor/Management Meetings	Quarterly			
		Monthly Assembly	1 to 2 times per month			
		E-Newsletter, information security monthly newsletter Information security monthly newsletter	Monthly			
		Morning Assembly, Pre-shift Meetings	Weekly, Daily			
		Employee Forums	When necessary			
		Employee Suggestion Box, Grievance Mechanism	When necessary			
		Production Site Inspection	When necessary			
		LOHAS Workplace, Incentive Plans	When necessary			
Information Release on Online Platforms (Line/WeChat) CMP Group Message Center	When necessary Irregular					

- 2.1 Sustainability Development Task Force
- 2.2 Material Topics
- 2.3 Stakeholder Engagement

Stakeholders	Focused Topics	Communication Channel	Communication Frequency	Significance	Conclusion	CMP Group Response
 Community Members & Event Partners	Risk Management Waste management Water Resource Management Energy Management and Emissions Community Co-Prosperity	Volunteer Activities	Weekly	The establishment of local factory(ies) along with the support of community members and partners are all important factors in the local development of the enterprise. The best way for a company to give back to the local residents is to participate in various local social activities.	Through the participation in local activities to understand the concerns and suggestions of community members, CMP Group can better tailor and formulate ways to give back to the community.	Continue to engage in and sponsor local community activities while inviting community members to participate in company activities. The bilateral communication between the locals and CMP Group helps CMP Group focus on the issues that community members pay attention to and raise countermeasures or solutions. From 2018, at the suggestion of community members, CMP Group adjusted the forklift operating time during the evenings to reduce noise pollution. Moreover, CMP Group holds health forums and environmental safety exercises regularly to address the long-term concerns of the community members and respond to their suggestions.
		Office Visits	1 to 2 times per year			
		Activity Participation	2 to 3 times per year			
		Telephone or Electronic Communications	Times, real-time			
 Media	Economic Performance Sustainability Strategy Risk Management Products and Services Development and Innovation Circular Economy	Interviews	Quarterly	The media is a valuable partner to the listed companies in promoting operational policies and objectives. Through the media, a company can efficiently inform its shareholders and investors of the company's current status and directions.	Inviting media to participate in the company events and activities or interviews allows a bilateral communication for the company to understand public concerns; On the other hand, the public can further understand the company's business, trends, and operational results.	Open up and invite the media to participate in CMP Group's various business-related activities. This allows the media and general public to be updated on CMP Group's latest operational news and directions CMP Group shares various media coverage of CMP Group with employees so that they can further understand the views and suggestions of the media and the public and take these opinions into account to see whether any adjustment or revision to the Group is needed.
		Telephone or Electronic Communications	Real-time			
		Contract	Depending on each session			



- 2.1 Sustainability Development Task Force
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Stakeholders	Focused Topics	Communication Channel	Communication Frequency	Significance	Conclusion	CMP Group Response
 <p>Others (stakeholders, such as the Company's independent directors, excluding the seven abovementioned stakeholders)</p>	<p>Sustainable Development Strategy</p> <p>Information Security Management</p> <p>Circular Economy</p> <p>Customer Health and Safety</p> <p>Products and Services Development and Innovation</p>	<p>Board of Directors (BOD)</p> <p>Audit Committee</p> <p>Remuneration Committee</p> <p>Shareholders' Meeting</p>	<p>More than four times per year</p> <p>More than four times per year</p> <p>More than four times per year</p> <p>Annually</p>	<p>Independence and professional knowledge of independent directors are conducive to monitoring business operations and to providing comments and suggestions in many aspects such as commerce, legal affairs, finance, and accounting, thereby achieving excellent corporate governance and performances.</p>	<p>Independent directors' deep participation can be conducive to corporate governance and ensure the public interests, thus benefiting more investors directly and employees indirectly.</p>	<p>An "Audit Committee" composed of independent directors oversees the fair presentation of the Company's financial statements, the appointment (dismissal), independence and performance of CPAs, effective implementation of internal control, appropriateness of the internal legal compliance procedures and planning; management of existing or potential risks.</p> <p>The audits mentioned below are conducted by the "Remuneration Committee", comprising of independent directors, in accordance with the "Remuneration Committee's bylaws" and the final suggestions will be reported to the Board of Directors for discussion.</p> <p>The "Remuneration Committee", comprising independent directors, conducts related audits in accordance with the "Remuneration Committee's bylaws", and submits suggestions to the Board of Directors for discussion.</p>



chapter.3



# Corporate Governance

3.1 Organizational Chart

3.2 Business Operation

3.3 Risk Management

3.4 Ethical Corporate Management




▲  
2021 CMP  
Annual Report.





## Corporate Governance

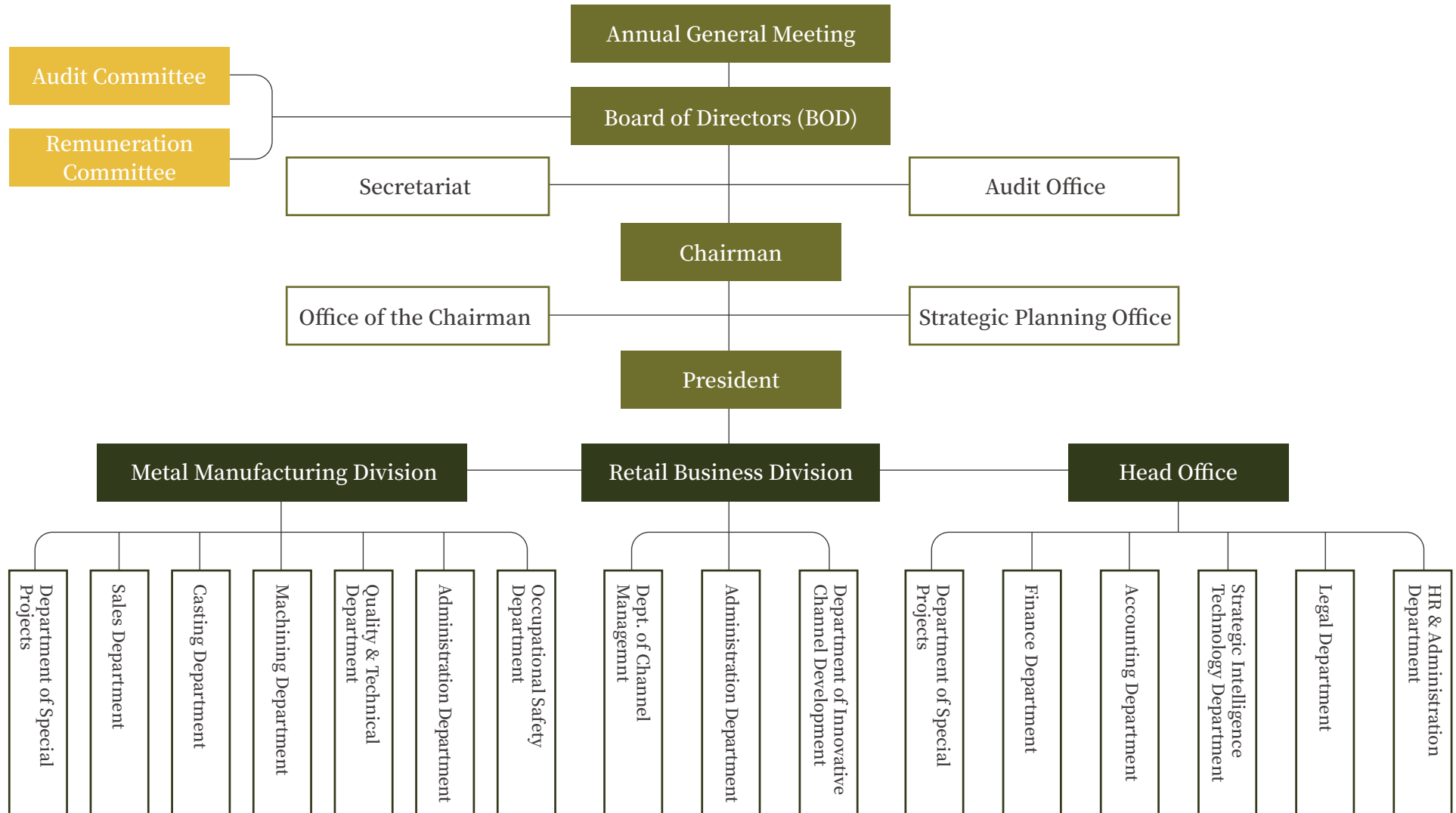
	Management Approach	Responsible Unit	Action Plans	Grievance Mechanism
Economic Performance	Continuously enhance operational performance and generate stable revenue	The Finance Department, the Accounting Department, and the Three Major Businesses	Produce monthly management issue reports for analysis on gross, inventory, inventory age, defective rate, cost, expenditure, R&D, maintenance (including environmental safety improvement), etc.; regularly announce how to formulate new strategies for improvement for the management	 <p>Independent grievance mailbox — Audit Office <a href="mailto:ethics@cmp.com.tw">ethics@cmp.com.tw</a></p>
Legal compliance	Formulate a legal compliance system and strengthen the internal audits	Corporate Governance Officer	The Legal Department is responsible for holding seminars and forums based on the issue of legal compliance to enhance the employee's awareness	 <p>Contact Person for Investors: Spokesperson LIN, Ching Yi IR Project Manager Kao, Ya Yi <a href="mailto:ir@cmp.com.tw">ir@cmp.com.tw</a></p>
Risk Management	Continuously improve the corporate governance, assess the internal and external changes of the organization and the potential impact on the organization, and establish countermeasures in pursuit of sustainable development	Head Office	The responsible person of each unit has to purpose the risk assessment, its countermeasures, and action plans in many aspects such as operations, financial condition, cybersecurity, and environmental safety and report the result to the Board of Directors (BOD)	

Target Item	Actual Performance in 2021	2023	2025	2027	Detail
Corporate Governance Evaluation	21-35%	21-35%	6-20%	5%	Short-Term Goals Have Been Achieved
BOD Performance Evaluation	94-100	94-100	95-100	96-100	Short-Term Goals Have Been Achieved
The Audit Committee Attendance Rate	100%	100%	100%	100%	Long-Term Goals Have Been Achieved
The Remuneration Committee Attendance Rate	100%	100%	100%	100%	Long-Term Goals Have Been Achieved
Hours of Continuing Education for Directors	9.2H	6H	6H	6H	Long-Term Goals Have Been Achieved

The Group's Revenue	EPS	The percentage of the investment in R&D of the total revenue	Environmental Protection Expenditure	Financial Assistance Received from Government	Detail
NT\$18,938,168 thousand	NT\$3.22	2.05%	NT\$93,810 thousand	NT\$77,480 thousand	Operational performance has improved compared with that in 2020



### 3.1 Organizational Chart



### 3.1.1 Board of Directors (BOD)

#### BOD composition and operation

The Directors of CMP Group was re-elected on June 22, 2020; there are 9 directors with a three-year term each. As the top management of CMP Group, the BOD members are elected based on professional knowledge and diversity so that the BOD is fully equipped to formulate business strategies and oversee business operations. Current BOD members possess industrial experience, management expertise, leadership, financial, and legal professional knowledge. Two female directors accounted for 22.2% of the BOD; directors aged 31-50 accounted for 22.2% of the BOD, and those over 51 accounted for 77.8%. Independent directors are appointed through the candidate nomination system prescribed in Article 17 of the CMP Article of Incorporation. The BOD first publishes a call for independent director nominations when the decision to hold an annual meeting of shareholders has been approved. The BOD then reviews and releases the list of nominated candidates in accordance with Article 192-1 of the Company Act and then proceed to hold the election at the annual meeting of shareholders. For the list of directors and their education and experience, please refer to page 17 of the 2021 CMP Annual Report for details. A total of seven BOD meetings were convened during 2021. All BOD meetings were conducted in accordance with the "Rules of Procedure for Board of Directors Meetings," and the attendance was registered on the "Market Observation Post System (MOPS)" website for reference. Please refer to page 40 of the 2021 CMP Annual Report for detail minutes of the meetings.

Position	Name	Physical Attendance	Attendance by Proxy	Physical Attendance Rate	Remarks
Chairman	Lucent Source Ltd. Representative: LIN, Ting Fung	7	0	100%	Re-elected
Director	WU, Shu Chuan	6	1	86%	Re-elected
Director	TSAO, Ming Hong	7	0	100%	Re-elected
Director	HO, Cheng Yu	6	0	86%	Re-elected
Director	HO, Pei Fen	7	0	100%	Newly elected
Director	Chain-Yuan Investment Co., Ltd. Representative: KING, Fong Tien	7	0	100%	Newly elected
Independent Director	LIAO, Liou Yi	7	0	100%	Re-elected
Independent Director	CHANG, Ming Jye	6	1	86%	Re-elected
Independent Director	LIN, Jung Chuen	7	0	100%	Re-elected

### Mechanism for Conflict of Interests

Pursuant to Article 206 of the Company Act, directors that come across conflicts of interest should disclose the content of their self-benefit to the Board and recuse themselves from all relevant discussions and voting. Also, CMP Group's "Guidelines for the Adoption of Codes of Ethical Conduct" prescribed that all directors, supervisors, and managers may not inappropriately profit from their positions for themselves, their spouses, parents, child/ren and/or relatives within three linear degrees of kinship. No mortgage, guarantees, trading of material assets nor purchase and sales of merchandises may take place with an affiliated company belonging to the parties listed above or directors of CMP Group, prior to the reporting of potential conflict of interests to the BOD. The parties listed above should also recuse themselves from any discussions and voting at the BOD upon any conflicts of interests found on the proposed resolutions. Please refer to page 43 of the 2021 CMP Annual Report for details of the execution of recusing oneself from conflict of interests.

### Continuing Education for Directors

CMP Group provides training for directors, aiming to enhance their skillsets in corporate governance and professional abilities. Training based on topics such as Corporate Governance, Corporate Social Responsibilities, Business Management Strategy, and Director's Operation in Practice, matched the requirements listed in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" regarding training hours, scope and systems. Please refer to page 78 of the 2021 CMP Annual Report for details of director's training.

### BOD Performance Evaluation

To enhance the BOD operation and corporate governance, CMP Group's BOD approved the "Regulations Governing Performance Evaluation

for the Board of Directors" on May 10, 2016 to conduct internal BOD performance evaluations at least once a year. The Company has formulated the "Standard Operating Procedures for Handling Directors' Requests" in 2019 to assist directors to carry out their duties and to enhance the performance of the BOD.

BOD Performance Evaluation	BOD Member Performance Evaluation	Comprehensive Evaluation
<ul style="list-style-type: none"> <li>Participation in business operation</li> <li>Quality of BOD resolutions</li> <li>BOD composition and structure</li> <li>Directors' election and continuing education</li> <li>Internal Control</li> </ul>	<ul style="list-style-type: none"> <li>Control over company goals and tasks</li> <li>Awareness of director's roles and responsibilities</li> <li>Participation in business operation</li> <li>Management and communication of internal relations</li> <li>Directors' expertise and continuing education</li> <li>Self-evaluation of internal control</li> </ul>	<p>Self-evaluation for 2021: Excellent BOD and BOD members' performance scored between 93.88 to 100</p>

### 3.1.2 Audit Committee

The Audit Committee was established on June 19, 2017 after the supervisory system was abolished. The Audit Committee consists of three independent directors with skillsets of investment planning & evaluation, operation management practices, industrial experience, public relations, and finance. The Audit Committee aims to aid the BOD in monitoring the CMP Group on accounting, internal audit, financial reporting process, quality, and integrity of financial controls and risk management. In addition, the Audit Committee provides practical guidance and suggestions for the BOD. Six meetings were held in 2021, with an attendance rate of 100%. For the resolution results and the Company's handling status of the Audit Committee's opinions, please refer to page 46 of 2021 CMP Annual Report for details.

### 3.1.3 Remuneration Committee

The Remuneration Committee members were re-elected on June 22, 2020. Currently, the three members of the third term are all qualified in accordance with the relevant regulatory requirements. A total of three meetings were held in 2021, and the attendance rate was 100%. Please refer to page 87 page of the 2021 CMP Annual Report for details of the matters discussed and resolution of the 2021 Remuneration Committee, as well as the Company's handling of members' opinions.

### 3.1.4 Corporate Governance Officer

The Company has set up a "Corporate Governance Officer" based on the resolution of the board of directors on March 30, 2021, and the Executive Vice

President of the Company served as the corporate governance supervisor. The Corporate Governance Officer has been engaged in legal and finance-related affairs in public companies for more than three years. In addition, the Company has appointed 3 corporate governance personnel to assist in corporate governance related matters, protect the rights and interests of shareholders and strengthen the functions of the board of directors. Their main responsibilities include providing directors with the information they need to carry out their duties, assisting directors in complying with laws and regulations, and handling matters related to the board of directors and shareholders' meetings in accordance with the law. Please refer to page 77 of the 2021 CMP Annual Report for details on the annual training of the Corporate Governance Officer and implementation of related businesses.

## 3.2 Business Operation

### 3.2.1 Operation Performance

Financial Performance<sup>8</sup>

Unit: thousand NTD

Composition	Detail	2017	2018	2019	2020	2021
Direct Economic Value Generated		14,605,565	19,036,492	13,862,498	13,186,180	19,036,492
Income	Operating Income	14,517,909	18,085,535	13,770,124	13,125,899	18,938,168
	Interest/ Dividend/ Rent Income	87,656	110,934	97,737	99,875	103,875
	Income from Asset Sale	0	361,047	(5,363)	(39,594)	(5,551)
Direct Economic Value Distributed		14,137,503	16,836,944	14,304,373	12,665,229	17,916,087
Operating Cost	Cost from Operating Activities	11,377,715	13,973,217	11,133,427	10,402,774	15,367,893
Remuneration & Benefits	Salaries, Bonuses, Rewards, Employee Benefits	1,619,600	1,657,394	1,601,573	1,426,131	1,666,228

<sup>8</sup> From 2016 to 2021, financial information had been summarized in the consolidated financial statements according to the International Financial Reporting Standards. For the entities included in the consolidated financial statements of the CMP, please refer to 2021 CMP Annual Report P.232-235.




Composition	Detail	2017	2018	2019	2020	2021
Capital Expenses	Interest Expenses/ Dividend Expenses	798,057	842,635	1,309,417	621,466	646,868
Government Expenses	Taxation (excluding deferred tax)	339,369	362,301	248,881	207,776	229,468
	Penalties	54	122	115	241	30
Community Investment	Charitable Contributions, Sponsorship, Investments	2,708	1,275	10,960	6,841	5,600
Economic Value Retained(Direct Economic Value Generated – Direct Economic Value Distributed)		468,062	1,720,572	(441,875)	520,951	1,120,405

### Fiacial Assistance Received from Government

Throughout the years, the CMP Group has continued to invest resources and capital in the areas of product and process optimization and talent cultivation. In addition to self-improvement, the CMP Group has also devoted resources towards environmental protection and improvement measures as well as energy-saving and carbon reduction. Apart from complying with global standards and government regulatory requirements, CMP Group upholds itself to a higher regulation standard and as a result, has gained positive effects as well as received awards and grants from the government and other institutions. In 2021, CMP Group received subsidies of NT\$77.46 million in the four major categories along with the relief package for the epidemic: comprehensive economic projects, energy & environment, human resources, and research & developments.

	CMP Group	CMS	CMW	CMB
<p>Economic Projects</p>	<ul style="list-style-type: none"> <li>Subsidies (financing interest deduction)</li> <li>E-commerce Transaction Subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Economic Contribution and Various Rewards</li> <li>Post-stabilization Subsidies and Incentives</li> <li>R&amp;D Expenses Plus Income Tax Contribution Deduction</li> <li>Provincial Management Standard Implementation Reward</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Income Tax Support</li> <li>R&amp;D Plus Income Tax Preference</li> <li>Electricity Subsidy</li> <li>Post-stabilization Subsidies</li> </ul>	<ul style="list-style-type: none"> <li>Economic Contribution Award</li> <li>Income Tax Fee Return</li> <li>Post-stabilization Subsidies</li> </ul>
<p>Energy &amp; Environment</p>	<p>Climate Adaptation Demonstration Project for the Manufacturing Industry</p>	<ul style="list-style-type: none"> <li>Emergency management, safety skills improvement training subsidies</li> <li>Subsidy for energy consumption online monitoring system</li> <li>Subsidy for environmental online monitoring system</li> </ul>	<ul style="list-style-type: none"> <li>Incentives for Green Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Subsidy for Environmental Management Courses</li> </ul>

	CMP Group	CMS	CMW	CMB
 Human Resource	<ul style="list-style-type: none"> <li>• Enterprise Human Resources Enhancement Plan</li> <li>• Industry-academia Subsidy</li> </ul>	<ul style="list-style-type: none"> <li>• Training and Education Subsidy and Incentive</li> <li>• Subsidy for Knowledge &amp; Skills Enhancement</li> <li>• Subsidy for Working in Company as Training</li> <li>• Subsidy for New Mentorship Training</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidy for Working in Company as Training</li> <li>• Subsidy for corporate training</li> <li>• Subsidy for the Employment of People with Disabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidy for Working in Company as Training</li> <li>• Project-based Training and Education Subsidy</li> </ul>
 Research & Development	<ul style="list-style-type: none"> <li>• Subsidy for Innovative Research and Development of Traditional Industry</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding Research &amp; Development Rewards</li> <li>• Technical Transformation Subsidy</li> <li>• Special Incentive for Advanced Manufacturing Base</li> <li>• Enterprise Technology Improvement Incentive</li> </ul>	<ul style="list-style-type: none"> <li>• Research &amp; Development Subsidy</li> <li>• Technical Center Assessment Rewards</li> <li>• Subsidy for Smart Production</li> <li>• Appraisal of Patent Creation Rewards</li> <li>• Domestic Patent Licensing Rewards</li> </ul>	<ul style="list-style-type: none"> <li>• Research &amp; Development Subsidy and Reward</li> <li>• District Patent Subsidy</li> <li>• District-level Genuine Software Subsidy</li> </ul>

### 3.3 Risk Management

Regardless of the rapidly changing environment of market competition and/or internal business management for both CMP Group's traditional business and innovative sectors, CMP Group can only continue to strategize against the possible internal and external risks while counteracting the challenges accordingly. Internally, the Audit Office (AO) monitors over the internal control implementation and is supervised by the independent directors. External risks are evaluated by professionals from all departments, directors, external experts, and together with relevant departments, to formulate strategies and contingency plans.

#### 3.3.1 Internal Control Mechanism

The CMP Group Audit Committee monitors the existing and potential risks and carries out internal controls and annual internal audits through the Audit Office (AO) that directly reports to the BOD. The AO compiles and submits monthly, and quarterly audit reports to the independent directors and responds to any inquiries and addresses issues found in the audit. During the quarterly BOD meeting and Audit Committee meeting, the AO also reports the results of the internal audits according to the Audit Committee and BOD's instructions. In the occurrence of extraordinary circumstances or significant anomalies, AO would report directly and immediately to the independent directors. CMP Group aims to prevent error and fraud and improve the quality of business management through continuous business operation review and stringent internal controls.

### 3.3.2 Risk Identification

Type	Potential Risks and Opportunities	What to Do
Climate Change Risk	Natural Disaster Frequency and Increasing Intensity	Metal Manufacturing: A contingency plan is available to mitigate the potential risk of personal safety, factory equipment damage and shutdown when extreme climates occur such as high temperature in summer and low temperatures in winter, heavy rainfall, flood, heavy snowfall, and or typhoon. The plan entails procedures to follow on production, logistics, raw materials, wastes, and personnel arrangement. Inspections of equipment and factories are conducted regularly to ensure normal operation. Disaster prevention drills are also carried out to improve emergency responses and minimize potential damage and impacts. The Land Estate Development business will improve the building safety factor. Meanwhile, the historical records of typhoon has been factored in operation planning by the Lifestyle Hospitality business to formulate relevant response plans for different natural disasters
	Environmental protection policies and stricter public demands	In order to reduce the environmental impact caused by products and manufacturing processes, to comply with laws and regulations, to meet social expectations, and to align with future trends, we have adopted six major measures 1. Continue to invest in the new materials and technologies R&D to reduce the impact from the source 2. Based on local regulations and requirements, invest in management equipment and do better than the requirements set by laws 3. Seek partners to turn the production waste into resources for reuse in the same plant or in another industry 4. Enhance the overall environmental quality through cross-site environmental, safety and health inspections 5. Strengthen the communication with stakeholders such as the government's environmental protection units and the residents in the surrounding communities to further mutual understanding 6. Contact with new energy vehicle manufacturing companies to secure production orders
	The difficulty and the cost of solid waste disposal will increase in the future	
	The government's policy for production restriction and energy use restriction due to seasonal factors	1. Replace energy-consuming equipment and install smart control and other facilities to implement energy management, thereby maximizing energy efficiency through R&D and manufacturing processes 2. Ensure continued operations and production through various applications to the government and signing the contract of guaranteed consumption with gas companies when faced with energy consumption restrictions due to seasonal factors 3. Formulated a shutdown plan that can minimize the impact and negotiated with the local government 4. Exempted enterprises that have met the requirements of production restrictions for pollution prevention and control in fall and winter
Operation Strategy Risk	Research & Development Plans and Costs	CMP Group is devoted in cultivating technicians who conduct research on the development of new materials and mold, and optimization of production processes so as to further develop special materials and advanced casting products. The key to successful R&D lies in technicians—their tech savvy, technical skills, grasps of client's demand, and cumulative experience. These factors help CMP Group improve product effectiveness and obtain competitive advantages in the market
	Litigations and non-litigation events	The supreme court vacated the litigation proceedings instituted by the Securities and Futures Investors Protection Center (SFIPC) against the CMP Group on March 27, 2019 and remanded the case to the High Court. The High Court of Taiwan ruled against the SFIPC and rejected SFIPC's application for an appeal on January 2, 2020. SFIPC had made an application for appeal concerning the ruling of the first retrial on February 5, 2020. This case is currently under the jurisdiction of the Supreme Court

Type	Potential Risks and Opportunities	What to Do
Operation Strategy Risk	Politics & Law	Continuously pay close attention to regulations in many aspects such as labor, environmental protection, personal data, food safety, and construction, and also to cross-strait relations policies, real estate policies, etc. On the other hand, formulate personal data management regulations, continue to invest in environmental governance, improve working environment and other software and hardware equipment, and send employees to receive training and to assist them in obtaining national certifications, as well as budget for employee health care so that they can be appropriately treated
	Supplier Risk	Evaluations and discussion about risks are performed monthly. As for selection criteria for the new suppliers, CMP Group will evaluate the quality, punctuality, and production capability of suppliers while conducting regular inspections on the existing suppliers. Moreover, CMP Group continued to incorporate environmental and social issues as selection criteria of new suppliers. As for existing suppliers, they would be educated and audited under the same criteria so that adverse environmental and social impacts could be mitigated and production and delivery can thus remain steady
Human Resource Risks	Low Fertility Rate	1. Industry-government-academia Collaboration: Develop multiple channels, deepen industry-government-academia cooperation, and optimize relevant methods to enhance the retention rate after the industry-academia training and strengthen the collaborations with universities and colleges
	Employee Capabilities and Skills	2. Internal Empowerment: Conduct vocational skills training and certification, and make good use of the digital learning system to shorten the learning curve and enhance employees' professional skills and cultivate their core competencies
	Personnel Management	3. Improve the workplace environment: Improve the quality of the working environment, and promote the "Badge of Accredited Healthy Workplace" of the Healthy Workplace Certification launched by the Health Promotion Administration so as to establish a healthy workplace environment 4. Personnel Management: By balancing the demand for manpower and production volumes, CMP Group ensures a safe and healthy working environment, and continuously optimizes various rules, systems and benefits, and establishes an employer brand to attract talent
Financial Risk	Issues of foreign exchange rate fluctuation	Regarding fluctuation in interest rates and exchange rates, the costs and stability are the main two directions for us to consider; pay close attention to changes of interest rates and exchange rates in domestic and foreign markets to adjust the our capital structure in a timely manner, thereby reducing financing costs and losses caused by exchange rate fluctuations
	International trade disputes, anti-money laundering, and tax issues	In addition to continuously strengthening the company's competitiveness, we still pay attention to the progress of trade disputes between the United States and other countries, as well as the news of policies for encouraging the return of capital and information exchanges among countries so as to plan in advance to respond to relevant changes
	Assess the issue of capital flow in response to the possible impact of the pandemic	In addition to controlling expenses and capital expenditures, we actively strive for bank quotas, adjust the composition of correspondent banks, and issue corporate bonds to raise funds from the capital market to reduce capital risks



Type	Potential Risks and Opportunities	What to Do
Financial Risk	Transaction risks on high risk transactions, high leverage investments, loan to others, guarantees, and derivatives	All investments followed the "Procedures for Acquisition or Disposal of Assets" and are executed after careful evaluation. Loans and guarantees follow the "Procedures for Loans to Others" and "Procedures for Endorsements and Guarantees" Trading financial derivatives should follow the "Procedures for Financial Derivatives Product Trading" formulated by CMP Group
	Others (credit risk, stocking risk)	Evaluations and discussion about risks are performed monthly. Control schedules, orders, and inventories are in place to mitigate the risk of raw materials due to price volatility
Market Risk	Changes in domestic and international policies and regulations	Mitigate by following the amendments on the laws and regulations governing corporate governance and the Company Act.
	Changes of Technology & Industry	Mitigate by improving the production technology and management skills, aggressively develop products with high collateral values, strengthen the grasp over industry demand, and market price volatility
	Concentration of purchase/sales	Mitigate by diversifying the suppliers and clients
Cybersecurity Risk	Cybersecurity incidents (hackers, ransomware)	According to the Personal Data Protection Act and Cyber Security Management Act, the emergency task force shall conduct relevant drills, reinforce the firewall mechanism, implement anti-virus, anti-hacking and mail filtering software systems while adopting virtual machine architecture and remote backup functions as well as signing the maintenance contract with system companies to ensure system's efficient performance and to ensure efficient recovery when problems occur. Then, continue to update software and hardware, and arrange website vulnerability tests to reduce cybersecurity risks
	Personal data protection	
Raw material risks	The stability of suppliers' operations is affected by factors such as environmental protection, global supply, and the pandemic, the increase in raw material prices is relatively rapid and the supply is relatively unstable	<ol style="list-style-type: none"> <li>1. Strategically cooperate with suppliers to lock in prices, negotiate and order quantities, delay price increases, and avoid rapid price increases</li> <li>2. Continue to develop multiple suppliers to increase supply backup</li> <li>3. Establish a raw material inventory control mechanism and set up a safety stock</li> <li>4. Assist suppliers to grow and maintain a stable operating physique</li> </ol>

## 3.4 Ethical Corporate Management

CMP Group has always held the beliefs of "Diligence, Integrity, Honesty, Beauty, Kindness, and Sincerity" for business integrity is the foundation of all business operations. In practice, CMP Group compiled and established "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct" and "Guidelines for the Adoption of Codes of Ethical Conduct" as basic norms that further outline work rules and procedures on awards and punitive actions. All directors, manager, employees, and consignees of the Company and subsidiaries are strictly forbidden to directly or indirectly offer, promise, demand or receive any improper benefits anytime during the process of any business activities, or display any unethical behavior that is against the integrity, illegal, or against the consigned responsibilities. CMP Group also assigned the Audit Office to monitor, promote, and receive complaints against any unethical and illegal actions, striving to build a transparent and truthful business culture.

In 2021, under the supervision of the BOD, the topic of anti-corruption procedures and policies were also discussed and promoted to all business partners at the Supplier's Conferences conducted at CMP Group business locations. From 2018, CMP Group implemented and applied the group-wide "CMP Group Supplier Honestly and Integrity and Confidentiality Agreement," starting with important major suppliers. As of 2021, a total of 1,301 letters were sent (including 160 sent in 2021) with 99% suppliers signed-back, while the remaining 1% did not sign as it's not applicable to such nature of transaction, or due to a low transaction frequency. Apart from the introduction training, CMP Group would continue to promote these beliefs through continuous training and announcements every year, aiming to maintain a healthy business environment for all involved.

### 3.4.1 Grievance Mechanism

Apart from proactively taking precautionary measures against illegal conducts, the staff suggestions and grievance channel and the sexual harassment hotline are set up independently at each subsidiary and factory plants for internal communication purposes. The Audit Office is responsible for implementing and monitoring the independent whistleblower mailbox published on the CMP Group's website available for internal and external usage. Any content that involves the directors or senior executives of the company shall be reported to the independent directors. In addition, to protect the whistleblower, all complaint cases are strictly confidential. Information regarding summarizing, processing and improvement plans of the reported case will further report to the BOD when necessary. In 2021, 1 report of illegal activity was received, but after investigation and interviews with relevant personnel, there was no such matters as evidenced in the letter of accusation. In the future, we will continue to disseminate and promote the relevant norms of the group to implement ethical management.



◀ Reporting mailbox: [ethics@cmp.com.tw](mailto:ethics@cmp.com.tw)

### 3.4.2 Legal compliance

Sustainability has always been the goal for the CMP Group over the past 49 years. Legal compliance is no doubt the foundation of CMP Group's business operation. Thus, in times of penalties, CMP Group will follow supervisory instructions and improve its faults at the earliest possible time; In addition, CMP Group further seeks the source of problems and try to resolve the problems from its origin while cross-checking thoroughly to prevent repetitive errors and disseminate such information to across the group as references. As environmental-related regulations tighten in recent years, CMP Group has aggressively devoted resources to improve equipment for environmental governance, recruiting and training of environmental safety specialists, and strengthening the environmental safety awareness of all staff members. Complying with current regulations is merely the very basic requirements for CMP Group. Being ahead of standards is the goal to pursue. In 2021, CMP Group continued to organize education and training sessions and promotions through online channels on ethical operation and management, intellectual property, contract signing, protection of personal information, and civil and criminal law in both China and Taiwan. In 2021, due to the violation of the regulations governing the disclosure of material information, CMP Group was fined NT\$30,000. After this incident, CMP Group promises to improve employees' legal knowledge and reinforce its education and training to prevent the similar incidents from happening again and to reduce losses.

BU	Violation	Description	Improvement Plan and Progress
CMP Group	Violation of regulations governing the disclosure of material information	CMP Group failed to make an announcement on behalf of its subsidiary on the day the fact occurred, and was fined NT\$30,000 by Taiwan Stock Exchange	We will strengthen dissemination and make announcements on behalf of subsidiaries on the date of the fact in accordance with the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities"



## chapter.4



# Employee Relations

4.1 Demographics

4.2 Rights and Welfare

4.3 Talent Development





4.4 Employee Communication

4.5 Occupational Safety





## Employee Relations

	Management Approach	Responsible Unit	Action Plans	Grievance Mechanism
 Labor / Management Relations	Set up internal communication channels to make communication barrier-free	HR & Administration Department	<ol style="list-style-type: none"> <li>Barrier-free communication through various channels such as monthly meetings, employee suggestion boxes, communication software groups, and labor-management meetings</li> <li>"Regulations and Handling Procedures for Sexual Harassment" have been established to protect and support gender equality</li> <li>We attach great importance to the rights and interests of employees and their physical and mental health, and have established the "Employee Care Management Measures", "Health Examination Management Measures", "Planned Work Incentive Measures", etc., sparing no effort to care for employees and their families</li> </ol>	 Independent grievance mailbox — Audit Office <a href="mailto:ethics@cmp.com.tw">ethics@cmp.com.tw</a>
 Occupational Health and Safety	Setting zero industrial safety incident as our goal, follow the regulations of occupational safety and health to hold its relevant activities and shape a safe, healthy, and friendly work environment	Occupational Safety Department	<ol style="list-style-type: none"> <li>Conduct the safety and health education and daily safety drills to raise the employee's awareness of industrial accidents</li> <li>Voluntarily receive inspection and entrust professionals to conduct on-site inspections</li> <li>Conduct the Group's internal exchanges and audits of the issues on the environment, safety, and health</li> <li>Assist our vendors to conduct audits to fully minimize the risk of on-site industrial accidents</li> </ol>	 Designated grievance mailbox for sexual harassment: <a href="mailto:hr@cmp.com.tw">hr@cmp.com.tw</a>  Sexual harassment hotline +886-2-2711-2831 Ext. 8189 Grievance mailbox at each operation of location

Target Item	Actual Performance in 2021	Short-term	Mid-term	Long-term
Average Education and Training Hours per Employee	46.99	53.66	54.2	54.7
Number of the headcount remaining in office after joining Industry-academia collaboration	68	58	60	65
Occupational Injury	No major occupational injury	No major occupational injury	No major occupational injury	No major occupational injury

## 4.1 Demographics

CMP Group has two main location of operations in Taiwan and China. As of December 31, 2021, CMP Group employed a total of 1,803<sup>9</sup> employees mainly comprising of the experienced and knowledgeable employees aged between 31 to 50 (around 67% of the group), while around 19% at the age of 30 or below can infuse new innovative energy to CMP Group. In compliance with local regulations, CMP Group hired a total of 18<sup>10</sup> people with disabilities and 5 employees from indigenous backgrounds. Statistically, 91% of the CMP Group employees are in the Metal Manufacturing business, where most of the employees and management are male due to the nature of the industry. In terms of management, 92% of managers in the Metal Manufacturing business are recruited locally while 100% of managers in the rest of the business units are locally employed.

		All Employees		Male		Female	
		Number	Percentage	Number	Percentage	Number	Percentage
Staff Distribution	Headquarters	70	3.88%	32	1.77%	38	2.11%
	Metal Manufacturing	1,637	90.79%	1,370	75.98%	267	14.81%
	Land Development	83	4.60%	41	2.27%	42	2.33%
	Lifestyle Hospitality	13	0.72%	5	0.28%	8	0.44%
Position Type	Management position	247	13.70%	173	9.60%	74	4.10%
	Non-management position	1,556	86.30%	1,275	70.70%	281	15.60%
Age	Under age 30	344	19.10%	261	14.50%	83	4.60%
	Age 31-50	1,212	67.20%	970	53.80%	242	13.40%
	Age 51 and above	247	13.70%	217	12.00%	30	1.70%
Nationality	Taiwan	303	16.81%	185	10.26%	118	6.54%
	China	1,395	77.37%	1,158	64.23%	237	13.14%
	Thailand	61	3.38%	61	3.38%	0	0%
	Vietnam	38	2.11%	38	2.11%	0	0%
	Indonesia	5	0.28%	5	0.28%	0	0%
	United Kingdom	1	0.06%	1	0.06%	0	0%

<sup>9</sup> A total of 1,803 employees are from China Metal Products Co., Ltd., CMS, CMW, CMB, and PUJEN Land Development. The scope does not include the entire CMP Group

<sup>10</sup> As for the employment of people with disabilities, the CMP Group has paid for the subvention and security, for hiring less people with disabilities in compliance with the "People with Disabilities Rights Protection Act" in Taiwan and the "Collection, Use, and Management of the Suzhou Disabled Person Employment Bond Measures" in Suzhou, respectively

- 4.1 Demographics
- 4.2 Rights and Welfare
- 4.3 Talent Development
- 4.4 Employee Communication
- 4.5 Occupational Safety

	All Employees		Male		Female	
	Number	Percentage	Number	Percentage	Number	Percentage
Permanent	1,077	59.73%	841	46.64%	236	13.09%
Temporary	726	40.27%	607	33.67%	119	6.60%
Full-time	1,802	99.94%	1,447	80.26%	355	19.68%
Part-time	1	0.06%	1	0.06%	0	0%
Direct labor	1,012	56.13%	921	51.08%	91	5.05%
Indirect labor	791	43.87%	527	29.23%	264	14.64%

### New Recruits Rate<sup>11</sup>

Year	By Region				By Age						By Gender			
	Taiwan		China		Under age 30		Age 31-50		Age 51 and above		Male		Female	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2021	67	3.72%	237	13.14%	173	9.60%	130	7.21%	1	0.06%	231	12.81%	73	4.05%
2020	37	2.10%	165	9.36%	130	7.38%	71	4.03%	1	0.06%	144	8.17%	58	3.29%
2019	69	3.82%	233	12.89%	165	9.13%	112	6.19%	25	1.38%	247	13.66%	55	3.04%

### Separation Rate

Year	By Region				By Age						By Gender			
	Taiwan		China		Under age 30		Age 31-50		Age 51 and above		Male		Female	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
2021	46	2.55%	217	12.04%	141	7.82%	119	6.60%	3	0.17%	198	10.98%	65	3.61%
2020	56	3.18%	192	10.90%	145	8.23%	94	5.33%	10	0.57%	186	10.56%	62	3.52%
2019	84	4.65%	365	20.19%	283	15.65%	151	8.35%	15	0.83%	381	21.07%	68	3.76%

<sup>11</sup> New recruits rate (Separation rate) = new recruits (separations) of that category ÷ total number of employees at the end of the period (1,803 persons)

## 4.2 Rights and Welfare (In Response to the Material Topic: Labor / Management Relations)

### 4.2.1 Fundamental Rights

#### Human rights protection

The CMP Group has drawn up its human rights policies and supported various international conventions on human rights such as the Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Convention. CMP Group complies with the relevant local labor and employment laws at the location of operations as well as the Sustainable Development Best Practice Principles. CMP Group treats each employee equally and fairly and is against any form of discrimination due to gender, ethnicity, nationality, age, or religious beliefs. Moreover, forced labor and child labor employment are both prohibited. Meanwhile, the Grievance Mailbox has been set up and the Audit Office will handle it. There was no incident of human rights violations and forced labor or child labor employment in 2021. CMP group conducted 535 hours of education and training on human rights and labor rights. It is hoped that through continued education and training, employees can enhance their awareness on these issues.

#### Sexual harassment prevention

CMP Group has established the "Regulations and Handling Procedures for Sexual Harassment", which is applicable to all CMP Group employees, contracted laborers, and job applicants, to provide a safe and secure environment. A dedicated hotline and a designated mailbox for sexual harassment complaints have been established, and the complaints are sent to and handled by the HR & Administration Department of the Head Office. To ensure the privacy of the reporting party, cases are handled confidentially by the Sexual Harassment Complaint Committee. On the other hand, the committee shall consist of more than 50% female members in accordance with the relevant rules. There was no sexual harassment complaints reported in 2021.

#### Minimum Period of Advance Notice for Job Change

The minimum period of advance notice for job changes is adopted based on regulations of the Labor Standards Act in Taiwan and CMP Regulations Governing the Recruitments and Separation that stipulate that a 10 days advance notice is required for employees who have been employed for more than 3 months but less than 1 year; a 20 days prior notice is required for employees who have been employed for 1 or more years but less than 3 years; a 30 days prior notice is required for employees who have been employed for 3 or more years, and job-hunting leave, severance pay, etc. shall be provided in accordance with the regulations. In China, in accordance with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, all employees must be notified in writing 30 days prior to any job changes.



▲ Designated grievance mailbox for sexual harassment  
[hr@cmp.com.tw](mailto:hr@cmp.com.tw)



▲ Independent grievance mailbox  
[ethics@cmp.com.tw](mailto:ethics@cmp.com.tw)



## Implementation of the Retirement System

CMP Group contributes pension funds in accordance with the Labor Standards Act and the Labor Pension Act in Taiwan. In addition, CMP Group has established the "Regulations Governing Employee Retirement" clearly specifying the process of retirement application, its procedure, and pension payment methods. In China, CMP Group abides by the regulations of the local government and make monthly contributions to the social security such as pension funds, medical care funds, etc.

### Parental leave<sup>12</sup>

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Eligible employees <sup>13</sup>	14	10	12	11	10	11
Applicants	1	2	0	3	0	4
Employees Expected to Return	1	1	0	0	0	2
Returned Employees	1	1	0	0	0	2
Employees Returning to Work for Over One Year	0	1	0	0	0	0
Return Rate (%) <sup>14</sup>	100	100	-	-	-	100
Retention Rate (%) <sup>15</sup>	-	100	-	-	-	0

## 4.2.2 Remuneration and Promotion

CMP Group has established a comprehensive remuneration and performance assessment system, which also conforms to the minimum wage of local

regulations and set the salary standard by the employee's ranking and job description, not by gender or age. Meanwhile, it assesses employee performance through organizational management indicators and team goals. The performance result would be a reference for promotion, salary adjustment, and employee compensation, and the issuance of the year-end performance bonuses. The frequency of performance assessment and the assessed items are implemented by each operating unit in accordance with the bylaws based on the nature of the industry and the position. Also, the Remuneration Committee has been formed with independent directors serving as committee members and review managers for the remuneration policy.

### Salary for full-time employees in non-supervisory positions

Unit: NTD

	2020	2021	Difference from previous year
Average salary	670,316	769,000	98,684
Median salary	545,260	615,000	69,740

### Male and Female Remuneration Ratio<sup>16</sup>

	Headquarters		Metal Manufacturing		Land Development		Lifestyle Hospitality	
	Male	Female	Male	Female	Male	Female	Male	Female
Managers	1.44	1	1.41	1	1.32	1	1.06	1
Non-Managers	1.18	1	0.93	1	1.17	1	1.14	1

12 The scope of parental leave data disclosed was based only in Taiwan and did not include the data from the locations of operations in China (i.e., the Metal Manufacturing businesses: CMS, CMW, and CMB)

13 The statistics are based on colleagues who applied for parental leave allowances

14 Return Rate (%) = Returned employees on that year ÷ Employees expected to return\*100

15 Retention Rate (%) = Employees returning to work for over one year ÷ Returned Employees in the last year\*100

16 The ratio is the average statistics from four plants in the Metal Manufacturing business. Because the management at headquarters has included all high-ranking officers (male) with high salaries, the result shows the overall remuneration is higher than the average

### The Rate of Employees Assessed Regularly<sup>17</sup>

By work position		By gender	
Managers	Non-Managers	Male	Female
99.60%	92.61%	92.27%	98.87%

### 4.2.3 Welfare

CMP Group's welfare measures are designed based on three major goals: i) Encouraging and assisting employees to achieve work and life balance ii) Promoting lifelong learning and self-growth iii) Caring employee physical and mental health. CMP Group firmly believes that quality life with rich experiences can effectively enhance work quality and bring innovation energy to the company as well as strengthen the employees' self-identity and deepen their connection to CMP Group. Therefore, in addition to the requirements of the Employee Welfare Committee and local regulations, 19 types of welfare measures are planned. Employees can enjoy according to the regulations, and about NT\$201,608,663 were invested in 2021.

#### Encouraging and assisting employees to achieve work and life balance

Planned Work	Club Activity	Festive Bonus & Gift and Other Allowances
CMP Group employees who meet the requirements of planning for 5-day leave in a row on weekdays or 4-day leave before or after national holidays after 181 days or above will receive a bonus of NT\$1,200 per day. Those who arrange their vacations within 180 days will receive a bonus of NT\$600 per day	Those who participate in the club activities of the CMP Group can apply for 1 hour of club activity leave per week, and each person will be subsidized at NT\$1,000 per quarter	Gifts and subsidies for the following occasions: major national holidays, birthdays, hospitalization, funeral, transportation, scholarships for employee's children

Easy Parenting	External Resources Grant Bonuses	LOHAS Workplace
CMP and PUJEN provide a monthly childcare stipend of NT\$ 1,200 for the parents of children who are under the age of six	Encourage employees to apply for external resources. As an incentive, calculated based on the amount of subsidies received, CMP Group will allocate an additional specific percentage of incentives to award to relevant participating employees	Provide CMP Group hotel experience and travel subsidies; organize family days, sport events, hiking events, forest day, eco-friendly activities, year-end party, and monthly birthday parties; establish resting lounges, self-service convenience stores, indoor exercise classrooms; hold private movie screenings and book clubs; provide unlimited coffee and the latest news and magazines, etc.
Happy Marriage	Expatriate Care	Emergency Aid
Apart from the cash gift for the wedding from the Employee Welfare Committee, CMP Group provides an additional marriage subsidies	Assist in housing settlement, provide life management services, encourage bringing family members along, and provide free round-trip airfare to hometown regularly	Provide emergency assistance for colleagues who suffer from natural disasters, major changes in the family, major diseases, etc., resulting in difficulties in life

#### Caring for employee physical and mental health

Physical and mental health seminars	Free health check, high health check subsidy	Issue workplace health monthly newsletter
Provide colleagues with 6 free one-to-one psychological counseling services from professional institutions every year	Badminton club, yoga club, kendo club, running group, etc., moreover, PUJEN launched the "Exercise is the best" event with incentives in hopes of motivating employees to exercise	In addition to complying with local requirements that all employees shall be enrolled in the labor insurance, National Health Insurance, and social insurance, employees who travel overseas for business purposes are entitled to travel insurance and group insurance. In Taiwan, employee family members can sign up for group insurance at their own expenses
Employee Assistance Programs (EAP)	Sports clubs and classes	Insurance

<sup>17</sup> All the employees are subject to the performance assessment, except for employees on probation, temporary employees, employees on leave without pay, Chairman, President, consultants, contract workers, or foreign employees hired in Taiwan

**Free Shower Room and Free Uniform Laundry and Ironing Services**

Provide shower rooms for employees on the production line to take a shower; uniform laundry and ironing services are also provided in hopes of employees may have sufficient time to rest

**Staff Canteen**

CMP Group provides meals and launched "Empty Plate" – a project that provides different amounts of the same food for employees to choose from to promote the idea of taking what is necessary and reduce leftovers, and they have to finish what they take with an empty plate at the end. Employees who are able to empty the plate will obtain some points that could later be redeemed for prizes

**Promoting lifelong learning and self-growth**

**Education Allowance for Strategic Development**

For functional learning related to future operation and development, subsidies are provided for training such as continuing education degrees, on-the-job classes or credit classes, and professional license acquisition offered by domestic and foreign colleges and universities

**Subsidy for Technical Skills Advancement**

To encourage production line employees to enhance their professional technical skills, subsidies are provided for employees who have obtained the nationally recognized technical skill certificate

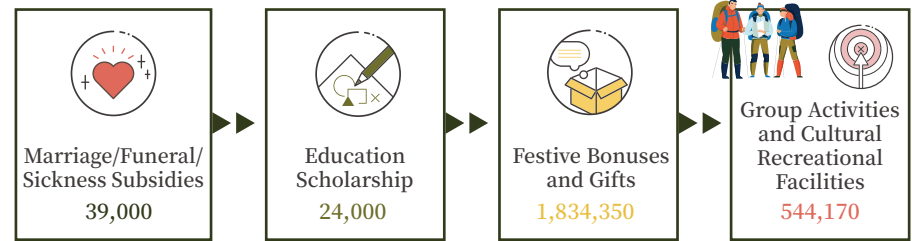
**Industry Visit**

Provide and encourage colleagues to study and exchange with industry benchmarks at home and abroad

**Employee Welfare Committee (EWC)**

China Metal Products Co., Ltd. established the EWC with a total of 12 committee members. Apart from one member appointed by senior management, the remaining 11 committee members were elected by

vote by CMP Group employees from various business units. The welfare benefits include the following: welfare funds for marriage, funerals, hospitalization, travel, employee continuing education, and the group activities and cultural recreational facilities as well as bonuses and gifts for the 3 major national holidays, birthday bonuses, and employee children scholarships with an expenditure of NT\$ 2,441,520.



▲ Fulong Railway Relay



▲ Group family forest day



▲ Football friendly match



▲ Badminton club activities

## 4.3 Talent Development

Talent is the determinant of the overall industry development and the company growth. CMP Group always promotes lifelong learning and aims to build a learning organization. Through CMP Academy, internal lecturer system and digital learning platform, CMP Group can transform employees into experts with core competencies. Moreover, with close industry-academia collaboration, CMP Group actively cultivates high-end technical professionals in different fields such as smart manufacturing to drive industrial transformation.

	Results in 2021	2022 Plans	Mid to Long-term Plans
CMP	<ul style="list-style-type: none"> <li>Cooperated with the Department of Materials Engineering of Ming Chi University of Technology (student internship) and the Department of Industrial Engineering and Engineering Management of National Tsing Hua University (professor team) to carry out data health inspection and Statistical Process Control (SPC) module introduction. The intern students were led by senior practitioners, combining the curriculum and practice, aiming at the four key processes: melting, molding, sand processing, and pouring, to produce 4 special reports on process improvement</li> <li>CMPedia added 83 new online courses this year, with a total of 165 courses, and the total number of hours of the courses exceeded 100</li> <li>In 2021, a total of 20 retraining courses were held for the externally trained colleagues shared the knowledge learned internally, so to benefit all staff while only one person was trained</li> <li>Participated in the Ministry of Labor's corporate human resources plan, 55 classes in total were subsidized</li> <li>Cooperated with the Department and Institute of Industrial Engineering of National Taipei University of Technology on the quality management plan to diagnose the improvement points in the factory, and held six series of lectures on quality management, which were also included in CMPedia</li> </ul>	<ul style="list-style-type: none"> <li>Continue to upgrade the smart metal industry talent cultivation platform plan, focusing on data analysis and yield improvement, specially invite the Minghsin University of Science and Technology team to teach the statistics and data analysis courses, using "smart manufacturing" and "data management" to optimize the process and cultivate talents. Four special reports will be produced in 2022 and 8 interns will be trained</li> <li>Continue to build the learning organization, encourage colleagues to create their own digital courses, optimize the education and training system and hold courses and retraining mechanism to achieve knowledge management and inheritance</li> </ul>	<ul style="list-style-type: none"> <li>Through industry-academia collaboration, discover and enrich organizational talent, and promote the smart manufacturing upgrade based on the SPC</li> <li>Enhance the human capital to create value</li> <li>The mid-term plan focuses on digital innovation, procedure reset, equipment automation, advancement of employee digital capability, and learning organization building; as for the long-term plan, the three main development axes are engineering, process management, and sustainability, creating company value with human capital</li> </ul>
CMS	<ul style="list-style-type: none"> <li>Signed the school-enterprise collaborative arrangement with Jiangsu University of Science and Technology</li> <li>Online and offline training for vocational skill level, with 111 "mechanical equipment installers" participated in the training and 110 of them obtained the certificate; and 125 "multi-process numerical control operators and adjusters" participated in the training and 118 of them obtained the certificate</li> </ul>	<ul style="list-style-type: none"> <li>Continue to cooperate with Shanxi Institute of Mechanical and Electrical Engineering, and it is expected that there will be 70 students alternating working with learning in the spring of 2022</li> <li>Have school-enterprise collaboration with Wuhan Institute of Shipbuilding Technology, Xi'an Aeronautical Institute, and Jiamusi University, and it is expected that there will be 20 students</li> <li>50 casters will have training and learning and obtain the certificate through the "New Apprenticeship in Enterprises"</li> <li>42 people will obtain the certificate in emerging industrial robot training and learning</li> <li>Add 10 people in special job training</li> </ul>	<ul style="list-style-type: none"> <li>Establish an education and training platform, and internal hands-on courses</li> <li>Hire lecturers to create courses related to smart manufacturing</li> <li>Establish CMP Training School. Independently recruit and cultivate professionals to achieve the goal of "recruiting students is equal to recruiting professionals"</li> <li>Joint development of patent programs with schools</li> <li>Cooperate with Shanxi Institute of Mechanical and Electrical Engineering to designate students for orientation training</li> </ul>



- 4.1 Demographics
- 4.2 Rights and Welfare
- 4.3 Talent Development
- 4.4 Employee Communication
- 4.5 Occupational Safety

	Results in 2021	2022 Plans	Mid to Long-term Plans
CMW	<ul style="list-style-type: none"> <li>▪ The first batch of trainees of the "Hai He Craftsmanship" Corporate Training Center officially graduated, with a total of 100 students</li> <li>▪ A total of 185 people have been trained in the "Working in Company as Training of the Youth"</li> <li>▪ Implemented online training courses for class and team leaders, 56 people completed the training in 2021, with the training time of 1,960 hours</li> <li>▪ Reached 100% of training completion rate, with an average of 35 training hours per person</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reach 100% of training completion rate, with an average of 50 training hours per person</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promote online platform for education and training courses</li> <li>▪ For "Hai He Craftsmanship", those who meet the requirements have completed the training, and the follow-up will continue to be carried out according to the "List of Craftsmen" announced by the government</li> </ul>
CMB	<ul style="list-style-type: none"> <li>▪ Newly added partner institutions include Heilongjiang Institute of Technology and Jiamusi University</li> <li>▪ In addition to the number of interns this year, Sichuan Engineering Technical College has hired 10 people to graduate in July 2022 for employment</li> <li>▪ Through the vocational skills training and examination, a total of 35 people obtained the certificate of senior engineer of mechanical equipment installation</li> <li>▪ We encourage colleagues to participate in skills competitions and learn in various ways. 3 colleagues participated in the "5th Xiangcheng District Skills Championship Competition and Suzhou Skills Competition Tryout (for CNC)" and won certificates</li> <li>▪ The amount of subsidies given by the government to enterprises for implementing online training and arranging employees to conduct vocational skills training, etc. during the pandemic were all paid back to employees by ways of adjusting wages and providing allowance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Considering the drop in the proportion of students from other provinces in inter-provincial internship and employment, it is planned to develop a new partner institution within the province</li> <li>▪ Integrate academic theory with industrial practices, complete the skill training, exam and certificate obtainment for 30 intermediate-level casting manufacturing engineer</li> </ul>	<ul style="list-style-type: none"> <li>▪ Go paperless and on-line of the training, education and examinations completely</li> <li>▪ Promote learning at school and in company simultaneously. Teachers guide students to visit the company to learn on-site, which integrate the academic theories with industrial practices, thereby meshing with the industrial trend</li> <li>▪ Plan to offer enterprise classes in the future to provide quality and professional talent stably for corporate development</li> </ul>



▲ Tableau education and training courses



▲ Visit paid by the NTHU Garage



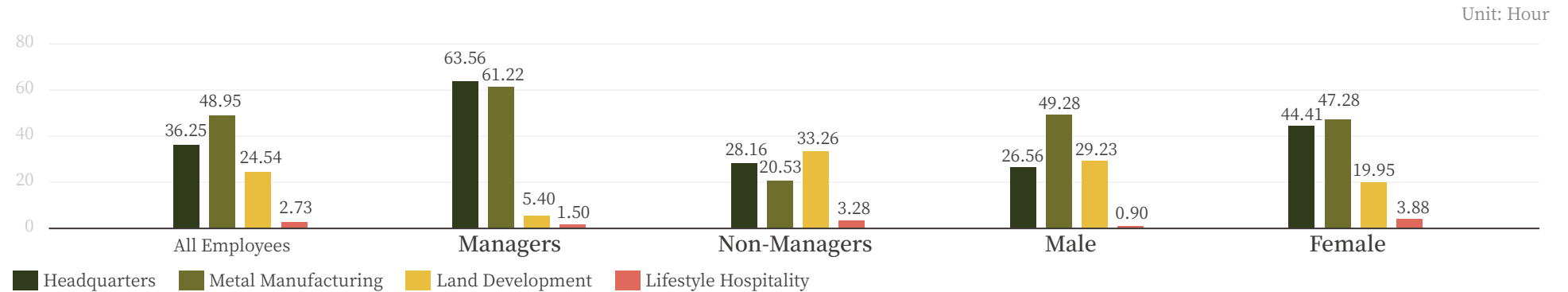
▲ Digital Manufacturing Management Value-Added Program – Quality Management Lecture Series at National Taipei University of Technology

### 4.3.1 Employee Development

From CMP Group's company operations to capability gaps, CMP Academy with digital learning platform and internal lecturers are therefore designed to provide internal education and training, and provide some guidance for external professional competency training. CMP Academy is where employees are encouraged to pursue self-learning and the value of self-growth. In 2021, there was a total of 84,396 training and education hours, and on average, each employee received 46.99 training hours with a total cost of NT\$ 1,690 thousand.



### Average Training Hours per Person



### 4.3.2 Industry and Academia Collaboration

CMP Group has adopted automated production and carried out circular economy for years, which lays a solid foundation for smart manufacturing, so that CMP Group has become a pioneer of industrial transformation. Through long-term and in-depth industry-academia collaboration, the learning platform has been established to integrate academic theories and industrial practices. It is hoped that this platform can become a incubator to cultivate highly potential talent for the whole industry.

Collaboration Unit	Number of Interns in 2021	Collaboration Period (year)	Accumulated Number of Interns Provided	Number of Currently Employed in CMP Group
Shanxi Institute of Mechanical and Electrical Engineering	69	11	1,030	42
Hebei University of Engineering	25	7	145	4
Ming Chi University of Technology	8	6	20	7
College of Information and Business, North University of China	5	5	91	2
Sichuan Engineering Technical College	3	5	62	6
Xiaogan Industry School	31	4	198	1
Shenyang Institute of Technology	6	4	43	6
National Taipei University of Technology	3 (Professors, not included in the total)	2	-	-
Jiamusi University	7	1	5	0
Total	151	-	1,594	68

## 4.4 Employee Communication

In order to deepen the connection with colleagues and understand the needs of colleagues, we use relaxed and diverse communication channels to establish the connection and cohesion amongst CMP Group employees and create an environment that is caring, safe, and unique for the CMPers.

### Labor/Management Meetings

- CMP Group Headquarters and Retail Business Division
- CMP Group Metal Manufacturing Division
- PUJEN

The representatives of the employees are elected by vote in the conference. The Labor/Management Conference shall be convened every quarter, and results of resolutions are applicable to all employees. Topics for 2021 include annual calendar discussions and dissemination, the 13th edition of attendance management measures, and the suspension of employee travel due to the severe pandemic situation in 2021.

### Grievance Mechanism

- Independent whistleblower mailbox: The Audit Office is responsible for handling compliant cases. If circumstances are significant, the case shall be reported to the Board of Directors (BOD). The Audit Office received one case in 2021. Please refer to Chapter 3.4 Ethical Management for details
- Employee complaint mailbox: Each department has its own complaint channels and rules, and Group's Employee Interaction Center (EIC) also has a complaint area. In 2021, there were a total of 15 complaints. All cases had been replied and handled
- Sexual harassment hotline
- New colleagues' learning passports and training for new colleagues shall clearly state the complaint channel

### Employee Satisfaction Survey

- Based on the annual survey result, CMP Group will continue to improve the two aspects: catering and welfare. Additionally, CMP Group also emphasizes assisting employees to improve their skills and values as well as organizing outdoor and cultural activities and other for the mental health aspect

### Social Media Platform and E-Newsletters

- Group's Employee Interaction Center (EIC)
- Facebook Fanpage
- Wechat official account
- E-Newsletter "CMP GROUP NEWS"
- Electronic publication "CMP PLUS"
- Information security report
- Workplace health monthly newsletter

### Meetings, forums, on-site visits

- Increase monthly regular meetings with foreign agents
- Add HRBP



### Club Activity

- Badminton, basketball, football, table tennis, art appreciation and other clubs

### Volunteer activities

- CMP and PUJEN charitable donation project, philanthropic library project, Yiyang Old Age Apartment service plan, etc.

### Performance appraisal interview

- Discuss the current situation and reach the consensus of goal

### Fun Activities

- Family day, sports day, spring banquet, year-end banquet, movie day, book club, Arbor Day, forest day, singing contest, photography festival, travel, excursions, accommodation experiences, etc.



## 4.5 Occupational Safety (In Response to the Material Topic: Occupational Health and Safety)

CMP Group holds employee safety in the highest regard, aiming to achieve zero severe occupational injuries. CMP Group Metal Manufacturing Division, CMS, CMW, and CMB have all obtained the certification of ISO 45001:2018, covering colleagues in product design, development, procurement, manufacturing, maintenance, business sales, administrative affairs, and non-employee workers in the kitchen, and have also passed CNS 45001: 2018 and acquired the Badge of Accredited Healthy Workplace while plants and factories in China have obtained the certifications of the Work Safety Standardization Level 2 and Level 3 issued by the State Administration of Work Safety. A total of 25,214 hours of occupational safety education and training in 2021.(Certifications)

### 4.5.1 Implementation of Safety and Health Management

All the plants of the Metal Manufacturing business have established a Occupational Safety and Health Committee led by the top manager of that plant and comprised of personnel from the production unit, the administration unit, and environmental unit. In particular, the labor representatives account for 44% of the members in the Occupational Safety and Health Committee of CMP Group Metal Manufacturing Division. All the plants duly convened regular meetings to ensure safety production through various management measures. Due to the nature of the industry, the workplace hazards include dust, noise, trapped or caught when cutting, and high temperature working environment (depending on seasons). These hazards might result in different occupational diseases such as hearing loss or pneumoconiosis. So far, there has been no cases of occupational diseases.

	Results in 2021	2022 Plans	Mid to Long-term Plans
CMP	<ul style="list-style-type: none"> <li>· Obtained the Accredited Healthy Workplace - Health Promotion Badge of the Ministry of Health and Welfare</li> <li>· Obtained Taipei City's Accredited Healthy Workplace</li> <li>· According to the "Unacceptable Occupational Safety and Health Risks Control List", those at higher risk have gradually improved, with a 28.29% drop in risk score in 2021 compared to last year</li> </ul>	<ul style="list-style-type: none"> <li>· Compared to last year, decrease the risk assessment score of "Unacceptable Occupational Safety and Health Risks Control List" by 3%</li> </ul>	<ul style="list-style-type: none"> <li>· Compared to last year, decrease by 3% of the risk assessment score of "Unacceptable Occupational Safety and Health Risks Control List"</li> </ul>
CMS	<ul style="list-style-type: none"> <li>· Selected as Excellent Enterprise for Occupational Disease Prevention and Control in Suzhou New District in 2021</li> <li>· Added automatic grinding and dust removal equipment to reduce the escape of dust</li> <li>· Added automatic amine adding device to reduce the probability of occupational disease risk for personnel</li> <li>· Launched occupational health promotion activities, strengthened occupational health knowledge, and selected 17 occupational health experts</li> <li>· Appointed external experts to conduct occupational hazard testing</li> </ul>	<ul style="list-style-type: none"> <li>· Upgrade the dust removal device in the DISA shop to further improve the dust collection effect</li> </ul>	<ul style="list-style-type: none"> <li>· Elevate the quality of the working environment</li> <li>· Occupational health hazards workplace environmental monitoring</li> <li>· Assess the suitability of labor protection supplies and continue to optimize</li> <li>· Strengthen employee occupational health knowledge training and enhance employee safety awareness</li> </ul>

	Results in 2021	2022 Plans	Mid to Long-term Plans	
CMW	<ul style="list-style-type: none"> <li>Red Cross first aid and care training and accident emergency rescue</li> <li>Added cleaning trail for the shakeout machineto improve the effectiveness and safety of dust cleaning</li> <li>Added a dust cover to the sand sifter and effectively reduced dust escape by 80%</li> <li>The noise reduction control of the offline port has been reduced from 97.5 decibels to 81.7 decibels</li> <li>The sand return port has been equipped with a hoist, a lower sand bucket and a remote control device, which can effectively improve the operation efficiency and safety, solving the problems of sand accumulation and dust at the same time</li> <li>Made soundproof shed for the returned material shot blasting machine, increased the dust collection air volume, and achieved the effect of centralized dust collection through sealed vacuuming. The dust concentration has dropped by 85%, and the noise has dropped from 117.62 decibels to 90 decibels</li> <li>Added protective equipment such as earmuffs for all staff in the shot blastingarea</li> <li>Completed the 2021 occupational safety and health training for main persons in charge and administrators</li> </ul>	<ul style="list-style-type: none"> <li>100% completion rate of physical examination for occupational health posts</li> <li>100% completion rate of occupational health hazards workplace environmental monitoring</li> <li>Occupational safety and health training</li> <li>Safety production responsibility system training and safety commitment signing by all staff</li> <li>Risk classification management and control and hidden danger inspection and governance system</li> </ul>	<ul style="list-style-type: none"> <li>100% implementation rate of physical examination for occupational health posts</li> <li>100% completion rate of occupational health hazards workplace environmental monitoring</li> <li>Distribute full-cover earmuffs for special positions</li> </ul>	<ul style="list-style-type: none"> <li>Establish a safe workplace</li> <li>Zero Cases of Occupational Diseases</li> <li>Zero Cases of Occupational Injuries</li> </ul>
CMB	<ul style="list-style-type: none"> <li>Employee health check has been extended to all employees, and employee health records have been established to assist in health management</li> </ul>	<ul style="list-style-type: none"> <li>Assist in physical health management and plan to add mental health care courses</li> <li>Annual detection of occupational hazards in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Employee physical examination</li> <li>Annual detection of occupational hazards in the workplace</li> <li>Reassignment for those with abnormal physical examination result</li> <li>Insure employees with safety liability insurance</li> </ul>	

## Occupational Safety and Health Management

Qualified hazard identification and risk assessment personnel are trained in accordance with the environmental safety and health education and training control procedures to use on-site audit interviews or meetings and discussions to identify potential hazard factors that may cause personal casualties or health hazards, and conduct quantitative assessments and risk value calculations. Then, the occupational safety unit will summarize, propose suggestions and ask the environmental safety and health management representatives to convene the Occupational Safety and Health Committee meeting to decide the grading principles for unacceptable risks and acceptable high risks, and carry out control planning, implementation, and follow-up hazard identification and risk assessment model review. In addition, in order to encourage colleagues to actively raise the situation of unsafe incidents encountered, and to record, analyze, investigate, correct and take prevent measures, a safety and health false alarm incident control procedure has been established; furthermore, according to Article 20 of the Occupational Safety and Health Code of Practice, when a worker is found to be at the risk of imminent danger while performing his / her duties, he or she may stop the operation and retreat to a safe place without endangering the safety of other workers, and report to the immediate supervisor at once.

- 4.1 Demographics
- 4.2 Rights and Welfare
- 4.3 Talent Development
- 4.4 Employee Communication
- 4.5 Occupational Safety

<p>■ <b>Use automated equipment</b> Use automatic molding lines, robotic arms, automatic grinding machines and other equipment to reduce the risk when handling heavy objects by personnel</p>	<p>■ <b>Continue to invest in environmental governance equipment</b> Continue to invest in environmental governance equipment such as noise reduction and dust to improve the working environment</p>	<p>■ <b>Switch to eco-friendly materials</b> Effectively reduced the emissions of Ammonia nitrogen, phenol, and formaldehyde by 35% to 38%</p>
<p>■ <b>Workplace Hazard Monitoring</b> Items such as dust, high temperature, and noise in the workplace are all monitored, controlled, and improved continuously</p>	<p>■ <b>Regular environmental safety self-inspections</b> Conduct regular self-inspections in the plant area and hold improvement meetings to correct immediately to reduce safety concern and improper operations</p>	<p>■ <b>Annual cross-plant environment, health and safety exchanges</b> Based on local laws and regulations, professional environmental safety personnel from each plant area inspect the implementation status and communicate with each other</p>
<p>■ <b>Regular production equipment maintenance</b> Regular inspection and maintenance of all production equipment to avoid any operational safety concerns</p>	<p>■ <b>Disaster Prevention Drills</b> According to the emergency response measures, annual fire safety drills, chemical disaster drills, and flood control drills are carried out annually to ensure fast response in real time in the event of a disaster</p>	<p>■ <b>Personal Protective Equipment</b> Actively provide complete protective equipment, and ask guests and contractors to wear full protective equipment before entering the factory</p>
<p>■ <b>Install automated external defibrillators (AED)</b></p>	<p>■ <b>Training and Education</b> Provide relevant training and education courses for all new recruits, in-service personnel, and prior to the introduction of new equipment. In addition, arrange for our employees to take advanced courses and take certification tests related to special equipment and occupational safety based on their work</p>	<p>■ <b>Safety Warnings and Education</b> Set warning and safety notice signs specifically for certain objects or behaviors that could lead to safety concerns. All visitors and contractors shall be informed of safety measures and precautions before entering the plant</p>
<p>■ <b>Special Health Checkups</b> Conduct special health checks for employees who have high risk of occupational diseases and are more likely to encounter occupational incidents. If the employee cannot adapt to the position due to his/her previous jobs, relevant measures will be taken such as changing positions, changing work locations and conducting health management in addition to the medical attentions</p>	<p>■ <b>Free / high-subsidy health check</b> Provide additional free or high-subsidy health checks, and further assist employees in health management</p>	<p>■ <b>Professional medical specialists</b> Working with professional medical specialists, we regularly provide consultation on medical treatment, health education, occupational injuries and diseases, health improvement activity planning, health monitoring management, etc.</p>
<p>■ <b>Employee Assistance Programs (EAP)</b> Provide colleagues with 6 free one-to-one psychological counseling services from professional institutions every year</p>	<p>■ <b>Offer physical and mental health courses</b></p>	<p>■ <b>Sports clubs and activities</b> Set up sports clubs and activities and offer bonuses and prizes to encourage colleagues to exercise</p>
<p>■ <b>Issue workplace health monthly newsletter</b></p>		

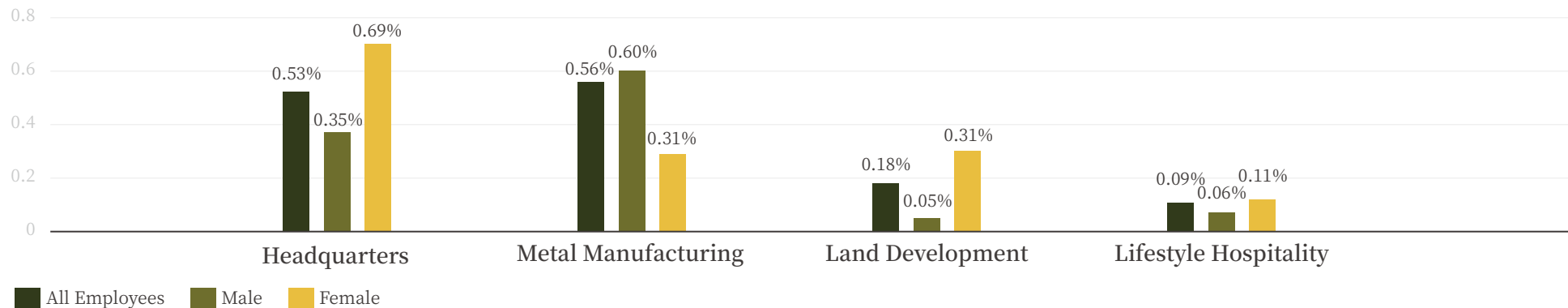
## 4.5.2 Disability Injuries and Absence Rate

There were seven occupational accidents in 2021, which were physical and ergonomic injuries. All occupational accident cases were investigated and controlled in levels according to procedures. At the same time, the current situation in the factory has been reviewed and optimized, and education and training have been strengthened to avoid recurrence. In 2021, there were no death cases related to work, serious incidents that employees fail to recover within six months, and other occupational disasters of personnel.

### Disability Injuries<sup>18</sup>

	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Number of disabling injuries that can be recorded	9	2	7	0	7	0
Days of disability leave (8 hours per day)	428.5	78	164	0	275	0
Total working hours	3,057,736	700,144	2,839,600	696,176	2,888,400	706,768
Disabling Frequency Rate (F.R.) <sup>19</sup>	2.94	2.85	2.46	0	2.42	0
Disabling Severity Rate (S.R.) <sup>20</sup>	140	111	58	0	95	0

### Absence rate



18 As for disability injuries, only Disabling Frequency Rate (F.R.) and Disabling Severity Rate (S.R.) are presented based on the GRI standards and Disabling Injury Index announced by the Ministry of Labor. The scope of disclosure includes CMP Group, PUJEN Land Development, CMS, CMW, and CMB

19 Disabling Frequency Rate (F.R.) Formula: Number of disabling injuries that can be recorded\*1,000,000 ÷ total working hours

20 Disabling Severity rate (S.R.) Formula: Days of disability leave\*1,000,000 ÷ total working hours



chapter.5



# Suppliers, Products, and Customers

5.1 Metal Manufacturing

5.2 Lifestyle Hospitality

5.3 Land Development





## Suppliers, Products, and Customers

Management Approach	Responsible Unit	Action Plans
Implement the ISO management to run the system effectively, achieve 100% coverage rate to better the supply chain management, and provide the best quality product and customer services to satisfy customer needs in the fastest and professional way.	The Sales Department, Quality & Technical Department, Administration Department, and Audit Office	<ol style="list-style-type: none"> <li>1. ISO Internal Audit</li> <li>2. Customer Response (including complaints)</li> <li>3. Protection of Customer Data</li> <li>4. Supply Chain Management Internal Audit and Internal Control</li> </ol>

Target Item	Actual Performance in 2021	2023	2025	2027	Detail
Customer Response Rate	100%	100%	100%	100%	Achieve Long-Term Goals
Customer Privacy	No data leakage	No data leakage	No data leakage	No data leakage	Achieve Long-Term Goals
Local Procurement Percentage (China)	97%	98.50%	98.80%	99.00%	The objectives were not achieved due to the COVID-19 pandemic.
Local Procurement Percentage (Taiwan)	93.3%	94%	95%	96%	The objectives were not achieved due to the COVID-19
The Percentage of Suppliers Signing the Honesty and Integrity and Confidentiality Agreement	98.50%	100%	100%	100%	Those who did not sign are customers' designated cargo agents.

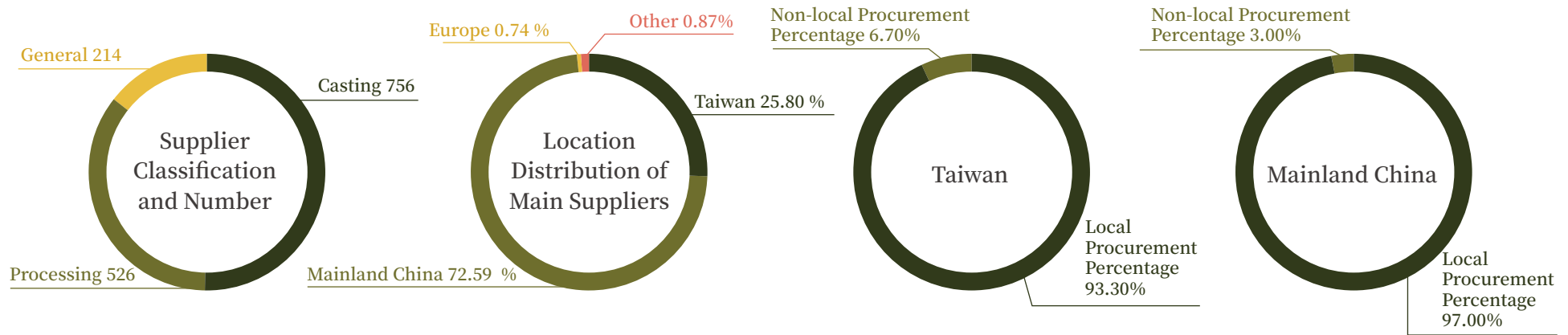
## 5.1 Metal Manufacturing

### 5.1.1 Supply Chain Management ( Material Topics: Supply Chain Management )

#### Supplier Distribution and Local Procurement

Suppliers have been pivotal partners to CMP Group, working together to achieve sustainable development. Based on the principle of building a long-term partnership and the strong connection to the local community, CMP Group prioritizes local suppliers, who not only can reduce GHG emissions during the transportation effectively, but also can boost the development of the local industry chain as well as provide a robust work environment to raise the local standard of living. Concurrently, CMP Group adopts a multi-source procurement method, pays attention to the raw materials market, and reduces dependence on a single supplier to ensures stable supplies of high-quality raw materials. In 2021, there were a total of 1,496 global suppliers. The transaction amount indicated that the amount of local procurement in each production base continues to increase In addition to special materials, each production base is moving toward 100% local procurement.

- 5.1 Metal Manufacturing
- 5.2 Lifestyle Hospitality
- 5.3 Land Development



### Supplier Selection and Management

To meet the high quality standard for CMP Group products, the new supplier selection criteria includes suppliers' capability to achieve the quality standard, and the factors that whether they are local suppliers and whether they can be our long-term and stable business partners or not. At the Supplier Conference, CMP Group promoted its vision of becoming a sustainable business and what actions we had taken and we invited all suppliers to work closely together with us to attach more importance to social aspect, environmental aspect and corporate governance.

Currently, CMP Group encourages its suppliers to adopt sustainable practices by prioritizing those who achieve one or more of the following: i) passed local environmental assessments, ii) obtained international certifications (such as ISO 14001), iii) implemented 5S and clean production practices, iv) implemented energy conservation and emission reduction measures, and/or v) implemented human rights protection and employee rights measures. In addition, to ensure CMP Group existing suppliers' high quality, a team comprising of members from CMP Group's procurement unit, quality assurance unit, and the technical unit, has been established to make a list of suppliers to be audited and formulate an audit plan to conduct. Audited suppliers that fail inspection must correct all raised concerns before a deadline. If the concerns raised were not fixed in time, CMP Group then reserves the right to reduce the proportion and quota of purchases or even cancel the partnership with the supplier. CMP Group will only continue partnerships with suppliers that pass the audit. In 2021, a total of 169 existing suppliers were audited, and 105 new suppliers added. Among the new suppliers added, 100% of the suppliers met the new environment and social standards set by CMP Group.

CMP Group continues to hold fast to the "Sustainable Development Best Practice Principles" as our highest principle to highly promote green procurement. Apart from expanding the scope and depth of the existing supplier audit, CMP Group plans to add the some requirements to the current environmental audit including implementing environmental protection measures such as clean production practices, which must pass local environmental assessments or obtain the certification of energy and environmental management system. We prioritize those who purchase certified products with the green label or reclaimable or recyclable products. As for the social aspect such as the protection and promotion of employee rights,

occupational safety, and personnel education and training, CMP Group has formally factored these elements in the evaluation items and suppliers shall also meet the GRI standards. Moreover, we will raise the frequency of on-site inspections on environmental and labor safety and consider providing the SQE<sup>21</sup> Quality consulting service for all to improve product quality and optimize delivery process. CMP Group hopes to work with more suppliers to achieve corporate social responsibility, to effectively mitigate the operational risks for both parties, and to create business sustainability.



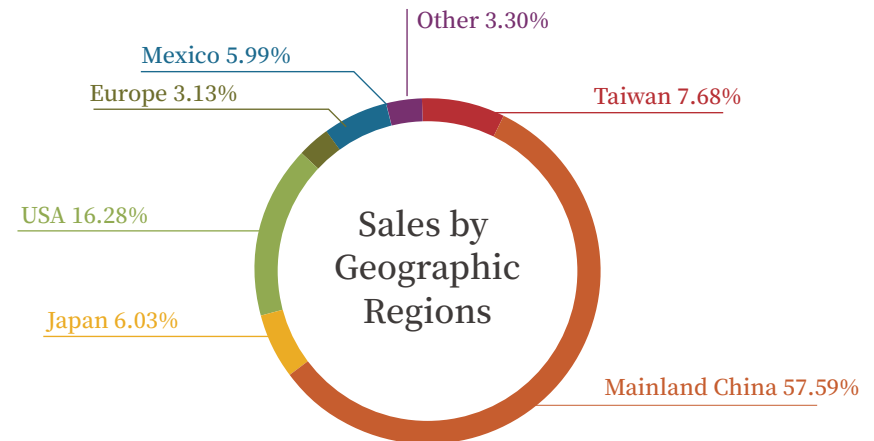
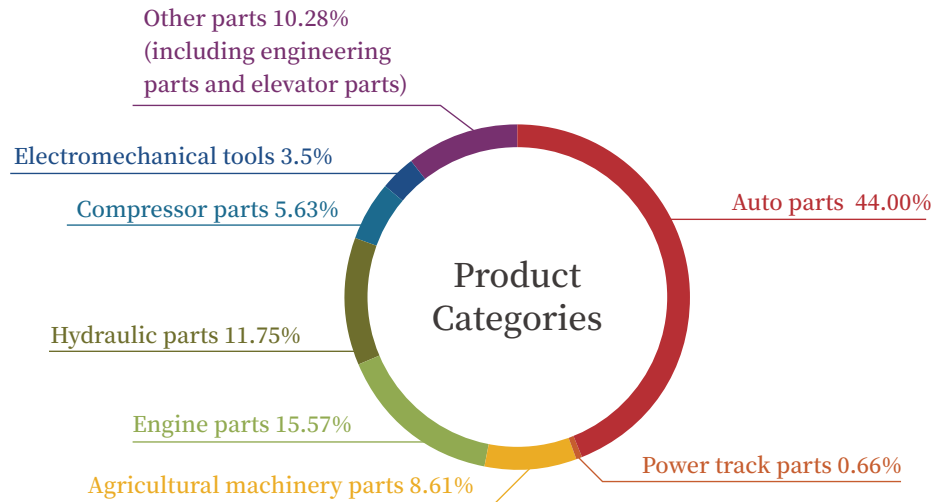
21 SQE : Supplier Quality Engineer



## 5.1.2 Products

As a global metal manufacturing supplier, it is CMP Group's mission to provide customers with comprehensive solutions. From mold development, casting production, high-end precision finishing to logistics, CMP Group provides high-quality integrated service. CMP Group's professional product supply line spans multiple industries such as car parts, compressor parts, engineering parts, agricultural machinery parts, manually operated machine parts, building hardware parts, etc. CMP Group is favored by world renowned automobile manufacturers, industrial machinery manufacturers, and other famous brands in other industries and has established long-term stable partnerships. Sales areas cover Taiwan, Mainland China, Japan, Korea, Europe, the United States, and Mexico. To date, CMP Group has never been excluded or blacklisted from any specific market. In 2021, CMP produced a total of 213,972 tons of products with a total sale of NT\$ 11,308,781 thousand.

To maintain a leading position in the metal manufacturing industry, CMP Group continues to work on talent incubation, technology and equipment for the establishment of an ideal knowledge and talent incubation system. Additionally, CMP Group continues optimizing equipment efficiency and introducing new technologies, new materials and smart management while raising production capacity and product quality. Most of all, CMP Group aims to strengthen and deepen the scope of its services by integrating upstream and downstream products so as to create added value for its customers.



## Product Quality

CMP Group places high importance to the annual management review meeting. It is through the rolling review of the production process, equipment improvement status, and personnel training that CMP Group is able to propose corrective measures that would strengthen production capacity, implement the internal quality audit completely, and ensure the effectiveness of the quality management system. With a total of 23,540.60 hours of training conducted in 2021, an increase from 12,538.87 hours in 2020, CMP Group continues to cultivate first-class talent and create first-class products by conducting quality management training for all relevant departments. CMP Group obtained ISO 9001 and IATF 16949 international quality certification by adopting rigorous quality control methods and all CMP Group products follow international safety regulations and requirements. There was no violation of product safety regulation in 2021. To date, CMP Group has established a solid reputation and has won the trust of many international manufacturers. This is the best guarantee for end users to feel assured. Despite some achievements CMP Group has made, CMP Group still continues to promote various activities for quality improvement and honor the promise to produce quality products only.

### CMW Tianjin—High Quality · High Efficiency · Low Cost—Quality Month Activities

In 2021, we continued to hold various events with the theme of "High Quality, High Efficiency, Low Cost", such as Quality Month inauguration ceremony, "An Introduction to High Quality, High Efficiency, Low Cost" speech contest, and a series of other activities. Employees in each department offered their unique insights and suggestions for improvement from the perspective of their own positions, thereby raising their awareness of quality.

Quality is also an attitude. It is hoped that through the quality events, all the employees can start to gel, share the common value of product quality, and strictly implement the following matters:

1. QSB, quick response to production anomalies. Check the previous day's defective products for sorting at 8:30 every morning, record the key issues, and discuss in the QSB meeting.
2. Report the results of the investigation of anomalies in the production process and key defects after the production line, and conduct improvement analysis with relevant units. Propose improvement plans for trial tests and improvement arrangements.

In 2021, with the efforts of the entire staff, the overall casting defect rate was 5.34%, lower than the set target of 5.5%, saving 695 tons of molten metal and 396,179 kWh of electricity, and electricity consumption was reduced by 0.95%. To maximize the benefits of production efficiency and production quality in the future, CMP Group hopes that each unit can operate strictly in accordance with the standard procedure since the production quality and work behavior are strongly correlated.

### CMS, where quality continues to improve

To take quality to the next level and achieve the goals set by the Company, we strengthen quality control throughout the entire process from the supply chain to the finished product shipment, and systematically and organizationally carry out education, auditing, improvement and re-education to raise all employees' awareness of quality.

- 1 Held activities for casting process improvement, clearly clarified each staff's duty and work, and promptly confirmed and responded to negative feedback.
- 2 Optimized the grid management activities during the processing procedure, ensured the quality of key products and appointed the responsible person for production, and continued to reduce the PPM.
- 3 Hold quality meetings and visit clients regularly to keep abreast of the client's quality, production and business trends, and strengthen the communication with clients to improve customer satisfaction.

The overall casting defect rate was 4.13% in 2021, a reduction of 1.13 percentage points and down 21.5% from 2020. The target of keeping the rate below 4.25% was achieved. The cumulative weight of defective products was reduced by 629 tons. With a 26% increase in production capacity, the defect rate declined dramatically. In addition to reducing defective products, we saved energy and reduced carbon reduction as well as received the Advanced Vortex Top Quality Award from our customer Emerson. The recognition from customers is the best proof of our persistent quality improvement.



### CMB – Promoting Quality Improvement Activities

Promoting Quality Improvement Activities in 2021:

- 1 Implemented tiered audit activities at the supervisory level in each department;
- 2 Implemented on-site review and improvement activities for quick response to quality;
- 3 Implemented the automatic intelligent control system for the KW line process control and pouring control;
- 4 Implemented optimization of old machining.



**Product Quality Policy (Response to Material Issues: Customer Health and Safety)**

CMP Group is committed to providing safe goods and services that meet all the needs of our internal and external customers. Thus, CMP Group's stringent selection of suppliers is ultimately based on the supplier's ability to provide products and services that meet CMP Group's needs. In order to ensure that all employees can meet the CMP Group's product standards and to make a substantial contribution to CMP Group, the management will provide all the necessary resources, and training.





## Innovative Research and Development (Material Topics: Products and Services Development and Innovation)

To align with the global trends and highly competitive market, CMP Group is continuously improving its R&D capacity and talent cultivation. With years of experience in technology as our solid foundation, CMP Group focuses on process optimization, technology development, and new material utilization to enhance product competitiveness. Currently, CMP Group is working towards the goal of creating high-end, lightweight precision cast parts with high flexibility and strong strength that can save energy and reduce emissions while developing the thin products made of special alloy materials with characteristics of high strength, wear resistance, and heat resistance.

To improve the overall R&D capacity and production results, CMP Group has taken to communicating and exchanging opinions with other companies in the same industry and professional institutions to enhance CMP employees' awareness and knowledge of the new technologies. With CMP Group's 4-decade-long industry experience in the technological know-how, CMP Group systematically manages and passes down our experience to improve the production efficiency and enhance innovation energy, thereby shortening the learning curve and enhancing the effectiveness efficiently. In 2021, CMP Group invested a total of NT\$388,343 thousand in research and development, 2.05% of 2021's net revenue. In 2022, CMP Group plans to invest NT\$445,260 thousand to develop new products and further enhance production technology.

### Introduction and Succession of Technical Knowledge

Internally, set up incentives for employees who provide quality improvement contributions during discussion seminars in 2021. Externally, CMP Group collaborates with professional consulting institutions, industry peers, suppliers, and universities and colleges to jointly develop new techniques and the application of new materials. Apart from training employees' techniques, CMP Group also recruits high-level technical professionals.

#### CMP collaborated with National Tsing Hua University

CMP collaborated with National Tsing Hua University in developing the SPC module for casting process. The participating parties inventoried, analyzed, discussed, and proposed relevant casting processes to eliminate discrepancies at multiple meetings. The newly developed module can be used in the future to monitor discrepancies in each process and find out the actual causes of defective products to improve the production yield, which meets the requirements of the modern foundry with high efficiency, professionalism and automation.

#### CMS project to improve the useful life of electric furnaces

In 2021, owing to the international influence, all raw material prices rose exponentially and labor costs increased, which was not proportional to product pricing, resulting in a drastic decline in the profit margin. Encountering unprecedented challenges in production and operations, CMS had to accelerate improvements on internal lean production to lower production costs and boost production efficiency.

The former CMS furnace construction adopted Martin-Siemens construction, where the vibrator was fixed to the furnace lining in three layers for the vibratory compaction of the furnace construction material, and the position could not be arbitrarily adjusted. The compactness of the refractory material on the furnace wall was uneven, and the furnace building material therefore appeared to be segregated and layered, resulting in severe wall burnout and puncture alarms when the electric furnace was used in the middle to late stages. The useful life of the electric furnace thus failed to achieve the expected results.

To extend the useful life of the electric furnace, the department called all relevant personnel for analysis and discussion, and after consulting a number of furnace manufacturers, decided to use a pneumatic percussion vibrator.

The pneumatic percussion vibrator can be arbitrarily adjusted to vibrate and compact the furnace wall in all directions to render refractory wall compactness uniform and dense without segregation or layering. When melting FC material, the furnace exceeds 450 cycles, which represents an over 10% increase in the useful life. CMS is promoting the new vibrator and expects to achieve the goal of lowering production costs and boosting production efficiency.



### Establishment of CMW Automation Team

CMW officially established the CMW Automation Cross-functional Team in 2021. CMW introduced automatic grinding machines as early as eight years ago, and the results were very satisfactory. Afterwards, CMW started to introduce a lot of state-of-the-art equipment to improve the production performance and lessen the labor intensity of operators. However, once the automatic equipment has problems, repair and recovery inevitably requires time and money. Therefore, the maintenance team has been transformed into an automation team. At the kickoff meeting, the team was divided into project planners, draughtspeople, programmers, electricians, fitters, post-maintenance technicians, data organizers, and parts purchasing specialists according to the job duties of the members, so that all automation projects will be standardized. More improvements will be made in other processes subsequently. CMW continues to work on automation projects while learning more about automation to ensure greater independent research and development capabilities. CMW strives to build more advanced automation special projects and equipment and increase its ability to stay ahead of other companies in equipment and technology.

### CMB cooperative education, new-mode apprenticeship, intermediate training course for foundry worker

To cement industry-school partnership and revolutionize the training mode of skilled personnel, CMB signed a new-mode apprenticeship agreement with Suzhou Technician Institute. Casting technicians are more highly skilled than most occupations in the casting industry and are more scarce in the market. CMB plans to start the first phase with intermediate casting training as part of the Company's talent incubation program to improve the technical and innovative abilities of its casting personnel. After a series of preparatory work, CMB finally commenced the intermediate casting training course. A total of 30 trainees participated in this intermediate casting training course. The course covered three modules: public foundation classes, professional foundation classes and vocational skills classes, including 168 lessons of theories and 260 lessons of skills training. The training course spanned one year. The first class "Metal Materials" met on April 11, 2021, in which the excellent professional lecturer recommended by Suzhou Technician Institute taught pertinent knowledge and theories to the trainees. The industry-school partnership adopted a new mode of apprenticeship, where the Company fully implemented "recruiting workers is recruiting students, entering the enterprise is entering the school, joint training from industry and school", and played the role of an enterprise. The Company made the best use of the school resources to cultivate skilled personnel. Theoretical training conducted by the professional lecturer and practical training conducted by the state-of-the-art equipment of the Company complemented each other. The training course improved the expertise of the employees, who, in turn, became assets of the Company. Talent incubation like this will benefit the future development of the Company.

## Research and Development Results

### CMB—Successfully Developing an Engine Block of China VI Emission Standard

With the growth of car ownership in China, environmental problems caused by exhaust emissions have been aggravating as well. To combat this worsening problem, in 2016, the Ministry of Environmental Protection and the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China have jointly issued the regulation: "Limits and Measurement Methods for Emissions for Light-Duty Vehicles (CHINA 6)" known as the China VI Standards. The China VI Standards was fully enforced in 2020, which is much stricter than that of the China V and has the three primary goals as follows:



Reduce carbon monoxide emissions by **50%**



Reduce total hydrocarbon and non-methane hydrocarbon (NMHC) emissions by **50%**



Reduce hydroxide compound emissions by **42%**

The change of regulations is a daunting challenge for the automotive industry. However, as the leader of automobile engine cylinder blocks in Mainland China, CMB along with GAC R&D Center has jointly developed and produced 1.5TGDI cylinder block casting parts in 2017 in compliance with the China VI and successfully completed the bench test and road test phase. Its batch production began in August 2018, and approximately 539,594 units had been delivered by December 31, 2021.

R&D Project	Original Plan	New Plan	Research Result
CMS Development of DISA production process for valve bodies for the first time	General method.	Tandem sand core design is used to reduce waste of cores.	Process design uses DISA to increase raw material yield by 5% compared to similar products.
CMS Innovative process of shell sand core design	The industrial design is for the production of solid sand cores, which are heavier and have a higher venting capacity. The material consumption and the exhaust emissions were generated much more.	Emptying production process is used to reduce weight and exhaust emissions without undermining product quality.	1. The weight of sand cores per mold is reduced from 18.2 kg to 7.5 kg, which can reduce 209.72 liters of exhaust and save NT\$4,124 on sand core cost per year. 2. 201,332 liters of exhaust can be reduced annually, which saves NT\$49,484.
CMS R&D Patent	The working temperature of refrigeration compressors ranges from -10°C ~60°C ; The heat pump compressor is mainly used for heat generation, and its working temperature ranges from -30°C and 90°C . The scroll plate, the core part of the heat pump compressor, needs to withstand up to 120° C of working temperature difference, but the scroll plate in refrigeration compressors in the market can only withstand 70° C of working temperature difference. In a high-temperature, poor working environment, scroll plates made of ordinary gray cast iron has a high risk of fracture due to insufficient mechanical strength.	1. A type of vermicular graphite cast iron and its preparation process and application. 2. A type of vermicular graphite cast iron scroll plate and its production process.	This patent is aimed at the research and development of the front-end ratio regarding metallurgy and production process of the scroll plate for the heat pump compressor. It can improve the mechanical strength and reduce the risk of fracture.
CMB Cylinder without overflow column process	To prevent casting defects such as sand holes, slag holes and air holes on the upper mold surface of the casting, an overflow column is typically added at the high point of the shape surface to concentrate the casting defects in the casting process to the shape of this process and then knock out and grind them.	The sand mold and sand core exhaust is increased to reduce the chance of air holes, and the flow rate of the casting system is increased to reduce the temperature difference of molten iron to prevent slag holes. The above process makes it possible to prevent slag holes and air holes without an overflow column on the body of the casting. Additionally, the sand mold has a simple structure because there is no overflow column on the outer mold, thus reducing the chance of sand holes. The greatest benefit of not using an overflow column is that there is no need to grind the broken points after removal, which significantly reduces the grinding time.	Upon implementation, the throughput yield can go up by 2%, and the grinding time can go down by 34-71% depending on the product. In 2021, a total of 2,284,474 kWh of electricity was saved, and 1,607 metric tons of CO <sub>2</sub> e was reduced.

R&D Project	Original Plan	New Plan	Research Result
CMW Double sand injection breakthrough	Calipers hot core box single-sided sand injection, one mold two holes, CT = 80S, production of 960 pieces per shift.	Changed to double-sided sand injection, one mold four products, CT = 120S, production of 1300 pieces per shift. While the production efficiency improves (50% increase), to ensure that the core is free of burrs, the contact area of the clamp die is reduced as much as possible; all surfaces are designed to avoid 0.5mm except for the necessary clamp die positioning surface.	<ol style="list-style-type: none"> <li>In October 2021, we produced 2600 V401 right calipers double sand injection sand cores, saving 7.1 hours. If we calculate according to the quantity for November orders, 34,400 sand cores, the production would have needed 14 shifts, but in fact only 12 shifts were used, saving 24 hours and increasing efficiency by 35%.</li> <li>Heat core machine power 12 kWh, saving 288 degrees of electricity. Carbon emissions: <math>288 \times 0.8843 = 0.25</math> tons of CO<sub>2</sub>e.</li> </ol>
CMW The optimized structure design of 210 Differential Shell reduces drilling and cutting allowance.	General method.	Optimized method.	The drilling time is shortened from 180 s/piece to 30 s/piece, saving $100,000 \times 2.2 \times 150 / 3600 = 9167$ kWh of electricity and reducing $9167 \times 0.8843 = 8.11$ tons of CO <sub>2</sub> e.

### 5.1.3 Customer Service

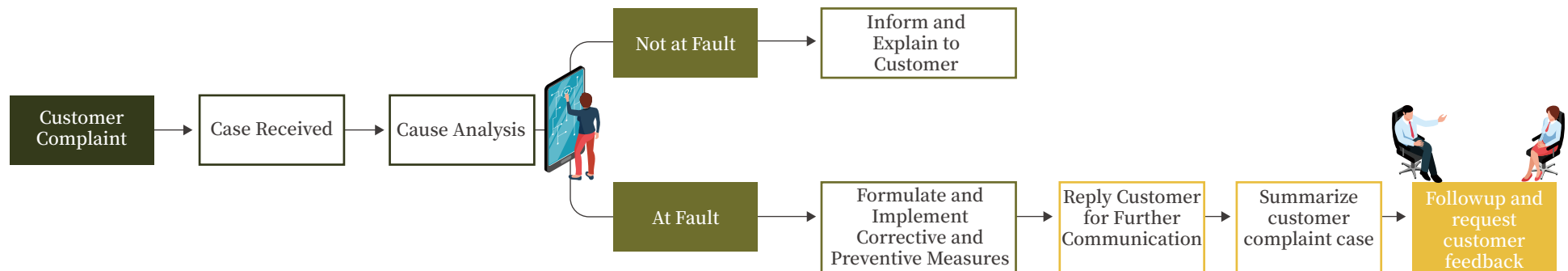
CMP Group is world-famous for its comprehensive services and high-quality metal casting products. Most of our client are world-renowned manufacturers and brands and we have established a long-term stable partnership. As such, CMP Group places great importance to building a convenient communications channels to provide and maintain our quality and efficient customer service. CMP Group hopes to grow stronger with its customers while pursuing sustainable operations.





## Grievance Mechanism

Maintaining a solid relationship with customers is crucial to running a sustainable business, and customer feedback is a crucial motivation for CMP Group to achieve excellence. With regard to customer complaints, CMP Group follows the eight disciplines (8D) approach to solve problems and establish a complete corrective procedure. Serving as the contact channel, the sales unit collects relevant information and feedback by visiting clients in person and through communication by phone, emails, and online applications. CMP Group will then deal with customer complaints. Once the complaint is being handled, the Quality Assurance Unit, responsible for analyzing the problem and proposing a solution within three work days, works with the Production Unit to address the problem promptly. After that, the complaint case will be complied and archived. The Business Unit will subsequently track the client situation. Furthermore, the case will be analyzed and used as a case study to avoid the same complaint. In 2021, the Metal Manufacturing business of CMP Group handled 100% of customer complaint because responding to customer complaints is a essential to business operation. CMP Group will not only continue to improve the product quality to reduce the number of customer complaints, but also improve our customer service quality as an ultimate goal.



## Customer Data Protection

Customer privacy, including all relevant documents provided, technical data, design drawings, other trade secrets, and customer intellectual property, is protected by the confidentiality agreement and cannot be disclosed to any third party. All information and assets are stored and monitored in accordance with the Customer Property Control Procedure and other relevant technical document control procedure agreed by both Parties. No employee can access these documents without permission. Apart from signing a confidentiality agreement and statement of usage of CMP Group's resources and personal data protection for CMP Group's trade secret and technology secret, new employees also have to complete the education and training on information protection. In 2021, there were no incidents of customer privacy breach, customer information loss, or confidential information leakage.

## 5.2 Lifestyle Hospitality

Since its opening in 2008, Park Lane by CMP, a symbiotic building with vertical garden growing 140,000 plants creating a lush green landscape on the interior and exterior walls, has become the center stage of LOHAS for Taichung locals and tourists. From the green building design to the operating model of the mall, every intrinsic detail reflected CMP Group's unique concept and value of eco-friendliness, artistic enlightenment, and connection with local cultures and humanities to shape a new lifestyle.

### Verdant Surroundings

Park Lane by CMP has been transformed from an abandoned sheet metal parking lot into a green building. Its five-story exterior wall measures 1,850 square meters and grows 140,000 plants, which reflect on the verdant surroundings of Calligraphy Greenway. Through the 3 km long water pipeline, the plants are looked after and watered regularly and the ecosystem forms a cycle that these plants don't need be replaced from time to time. This green wall is not only the outer clothing of Park Lane by CMP, but also a home to flowers, birds and butterflies. Walking into Park Lane by CMP, you will be impressed with a five-story high green wall standing like a piece of art at the center of the mall where most people pass by and shop. You will feel so relaxed and chilled upon seeing this lush landscape. This unique and excellent design won the Taiwan Real Estate Excellence Award in 2009. More than that, it won the gold prize in the FIABCI World Prix d'Excellence Awards, also known as the Oscars in real estate industry, in 2010, making Taiwan world-famous for our green design and creativity. Most importantly, the plants can absorb 200kg of CO<sub>2</sub>, and release 150kg of O<sub>2</sub><sup>23</sup> per day, and cool the building and reduce power consumption during the hot summer.



### Aesthetics for All

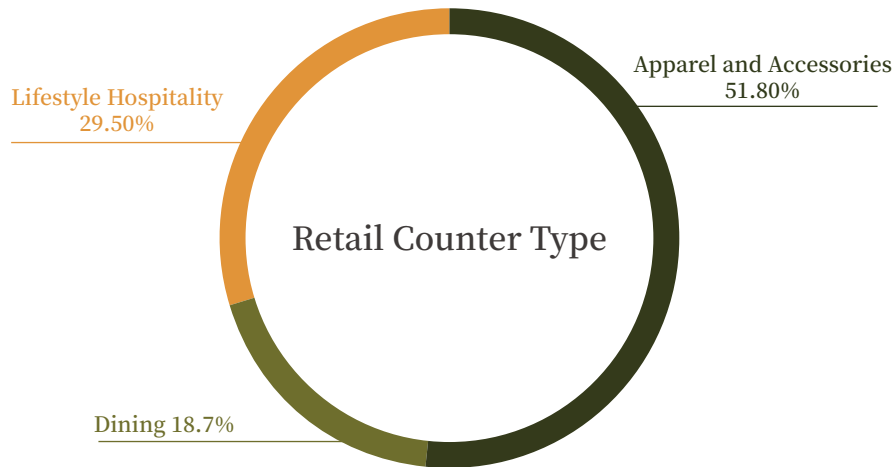
There are no barriers to art and aesthetics can be seen everywhere. At Park Lane by CMP, there are always interesting interactive art installations inside and out of the mall. In collaboration with CMP PUJEN Foundation for Arts and Culture, Park Lane by CMP puts art and cultural elements into its important activities, providing a platform for artists to perform and showcase their art works, so that Park Lane by CMP can not only cultivate more artists but also bring the art in daily life to the public. People can enjoy the art and culture easily, thereby achieving the goal of aesthetics for all.

CMP Group continues to break preconceived lifestyle barriers and integrate the mall with nature, humanity and art, and local contribution, creating a brand new lifestyle for the surrounding communities and shaping a new perspective of aesthetics for Taiwan.

23 For calculations, please refer to: "A Woman that Sells Oxygen" Pg. 41, website <http://singsonglife.fun-g.biz/?p=9> Park Lane by CMP: the green wall measuring 2000m<sup>2</sup>=0.2 hectares, absorbs 0.2\*900=180kg/day of CO<sub>2</sub> emissions and generates 0.2\*600=120kg/day of O<sub>2</sub> amount.

### 5.2.1 Retail Counter Management

Products sold in Park Lane by CMP are mainly provided by individual retail brand. CMP Group strictly selects suitable brands to set a counter in Park Lane, and all products must comply with the existing laws and regulations. CMP Group also reminds the counters and employees to adjust and improve in a timely manner based on their operational condition such their quality and employee performance by monthly audits, CMP Group also actively looks for eco-friendly or locally-renowned shops to cooperate so that we can provide more diverse and eco-friendly shops for customers as our feedback toward their support. In 2021, there was a total of 139 retail counters in Park Lane by CMP, divided into three categories: apparel and accessories, dining, and life and leisure. The counters of apparel and accessories account for the most, not only including international brands but also local brands created by Taiwanese or independent designers. As for the eco-friendly and local products, most of them fall under the category of daily necessities. CMP Group will continue to invite more companies and shops that support environmental sustainability and can benefit society to be part of the Park Lane by CMP family.



### 5.2.2 Product and Service Safety (Response to Material Issues: Customer Health and Safety)

Park Lane by CMP's takes operational safety as the top priority. CMP Group strictly clean the environment of the mall, maintain and manage the public facilities and equipment, and ensure food safety. These are all what we attach great importance to. CMP Group's safety management covers five main categories. Through regular building inspection and maintenance, and personnel training, and education, CMP Group hopes to prevent accidents from happening and minimize the damage and injuries in case of accidents.



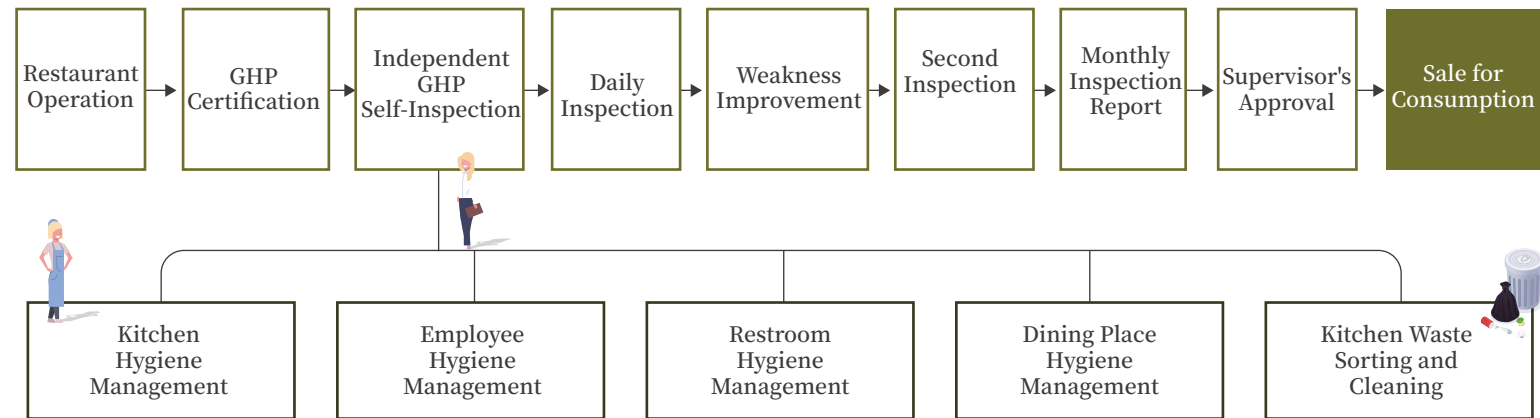
## Restaurant Management

### Food Safety Inspection

Apart from establishing and practicing the food safety inspection standard operating procedures (SOP) for many years to ensure food safety, CMP Group also includes the food good hygiene practices (GHP)<sup>24</sup> and self-management checklist as part of the daily inspections of five main categories: i) kitchen hygiene management, ii) employee hygiene management, iii) restroom hygiene management, iv) dining place hygiene management, and v) kitchen waste sorting and cleaning with 35 checkpoints. The floor personnel will randomly inspect these areas and report to the supervisors of each unit every month. We will gather all restaurant supervisors, who need to report their inspection and improvement results, to promote the importance and some points of food safety and review the monthly self-management condition for hygiene. In 2021, there were no failed self or government inspections. In 2020 and 2021, the National Health Command Center published updated guidelines for the food and beverage industry on a rolling basis to respond to the volatile pandemic. The shopping mall protected the safety of diners daily in compliance with the applicable regulations. In addition, we continued to teach or share knowledge about GHP certification and the latest regulatory developments and update standards to protect consumer food safety.

Conduct daily self-inspections based on the "Sanitation Management - Site Assessment Log". The staff need to randomly assess those items based on the assessment criteria. In 2021, there were no material weaknesses among the various brands during the self-inspection.

### Restaurant Hygiene Self-Inspection



### Inspection During Non-Business Hours

For those themed restaurants that have an independent kitchen, the staff need to check each item every day based on the checklist during non-business hours. The list include various items such as energy conservation, equipment safety, cleanliness of the kitchen, and the mall security guard will conduct a second inspection during the graveyard shift. The list is then submitted the next morning to a supervisor for review and follow-ups and to ensure that the inspections are duly performed.

### Maintenance and Cleaning of Oil Traps and Kitchen Exhaust Pipes

1. The professional cleaning service company will remove oil, oil sludge, and fertilizer in the oil traps monthly.
2. The electrostatic precipitator in the mid to end part of kitchen exhaust pipes will be cleaned on a regular basis by the cleaning service company, including cleaning the electrode plate, oil filter, and high-voltage electrostatic equipment.

24 GHP : Good hygiene practice



## Floor Environment Inspection

Inspection During Business Hours	In 2021, the business and related departments would regularly inspect the building each morning and evening while designated personnel would perform inspections from time to time to ensure the safety and cleanliness of the mall. Any problems occur can be immediately handled and addressed to ensured personal safety. CMP Group has passed all the audits conducted by the city government throughout the year, which means CMP Group ensures the regulatory compliance.
Environmental Cleaning	Third-party professional cleaning companies are contracted to carry out dust removal, cleaning, vitrification and disinfection/ sterilization, and vermin elimination operations for all business floors: windows, restrooms, passenger and staff elevators, freight elevators, escalators, fountains, escalators, sidewalks surround the properties, garbage trucks, and waste (kitchen waste, oil) separation and recycling sites as scheduled. In 2021, we commissioned a professional cleaning and disinfection (rodent control) company to perform 6,130 times of cleaning, 10,950 times of disinfection, and 27 times of rodent control on each floor according to the approved daily, weekly, monthly, quarterly, and semi-annual processes. The pandemic prevention results were good.

## Public Safety Management

The construction projects in 2021 were all completed as planned, including the construction of the drainage ditch on the north side of the 1st floor, the remodeling of the B1 Humax Asia section, the 1st floor shopping mall and the expansion of the B3 Tesla charging area, and the removal of 12th floor True Yoga Fitness. Throughout the year of 2021, a professional security company was contracted to conduct daily inspections of the building in cooperation with our responsible units, including security checks at closing time. More than 2,000 inspections were conducted to ensure safety and audited by the city government for compliance.

- Central Region Electrical & Mechanical Technology Consultants Co., Ltd. prepares quarterly inspection reports on electrical equipment and annual inspection reports on high and low voltage equipment. The reports are sent to the Company for the seal and then sent to Taiwan Power Company and Taichung City Government for inspection and to property management for record.
- Annual reporting of fire safety equipment and evacuation for buildings (public safety reporting)

Electromechanical Facility Inspection	In addition to the daily maintenance by CMP Group's professional personnel, the professional electromechanical company for technical consulting will inspect the electrical equipment quarterly and confirm that there are no abnormalities in high-voltage power, transformers, switchboards, and wires via infrared light. The company will send the infrared imaging report to Taiwan Power Company and the city government for further confirmation.
Specifications for the Design and Construction of Retail Counters	The relevant rules of specifications for the design and construction of retail counters are formulated in compliance with the administrative regulations on indoor decoration of buildings, the Fire Services Act, the rules of the management unit of the mall. Annual inspection is conducted to ensure regulatory compliance. The construction projects in 2021 were all carried out in accordance with the construction regulations and completed smoothly without deficiencies or major incidents, including the construction of the drainage ditch on the north side of the 1st floor, the remodeling of the B1 Humax Asia section, the 1st floor shopping mall and the expansion of the B3 Tesla charging area, and the removal of 12th floor True Yoga Fitness.
Building Public Safety Inspection	In 2021, CMP Group outsourced to a professional security company to conduct daily inspections (including equipment rooms and the warehouse) in collaboration with the relevant units. If the machinery and equipment inside the building are found to have malfunctions, the problems will be fixed immediately. On the other hand, we will ask Nan Shan Corporation to check and repair the damaged parts of the main structure of the building and cracks in exterior walls. A total of 2,000 inspections and patrols were conducted annually to ensure safety.

## Disaster Prevention

Disaster Prevention Drills	Every year, fire drills are conducted twice for CMP employees or staff of the name-brand counters to familiarize how to extinguish fires, guide customers to follow evacuation routes, and to properly handle the wounded.
Fire Safety Equipment Maintenance Reporting	Maintenance of fire safety equipment is done and duly reported semi-annually. Those unqualified equipment and points will be corrected as soon as possible; then the fire brigade officer will conduct secondary inspection and test those points again.
Professional Fire Prevent Manager	The overall fire prevention plan is formulated based on the building features by a certified fire prevent manager and relevant education and training will be conducted based on the plan such as extinguishing training, fire safety equipment maintenance, management and monitoring of evacuation facility and equipment to ensure public safety. A maintenance, review, and improvement of fire safety equipment is conducted annually. In addition, CMP Group demands that all fire safety management personnel take training, renew their certificates, and review the fire safety plan for omissions on a regular basis.

## Emergency Medical Care

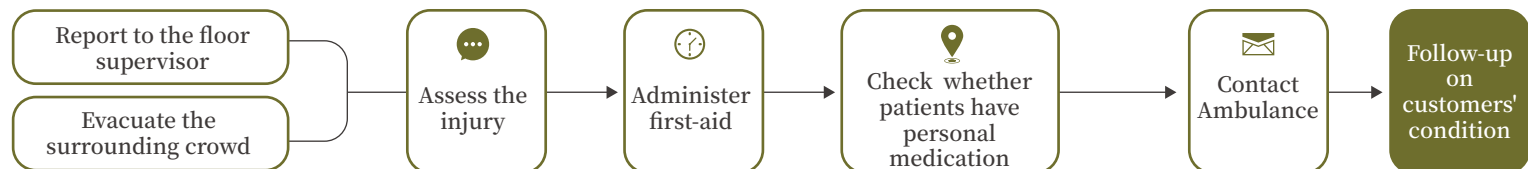
First Aid Equipment	Two automated external defibrillators (AED) have been duly installed on the B1 floor and the third floor of the mall. The service counter must be equipped with an first aid kit in the event of an emergency.
First Aid Responder	In addition to accredited AED administrators, a number of employees who have completed first responder safety and health education and training assist in emergency situations.

Upon receiving the information that a customer or staff is injured or unconscious, immediately report to the floor supervisor and evacuate the crowd. When delivering preliminary emergency treatment, check whether the patient has spare medicine. If the situation is critical, the service counter will call 119 and ask an ambulance to send the patient to the hospital.

The total number of injuries and illnesses in 2021 was 4. The details are as follows.

1. The glass at the main entrance did not have decals, manifestations or queue barriers. A customer walked into the glass and was sent to hospital to treat the redness on the head and the knees. There must be decals at eye level on the glass at all times. While the stickers are being replaced, a queue barrier must be set up to prevent similar accidents.
2. West side stairs: A customer stumbled and fell while walking, resulting in a fractured hand. The supervisor on duty already asked the property management unit to increase the protection around the barrier-free ramp on the west side.
3. Two customers' Crocs were sucked into the escalator, causing skin abrasions. Simple dressing was administered on the spot, and concern was shown to the injured customers. The escalator brushes were checked and repaired to prevent recurrence.

First Aid Procedure for Customers



## 5.2.3 Customer Service

### Membership Management

Park Lane by CMP highly values the service and the interaction with consumers in the hope of building a strong customer base to create a sense of inclusion through the project on making life more convenient. In 2013, CMP Group issued "Park Lane Loyalty Card" for the CMP Group membership program. In particular, the Chinese name of the member card, using the pun, called "Chi Tien Card", which sounds almost exactly the same as "Sunny Day Card" in Chinese. Additionally, it is hoped that the card name can give our members the images of blue sky, sunny day, green space, and nature, always putting them in a good mood. The Park Lane Loyalty Card was designed based on the premise of promoting a "creative life" to set the six major member benefits. Park Lane by CMP has also continued to expand the membership benefits by partnering with various shops in the neighborhood, such as cultural groups, and companies in different industries. Park Lane by CMP achieved all its 2021 goals, and our membership rose by 16% while the membership App 2.0 launched in July 2019 received favorable feedback from most members. In 2021, approximately 84,000 new members signed up for membership through the App 2.0, a 133.64% increase from 2020. Turing the physical member card into an App not only can reduce the pollution from printing, but also can prevent printing 250,000 physical vouchers per year as scheduled. Almost all of our members chose the App version rather than printed one because the App can make our members feel more convenient and eco-friendly while shopping.



### Customer Service in Action

To make the customer membership services more convenient and easily accessible, CMP Group started planning the Application version of membership in 2016 while also adding on the electronic voucher option to the membership benefits. In November 2017, the "Electronic Shopping Voucher System" and the "Membership App" were officially launched. The App 2.0 was launched in 2019. Customers can enjoy more comprehensive services via the upgraded version.

### Membership Application (App)

The Android and iOS versions of the membership App are provided for members to download. In the App, members have a built-in membership card, point and transaction record inquiry, electronic vouchers, and other convenient functions. In the future, customers can sign up for membership by simply downloading the App as such it is estimated that the App can reduce printing around ten thousand plastic member cards and will gradually replace physical ones.

## Electronic Shopping Voucher System

The electronic shopping vouchers can be stored directly in a member's account through the App and replacing the printed vouchers. It is estimated that through the transition from paper to digital, CMP Group can reduce the usage of paper resources by 250 thousand vouchers! Also, through the distribution and use of electronic vouchers, the App allows CMP Group to manage the safe usage of the vouchers better.

Access Control System for Tesla Electric Vehicle: (Launched in December 2019). Park Lane by CMP cooperated with Tesla in April 2019 and set up 7 parking spaces with charging facilities on the B3 floor. Originally, car access was recorded manually. As the process was time-consuming and inconvenient, an e-system was introduced in December of the same year where drivers only have to present their Park Lane loyalty cards or scan the barcode in the App to complete the access registration. Data of parking records and spending details can be accessed in real time at our back-end.



## Customer Interaction

### Park Lane Good Stuff

Park Lane Good Stuff are what we wish to share with our customers. The products are mainly daily necessities and snacks that can be exchanged by the membership points accumulated with every purchase. The business core value, product quality, and corporate culture are factored in when we are selecting Park Lane Good Stuff. These factors would enrich and bring positive influences to our environment, food health, life quality, and the local stores contributing to our land. That is why we highly recommend these Park Lane Good Stuff to our loyal supporters so that more people can know these stores that firmly hold fast to their belief. Park Lane Good Stuff is 100% locally procured, and most of the products have obtained third-party certifications for safety and quality. It is CMP's mission to select the best products for its customers while providing a new platform for local suppliers to create co-prosperity for all.

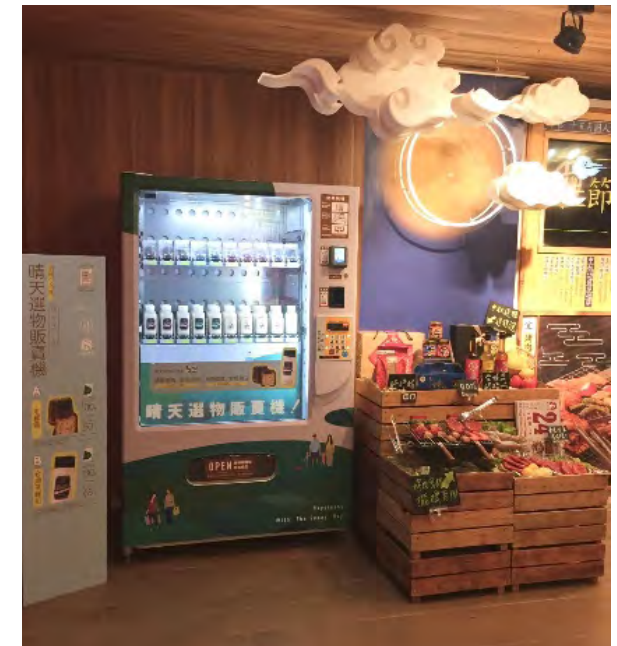


- 5.1 Metal Manufacturing
- 5.2 Lifestyle Hospitality
- 5.3 Land Development

The Parklane Good Stuff Plan launched the final products for the Spring Festival slot in 2021 and ended after reaching the scheduled milestone. With the upgraded App, however, the subsequent bonus point campaigns will be based on the new function "Point Mall" to allow members to redeem bonus points. The strategic products of the App Point Mall will be planned by the shopping mall, markets and street partners according to the theme of the promotional campaign. While focusing on diversity, the Group will continue to work on sustainable development and select green products.

The 2021 Shopping Festival replaced paper DM with an online DM website in the spirit of sustainability and environmental protection and manifested the benefits of going green during the promotion period.

- The online DM website increased the exposure of products, and the design catered to consumers' browsing habits.
- We tried new types of digital advertising (LINE LAP and YouTube videos) for the first time and got good exposure results. The number of views reached 2.73 million.
- Simultaneous optimization of self-media strategy (Facebook and official website)
  - ✦ Our official website recorded 248,000 non-repeat visits, an increase of 98,000 visits from the same period of the previous year. The average time spent on the online DM website per visit was 4 minutes and 35 seconds, an increase of 3 minutes and 32 seconds from the same period of the previous year (indicating that visitors had finished browsing the online DM).
  - ✦ Our Facebook Page recorded 2.365 million visits, an increase of 1.229 million visits from the same period of the previous year. The engagement rate was 20.5%, an increase of 5.2% from the same period of the previous year. The advertising cost per 1,000 visits reported NT\$30, a decrease of NT\$42.8 from the same period of the previous year.



🎉 The total reach throughout the whole period of the Shopping Festival:

6.79 million, reach rate **173%**

### Park Lane by CMP · Energy-saving space design to create a beautiful space of light and shadow

When walking into Park Lane by CMP, you first feel the huge difference in space. Very Studio | Che Wang Architects and Benshi Space Production collaborated for the first time to use reflective aluminum panels and metal meshes to bring out the green spirit of the environment with the concept of "flourishing foliage swaying in the wind", echoing the original intention of creating the first living plant wall 13 years ago.

The mall's east-west entry/exit windbreak room has been enlarged to improve sanitation (preventing flies and dustfall from entering) and increase energy efficiency by preventing conditioned air from escaping (energy saving).

- 5.1 Metal Manufacturing
- 5.2 Lifestyle Hospitality
- 5.3 Land Development

Using the theme of "redesign", Park Lane by CMP has redefined the mall as an ideal lifestyle paradigm, and has reorganized the configuration of more than 30 brands in the mall based on the three major people-oriented life aspects of healing, health and creativity. For example, Canadian yoga brand Lululemon offers yoga enthusiasts a wider range of comfortable materials. DOUCHANGLEE, co-founded by fashion designer duo Stephane Dou and Yugin Changlee, has opened a new store with metallic textured walls and gray concrete floors to convey the brand's unique aesthetic. The new Nike Kicks Lounge 2.0 concept store is inspired by creative workspace and imparts a different kind of static fashion to Park Lane by CMP as the first planting concept store with an extravagant space.



**P-Living Room has created a new cloud space in B2, a third space that cannot be missed.**

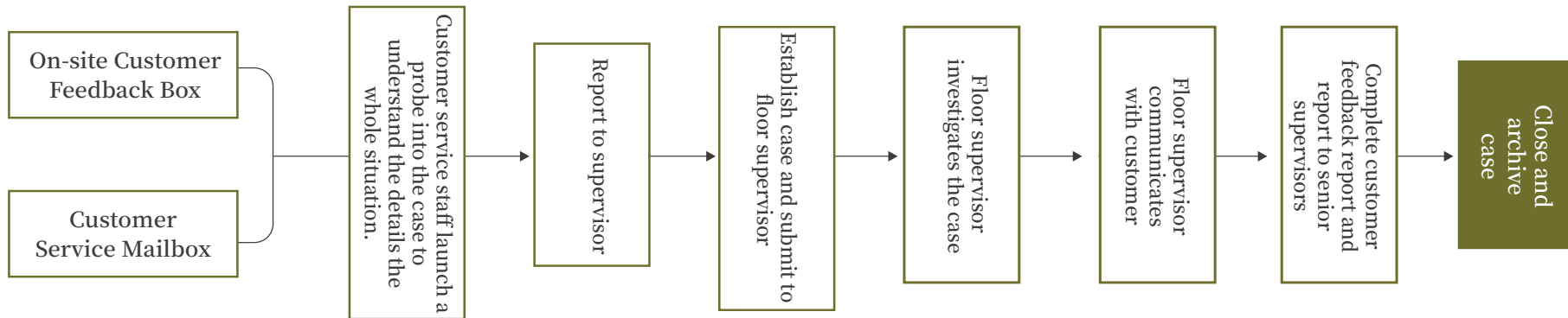
Park Lane by CMP, consistently committed to a space that combines art and innovation for better shopper experience, has once again stepped up a notch by creating a vertical art gallery spanning five floors in front of the original B2 living plant wall, giving the mall a third space, P-Living Room. We particularly partnered with Pistacchi Design, an expert in combining everyday humor and aesthetics, to create public seating for a spatial experience full of imagination.

The design reinforces the functions of the existing living plant wall. Air is purified through the removal of harmful gases, thermal insulation saves energy, and the environment is stress-free. We have also achieved

- Slower temperature rise  
Global warming is mainly caused by the greenhouse effect and induced by the urban heat island effect. Plants can reduce heat accumulation and the heat island effect through transpiration and shading. The living plant wall provides thermal insulation and therefore saves energy, reducing 10-15% of electricity expenditure for air conditioning in summer and the heating demand in winter.
- Better Air Quality  
The living plant wall reduces suspended particles and harmful gases in the air through adsorption, effectively purifying the air and reducing the condition of sick building syndrome.
- Energy Conservation and Carbon Reduction  
The living plant wall lowers the temperature of the building in summer and raises it in winter, saving the use of air conditioning while absorbing greenhouse gases.
- Noise Reduction  
The living plant wall can isolate or reduce noise. Studies have shown that green roofs can effectively reduce noise by 5 decibels at a thickness of 10 centimeters, and by 40 decibels at 12 centimeters.
- It is beneficial to indoor greenery, CO<sub>2</sub> reduction, and indoor health (all of which are green building indicators).

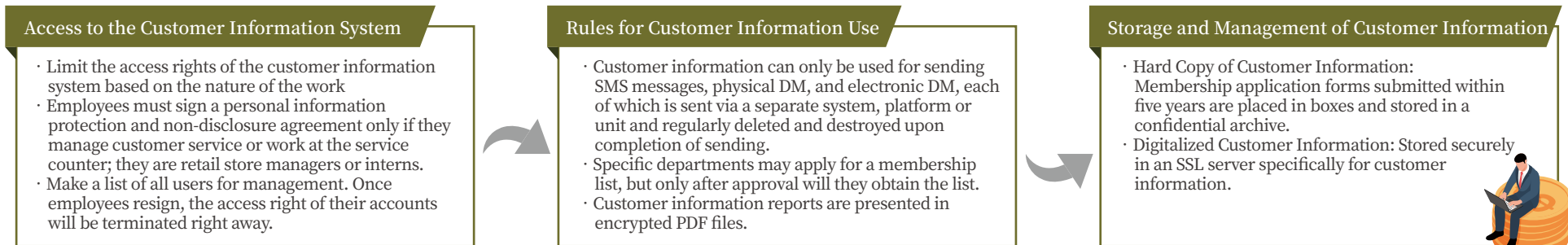
### Customer Feedback Mechanism

CMP Group's mission is to create a pleasant purchase experience for all customers. Hence, CMP Group pays close attention to customer feedback, because that is a key driver for us to improve our service quality. The floor supervisor is in charge of handling customer complaints and need to communicate with customers and review retail counters' improvement. All the processes shall be resolved within three days and then the case shall be submitted to the senior supervisor for filing. Finally, the service counter then compiles all complaints and submit the report to the senior supervisor, and s/he will then discuss whether any further improvements can be made to prevent similar problems from re-occurring. In 2021, there was a total of 35 cases of customer feedback. Most of the cases were due to customer service mistakes, except for 6 cases complimenting our excellent service. We have asked the counter employee to optimize their service procedure and improve their attitude through further training and education. Finally, we will review their improvement results.



### Customers Privacy Protection

To protect customer privacy and information, CMP Group follows the current established rules of "CMP Customer Information System and Data Management Related Specifications." In 2021, there were no cases of infringement of customer privacy or mismanagement of customer information.



## 5.3 Land Development

For the past ten years, PUJEN has built a solid reputation of a company that produces high-quality residential housing. Instead of giving in to the high volume, fast profit business model, PUJEN believes that a residential unit should be built at a solid pace to create a space where a family can feel safe and live happily. From the strict selection of construction partners, building structure inspections, follow-up building inspections, to green building, smart building, and the application of all-age housing, PUJEN hopes to continue the current development of society and lead Taiwan to align with the global trends, moving toward a low-carbon city. Thus, PUJEN Land Development is committed to creating a building that can communicate with nature, coexist with the environment, co-prosper with the land while resonating with the beauty.

### 5.3.1 Construction Partner Selection and Management

Selecting a good partner is crucial to the construction process and the quality of the finished product. Thus, PUJEN takes into consideration the safety management of the construction site as well as quality and capability. The overall management process is divided into three main stages: i) pre-contract project evaluation, ii) construction oversight, and iii) maintenance and management after practical completion and handover. Before outsourcing to the construction partner, three or four professional construction companies, in principle, are invited to conduct a pre-construction evaluation and on-site visits to the designated site based on PUJEN's evaluation criteria to better understand the on-site management and construction quality. Then the PUJEN's project supervisor and the site manager would select the appropriate partners to outsource. When the project enters the construction phase, an on-site supervisor will be arranged to conduct site safety spot checks or inspections at any time to ensure safety practices are carried out. PUJEN hopes to create an accident-free and disaster-free construction site.

#### Stage One – Pre - contract Project Evaluation



#### Stage One – On-site Inspections

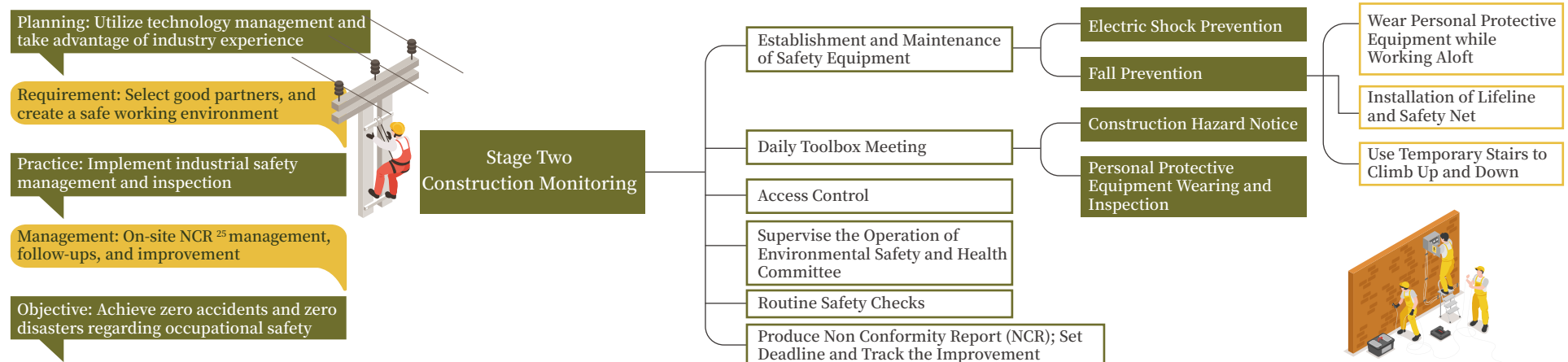




## Stage Two – Construction Monitoring

CMP Group cannot give in regarding construction safety management. Thus, achieving zero accidents and zero disasters is our goal. construction and electromechanical technicians are assigned to be stationed at all CMP Group construction sites to supervise and request the contractors to cooperate and implement safety and health measures.

### Occupational Safety · Site Safety



## 5.3.2 Industry and Academia Collaboration

When it comes to the construction industry, also a traditional industry, workers built houses normally based on technique passed down by the experienced or those written documents in the past, so they have less connection to new technology and new ideas. However, PUJEN Land Development was established in pursuit of building an ideal and practical house. To us, we are not simply building a house, but we keep trying to put technology into our final work. We also cooperated with academic institutes for research during the construction period. Then we gained some positive results from those industry and collaborations.

Revisiting those past industry-academia collaboration projects performed by PUJEN, such as all-age Housing, Building Information Modeling (BIM), Earthquake Early Warning System (EEWS), Structural health monitoring (SHM), all of these projects capitalized on the power of technology and research to make architecture better and also let us know still more applications yet to be used. These two elements will grow stronger and closer with each other.

PUJEN Land Development has been working with Chinese Taipei Geotechnical Society (CTGS) since 2019, bringing in the design consultant and the construction unit of CMP Midtown to conduct research on two sub-projects: attributes of gravel formation and smart dewatering. Corresponding tests and monitoring are conducted along the project to collect a large and comprehensive set of stratigraphic data for raw data analysis. We expect this strong team to achieve exemplary collaboration between "industry" and "academia" where the industry understands the attributes of gravel formation better through academic research. The team has combined construction engineering and technology to create the first automated pumping monitoring method, using automated monitoring equipment, pumping machine control system, IoT and big data analysis to lessen water extraction effectively while saving electricity and other overheads as well as reducing carbon emissions.

### 5.3.3 Introduction of the Building Information Modeling (BIM)

Building Information Model (BIM) is a new technology management system for communication and coordination for construction projects that include the planning, design, construction, operation, and maintenance of the entire construction life cycle. BIM utilizes the digitalized 3D models to generate digital representations of geometric components of physical objects (such as beams, columns, slabs, walls, stairs, doors, and windows), relative positions of the geometric components in the space, number of objects, and their characteristics (such as color and material) to facilitate the information exchange and integration between professionals and fill the gap in traditional 2D-based model construction projects. The most critical aspect of "BIM" is the word "I—Information" symbolizing the information of building life cycle management and application.

1/ Planning and Design Phase D-BIM <sup>26</sup>		2/ Construction Phase C-BIM		3/ Building Use Phase FM-BIM	
Design Inspection		Construction Oversight/Construction Project Management		Property assets / facility management / operation and maintenance management	
Conduct reviews when the architect or PUJEN is drawing in the early phase of design		The construction and the electromechanical contractors focus on the review of collision during the construction		Establish a service platform for information utilization of each project	
Benefits generated at each stage	Promote the application of BIM to all construction projects	Benefits generated at each stage	Promote the application of BIM to all construction projects	Benefits generated at each stage	Promote the application of BIM to all construction projects
<ul style="list-style-type: none"> <li>· Inspection of architect's structural design</li> <li>· Construction material estimation; Inspection of Combined Services Drawing/ Structural, Electrical &amp; Mechanical (CSD/ SEM)</li> <li>· Collision analysis of structural design and electrical wiring arrangement</li> </ul>	<p>* Conduct pre-case design reviews on the BIM 360 platform for internal collaborative work. By doing so, compared to other companies which only rely on architects (structural technicians), construction companies, and electromechanical technicians, some key factors can be reviewed in advance to avoid unforeseen design changes</p>	<p>The 5D (3D+time+cost) model comprised of the construction period, project cost, along with the length, width, height of physical objects can effectively improve the construction management efficiency</p> <ul style="list-style-type: none"> <li>· Plan and allocate labor, equipment and administrative affairs</li> <li>· Quantify the total construction materials and calculate the total cost</li> <li>· For each construction stage, budgets and reviews on the completion target, material input and output and expenses shall be conducted</li> </ul>	<p>* Provide information of construction modeling for outsourcing standardization, and for civil engineering and CSD interface reviews</p>	<p>Utilize the basic BIM data as a tool for property and facility management to lay a foundation for the operation and maintenance manager after the completion of construction, thereby achieving the building lifecycle management</p> <ul style="list-style-type: none"> <li>· Periodic equipment maintenance and upgrade</li> <li>· Renovation of specific areas</li> </ul>	<p>The information of object will be digitalized and stored including maintenance reminder, contractor information, maintenance frequency, etc.</p>

## I. Establishing an after-sales service management platform

### Project Objectives

- 1 In 2019, PUJEN Land Development set up a customized "after-sales service management platform". Through real-time information and services provided by the platform, PUJEN can enhance the convenience and customer satisfaction of residents and property management units, thereby improving the Group's brand value.
- 2 PUJEN has set up an after-sales service management platform based on its internal repairing service and made online forms for each stage of operation based on the operating procedure of each department in order to assist the company in controlling the quality and timing of customer after-sales service in real time.

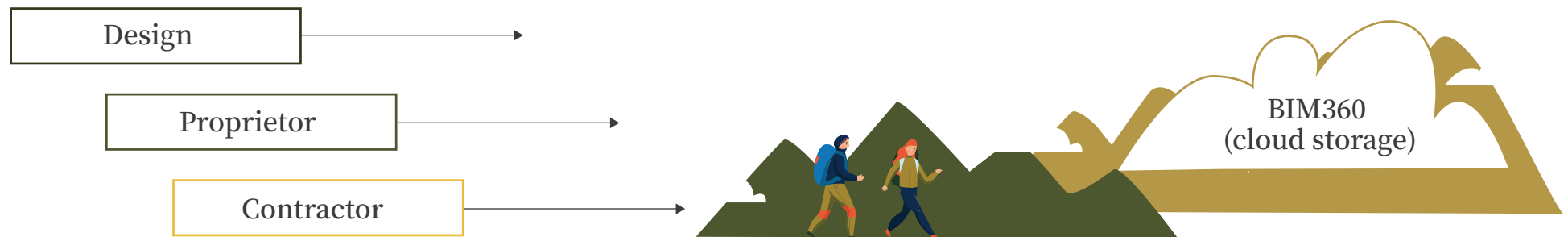


## II. Across-the-board Learning

In 2021, the Construction Engineering Department conducted internal training courses three times a month, in which BIM application to cost estimation was primary whereas BIM360 application and establishment was secondary.

Autodesk BIM 360 includes a series of cloud services, facilitating users to easily access BIM information anytime and anywhere during the project preparation process. It mainly performs management, collaboration, communication, and other operations for buildings in engineering projects which adopt BIM (REVIT) software. In addition, through cloud platform, project personnel can comprehensively manage the BIM of projects with no geographical and time constraints and maximize the effectiveness of BIM.

Cloud services support a multi-functional collaboration, including model arrangement and intelligent object data exchange, which changes how architects, engineers, contractors, and owners collaborate, manage, and release the information of building and civil engineering infrastructure in a real-time basis.



### BIM360 - Application by PUJEN

#### 1. Externally

Invite architects, structural engineers, construction companies, and electromechanical companies and project management to BIM360 platform for collaborative operation planning.

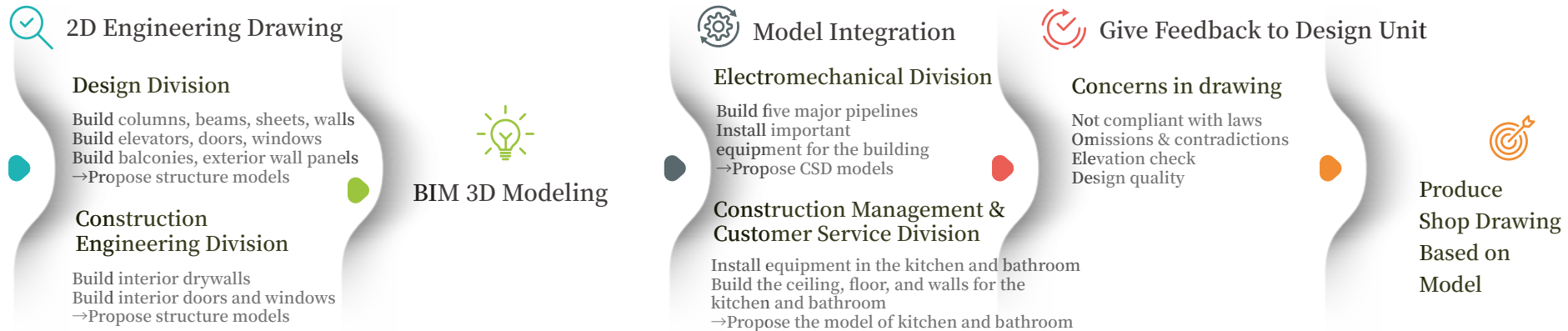
#### 2. Internally

In general, D-BIM shall be drawn by the architect who does it via BIM. However, the practice is yet to be widely adopted. Therefore, PUJEN has launched across-the-board BIM learning. Personnel of the Building Construction Department have started drawing 3D modeling layout based on the 2D modeling layout in some projects, then conducting layout reviews and giving feedback to the architect for further adjustments. At the same time, project personnel can understand that the progress of modeling layout can be in sync. The BIM planned, designed and established in the early stages of the case is then applied to the research and development of cost estimation for the case.



In 2021, CMP Group was fully committed to the implementation and data establishment of D-BIM. The BIM team from the Building Construction Department would review, allocate and plan for BIM drawings of individual case based on work content

D-BIM Collaboration Procedure



Implementing the BIM: Timeline, Progress, and Results



BIM Introduction and Implementation

		PUJEN Ningan Park Project (Completed)	PUJEN Chongyang (Completed)	Tairan PUJEN (Completed)	PUJEN Qingcheng (Completed)	Water Residence (Completed)	PUJEN Yiyi (Completed)	PUJEN Zuo (Completed)	CMPJ Residence de l'aqua (Completed)
BIM Introduction	Design-BIM			●		●			●
	Construction-BIM								
	Facility Management-BIM				●			●	●

		Ching-Geng Yanji (Completed in 2021)	PUJEN Yangmu (Completed in 2021)	CMP Midtown (In Progress)	PUJEN Yongji (In Progress)	Park Mansion (In Progress)	Beautiful Harmony (In Progress)	GLORIOUS (In Progress)	Zhongshan Art Mansion (Pre-sale)
BIM Introduction	Design-BIM	●	●	●	●	●	●	●	●
	Construction-BIM	●	●	●	●	●			
	Facility Management-BIM	●	●						

### 5.3.4 Development of Low Carbon Cities

Escalating climate change has led to more discussions over carbon reduction in recent years. Tens of thousands of buildings are the cornerstone to each city. If buildings can lower down the negative impact on the natural environment through the whole procedure of construction, it will bring a substantial benefit to cities regarding the overall carbon reduction. PUJEN has long promoted and implemented a long-term carbon reduction plan throughout the life cycle of residential buildings. At the design stage of each construction project, PUJEN has all introduced the concept of low carbon building. Through building construction, PUJEN spares no efforts to give the considerable momentum to the development of low carbon city in Taiwan.

Since its inception, PUJEN Land Development has introduced the concept of sustainable design and pro-actively promoted green building design and planning. With the regulations of "Green Building Label", a series of processes of building green construction from construction material production, building design and planning, construction phase, use, management to demolition, have included four aspects of our daily life: ecology, energy saving, waste reduction, and health.

#### Results of the Low Carbon City Strategy

		CMPJ (Completed)	PUJEN Qingcheng (Completed)	PUJEN Zuo (Completed)	CMPJ Residence de l'aqua (Completed)	Ching-Geng Yanji(Completed in 2021)	PUJEN Yangmu (Completed in 2021)	CMP Midtown (In Progress)	PUJEN Yongji (In Progress)	Park Mansion (In Progress)	Beautiful Harmony (In Progress)	GLORIOUS (In Progress)	Zhongshan Art Mansion (Pre-sale)
Energy Conservation	High Efficiency LED Lighting	●	●	●	●	●	●	●	●	●	●	●	●
	Thermal Control Lighting	●	●	●	●	●	●	●	●	●	●	●	●
	VFD Air Conditioner	●	●	●	●	●	●	●	●	●	●	●	●
	VFD Speed Regulator	●	●	●	●	●	●	●	●	●	●	●	●
	Appliance with Energy and Water Conservation Label	●	●	●	●	●	●	●	●	●	●	●	●

- 5.1 Metal Manufacturing
- 5.2 Lifestyle Hospitality
- 5.3 Land Development

		CMPJ (Completed)	PUJEN Qingcheng (Completed)	PUJEN Zuo (Completed)	CMPJ Residence de l'aqua (Completed)	Ching-Geng Yanji(Completed in 2021)	PUJEN Yangmu (Completed in 2021)	CMP Midtown (In Progress)	PUJEN Yongji (In Progress)	Park Mansion (In Progress)	Beautiful Harmony (In Progress)	GLORIOUS (In Progress)	Zhongshan Art Mansion (Pre-sale)
Energy Recycling	Heat Pump Hot Water System				●			●					
	Rainwater Reuse	●	●		●	●	●	●	●	●	●	●	●
Clean Energy	Solar Power				●			●					
Intelligent Monitoring	Energy usage monitoring (digitalized electric and gas meters)	●			●			●					
	Automated Lighting	●			●			●					
	Automatic Control based on Power Factor	●			●			●					
	Sensor and Automatic Sprinkler	●			●			●					
Green Transportation	Low carbon parking spots (electric cars/motorcycles/bicycles)		Charging equipment installation		Charging equipment, installed and reserved	Charging equipment, installed and reserved	ubike / charging power reserved	Charging equipment, installed and reserved	Charging equipment, installed and reserved	charging power reserved	Charging equipment, installed and reserved	charging power reserved	Charging equipment, installed and reserved
Green Design	Green Building	Silver level	Silver level		Silver level	Silver level		Golden Level	Silver level	Silver level	Golden Level	Silver level	Golden Level
	Intelligent building				Gold level			Gold level					
Other Green Projects	Recycling Management	●	●	●	●	●	●	●	●	●	●	●	●
	Damper control	●	●	●	●	●	●	●	●	●	●	●	●

### Creating a higher standard of living through the merging of intelligent buildings and green buildings!

With the advent of the era of computing, high-efficiency intelligent homes have been developed through the integration of internet and the desire for a safe and healthy home environment that is convenient and improves the quality of life for the home dwellers. In addition, with the issue of climate change, it made sense to merge both intelligent buildings with green buildings and promote the two together. Buildings now can boast a green design and houses intelligent ICT equipment that allows a one to create a safe, healthy, convenient, comfortable, energy saving, and the environmentally friendly home – a practice that is mainstream in many countries. We are committed to building good homes. In 2019, CMPJ Residence de l'aqua received the Intelligence Building Gold Label for the residential category, and in 2020, Site A of CMP Midtown was nominated for the Smart Building Gold Certificate in the residential category.

### Ching-Geng Yanji, completed in 2021, was awarded the Green Building Silver Label.

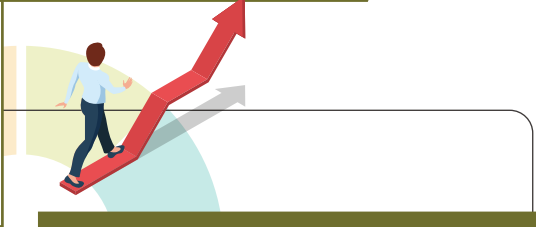
### Electric Vehicle (EV) Charging System

With the phasing out of fuel vehicles in advanced countries around the world, pure electric vehicles will become increasingly popular in the market. In response to the emerging market trend, PUJEN Land Development started as early as in 2013 to adopt design that encompassed EV charging equipment and full power reserve for new construction cases.

In terms of the structure of electricity consumption, we adopt the public meter system exclusively for vehicle charging promoted by Taiwan Power Company. Meanwhile, charging energy management systems are built to charge at night during off-peak hours and intelligently regulate the power and time of charging piles for energy saving and off-peak electricity consumption.

Starting from 2022, we will introduce carbon footprint assessment for the construction industry for new development projects and urban renewal cases that are expected to obtain the Green Building Label or Smart Building Label, with the goal of obtaining the LCBA (Low Carbon Building Alliance) Construction Carbon Footprint Certification at the design permit stage.

Promote green buildings for energy conservation and carbon reduction



Elevate the quality of the living environment



Drive the development of science and technology industry

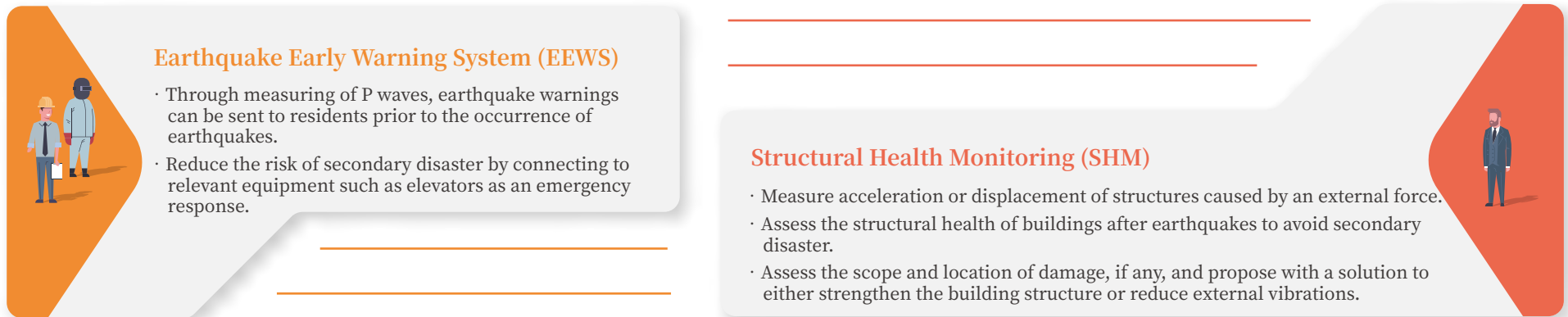




### 5.3.5 PUJEN Anxinjv

#### In-situ Earthquake Early Warning System and Structural Health Monitoring

PUJEN always pursue to improve and provide a safer living environment for clients. Taiwan is located in an earthquake zone, and we want to give our residents a comprehensive response plan in case of an earthquake. Therefore, we worked with the Group's affiliate San Lien Technology Corp. and developed the Earthquake Early Warning System for the safety of the residents. We continue to incorporate the seismometer Palert into each building. Immediately after the earthquake, the structural health screening system is activated to check the safety strength of the building, so that the residents know whether they can return to the building and avoid secondary damage. Some construction projects such as Ching-Geng Yanji and PUJEN Yangmu in Taipei and CMP Midtown in Taichung all introduced seismometers to their design. The devices will be installed based on the project progress. Furthermore, Earthquake Early Warning System (EEWS) and Structural Health Monitoring (SHM) will be incorporated into the building management system to continuously ensure living safety for clients.

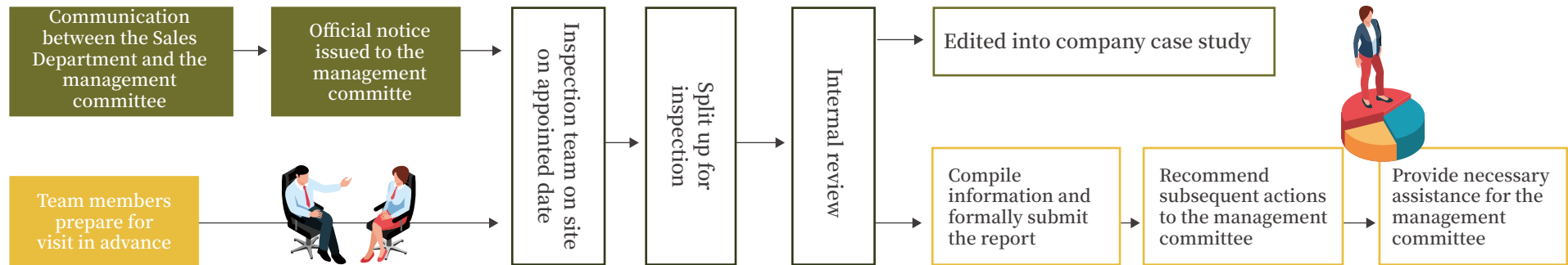


#### PUJEN Anxinjv — Building Safety Inspection Plan

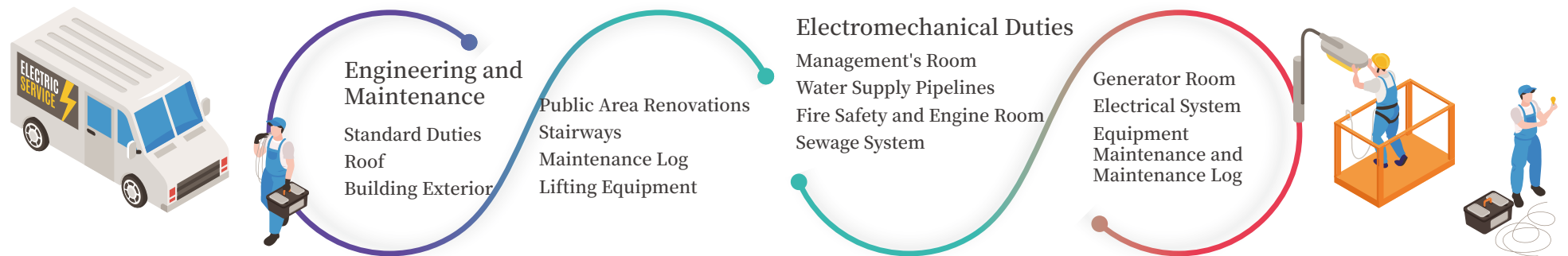
After the Tainan earthquake in 2016, the Taiwanese government started to promote building safety inspections for old buildings. Just like regular health checkups, buildings also need to be inspected regularly for safety. To provide clients with a safer living environment, PUJEN assists in public facilities and building inspections in the community and reminds the community to maintain their equipment regularly. This extraordinary public service is rarely seen in the industry. Although we encountered many challenges, we still hope to do our best to provide a safe living environment for our clients.

Since its establishment over ten years ago, PUJEN has launched over ten projects. In order to maintain the smooth operation of the local community, PUJEN continues to provide the inspection service for public facilities and buildings. The purpose is to raise the awareness of equipment regular maintenance and to improve the safety and quality of living in the community.

For the sold projects, PUJEN continues to carry out inspections at the public areas including the surroundings on the first floor, the exterior appearance, landscape, entrance hall, the second foyer, various halls (depending on which floor is), the machine room, the roof deck (R1F), etc. The inspections are carried out by a team of seven led by the Construction Management and Customer Services Division and supported by the Sales Department. We assist three or four communities in conducting inspections each year. The inspection scope is divided into two parts, i) construction work and ii) electromechanics. After the on-site inspection, the team will provide its suggestions to the building management committee and help the committee to fix those problems'.



**PUJEN Anxinjv – Safety Checklist**



### 5.3.6 All-age Housing

In 2015, CMP Group, PUJEN Land Development, JJP Architects and Planners, Scenario Lab, Foundation of Universal Design Education, CMP PUJEN Foundation for Arts and Culture, and NCTU Graduate Institute of Architecture all participated in the project "All-age Housing", integrating the industry practices with research methods in the academia to better understand the expectation of comfortable lifestyle and needs of the aging generation. We also apply the results to our construction products to create comfortable and safe homes for all ages and groups, with the goal of "aging in one's home".

	Ching-Geng Yanji(Completed in 2021)	PUJEN Yangmu (Completed in 2021)	CMP Midtown (In Progress)	PUJEN Yongji (In Progress)	Park Mansion (In Progress)	Beautiful Harmony (In Progress)	GLORIOUS (In Progress)	Zhongshan Art Mansion (Pre-sale)
Passageway and Traffic Flow	Indoor and outdoor entrances, exits, and passageways are smooth and easily accessible	●	●	●	●	●	●	●
	Widen the passage of entrance and exit; Floor with no height difference	●	●	●	●	●	●	●
	Simple and clear signage	●	●	●	●	●	●	●
Public Facility	Elevators can access to the roof deck, allowing the relaxation spaces to have smooth traffic flow	●	●	●	●	●	●	●
	Add parent-child friendly facilities in public restrooms for possible needs	●	●	●	●			●
	Place anti-slip mats at swimming pool and install more accessible facilities			●				

	Ching-Geng Yanji(Completed in 2021)	PUJEN Yangmu (Completed in 2021)	CMP Midtown (In Progress)	PUJEN Yongji (In Progress)	Park Mansion (In Progress)	Beautiful Harmony (In Progress)	GLORIOUS (In Progress)	Zhongshan Art Mansion (Pre-sale)
Interior Space	Create short and convenient flow in living room; avoid complexity and zigzag	●	●	●	●	●	●	●
	Increase the size of bathroom and reserve room for handle installations	●	●	●	●	●	●	●
	Reserve room for future barrier-free facilities	●	●	●	●	●	●	●
	The height of the indoor and outdoor threshold (excluding balcony) should be 3 cm or less, and the thresholds that are 0.5 to 3 cm high should be with 1/2-inch bevel	●	●	●	●	●	●	●
	Installation of emergency alarms	●	●	●	●	●	●	●
	Bathroom doors are 75 cm or wider	●	●	●	●	●	●	●
	Indoor passages are 90 cm or wider	●	●	●	●	●	●	●



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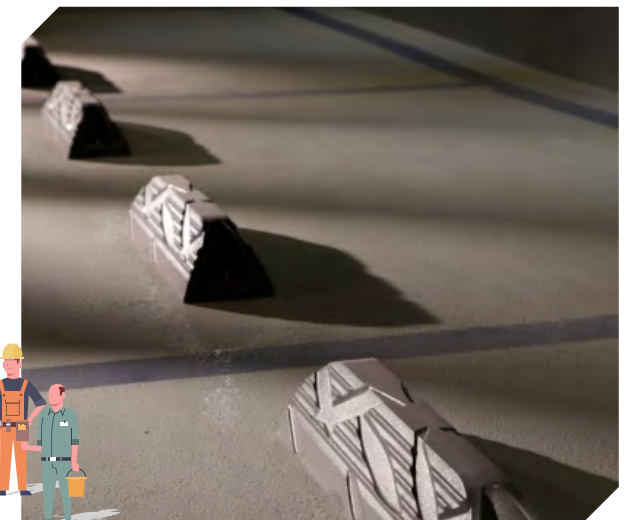
		PUJEN Ningan Park Project (Completed)	PUJEN Chongyang (Completed)	Tairan PUJEN (Completed)	PUJEN Qingcheng (Completed)	Water Residence (Completed)	PUJEN Yiyi (Completed)	PUJEN Zuo (Completed)	CMPJ Residence de l'aqua (Completed)
PUJEN safe homes	Earthquake Early Warning System				●			●	●
Multi-application of Group Resources	Cast Iron Wheel Chocks		●	●	●	●	●		●
Building Safety Inspection	Year of Implementation	2021	2021	2017	2020	2020	2021	2020	2021

		Ching-Geng Yanji(Completed in 2021)	PUJEN Yangmu (Completed in 2021)	CMP Midtown (In Progress)	PUJEN Yongji (In Progress)	Park Mansion (In Progress)	Beautiful Harmony (In Progress)	GLORIOUS (In Progress)	Zhongshan Art Mansion (Pre-sale)
PUJEN safe homes	Earthquake Early Warning System	●	●	●	●	●	●	●	●
Multi-application of Group Resources	Cast Iron Wheel Chocks	●	●	●	●		●	●	●
Building Safety Inspection	Year of Implementation								

### 5.3.7 Multi-application of Group Resources

Cast iron was a popular building material in Europe and America from the mid 19th century to the early 20th century, often used for building surface decoration, doors, windows, balconies, and railings to add an aesthetic element to buildings, and even for beam and column support. With the advancement of building technology, cast iron has been gradually replaced by steel and is no longer used for construction but mostly for decoration.

Cast iron products, made through founding and dewaxing, express the warmth from a traditional craftsman and complement modern architecture. PUJEN struck up a collaboration with the metal manufacturing branches of CMP Group, and integrated internal resources to design and develop unique cast iron parking bumpers with reinforced galvanized rust treatment for the finished product. Starting from the CMPJ project in 2010, all parking bumpers were exclusively made for PUJEN construction projects. The cast iron parking bumpers was a fantastic symbol of the integration of group culture, corporate image and resources.





## chapter.6



# Environmental Sustainability

6.1 Circular Economy

6.2 Energy Conservation and Carbon Reduction

6.3 Water Resource Management

6.4 Energy & Emissions

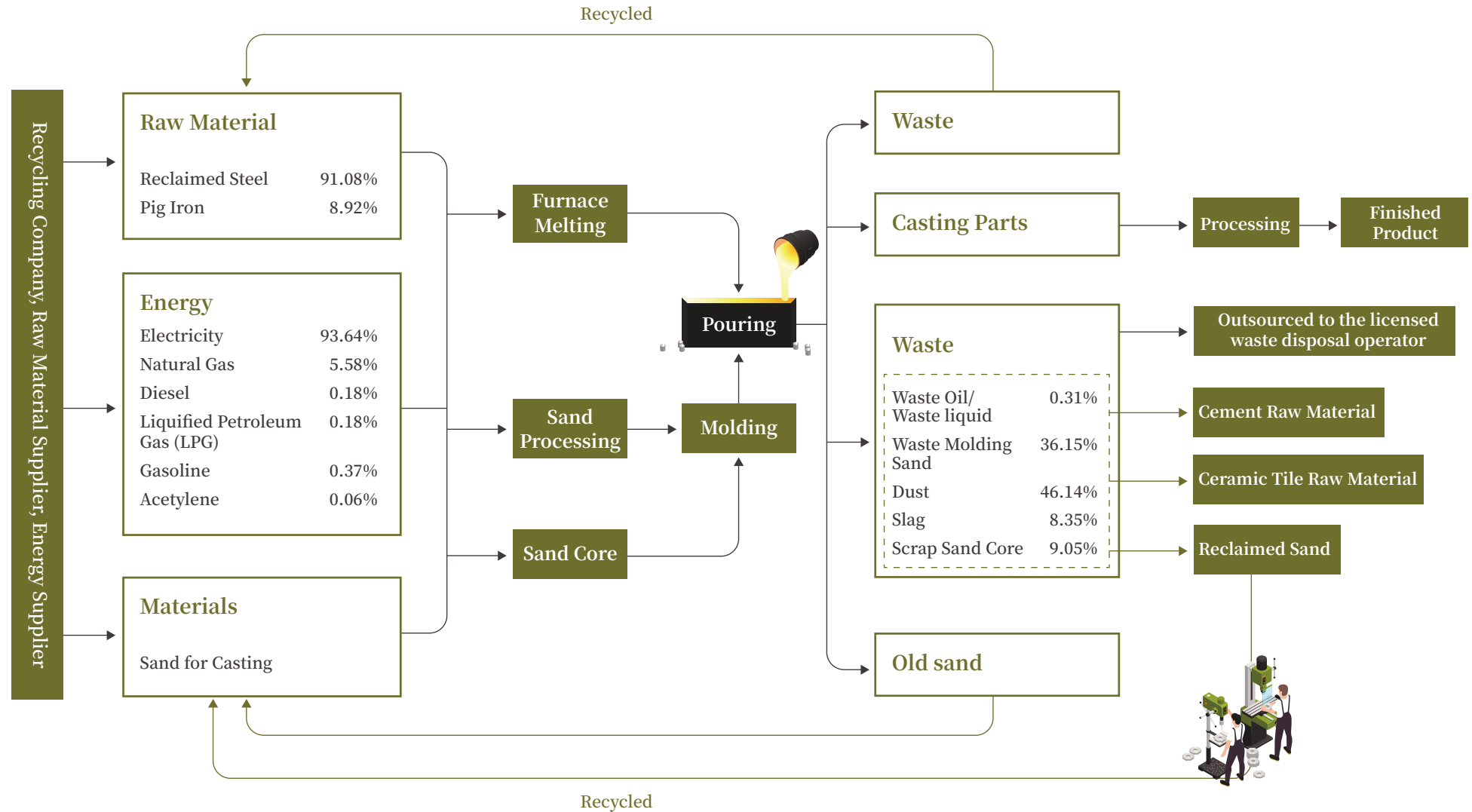
6.5 Environment, Health, and Safety (EHS) Management

6.6 Lifestyle Hospitality



- 6.1 Circular Economy
- 6.2 Energy Conservation and Carbon Reduction
- 6.3 Water Resource Management
- 6.4 Energy & Emissions
- 6.5 Environment, Health, and Safety (EHS) Management
- 6.6 Lifestyle Hospitality

### Circular Economy Map





## Environmental Sustainability

Management Approach	Responsible Unit	Action Plans
Follow ISO standards regarding environmental management to ensure that the Company complies with the relevant environmental regulations and laws. Committed to energy conservation & carbon reduction and air pollution reduction & emissions to be eco-friendly for the environment and stakeholders	The Occupational Safety Department, the Environmental Safety Department, the R&D Department, and the Quality & Technical Department	<ol style="list-style-type: none"> <li>1. Continuously utilize reclaimed steel in pursuit of Circular Economy</li> <li>2. Enhance the availability rate to reduce energy consumption and carbon emissions through the production improvement to lower the defective rate</li> <li>3. Dedicated to utilizing new materials to reduce the amount of wastes or add new value to wastes for reuse</li> </ol>

Target Item	Actual Performance in 2021	2023	2025	2027	Detail
Reclaimed Steel Used Ratio (%)	91.08	88.66	89.54	90.43	Achieve Long-Term Goals
Energy Intensity (GJ/ton) <sup>27</sup>	7.9343	8.2971	8.2889	8.2807	Achieve Long-Term Goals
GHG Emissions Intensity (metric tons of CO <sub>2</sub> e) <sup>28</sup>	1.58	1.69	1.68	1.66	Achieve Long-Term Goals
Energy Conservation and Carbon Reduction (metric tons of CO <sub>2</sub> e)	11,789	5,170	5,225	5,270	Achieve Long-Term Goals
Environmental Protection Expenditure (NTD)	93,809,160	82,610,000	85,086,000	87,638,000	Achieve Long-Term Goals
Waste Reused (tons)	22,169	18,810	18,995	19,200	Achieve Long-Term Goals

While the cast part products from Metal Manufacturing can be used for over a decade, the various changes still made in recent years remark the result of our pursuit of circular economy: changing the raw materials at the front end, optimizing the production process in the middle, and reusing and recycling our final products in the final stage. We will keep our faith, continue our green production and move toward the goal of environmental sustainability in the future.

## 6.1 Circular Economy

In 1972, CMP Group started in the field of metal casting, and in 1980, it turned out to be a professional foundry consuming the most pig iron in Taiwan. However, mining pig iron drastically and rapidly depleted the resources in the forest and mines. What's even worse, a large amount of scrap metal was piled up in the recycle depot. These phenomena stimulated CMP Group to think about what changes we can make. With the advancement of production technology, the percentage of raw material used for casting has changed: utilizing less amount of pig iron replaced with reclaimed steel, which our mountains and forests also benefit from. In 2021, the overall production amount was approximately 220,000 tons, 91.08% of which utilized reclaimed steel. The advancement in manufacturing process has effectively enhanced the success rate and yield rate and drastically reduced the foundry returns and energy consumption, thus resulting in a significant increase in the efficiency of energy and resources consumption. The offcut materials at the end of production can be recycled as foundry returns and adding other auxiliary materials to the old sand can be reused.

<sup>27</sup> Calculation Formula: Energy Usage Intensity (GJ/ton) = Energy Consumption (GJ)/Production Volume (ton)

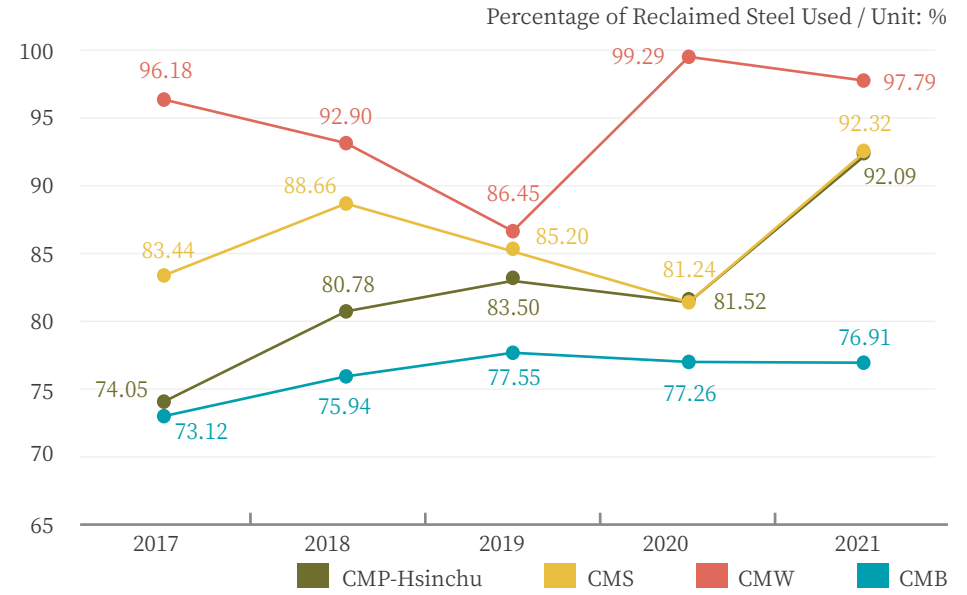
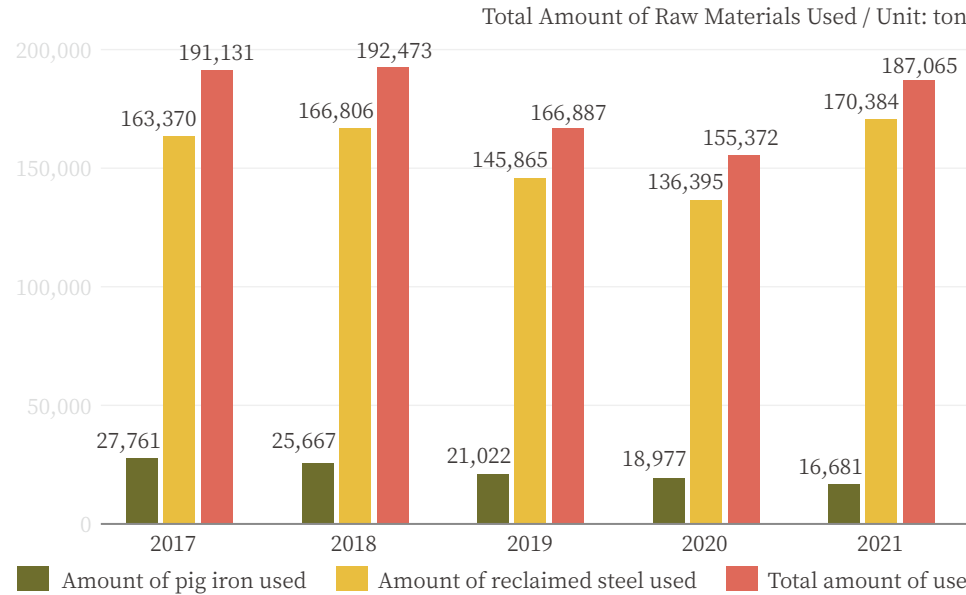
<sup>28</sup> Calculation Formula: GHG Emissions Intensity (ton CO<sub>2</sub>e/ton) = GHG Emissions Amount (ton CO<sub>2</sub>e/ton)/Production Volume (ton)



### 6.1.1 Raw Material Recycling & Reuse

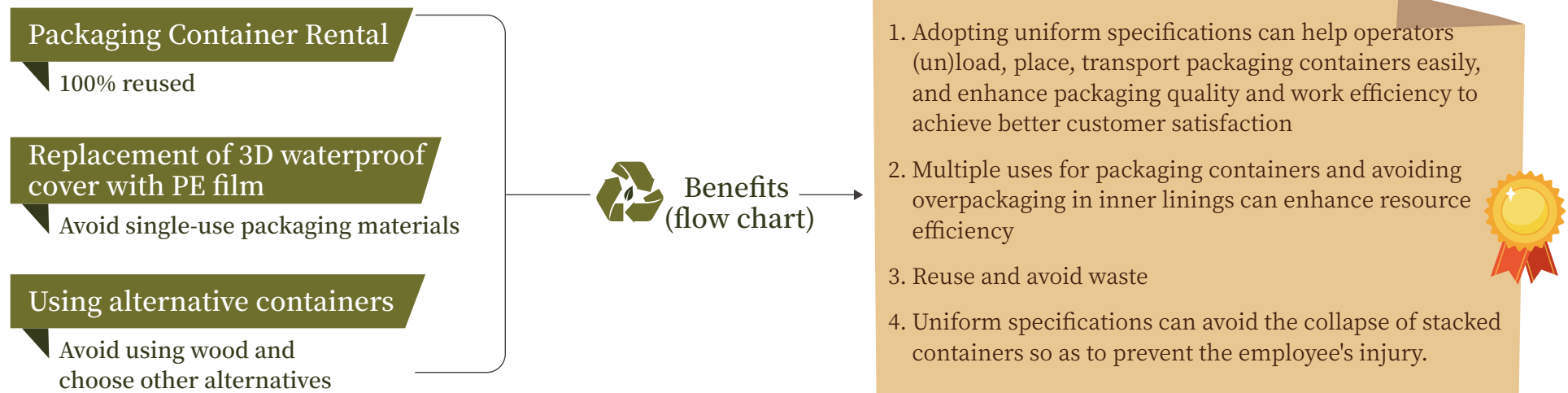
CMP Group casting products are all made of pig iron and reclaimed steel. Pig iron mainly relies on imports from overseas, and reclaimed steel is acquired through local suppliers. Other materials include a variety of sand types for casting, mixed soil, coal powder, clay, nodularizer, etc. Major raw materials consumed in 2021 were roughly 187,000 tons, an increase from 2020 due to increased production of hydraulic parts and compressor parts.

The reclaimed steel used this year totaled 170,400 tons, approximately 91.08% of all raw materials. Moreover, the amount of reclaimed steel used in a single foundry can reach 97.79% during the production process. Although all final products are cast parts, the proportion of reclaimed steel used is different in the different foundries as they have different requests and would apply the final products in different ways. Regarding materials, reclaimed steel was used the most in making sand cores and sand molds. After used, old sand was recycled, filtered, cooled, and then was added with auxiliary materials to ensure that it has the right air permeability, temperature, and moisture for reuse in the production.



## 6.1.2 Packaging Materials Recycling and Reusing

CMP Group customizes its products to satisfy various customer demands on size and packaging ranging from metal boxes, wooden boxes, PE boards, pellets, paper boxes, and other containers. Apart from the packaging materials not able to be recycled due to overseas shipment with the product based on customer demands, storage cages, metal boxes, and PVC foam boards reach 100% recycled and reused. On the other hand, we decided to rent metal frames and boxes for the shipment of our products to implement circular economy.



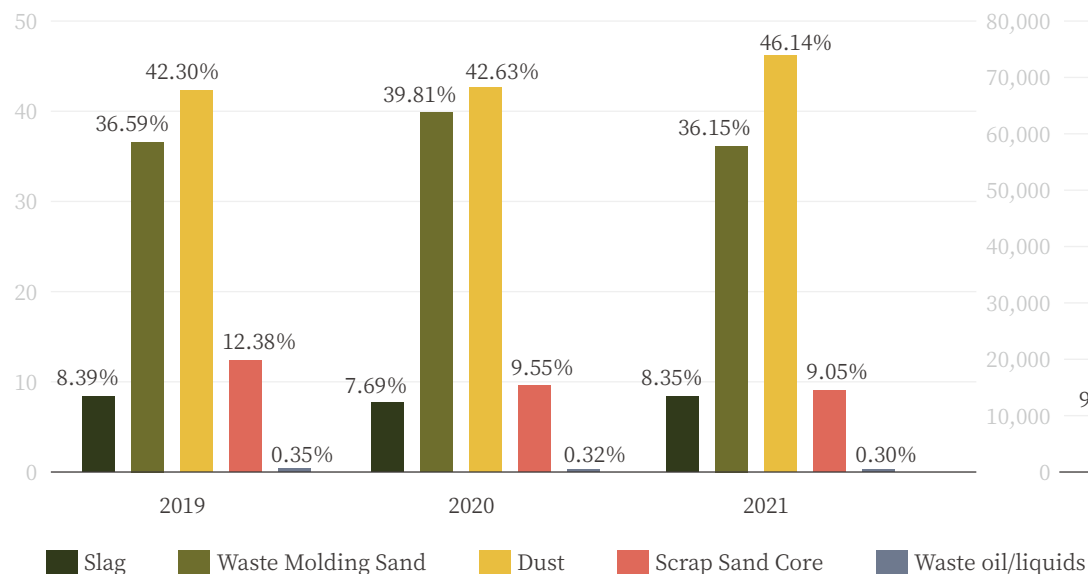
## 6.1.3 Waste Recycling and Reuse

CMP Group strives to completely control and reduce the amount of waste generated. Each year, waste-producing units jointly estimate the total waste production for the year and compared to the actual waste generated and recorded for internal review purpose as well as periodic reporting to the government's regulatory monitoring system.

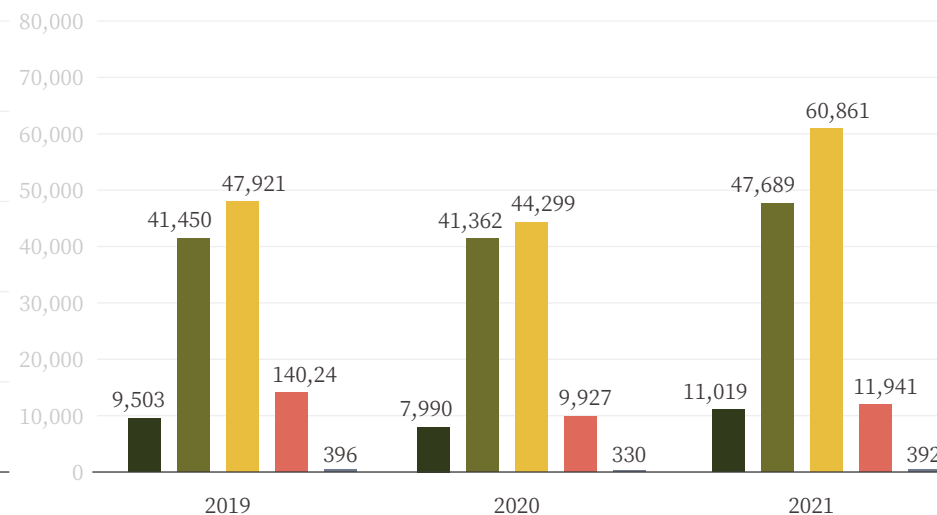
The definition of a toxic substance varies in different regions. Currently, waste categorized into general waste and hazardous waste. Hazardous waste is collected and stored in a hazardous waste warehouse and controlled by the Environmental Protection and Safety Department as a restricted area that requires permission for entry. Regardless of hazardous or not, all waste is sorted and disposed of via licensed recycling operators contracted by CMP Group who equipped with GPS tracking, online surveillance, and vehicle accompany to ensure all waste is delivered to the correct destination offsite and not improperly disposed of. In 2021, there was no waste shipped offshore. The five primary waste produced by CMP Group is slag, waste molding sand, dust, scrap sand core, and waste oil/liquids. Contracted companies used four methods of recycling, reuse, incineration, and burial to dispose of waste materials. In particular, waste molding sand and dust are the top two wastes, accounting for 36% and 46% respectively.

With the joint efforts with suppliers and research institutes, we recycle slag, dust, and waste molding sand, which account for 91% of overall waste amount, and turn them into raw materials for low-strength cement and landscaping permeable bricks for further use in another industry. Cross-industry waste reuse not only strengthens industrial symbiosis but also adds new value to the waste. The scrap sand core accounting for 9.05% were refined into the reclaimed sand as much as possible for reuse in the production. In 2021, the recovery rate of non-hazardous waste was 78.41% with a reuse rate of 16.81%. The rate of non-recoverable and non-reusable waste declined to 4.78%. Wastes of an industrial process can be transformed into the raw materials or nutrients for another. This is the critical step for achieving circular economy: turning waste into resource.

Rate of Wastes Generated for the Past Three Years



Amount of Wastes Generated for the Past Three Years (Unit: ton)



2021		Reused	Recycled	Stored On-site	Incinerated	Miscellaneous	Total
Non-hazardous	Slag	23.02	5,085.84	0.00	0.00	5,910 <sup>29</sup>	11,018.86
	Waste Molding Sand	22,124.60	25,564.65	0.00	0.00	0.00	47,689.25
	Dust	21.78	60,839.60	0.00	0.00	0.00	60,861.38
	Scrap Sand Core	0.00	11,940.60	0.00	0.00	0.00	9,927.37
Hazardous	Waste Oil/liquids (hazardous)	0.00	0.00	0.00	139.50	252.64	392.14

<sup>29</sup> The same legally-operating renewable resource company is commissioned for all such work. After leaving the site, the slag is first crushed by a crusher and then magnetically separated and screened. After screening, a small amount of iron-containing slag iron (about 5%) is transferred to some small foundries for use as raw materials; the rest is used as raw materials in a cement plant.

Slag	While smelting metal, impurities will float on the surface of molten iron. The deslagging agent is then applied to adhere the impurities, which form slag, to be better removed	<ul style="list-style-type: none"> <li>· Outsourced waste disposal to the licensed waste disposal operator</li> </ul>
Waste Molding Sand	Waste molding sand is something filtered as the non-reusable after sand core production, molding, and casting metal	<ul style="list-style-type: none"> <li>· Made into ceramic tile raw materials Mixed in certain ratio and outsourced to cement plants as raw materials for cement</li> <li>· To prevent dust from causing pollution during transportation, CMB has invested in dust pelletizer and sold pellets. The cement manufacturer, a strategic partner of CMB, estimated that these three CMB s wastes can be fully utilized in the future through the current method. Moreover, the cost of waste disposal will be completely reduced to zero and nearly 80% of the waste will be turned into resource, which can also generate extra revenue.</li> </ul>
Dust	A mixture of tiny metal and sand grains, difficult to separate for reuse in production. Generally, collected by using a dust collector to prevent the spread	
Scrap Sand Core	Filtered as non-reusable sand core	<ul style="list-style-type: none"> <li>· Outsourced to be made into the reclaimed sand for further use in the production cycle</li> <li>· Outsourced to the licensed waste disposal operator</li> </ul>
Waste oil/ liquids	Lubricant, anti-rust oil, hydraulic oil, etc., that used in maintenance or processing which cannot re-use after several cycles. or the cutting fluid, emulsion, and effluent that contains grease used in processing	<ul style="list-style-type: none"> <li>· Outsourced to the licensed waste disposal operator</li> </ul>



▲ Clean factory



▲ Pelletizing Machine



## 6.2 Energy Conservation and Carbon Reduction

### 6.2.1 Green Production

#### Odor, Grease & Fumes, and Exhaust Gases Removal

##### Application of Eco-friendly Sand

CMS has replaced precoated sand with eco-friendly sand to produce sand cores. Meanwhile, CMS has also requested the contracted sand core manufacturers to use eco-friendly sand in 2020 so as to reduce the emissions of C<sub>6</sub>H<sub>6</sub>O, CH<sub>2</sub>, and NH<sub>3</sub>. By December 31, 2021, the usage of eco-friendly sand had accounted for 72% of the total outsourced sand cores, an increase of 7% from 2020. We continue to move towards the goal of 100% usage.

##### New coating filtering device and automatic amine dosing system for sand cores

CMS recycles and reuses waste coating after purification and optimization. The year 2021 recorded 4.86 tons, a 50% decrease from 9.72 tons in 2020, and a saving of NT\$26,700 (-4.86 tons). Moreover, the automatic amine dosing system can reduce the exposure time of personnel and the occurrence of occupational diseases. Fugitive emissions are effectively reduced during the amine dosing process, contributing to improved shop environment and optimized air.

##### Establishment of a pure water system

CMS uses pure water to configure cutting fluid to extend the useful life of cutting fluid and reduce waste liquid and pollution.

##### Purification Upgrade: Replacing Triethylamine with C<sub>5</sub>H<sub>13</sub>N.

CMS used to use triethylamine as catalyst in the cold core shop, but it has been replaced with dimethylisopropylamine to reduce odor during the production. In 2021, ammonia nitrogen emissions were reduced by an average of 38%, phenol emissions by an average of 38%, and formaldehyde emissions by an average of 35%. In addition to the reduction of pollutant emissions, there was positive effect on air purification.

##### New automatic cutting fluid proportioning & feeding equipment

CMS has added automatic cutting fluid proportioning and feeding equipment to save labor hours, reduce air contact, and extend useful life. The number of connected machines was 71 this time, with an estimated cost saving of NT\$1,913,232.

##### Odor Removal by Drying E-coating Lines and Drying in the Machining Department

CMB minimized the pollution source through a ventilation duct and collected the exhaust gases. The exhaust gases going through the duct to the spray towers and the low-temperature plasma equipment can remove the water vapor produced during the production of e-coating lines and the paint fumes during the drying process, which can lower the impact on the environment.

### Secondary Management of Sand Washing Machine, Dust Collector, and Chimney

To ensure the efficiency of solar power generation and the strict emission monitoring and management, CMB installed a secondary system for sand washing machines and dust collectors. The amount of dust in the exhaust gases has decreased from 6-7mg/m<sup>3</sup> to less than 2-3mg/m<sup>3</sup> after installation, which significantly prevented the spread of iron dust.

### CMW improvement on sources of pollution

Item	Pivotal Problems	Action Plans	Benefits
Shakeout machine dust remediation	<ol style="list-style-type: none"> <li>1. The dust collection duct was too high for personnel to reach, so it was difficult to clean the accumulated dust.</li> <li>2. Effective management was impossible, hence the compromised dust collection effect.</li> </ol>	<ol style="list-style-type: none"> <li>1. A walkway has been built along the side of the duct to solve the dust cleaning problem.</li> <li>2. Standards have been set, and the duct is regularly cleaned to maximize the dust collection effect.</li> </ol>	With the addition of the walkway, the operator can clean the dust quickly and safely and keep the environment clean.
Sand screening machine environmental management	<ol style="list-style-type: none"> <li>1. The equipment was too close to the wall for inspection and repair.</li> <li>2. The bottom of the equipment was open. When the sand leaked into the pit, the dust escaped.</li> <li>3. The dust collection hood, designed to be in the middle, had poor dust collection effect.</li> </ol>	<ol style="list-style-type: none"> <li>1. It has been widened from 2.9x2.6M to 4.2x4.1M, making equipment inspection and repair convenient.</li> <li>2. The bottom of the equipment has been sealed, and the connection of the equipment has also been sealed.</li> <li>3. A dust collection hood has been added at the end. The escaped dust can be directly sucked away. It works well.</li> </ol>	The environment around the sand screening machine has been improved, and it is more convenient to inspect and maintain the equipment.
Noise reduction at the exit port	<ol style="list-style-type: none"> <li>1. The drop difference between the exit port and the material box was huge (60cm), and the noise of the castings hitting the box was loud (97.5 dB), which posed a serious potential threat to the health of the personnel.</li> <li>2. The castings hitting the iron box produced loud noises.</li> <li>3. Besides, the spot was not easy for the forklift to go through, hence the safety risks.</li> </ol>	<ol style="list-style-type: none"> <li>1. Tracks have been laid to raise the material box 30cm higher and reduce the impact of falling castings.</li> <li>2. Rubber has been laid inside the container to avoid direct contact between the castings and the container, protect the castings, and reduce the noise.</li> <li>3. The exit port area has been sealed to isolate and control noise.</li> </ol>	After the improvements, including reducing the distance of castings into the box and sealing off the exit area, the noise generated by the collision of castings has greatly reduced, from the 97.5 dB to 81.7 dB in the area. The positive effect ensures the health of the staff.
Dust control at the sand return port	Every time sand is discharged from the sand return port of the production line, the sand accumulates at the sand return port, making it impossible for the sand to return properly. As a result, the sand accumulates on the floor, causing a great deal of dust emissions.	1、 A set of lift and sand unloading bucket as well as remote control equipment have been added for convenience and labor saving. The forklift driver puts the waste sand to be sent back directly into the lifting bucket and starts the operation remotely. It is safe and reliable, and only requires one person to finish returning the sand.	The improvements are obvious. There is no more sand accumulation or dust generation. It saves time and manpower, and the air is cleaner.

Item	Pivotal Problems	Action Plans	Benefits
Pollution source control for the sand recycling and washing machine	The noise level was as high as 117.62 dB, and the dust was flying everywhere, with concentration reaching 40mg/m <sup>3</sup> . The on-site environment was not ideal.	<ol style="list-style-type: none"> <li>The vibrating bed produces less noise after the thickening of the OC bottom plate and the addition of rubber in the middle.</li> <li>A sound insulation shed with batts has been installed.</li> <li>The dust collection air volume has been increased to collect the dust in a sealed environment and reduce the dust concentration to 6mg/m<sup>3</sup>.</li> </ol>	The noise level has decreased from 117.62 dB to 90 dB, and coupled with less escaped dust, the environment has been significantly improved.

## 6.2.2 Energy Conservation and Carbon Reduction

The following energy conservation programs have a total annual carbon reduction of 11,788.58 metric tons of CO<sub>2</sub>e, about the carbon absorption amount of 31 Daan Forest Parks<sup>30</sup> in years. ♻️

<p><b>Solar Power Generation</b></p> <p>A total of 6.23MW solar power generation equipment was installed at CMP-Hsinchu, CMW, and CMB, with an annual power output of 5.96 million kW and a carbon reduction of 4,268 metric tons CO<sub>2</sub>e.</p>	<p><b>Defective Rate Reduction</b></p> <p>CMP-Hsinchu aims to increase production efficiency and reduce energy waste. In 2021, the average defective rate was 4.83%, 2.26% lower than that in 2020, and effective production capacity increased 480 tons. Meanwhile, 876,532 kWh of electricity and NT\$2,191,331 were saved, and 440.02 tons of CO<sub>2</sub>e emissions were reduced.</p>	<p><b>Reduced consumption of pig iron</b></p> <p>CMP-Hsinchu consumed about 18% and 8% of pig iron in 2020 and 2021 respectively, which indicates a decrease of 10 percentage points. For every ton of pig iron used less, 0.1566 metric tons of CO<sub>2</sub>e can be reduced. In 2021, 987 tons of pig iron was saved, reducing 154.56 tons of CO<sub>2</sub>e.</p>	<p><b>Increased use of recycled steel</b></p> <p>CMS used 80% of recycled steel in 2021, totaling 38,338 tons. Based on 20 kWh of electricity for 3 tons of briquette production, 255,586 kWh of electricity and NT\$721,008 were saved, and 179.8 tons of CO<sub>2</sub>e emissions were reduced.</p>
<p><b>Project on Defective Rate Reduction</b></p> <p>CMS reported an overall casting defective rate of 4.13% in 2021, down 1.13% from 2020, and achieved the target of 4.25% or lower. The cumulative weight of defective products was reduced by 629 tons. With a 26% increase in production capacity, the reduction in the defective rate saved 559,044 kWh of electricity and NT\$1,741,902. Reduction of 421.43 tons of CO<sub>2</sub>e</p>	<p><b>Project on Throughput Yield Improvement</b></p> <p>CMS saved 348,958.5 kWh of electricity and NT\$984,412, and reduced 245.49 metric tons of CO<sub>2</sub>e through 60 projects on continued throughput yield improvement.</p>	<p><b>Development of a new type of energy-saving hydraulic station</b></p> <p>CMS has developed a new type of energy-saving hydraulic station to save energy through accumulator and inverter. From June 2021 to the end of the test, a total of 7 months of operation, 26 kWh of electricity was consumed, achieving an energy-saving rate of 99%. Putting one energy-saving hydraulic station into operation can save 5,080 kWh per year [(0.8*20-0.125) *320 days]. Six stations have been put into operation so far, saving 30,480 kWh of electricity and NT\$85,984 per year, and reducing 21.4 tons of CO<sub>2</sub>e.</p>	<p><b>Project on Production Line Lighting Optimization</b></p> <p>CMS continues to promote energy-saving projects. The originally used 50W LED machine tool light, bulky and unattractive, has been replaced with the 6-12W LED light, which is small, aesthetic and energy-saving. In 2021, 94 6W energy-saving machine tool lights and 56 12W energy-saving lights were put into operation, saving 48,107 kWh of electricity (6264w/1000kW*24H*320 days) and NT\$135,710 in total, and reducing 33.8 tons of CO<sub>2</sub>e.</p>

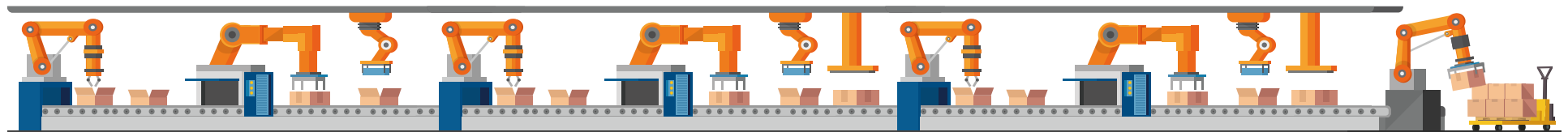
<sup>30</sup> According to the statistic from the Council of Agriculture, one hectare of the forest can absorb 15 tons of carbon emissions. Therefore, the Da-an Forest Park (25.8 hectares) can absorb 384.6 metric tons of carbon emissions.

<p><b>Reduced consumption of pig iron</b></p> <p>CMS consumed about 20% and 8% of pig iron in 2020 and 2021 respectively, which indicates a 16% decrease. For every ton of pig iron used less, 0.1566 metric tons of CO<sub>2</sub>e can be reduced. In 2021, 6,469 tons of pig iron was saved, reducing 1,013 tons of CO<sub>2</sub>e.</p>	<p><b>Faucet Optimization Project</b></p> <p>CMB changed the faucet in the shop to induction faucet in order to avoid pollution caused by employees touching the faucet switch when there is oil on their hands. 5.4 tons of water is saved per capita per year (based on 100 people in the shop, 5.4*100=540 tons), and the annual cost saving is NT\$9,632.</p>	<p><b>Project on Throughput Yield Improvement</b></p> <p>CMB continues to improve the throughput yield. In 2021, 9 sets were completed with an estimated saving of 512 tons of molten iron. 292,068 kWh of electricity and NT\$1,458,822 were saved, and 205.47 metric tons of CO<sub>2</sub>e was reduced.</p>	<p><b>Grinding Reduction Project</b></p> <p>In 2021, CMB added a new key improvement project for grinding reduction and completed 5 sets with an estimated saving of 5706 hours of grinding time. 3,081,600 kWh of electricity and \$9,475,175 were saved, and 2,167.91 metric tons of CO<sub>2</sub>e was reduced.</p>
<p><b>Project on Lighting Equipment Optimization</b></p> <p>CMB approximately saves 14,000 kWh of electricity, \$51,316 in overheads, and 9.85 metric tons of CO<sub>2</sub>e in carbon emissions per year through the energy-saving shop lighting project.</p>	<p><b>Lowered annual defective rate</b></p> <p>CMB continues to lower the defective rate. In 2021, we saved approximately: 106,387 kWh of electricity, reduced 74.84 metric tons of CO<sub>2</sub>e, and saved NT\$277,030.</p>	<p><b>Use of copper-bearing steel</b></p> <p>CMW uses copper-bearing steel, saving \$210,846 in material costs each time and saving on secondary copper addition by employees. The quality of recycled steel has been improved. Electricity consumption per ton of molten iron was 5-8% less than that in 2020. The average electricity consumption was 564 kWh/ton in 2021, with a reduction of 28-45 kWh per ton of molten iron.</p>	<p><b>Use of low-manganese steel wires</b></p> <p>CMW uses low-manganese steel wires to produce 100% of molten iron. The staff does not need to remove slag, and no energy is wasted. In the meantime, the supplier is only 500 meters away from CMW, which means a decrease in diesel transportation costs and CO<sub>2</sub> emissions. In 2021, 109.71 tons were purchased directly, contributing to a reduction of NT\$36,955 in steel costs, a saving of 228 L of diesel, and a reduction of 0.63 metric tons of CO<sub>2</sub>e.</p>
<p><b>Use of mobile (vehicle-mounted) waste liquid reduction equipment</b></p> <p>CMW used mobile waste liquid reduction equipment to reduce the total cost of in-plant waste liquid treatment by \$2,784,537 in 2021. The treated water can be reused.</p>	<p><b>Lowered annual defective rate</b></p> <p>CMW continues to lower the defective rate. In 2021, we saved approximately: 396,179 kWh of electricity, reduced 350.34 metric tons of CO<sub>2</sub>e, and saved NT\$1,358,340.</p>	<p><b>Project on Throughput Yield Improvement</b></p> <p>CMW saved 590,871 kWh of electricity and NT\$7,784,727, and reduced 522.51 metric tons of CO<sub>2</sub>e through 60 projects on throughput yield improvement.</p>	<p><b>Grinding Consumption Reduction Project</b></p> <p>CMW continued to work on the grinding consumption reduction project in 2021, saving 72,342 kWh of electricity and NT\$2,800,554 and reducing 63.97 metric tons of CO<sub>2</sub>e.</p>
<p><b>Design of optimized differential case structure</b></p> <p>CMW project on the design of optimized differential case structure reduces drilling and cutting allowance.  <math>100000 \times 2.2 \times 150 / 3600 = 9167 \text{ kW}</math>          The drilling time is shortened from 180 s/piece to 30 s/piece, which can save 150 s/piece and <math>100,000 \times 2.2 \times 150 / 3600 = 9167</math> kWh of electricity as well as reduce 8.11 tons of CO<sub>2</sub>e.</p>			



- 6.1 Circular Economy
- 6.2 Energy Conservation and Carbon Reduction
- 6.3 Water Resource Management
- 6.4 Energy & Emissions
- 6.5 Environment, Health, and Safety (EHS) Management
- 6.6 Lifestyle Hospitality

Business Unit	CMP Hsinchu	CMS	CMB	CMW	Total
Project Title	<ul style="list-style-type: none"> <li>■ Solar Power Generation</li> <li>■ Project on Defective Rate Reduction</li> <li>■ Reduced consumption of pig iron project</li> </ul>	<ul style="list-style-type: none"> <li>■ Reduced consumption of pig iron project</li> <li>■ Increased use of recycled steel</li> <li>■ Project on Defective Rate Reduction</li> <li>■ Development of a new type of energy-saving hydraulic station</li> <li>■ Project on Production Line Lighting Optimization</li> <li>■ Project on Throughput Yield Improvement</li> <li>■ New automatic cutting fluid proportioning &amp; feeding equipment (green production)</li> </ul>	<ul style="list-style-type: none"> <li>■ Solar Power Generation</li> <li>■ Cylinder without overflow column process</li> <li>■ Project on Lighting Equipment Optimization</li> <li>■ Project on Throughput Yield Improvement</li> <li>■ Grinding Reduction Project</li> <li>■ Faucet Optimization Project</li> <li>■ Lowered annual defective rate</li> </ul>	<ul style="list-style-type: none"> <li>■ Solar Power Generation</li> <li>■ Design of optimized differential case structure</li> <li>■ Use of copper-bearing steel</li> <li>■ Use of low-manganese steel wires</li> <li>■ Lowered annual defective rate</li> <li>■ Improved throughput yield</li> <li>■ Grinding Consumption Reduction Project</li> <li>■ Use of mobile (vehicle-mounted) waste liquid reduction equipment</li> </ul>	25 projects
Power Consumption Reduction/kWh	2,267,868	1,282,175	8,394,409	3,024,785	14,969,237
Power Consumption Reduction/GJ	8,164.32	4,615.83	30,219.87	10,889.23	53,889.25
Waste reduction (sludge, dust, Waste liquid)/ton	0	12.58	0	0	12.58
Carbon Reduction/ton CO <sub>2</sub> e	1,293.03	1,914.92	5,905.07	2,675.56	11,788.58
Water conservation/ton	0	0	540	0	540
Diesel fuel conservation/liter	0	0	0	228	228
Savings/NT\$	2,191,331	6,082,249	18,940,617	11,980,576	39,194,773



## Automation Equipment Investment

### Benefits of Applications

Apart from adopting the latest automated molding machine, CMB continues to expand the applications of automation equipment to grinding, robotic arms, and other equipment

- Effectively reduce environmental pollution with the equipment optimization
- Reduce occupational injuries caused by moving loads manually and material handling operation
- Effectively reduce human error and improve quality and stability
- Improve production efficiency
- Manpower Re-allocation

### Case Study:

CMB invested in German-made multiple station, four-sided grinding equipment for cylinder blocks

- Adopting two KUKA, an industrial robots with a 500 kg payload, is used for automated loading and unloading. The robots can be applied to the grinding of cylinder block and non-cylinder block products
- Avoid occupational injuries caused by loading and unloading materials manually as well as noise and environmental pollution
- Production Efficiency Improvement: Enhanced 45% and the grinding quality met the expectation. A burr can be controlled within 0.5 mm, and the quality remains high
- Human Resource Performance: Reduce labor costs and labor intensity as well as improve the working environment



▲ Automated Production Line



▲ Exhaust Gas Disposal Equipment



▲ Solar Power Generation

## 6.3 Water Resource Management

Water resource is invaluable but climate change has caused water shortage. This is what we need to face together. Water resources are shared. Although CMP Group does not belong to the water-intensive industry, however, according to the water risk atlas created by the World Resources Institute (WRI), the water stress at the operating bases falls within the low to high stress areas (CMP<10%; CMW 20-40%; CMB and CMS 40-80%). Therefore, we still conduct three strategies of our water resources management: Reduction, Reuse, and Recycling. Moreover, we have established an inspection system and an operation maintenance management system to better control water consumption in the factory and promote water conservation policies through regular inspections, project optimization of the manufacturing process, self-management, and proposals for improvement. Water withdrawal in 2021 was 32.51% higher than that in 2020, and water consumption was 35% higher than that in 2020. The increase in water withdrawal and consumption was due to a close-to-25% increase in production capacity. In addition, the dry spell since April 2021 led to an increase in water demand.

Category	Year/Amount of Water (M <sup>3</sup> )	2019	2020	2021
Water Draw-off Amount	Underground Water	6,524	32,586	122,025
	Surface Water	0	0	0
	Third party <sup>31</sup>	564,240	471,986	546,622
Displacement	Underground Water	0	0	0
	Surface Water	0	0	0
	From Other Sources	1,140	130,632	163,864
Water Consumption Amount	Underground Water	6,524	32,586	122,025
	Surface Water	0	0	0
	From Other Sources	563,100	341,354	382,758

CMP Group attaches great importance to sharing water resources. Also, because the nature of Metal Manufacturing, a non water-intensive industry, CMP Group is dedicated to water conservation, reuse, and recycling to reduce regional water consumption where the Group's companies or foundries are located and to fully fulfill its corporate social responsibility of water conservation. CMP Group's foundries and factories are all located in the professional economic development zone. Most of water for production are from the water supply of the city and a small amount of underground water; thus, adopting this method of water supply won't cause direct or negative impacts on the ecosystem. On the other side, Land Development utilizes the Internet of Things to consolidate water resources and benefit the local residents. More details about the disclosure of certain water-intensive industries will be elaborated in a special column.

CMP Group will continue promoting water resource sharing, annual monitoring and management measures, water conservation promotion, and preventing water resources from wasting. Moreover, CMP Group is committed to implementing the three strategies of water resources management: Reduction, Reuse, and Recycling to avoid causing negative impacts on the local environment, society, and economy.

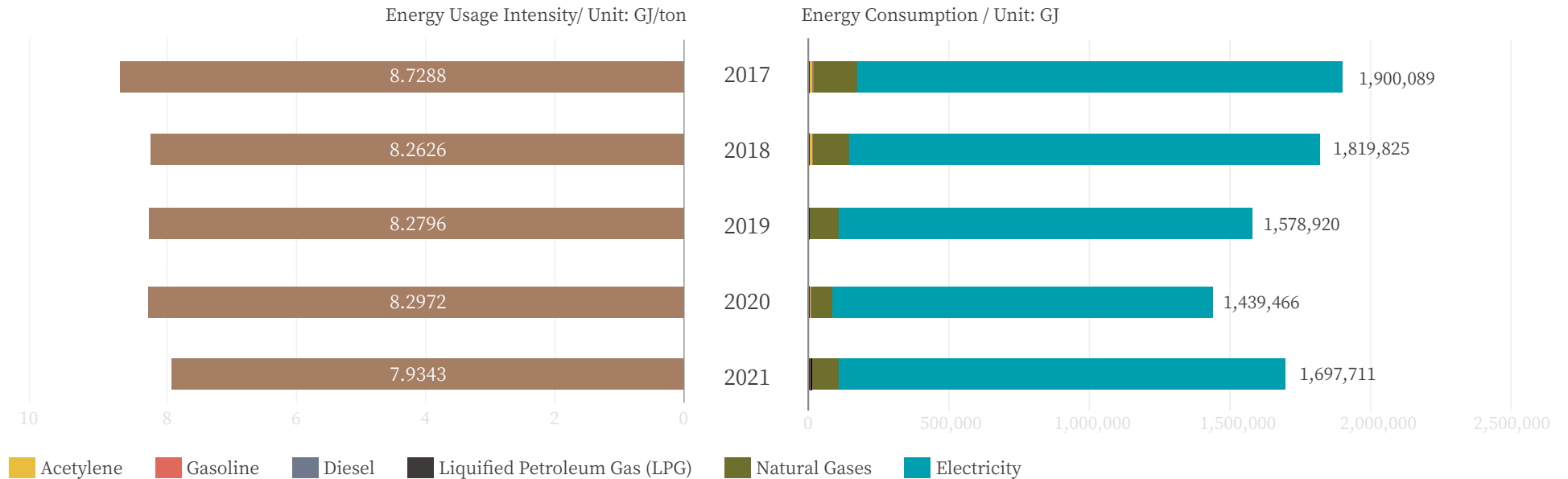
31 The Third Party: Water supply companies or sewage treatment plants, public or private facilities, or other organizations involving water supply, transportation, disposal, removal, use, or discharge.

## 6.4 Energy & Emissions

### 6.4.1 Energy

All the factories of Metal Manufacturing conduct iron smelting with electric furnaces so electricity is the primary energy consumption, accounting for approximately 93% and followed by 6% of natural gas and approximately 1% of diesel, liquified petroleum gas (LPG), gasoline, and acetylene. In 2021, a total of 1,697,711GJ<sup>32</sup> was consumed, more than that in the base year of 2015<sup>33</sup>. It was because of a 26.58% increase in production volume.

As for energy management, CMP Group adopts systematic approaches to manage and control the process and results of production through energy audits and to further propose a optimization project. Moreover, setting 2015 as the base year, we have adopted energy usage intensity as a management index, which is calculated as units of energy consumed (GJ/ton) per ton of produced product. As electricity is the primary energy consumption, the R&D and production units are striving to increase the throughput yield to achieve better power consumption efficiency and improve the manufacturing process, thereby enhancing the yield rate and molten iron consumption efficiency and reducing the overall energy consumption. Significant improvement has been shown annually since 2015, and the annual energy consumption reduced to 7.9343 GJ/ton in 2021, 17.13% lower than the base year.



32 Calculation Formula: Energy Usage Intensity = Energy Consumption (GJ)/Production Volume(ton)

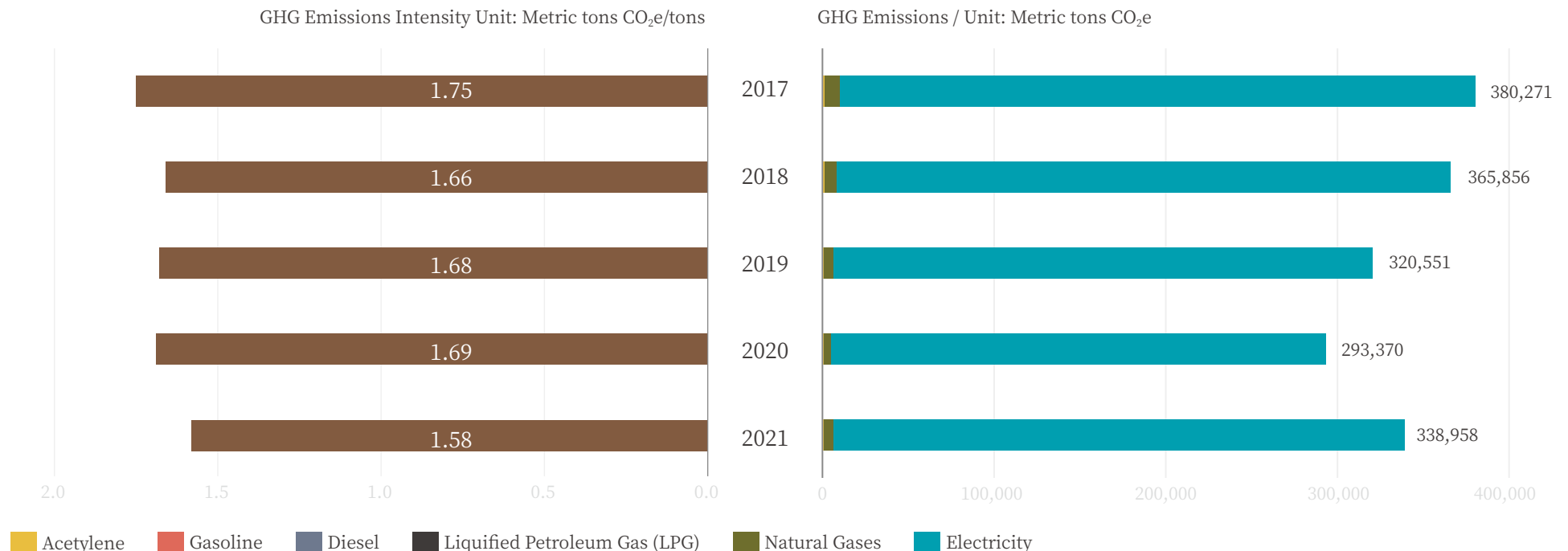
33 Total energy consumption from the 2015 base year: 1,618,566GJ



## 6.4.2 Green House Gas (GHG) Emission Management

CMP Group processing plants are located in Taiwan, Suzhou, and Tianjin. The GHG emission numbers in this report<sup>34</sup> are the results of self-audits based on standards in ISO 14064-1, IPCC, suggestions from external experts, and local regulations. However, the emission factors used for calculation may vary due to geographical differences. For example, the processing plants located in Taiwan shall calculate the emissions of calorific value and power based on the emission factors announced by the Bureau of Energy. As for the plants in Suzhou and Tianjin, the calorific value is adopted based on the "General Principles for Calculation of the Comprehensive Energy Consumption," and coefficient of power consumption is adopted based on the average emission factor of CO<sub>2</sub> from the 2012 North China and East China regional grids. Self-inventory of GHG includes carbon dioxide, methane, and nitrous oxide; there are converted into their carbon dioxide equivalents according to their correlation coefficients. In 2021, the total annual GHG emission amount was 338,958 metric tons CO<sub>2</sub>e, including 2% from Scope 1 emission equivalent to approximately 6,072 metric tons CO<sub>2</sub>e, and 98% from Scope 2 emission equivalent to approximately 332,886 metric tons of CO<sub>2</sub>e. The total GHG emissions intensity in 2021 decreased by 17.71% compared with the 2015 base year.

Currently, each plant independently hires professional institutions to audit energy consumption and GHG emissions. Apart from reporting to the local authorities, the result of the audits is also used for internal reviews of energy consumption and GHG emissions. CMP Group further plans to hire the same professional institution for all plants to conduct audits based on ISO 14064-1 standards in the near future.



34 Referencing the 4th Assessment Report (AR4) by IPCC.

### 6.4.3 Air Pollution Prevention

Particulate matters, volatile organic compounds, nitrogen oxides, and sulfur oxides are generated during the production process of metal parts. CMP Group now generates particulate matters the most. The contingency plan in place includes installing shower tower, air purifier, active carbon adhesion, and vacuum cleaners, to process polluting particles, exhaust gas, and odor for disposal. The Environmental Protection and Safety Department formulated an annual surveillance plan, accompanied with related departments, to monitor the daily operation of environmental concerns, regulatory compliance, and also collect, examine, record and pollutants according to local regulations and for internal review and optimization. An external audit of pollutant exhaust mast conducted and reported to local authorities on an annual basis.

#### Annual air pollutant emissions

Unit: ton

	2017	2018	2019	2020	2021
Nitrogen oxides	4.41	6.09	2.37	1.26	0.82
Sulfur oxides	7.03	6.07	2.91	2.25	1.18
Volatile organic compounds	14.66	20.44	26.92	23.12	31.39
Particulate Matters	143.64	79.52	63.53	30.77	35.76

### 6.5 Environment, Health, and Safety (EHS) Management

The emissions of raw materials, energy consumption, and production and waste disposal all could bring a profound impact on the natural environment and community. Therefore, it is hoped that the EHS management system and measures can effectively monitor and control the emissions and waste disposal from the very beginning of production. Currently, apart from all processing plants obtaining the ISO 14001 certification, different individual plant has also either successfully introduced ISO 50001 standards, or gained the certifications and rating of GB/T 23331-2012 and RB/T 119-2015 from China's energy management system. Led by the top management, an Environmental Protection, Health, and Safety Committee<sup>8</sup> has been established within each factory and is comprised of personnel from production, administrative and environment safety departments. In accordance with the requirements and regulations, the factories in Taiwan convene monthly internal audit meetings while those in China convene weekly meetings. Apart from that, mutual audits between factory with the subject of EHS are also conducted from time to time to track potential or hidden risks for improvement and optimization of subsequent projects, thereby fully implementing the EHS management.

<sup>35</sup> The committee of factories located in different regions may be named differently, but shall share a common goal, and are to be integrated with the Occupational Health and Safety Committee to ensure the execution of three primary dimensions: environment, health, and safety in each factory.

- 6.1 Circular Economy
- 6.2 Energy Conservation and Carbon Reduction
- 6.3 Water Resource Management
- 6.4 Energy & Emissions
- 6.5 Environment, Health, and Safety (EHS) Management
- 6.6 Lifestyle Hospitality

### 6.5.1 Environment, Health, and Safety (EHS) Exchange Project

To elevate the performance results of the EHS measures, the EHS Exchange Project has been launched in 2017, aiming to expand intra-departmental inspections to inter-departmental exchanges so as to effectively remove blind spots and lower the potential risks. The initial project started in Taiwan and was launched in January 2017 and the exchange conference was held in April. Starting from June, follow-ups and improvements were implemented and then the project was finalized. The second project was launched in September of the same year. Even during the epidemic, CMP Group still spared no efforts to share the current regulatory requirements and thoughts on the established measures. Apart from further advancement, the EHS management is moving toward a smarter and tailor-made system.

In 2021, it was not allowed to hold overseas exchanges owing to the epidemic, but the EHS personnel from the third plant (conducting regular exchanges) in China , and the personnel from CMP-Hsinchu (conducting exchanges with a subsidiary, Atrans Precision Industries Co., Ltd.) still exchanged their ideas and cross-examined their plants through the Internet in accordance with the local laws and regulations in both sides so as to raise the employee's awareness of EHS and to further understand the current situation for improvement, thereby achieving safe and clean production. In the future, CMP Group will attempt to take the project from Metal Manufacturing and high-end precision finishing industry as an example to expand cross-industry collaboration and to motivate each other with high standards in different industries based on the progress of the project.



## 6.5.2 Environmental Protection Expenditure

Unit: Per NT\$10,000

Category	Detail	CMP-Hsinchu	CMS	CMW	CMB
Waste Disposal Exhaust Gas Emission Management	Cost of equipment procurement, upgrade, maintenance, and operation for energy conservation, carbon reduction, and further improvement				
	Waste Disposal Cost	1,308	2,088	1,616	3,416
Improve Energy Conservation and Carbon Reduction	Emission inspection fee, and the cost of purchasing emission certification and discharge permit for pollution and its use				
Environmental Management Expenditure	Environmental management system certification such as ISO 14001, ISO 50001, etc.	334	0	38	165
	Energy Audit Fee				
Optimization of Occupational Safety	Labor protection fee				
	Enhancement and maintenance fees for occupational safety facilities Occupational safety inspection fees				717
Total					9,381

## 6.6 Lifestyle Hospitality

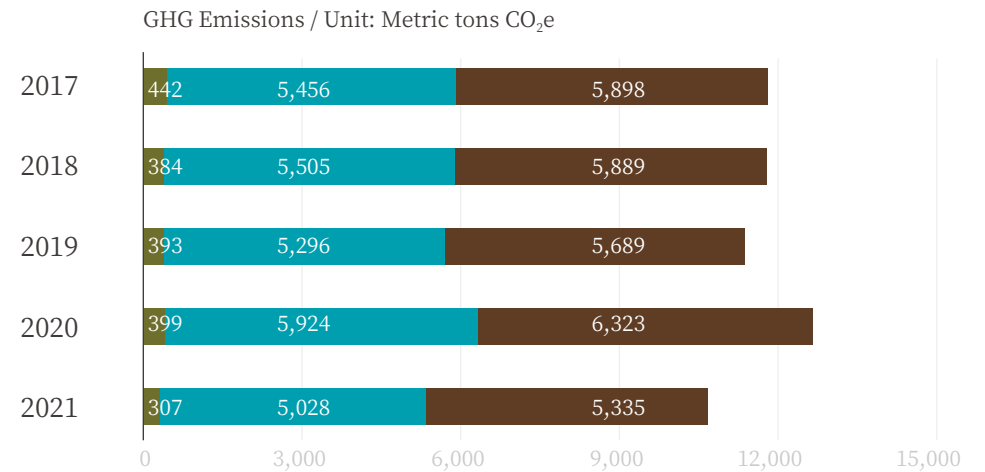
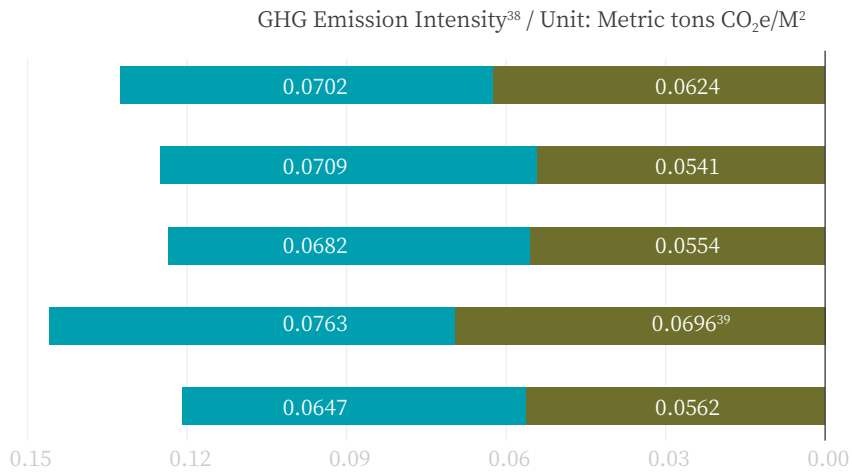
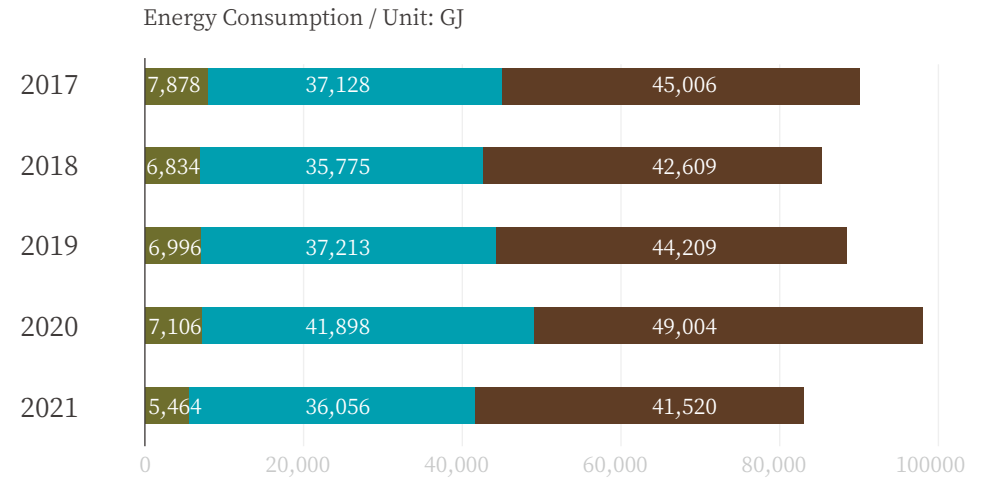
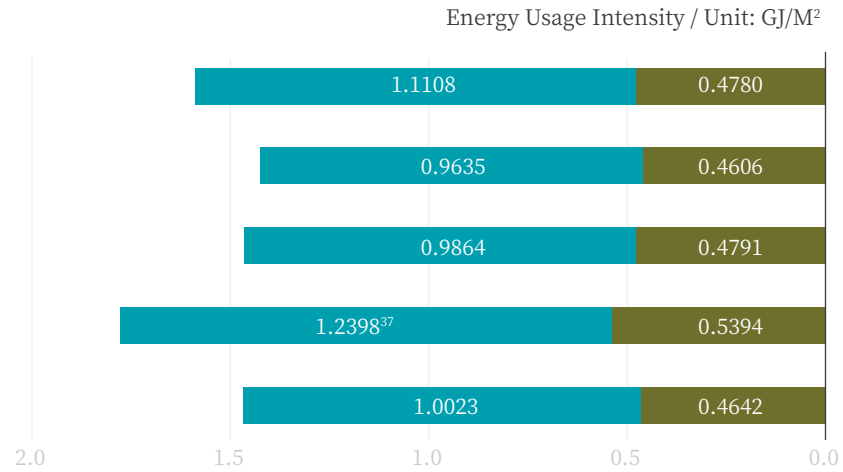
### 6.6.1 Energy and GHG Emission Management

The Shopping mall encompasses a multitude of counters providing various services; thus, the energy consumption may differ. To fully grasp the power consumption of the mall and further improve its energy consumption efficiency, the mall is divided into five categories: counters, restaurants, the yoga hall, parking garage, and the lights at the public area where energy consumption audits are conducted respectively. Currently, electricity is the primary source of energy consumption of the overall operations, approximately accounting for 80% while the main rest source is natural gas for catering.

The GHG emission numbers in this report are the results of self-audits based on standards in ISO 14064-1, IPCC, suggestions from external experts, and local regulations. The emission factors of calorific value and electricity were based on what the Bureau of Energy had announced. Energy consumption in 2021 totaled 41,520GJ, resulting in the emission of 5,335 metric tons of CO<sub>2</sub>e. Both the total amount of energy consumption and GHG emissions decreased by 14.21% and 15.71% respectively in comparison with the base year of 2015<sup>36</sup>. The greater decrease was due to the continued implementation of energy-saving projects and the decrease in the number of visitors to the lifestyle hospitality business as a result of the COVID-19 pandemic.

36 Total energy used from 2015 base year: 48,399GJ; total GHG emissions: 6,330 tons CO<sub>2</sub>e





■ Natural gas ■ Electricity ■ Total Amount

37 In the 2020 issue, the energy intensity was incorrectly computed due to the misplaced floor area, which has been corrected in this issue.

38 Calculation Formula: Energy Usage Intensity = Energy Consumption (GJ)/Floor Area (M<sup>2</sup>)

39 In the 2020 issue, the GHG emissions intensity was incorrectly computed due to the misplaced floor area, which has been corrected in this issue.

## 6.6.2 Energy Conservation and Carbon Reduction

### Equipment Replacement

Since 2013, the lights in the mall had been gradually switched from traditional light bulbs to LED lamps. As of the end of 2019, all of the traditional light bulbs had been replaced completely with brighter LED lamps; moreover, the temperature in the mall is lowered down, along with the air conditioners adjusting temperatures automatically based on the outdoor temperature and automatic temperature setting of cold water for fountains, so that energy consumption can be well managed. It is expected to reduce the annual power consumption by 940,000 kW, and 496 metric tons CO<sub>2</sub>e after the replacement work was completed.

We continued to implement a spectrum of energy saving projects in 2021, ridding composite metal lamps, and T5 and T8 tubes, using high-efficiency LED strip lights, track lights, pendant lights, recessed lights and flat panel lights for emergency lights in counters, and replacing the old lights with high-efficiency LED lights during the renovation of B1 and 1st floor. In winter, the air-conditioning system takes advantage of the outside air and shuts down when necessary to save energy. In 2021, 102,557.7 kWh of electricity was saved, reducing carbon emissions by 51.48 tons of CO<sub>2</sub>e

### Colleagues in Action

The Energy Conservation Convention has been announced to invite all employees to pay attention to trivial things in daily life so that they can also save energy and reduce carbon emissions.

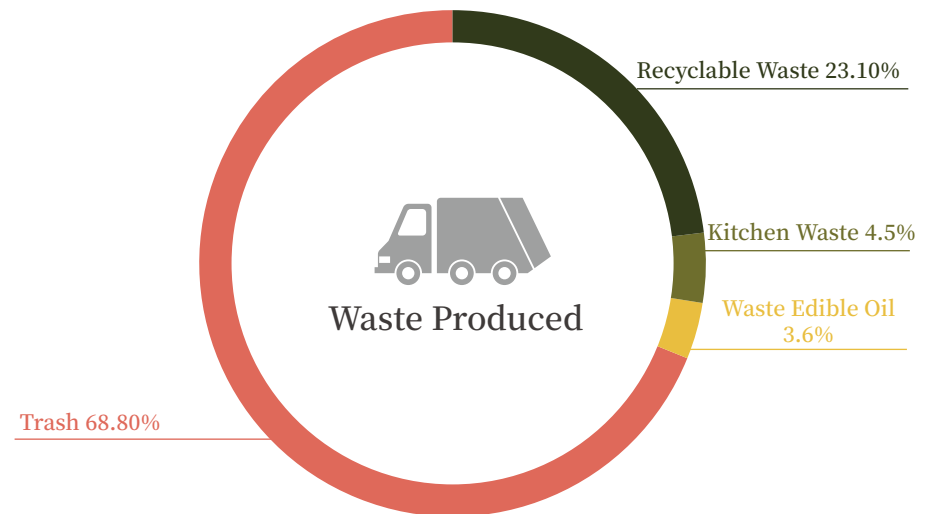
### Employee Energy Conservation Convention

- ✦ It is not allowed to improperly use personal electronic devices in the office.
- ✦ Air-conditioner shall be set at a appropriate temperature and be used only when necessary.
- ✦ Please properly sort out garbage.

- ✦ Use rechargeable batteries instead of disposable batteries.
- ✦ Please set the computer to the power saving mode when leaving your seat for a while and please turn off your computer after work.
- ✦ The last person leaving the office must switch off the air conditioner, all the lights, and electronic devices and appliances in the pantry room.

## 6.6.3 Waste Management

Apart from regular consumable products, Park Lane by CMP also offers restaurants and a food court for public leisure and meetups. The waste produced includes recyclable waste, trash, kitchen waste from restaurants and the food court, and waste edible oil. Except for trash sent for incineration, the rest wastes were recycled and reused by the licensed contracted companies. In 2021, a total of 384 metric tons of waste was produced and it was further categorized into 24 types of recyclable waste. Particularly, 89 metric tons out of 530 derived from paper, tin cans, PVC bottles, waste metal, and plastic, which accounted for the most.



### Kitchen Waste Management

A part of the kitchen waste produced by the restaurants was collected using standard bins provided by the licensed operator in both farming and waste disposal. Every year, CMP Group signs the contract of kitchen waste disposal, which stipulates that the waste may only be used as animal feed or compost and that reselling or any illegal acts was prohibited, with the licensed operator.



### Waste Edible Oil Disposal

Sign a tri-party contract with the removal operator and the disposal operator to handle the waste edible oil. Each counter in the mall can arrange the schedule and frequency of waste removal with the operator based on each counter's condition. Furthermore, waste edible oil is often recycled into diesel, bio-fuel, and laundry soap. If the operators did not specify the usage of the recycled waste, they shall provide a written report stating the date of recycling, waste type, name, usage, and methods to prevent improper use of waste edible oil to CMP by the 15th of the following month.

**Project Outcomes - "Park Lane Christmas Village: the most environmentally friendly Christmas forest"**

We created a real forest in the city this year to celebrate Christmas with you. Park Lane by CMP used over 100 real trees to build a Christmas forest in the outdoor entrance space on the first floor. The botanical healing power brought everyone a rejuvenating Christmas! For the cloud space in front of the B2 indoor living plant wall, we partnered with Luxespace to build a miniature Christmas tree shop, offering miniature Christmas trees of several sizes with limited-edition calico packaging. People could bring home a small tree meant for them to create a sense of ritual for the holiday season!

The Christmas Village was designed with sustainability in mind, and the total use of disposable items was estimated to be reduced by 91%.

A total of 280 real trees, large and small, were used as Christmas trees, including seven species, dragon Chinese juniper, Calocedrus macrolepis Kurz var. formosana, blue moss cypress, Sawara cypress, Japanese black pine, Monterey cypress, and cypress. Working with Rongen Gardening in Lunbei Township, Yunlin County, we selected trees to replace the typical wooden and iron installations to reduce waste. We also launched a small tree adoption program for the shopkeepers and general public in Calligraphy Greenway to adopt the trees after the event in a bid to achieve sustainability.

Digital applications were used to explain events and activities online, significantly reducing the printouts of promotional materials. The "Parklane Loyalty Card App" was revamped and optimized in June, and all information about the Christmas Village was published to give people easy access to information about gift exchange, performances, festive products, weekend markets, etc. This significantly reduced disposable paper printouts. Compared to the Christmas Village campaign in the previous three years, when a lot of paper was used to make DMs, postcards and street calendars, this year's campaign reduced over 4,000 kg of carbon emissions. A 81% decrease from 2020!

We will continue the circular economy, where items used to create Christmas ambiance such as the banners and canvases in the street and shopping mall are reused to extend the useful life. To stay true to reuse, Park Lane by CMP has turned the oversize canvases into raw materials for promotional shopping bags for the third quarter of 2022, and about 800 eco-friendly bags are expected to be produced. We also replaced a large number of disposable PVC plastic stickers with fabric products, which were recycled to be materials for the next workshop promotional campaign.





## chapter.7



# Community Co-Prosperity

7.1 Taichung Calligraphy Greenway Cultural and Living Circle

7.2 The Forest BIG X Bleu & Book :  
A bookstore with a view of the forest

7.3 Miaoli's Land Revitalization

7.4 Charity and Social Services



- 7.1 Taichung Calligraphy Greenway Cultural and Living Circle
- 7.2 The Forest BIG X Bleu & Book : A bookstore with a view of the forest
- 7.3 Miaoli's Land Revitalization
- 7.4 Charity and Social Services

Place	Action Plans	Results
Taichung — Kong-Ke Museum	Ethnic Group Co-Prosperity	Kong-Ke Museum's two-year project impacted more than 50 thousand laborers, gathered more than 200 creative teams to participate, attracted over 200 thousand tourists and local residents, and gained more than 5 national and international awards.
	Construction Site Education	Children's construction site art education events were conducted three times each quarter; the contents varied according to the construction schedule. About 20 kids and their parents participated in creating art in each event. Combining construction site experience and art lessons, we hope that children can grow along with the transformations of the land.
	Street Block Collaborative Art	Mu, a street block public art project: 100 groups of families and elementary students on the street block were invited to make art together, and integrate their artworks with the community scenery, so that public art takes part in the children's growing process, like the trees on the street block.
Taichung — Satoyama 12 Public Art Project:	Land Co-Prosperity	"Satoyama" means that "human lives in harmony with nature" and "12" refers to "12 Chinese zodiac signs and native species of Taiwan". Every year, cross-field artists in Taiwan are invited to present Taiwanese native animals through large installation arts in this land care project.
Taipei — The Forest BIG X Bleu & Book/ The Forest BIG	Reading Promotion	In cooperation with the publishing company BleuBook Cultural Production, we designed The Forest BIG X Bleu & Book project, in which every month we held a book launch that focused on nature and promoted reading.
	Nature Promotion	The Forest BIG connected nature with aesthetics, and gathered ecologists, artists, and writers to design an “Underground Economy” series containing 2 events. Around thirty people participated in this workshop.
Miaoli — CMP Village Ecology Ark	Ecology Life and Nature	According to the ecological survey results of experts, we began the first stage of tending multistratal forests: forest pruning, removal of alien species, and planting of native tree species. We chose 12 species native to Miaoli and planted 120 shrubs and trees in 2 hectares to provide a habitat for birds, insects, and small mammals.
	Life Promoting Cultural Activities	We promoted involvement in food and agriculture in each season, developed our employees' cross-field skills, cultivated a variety of crops, made fertilizer from scratch, provided lessons, reused old bamboo to build farmland fences and pavilions, created new food and agricultural experiences, and boosted the value of the park farmlands. 5 food and agriculture courses were provided, 30 farming and vanilla cultivating experiments were conducted, and a total of 63,913 visitors participated this year.
	Produce Agriculture, Forestry, and Animal Husbandry	To practice recycling and sustainable production, we collaborated with nearby farms and beer factories by mixing cattle manure and wine stillage with fallen leaves of the park to make organic fertilizer, and used it in farmlands to reduce desertification and protect forests. The fertilizer is sufficient for 2,000 m <sup>2</sup> of farmland or 8,000 m <sup>2</sup> of forest.
Charity and Social Services	Social Issue Initiative	CMP and PUJEN Charitable Donation Project.
	Community Collaboration	Environment cleaning, holding fire drills and fire safety speeches, sending supplies to underprivileged families, sending condolences to firefighters, donating to victims of the Zhengzhou, Henan flood, and sending beverages to the association.
	Elderly Care	Volunteer service for Suzhou Yiyang Old Age Apartment.
	Student and Child Care	Donating to the Miaoli County Zaociao Elementary School Philanthropic Library and volunteer activities, volunteer activities at the Sunshine Home for the Intellectually Disabled, supporting underprivileged students of The Affiliated Taichung Senior Agricultural Vocational High School of National Chungshing University.

CMP Group started from casting in 1972. It has been holding fast to the value of corporations contributing to society, establishing the CMP PUJEN Foundation for Arts and Culture in 2010. For years, it has continued its diversification based on the values of humanity and virtue, and long dedicated itself to promoting three aspects: the arts and local culture, local development, and public services, and realizing the vision of co-prosperity with our long-term and in-depth commitments.



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## 7.1 Taichung Calligraphy Greenway Cultural and Living Circle

Instead of reaching far and beyond, our goal is for the local community to recognize the CMP PUJEN Foundation and say "It's nice to have the CMP PUJEN Foundation!"

The CMP PUJEN Foundation for Arts and Culture uncovers local cultural potential with the theme of life and creativity. The theme incorporates culture, art, and design into daily life, striking a chord with each participant so as to unite the community and embrace aesthetic lives. Meanwhile, we are committed to promoting culture and art, and shaping Calligraphy Greenway into a unique combination of creative street blocks and future life that can only be found in Taiwan.

### Kong-Ke Museum is an engineering site office as well as an art museum

The Kong-Ke Museum opened to the public in October 2019. As the construction of the CMP Block Museum of Arts was about to commence, we came up with the innovative proposal that construction sites, along with the street blocks, were part of the living environment, and aimed to reverse the value of laborers and improve engineering environments. In the daytime on weekdays, the space was mainly used by construction workers, and catering vendors were invited to station as a canteen for the workers; in the afternoon, the space was transformed into an art museum, where exhibitions displayed a different aspect of the construction site, so that the engineering site office was also a venue for exhibitions and public exchange. We hope that by taking down the high walls and fences of the construction site, and presenting an engineering office in a new form, more attention can be brought to labor interests and rights, and the self-identity and value of laborers can be transformed.

### International Awards

- 《2021 iF Design Award》 Interior Architecture Award/Designer: PiliWu-Design
- 《2021 A'Design Award & Competition》
- Visual Identity System/Designer: googoods design



### National Awards

- 《TSAA Taiwan Sustainability Action Award》



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## 7.1.1 Ethnic Group Co-Prosperity

### Recounting the past, present, and future, and save the main role for the construction site

In accordance with the construction schedule, Kong-Ke Museum completed its mission for the time being in May 2021. As its time came to an end, an exhibition centered on the past, present, and future of this site was specially held to recap the Kong-Ke project. The focus of this exhibition was to "save the main role for the construction site". Nameless construction heroes of the CMP Block Museum of Arts were interviewed, and descriptions of different yet interlocking jobs and the interesting stories that happened are shown in the order of the construction schedule, presenting to the public a hidden life behind the high walls and fences.



▲ Kong-Ke Recap Exhibition—Nameless Heroes of the Construction Site

## 7.1.2 Construction Site Education

### Growing up with architecture, participating in the construction experience with each type of work

As an extension of the long-term children's construction site art education events held by the Kong-Ke Museum, art lessons were combined with picture books to introduce children to the construction site from a different perspective. This whole new project lead children to experience the construction work of each phase in the construction schedule. Combining construction site observations and art lessons, starting from elementary education, we brought Taiwan's labor culture and spirit to the public. We hope that these activities can connect the construction site with the community, and impart to children a sense of respect for all occupations as they grow along with the transformation of the land.



▲ Leading children into the construction site, we explained the architecture and heavy machinery to them, and introduced the construction site from a different perspective with the help of picture books.



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### 7.1.3 Street Block Collaborative Art

#### Mu, a street block public art project:

On the construction site of the CMP Block Museum of Arts, the public artwork Mu, situated near the Calligraphy Greenway, is 12 meters high. Based on the concept of the tree of life, this artwork is like a home for the insects of Calligraphy Greenway, and is expected to be completed in mid-2023. Families and elementary students on the street block were invited to closely observe Calligraphy Greenway and make beautiful clay tiles inspired by the small animals they see on their way to and from school, or good memories of weekend outings with their families. 90 kids' works will be used to tile the floor of Mu, which will accompany their growth as a record of their memories of life on Calligraphy Greenway.



▲ Mu Street Block Collaborative Art Project - families join hands and make art as they stroll along Calligraphy Greenway.



▲ Mu Street Block Collaborative Art Project - participating students and teachers of Chung-Cheng Elementary School West District, Taichung City.

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## 7.1.4 Land Co-Prosperity

### Public Art Project: Satoyama 12

"Satoyama 12" is a land project that integrates installation arts and care based on the concept of Taiwan native animals, launched by the CMP PUJEN Foundation for Arts and Culture in 2020.

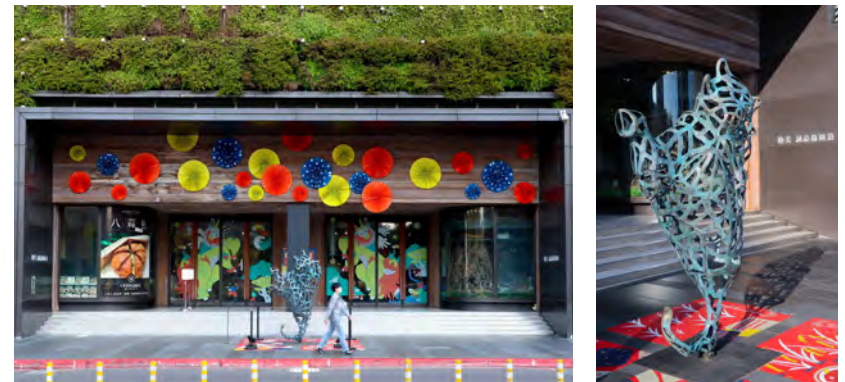
"Satoyama" means that "human lives in harmony with nature" and "12" refers to "12 Chinese zodiac signs and Taiwan native species". Taiwan has a high forest coverage rate. The forest areas cover over 50% of the island, and is a place where humans and nature co-exist. Hence, in this land care project, every year we invite cross-field artists in Taiwan to present Taiwanese native animals through large installation arts in the Humanity and Culture area of Calligraphy Greenway. The project will last for 12 years. It is hoped that creative aesthetics can send the message that the land of Taiwan and arts and culture can co-live, co-prosper, and continue to thrive. Installation arts are displayed in every corner of the city all year around to reshape Calligraphy Greenway into a cultural street block.

### 2021 Large Installation Art – Taiwan Water Buffalo

- Title: Raise a Pole and See Its Shadow
- Artists: Liu Je-Rong, Lin Sih-Yin / Taiwan

With the year of the ox as topic, the artists chose the Taiwan water buffalo to symbolize the Taiwan spirit of the older farming generation: hard-working, perseverant, and focused. The buffalo also represents the residents of Calligraphy Greenway; no matter how chaotic the environment, artists, merchants, street vendors, and all citizens strive to live every day to the fullest just the same.

In 2020, when humanity was forced to slow down, time was expanded, space was divided, and the whole world was put on pause. "Raise a pole and see its shadow" was a method the ancients used to observe time, a concrete device that measures something abstract. Giving this context a twist, this artwork symbolizes an Eastern approach to a time of chaos and anxiety: live each day at one's own pace with stable and steady steps, and face the unknown and changes with serenity. Through the abstract expression of lines, and the overlapping of positive and negative spaces, viewers can feel and participate in important moments of their lives and reconsider the meaning of existence.



▲ The Public Art of Satoyama 12: 2021 Taiwan Water Buffalo –a land care art project.



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## 7.2 The Forest BIG X Bleu & Book : A bookstore with a view of the forest

### 7.2.1 Reading Promotion

In August 2020, we co-branded with the BleuBook Cultural Production Company to co-create "the Forest BIG X Bleu & Book". With the help of their ability to hold reading sessions and expertise in managing bookstores, we worked together to promote the life philosophy of nature and humanity. Every month we held a book launch that focused on nature and promoted reading.

### 7.2.2 Nature Art Promotion

#### The Forest BIG: Observing the soil from the urban jungle; the underground economy that incubates life on earth

The spirit of The Forest BIG in CMP Village is to uncover the harmonious relationship between humans and nature, and dedicate ourselves to exploring the connection between Taiwan's natural environment, art, and life.

It is said that "All things grow from the soil". The soil provides a habitat for plants and animals, decomposes materials for new use, adjusts the weather, conserves water, and even produces our daily food, building materials for our homes, and ingredients of makeup. In 2021, The Forest BIG launched a two-part workshop series named "Underground Economy". Based on scientific facts, and from the perspective of art and life aesthetics, we explored the land under our feet.

Taiwan soil is very valuable. In 1975, when The United States Department

of Agriculture (USDA) established a new soil classification system, the soil around the world was categorized into 12 soil orders. Except for permafrost, Taiwan possesses 11 of the 12 soil orders; though it is a small island measuring only 36,000 square kilometers, it could indeed be called a "world-class soil museum"! In 2021, we continued to invite Dr. Zeng-Yei Hseu, professor of the Department of Agricultural Chemistry, National Taiwan University, to speak with us. With practical examples, Dr. Hseu shared a lifetime of experience with the audience and lead them to observe the soil from the urban jungle.

In March 2021, the first course "Study of Soil Colors" was launched. From the colors of the soil, students were taught where the parent rock came from, and how it was formed. They visited the Soil Museum in the National Taiwan University Department of Agricultural Chemistry to learn about pedology, and in the afternoon they took a tour in the Daan Forest Park. Working with artist Hong Hao-Lun, who works with colors found in Taiwan's natural environment, they made beeswax and created art on the spot. In May, we worked with food expert Wilma Ku to open a Taiwanese Tea course. By considering natural conditions, which is seemingly simple, but actually complicated, participants distinguished the taste of the land. Through tasting tea, they sorted out the relationship between produce and their origins, according to the characteristics of each region. As they tried 12 types of Taiwan black tea, which was brought by the Yuchih Township Office, Nantou County, and the Tea Research and Extension Station, Yuchih branches, participants got a taste of the land of Taiwan. 30 participants explored the secrets of the underground economy in this two-part workshop series.



▲ Underground Economy: A cross-field collaboration between professor Zeng-Yei Hseu, artist Hong Hao-Lun, and food expert Wilma Ku, who deciphered the language of soil together.

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## 7.3 Miaoli's Land Revitalization

In 2021, the pandemic caused humans to slow down, and the earth had time to rest and rejuvenate. In the post-pandemic era, the world begins to turn again. Considering the depletion of resources and destruction of the environment, countries begin to contemplate how to strike a balance between economic development and environmental conservation. CMP Village continues to build an experimental space connecting local life, local industries, and local travel based on its three core values: Sustainable Environment, Professionalism, and Lifestyle Philosophy. Starting in 2021, we began to promote the Ecology Ark Project: starting from "ecology, life, and produce", we expanded towards life and nature, promoting cultural activities, and agriculture, forestry, and animal husbandry. In 2022, we plan to launch the "Zero Waste Project". By designing activities, we hope to reduce waste, and step by step, build a stable foundation to obtain a certificate for Global Sustainable Tourism in the future.



### 7.3.1 [Ecology] —Life and Nature

**To achieve SDG13 Climate Action, and SDG15 Life on Land, CMP Village began tending multi-layered forests one step at a time. In 2021, the first stage, we completed the following six tasks:**

1. Ecological survey and biological monitoring of the park and its surroundings:

Formosan Wild Sound Conservation Science Center and the Department of Entomology, National Taiwan University was commissioned to perform long-term observations and ecological surveys of the park and its surroundings to gather basic information for tending its multi-layered forests. The artificial forests at the edges of the park have grown for a long period without human disturbance, and the undergrowth has flourished greatly. Many native species have naturally grown into a primary forest, becoming an important habitat for wild life. The subjects of survey and monitoring include the current circumstance of the ecology and its possible threats. Tasks also include planning ecological restoration and environmental education, biology monitoring of terrestrial vertebrates within the park, conducting surveys of the waters and insects, and surveys of plant life in the park's sample plot.

2. Native plant identification employee training course:

The consultants of the Formosan Wild Sound Conservation Science Center provided pre-service training for our employees. The course included the identification of common native plant species and alien plant species, and guidelines for removing alien plant species. With simple explanations, thorough content, indoor lessons, and outdoor practice, our employees were equipped with the necessary knowledge to smoothly remove alien plant species and protect native plant species. In total, 1 professional plant course was held, including 1 introductory lesson to plants, 1 field exercise, and 1 employee consensus camp. This course lasted 12 hours in total, with 9 participants.



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### 3. Removal of alien plant species:

In the past, many landscaping alien plant species were planted in the park. As time went by, they spread and began to invade and displace native species. To prepare for forest tending, it was necessary to manually remove invasive alien plant species to make space for native plant species. In the south forest, the main species that needed to be removed were Guinea grass, Common Lantana, Jerusalem Cherry, False Jerusalem Cherry, Angel's Trumpets, Milea-minute Weed, and Hawkweed. In total, we held 11 eradication activities, including 1 family tree planting day and 10 large scale eradication activities by employees which covered 2 hectares of the south forest.

### 4. Planting and transplanting native species:

Conducted after the evaluation of ecology experts, appropriate locations were chosen according to each specie's characteristics. The multi-layered forest improvement area must include three vertical layers: trees, shrubs, and ground cover plants. Work was done while considering the current circumstance of the artificial forest and aiming to disturb the ecology as little as possible, reaching the goal of tending the ecology and achieving biodiversity. Between each area, multi-layered native forests, artificial streams and detention basins will be utilized to connect the outer west side of the park, the inner south side of the park, and the south east forest, forming a diverse yet continuous forest valley where terrestrial animals can inhabit and migrate through. This is helpful to the survival of species and will become a migration route for terrestrial animals. Important trees were arranged in accordance with the locations of future architecture, and plans were made to preserve and transplant trees. Tress that were planted include 12 Taiwan native shrubs and trees, such as the Spider Tree, Large-leaved Banyan, Formosan Michelia, Common Elaeocarpus, Wendlandia formosana Cowan, Large-leaved Nanmu, Ring-cupped Oak, Asiatic Ardisia, Siebold Ardisia, Japanese Ternstroemia, Oldham Daphniphyllum, and Chinese Hackberry. These trees provide a habitat for birds, insects, and small mammals. In total, 120 plants were planted in 2 hectares, with 120 participants.

### 5. Caring for soil and seedlings:

Every month, we observed the growth of seedlings, tended them after the rain, removed weeds, and added natural fertilizer and conducted pest control when needed. If plants maladapted and wilted, new plants were planted in their place. Later, with the help of plant and soil doctors, pest control was conducted in the whole forest area, soil health was assessed, and specific treatments were proposed as we continued to remove sick plants and manage pests.



▲ 【Life and Nature】 —Wildlife cameras were set up for ecological research. Native plant identification employee training courses were opened so that employees could participate in removing alien plant species, planting and transplanting native species, and regular maintenance.

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### 7.3.2 [Life] —Promoting Cultural Activities

To achieve SDG4 Quality Education, SDG8 Decent Work and Economic Growth, SDG9 Industry, Innovation and Infrastructure, and SDG17 Partnerships for the Goals, CMP Village planned the following four goals and tasks for 2021:

1. Development and Promotion of Farm Lands:

We planted suitable vegetables, vanilla crops, and ethnic plants, created a base for testing homemade fertilizer, and encouraged employees to cultivate crops and develop cross-field skills. We worked with regional farming friendly travel, reduced food miles, made an effort to build a leopard-cat friendly environment, and reduced harm caused by invasive alien species. We created new food and agricultural experiences based on cuisine designed by food experts, increasing the value of agriculture. In the park, we cultivated vegetables of the season with nature friendly farming methods. Tourists could experience the cycle of food and agriculture by harvesting produce in the field, and cooking the ingredients themselves.

2. Food and Agriculture Education:

We promoted involvement in food and agriculture in employee training, and integrated experience and service design. Through CMP Village and its cultivation of local young professionals, we built a sharing platform and sharing economy. We worked with Slow Food Taitung to hold an aesthetics and creativity exchange platform, and provided more opportunities for young professionals to be seen and heard. In 2021, to promote involvement in food and agriculture in each season, we opened 5 food and agriculture courses. During the year, 253 groups participated in an overnight experience, 63,913 visitors participated in total, 279 social media posts were created, reaching 1,748,143 people, 126 news reports appeared in the media, helping young professionals connect with their target audience and gain support for their ideas.

3. Family tree planting day:

We invited experts to give ecology lectures. Simple explanations of thorough content raised ecological awareness among our employees, and encouraged them to put CMP Group's concept into practice: instead of the past method of planting monodominant forests, we can avoid ecology imbalance by nurturing Taiwan's foothill ecosystem and tending multi-layered forests. 120 persons participated and 960 hours of forest service was accumulated. "Sustainable Forest" was promoted on social media; posts were seen 1,984 times, and the ESG topic was touched on.

4. Certificate for Global Sustainable Tourism

We invited Sustainable Travel Taiwan to provide training for the global sustainable travel destination third party certification, and with this international standard, we established an internal control system, hoping to connect with local expertise to build sustainable travel. With CMP Village to support Miaoli local culture, the community, and local professionals, a positive relationship and balance between the economy, ecology and society can be struck, and the three aspects of our community can prosper together. Related training courses included 1 online course and 1 hands-on workshop.



▲ 【Promoting Cultural Activities】 – Food and agriculture were included in employees' training and new experiences and activities were created. A family tree planting day was held, and training courses for the Certificate for Global Sustainable Tourism were set up.



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### 7.3.3 [Produce] —Agriculture, Forestry, and Animal Husbandry

To achieve SDG7 Affordable and Clean Energy, and SDG12 Responsible Consumption and Production, CMP Village planned the following three goals and tasks for 2021:

#### 1. Agriculture:

Bamboo Woven Sky is a bamboo artwork made from recycled bamboo. Our employees reduced waste by reusing bamboo to make farmland fences and pavilions. We worked with farms nearby Miaoli County Zaociao Township to help process cattle manure; we also asked Taihu Brewing for wine stillage to make organic fertilizer. Later we conducted experiments to develop an organic fertilizer recipe and accumulated experience of making fertilizer from scratch. In total, 500 recycled bamboos were used. On average, a 5-year-old Makino Bamboo weighs 9 kilograms, so we reduced 4.5 tons of waste, equivalent of 3,450 kilograms of fixed carbon. (Please see for reference 2019 Forestry Research Monograph, p203-215, the carbon stock of a 5-year-old Makino Bamboo is 6.9 Mg ha<sup>-1</sup> on average.) In the first year of making organic fertilizer, we used 10m<sup>3</sup> of cattle manure, 5 m<sup>3</sup> of wine stillage, 5 m<sup>3</sup> of chaff, and 50 packs of fallen forest leaves, reducing carbon footprint, and producing 15 m<sup>3</sup> of

organic fertilizer, equal to 600 25-liter packs of organic fertilizer. We estimate that in the early stages we can provide enough fertilizer for 2,000 m<sup>2</sup> of farmland or 8,000 m<sup>2</sup> of forest. By reusing waste, we achieve our goal of creating a sustainable Xia Tian farmland.

#### 2. Forestry

On family tree planting day, we invited experts to give ecology lectures. With the company leading the way, ecological awareness was raised among our employees.

#### 3. Animal Husbandry

By using self-made organic fertilizer, we reduced desertification on the side slopes. After half a month of implementing an improvement plan, the slope has already been covered with grass again. We worked with farms nearby Miaoli County Zaociao Township to help process cattle manure, practicing circular economy and community co-prosperity.



▲ Agriculture: Recycling old bamboo and making farmland fences and pavilions.



▲ Forestry—Family tree planting day, equipping employees with ecological knowledge.



▲ Animal Husbandry—recycling cattle manure and wine stillage to make organic fertilizer, and improve the soil.

## 7.4 Charity and Social Services

"Starting from diligence and ending in beauty", CMP Group started with iron casing in 1972. For years, we have developed toward diversification, while emphasizing our sustainable value of co-existence and co-prosperity between people, society and the land, and focused on issues of "Social Issue Initiative", "Community Collaboration", "Elderly Care", and "Student and Child Care".

### 7.4.1 Social Issue Initiative

#### Annual charity work, continuing to do good: CMP and PUJEN Charitable Donation Project

Since 2015, viewing itself as a corporate citizen, CMP Group has launched a charitable project—"An employee donates, the Company pays", and made charitable donations of NT\$1,000 in the name of each individual employee to disadvantaged groups for seven consecutive years. A total of 56 non-profit organizations have benefited from the project, covering a variety of issues, including humane care, animal conservation, medical care, environmental protection, education, and art and culture. Our services extend to every corner in Taiwan and we have donated over NT\$1 million in total. In 2021, the participation rate of CMP Group set a record high of 95% with a total donation of NT\$275,000.

#### Stage one:

Employees were invited to select social welfare or non-profit organizations by the following three categories:

1. Care for the Disadvantaged: Care for the basic well-being of humans: We assist in looking after people with mental and physical impairment, as well as youth, children, women, and elders.
2. Environmental and Animal Conservation: Donations to protect stray animals, promotion of an eco-friendly lifestyle, and conservation of natural environments such as the ocean, mountain, and forests.
3. Cultivation of Art and Culture: Participate in educational issues, and support art-and-culture-related organizations.

#### Stage two:

Employees selected 10 organizations for the donation based on category, region, and their willingness to collaborate.

#### Stage three:

Employees selected the following organizations to donate to: A total of NT\$275,000 was donated.

#### 【10 Public interest groups that received donations in 2021】

- Doghome
- Greenbox Baby
- Taiwan Equality Campaign
- Hsu's Animal Protection Association, Tainan City
- Taiwan Fund for Children and Families
- Taiwan Foundation for Rare Disorders
- Juan Yilan
- Canaan Disability Home NPO
- Development Center for the Spinal Cord Injured
- Huashan Social Welfare Foundation

Donation Category	Total Donation	Number of Organization Donated
Care for the Disadvantaged	1,500,500	38
Environmental and Animal Conservation	201,000	11
Cultivation of Art and Culture	80,000	7



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## 7.4.2 Community Collaboration

CMP Group has received much help and care from the community since its inception. Therefore, CMP Group has long taken a deep dive into social development and community collaboration. We are grateful and continuously give back to the community, holding activities and events around our location of operations for years such as volunteer environmental cleaning for the community, organizing health forums for community members, and doing our best to provide supplies and necessities to underprivileged families.



▲ CMP-Hsinchu—Environmental cleaning, fire drills and fire safety speeches



▲ CMS—sending supplies to underprivileged families and sending condolences to firefighters



▲ CMW—donating to victims of the Zhengzhou, Henan flood, and sending beverages to the association

## 7.4.3 Elderly Care

Due to the low birth rate and aging society, the caring function of a family has gradually diminished. On the other hand, the lack of mental and daily life care for the elderly has also become a major social issue. Through the long-term volunteer services in the community, our employees voluntarily look after the elderly in the elderly apartment and they hold relevant activities based on different festivals, also sending supplies and necessities at the end of the year and caring for the elderly in the community.



▲ CMS—Long-term volunteer services for Yiyang Old Age Apartment for the elderly



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### 7.4.4 Student and Child Care

Everyone has a dream. However, many children lose their opportunities to achieve their dream due to family difficulties while growing up. CMP Group attaches great importance to parenting and child care. Apart from the employee welfare of CMP Group: "Parenting without worries—providing monthly childcare allowance", we still hope to do more, especially for children lacking resources. We hope that they can receive more comprehensive care and education and grow up happy and healthy.



▲ CMP Group—Donating to the Miaoli County Zaociao Elementary School Philanthropic Library and volunteer activities



▲ CMW—volunteer activities at the Sunshine Home for the Intellectually Disabled



▲ CMP Group—supporting underprivileged students of The Affiliated Taichung Senior Agricultural Vocational High School of National Chungshing University





# Appendices

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Third Party Verification Statement

GRI Standards

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## Certifications

Category	Certification	CMP	CMS	CMW	CMB
Quality	ISO 9001 : 2015	●	●		●
	IATF 16949 : 2016		●	●	●
Environment / Energy	ISO 14001 : 2015	●	●	●	●
	ISO 50001 : 2018			●	●
	RB/T 119-2015			●	
	ISO 14064-1 : 2018	●	●		●
	Evaluation of Enterprise Environmental Trustworthiness				Green
	China Green Foundry Enterprise		●	●	●
Occupational Safety	CNS 45001 : 2018	●			
	ISO 45001 : 2018	●	●	●	●
	Manufacturing Safety Standardization			Level 3	Level 2



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## Third Party Verification Statement



### INDEPENDENT ASSURANCE OPINION STATEMENT

#### CMP GROUP 2021 Sustainability Report

The British Standards Institution is independent to CMP GROUP (hereafter referred to as CMP GROUP in this statement) and has no financial interest in the operation of CMP GROUP other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of CMP GROUP only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by CMP GROUP. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to CMP GROUP only.

#### Scope

The scope of engagement agreed upon with CMP GROUP includes the followings:

1. The assurance scope is consistent with the description of CMP GROUP 2021 Sustainability Report.
2. The evaluation of the nature and extent of the CMP GROUP's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the CMP GROUP 2021 Sustainability Report provides a fair view of the CMP GROUP sustainability programmes and performances during 2021. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the CMP GROUP and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate CMP GROUP's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that CMP GROUP's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

#### Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to CMP GROUP's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 5 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

#### Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

#### Inclusivity

This report has reflected a fact that CMP GROUP has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CMP GROUP's inclusivity issues.

#### Materiality

CMP GROUP publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of CMP GROUP and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the CMP GROUP's management and performance. In our professional opinion the report covers the CMP GROUP's material issues.

#### Responsiveness

CMP GROUP has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for CMP GROUP is developed and continually provides the opportunity to further enhance CMP GROUP's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the CMP GROUP's responsiveness issues.

#### Impact

CMP GROUP has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. CMP GROUP has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the CMP GROUP's impact issues.

#### GRI Sustainability Reporting Standards (GRI Standards)

CMP GROUP provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the CMP GROUP's sustainability topics.

#### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

The sustainability report is the responsibility of the CMP GROUP's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

#### Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

  
 Peter Pu, Managing Director BSI Taiwan



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Statement No: SRA-TW-2021102  
 2022-06-15

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## GRI Standards

### GRI 102 General Disclosure 2016 – Core Option\*

Sections	Disclosure No.	Detail of disclosure	Page No.	Description
Organizational Profile	102-1*	Name of the organization	20-21	No products or services banned from any specific markets
	102-2*	Activities, brands, products, and services		
	102-3*	Location of headquarters		
	102-4*	Location of operations		
	102-5*	Ownership and legal form		
	102-6*	Markets served	20-21 70 79	
	102-7*	Scale of the organization	20-21 41-42 51-52 67-68	
	102-8*	Information on employees and other workers	51-52	
	102-9*	Supply Chain	67-69 80	
	102-10*	Significant changes to the organization and its supply chain	20(Note 3) 21(Note 4) 67-69	
	102-11*	Precautionary Principle or approach	43-46	
	102-12*	External initiatives	53	
	102-13*	Membership of associations	22	
Strategy	102-14*	Statement from senior decision-maker	6-7	
Ethics and integrity	102-16*	Values, principles, standards, and norms of behavior	19 47-48	
	102-17	Mechanisms for advice and concerns about ethics	47-48	
Governance	102-18*	Governance structure	24 38	
	102-22	Composition of the highest governance body and its committees	39-41	
	102-23	Chair of the highest governance body	20 39-41	

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Sections	Disclosure No.	Detail of disclosure	Page No.	Description
Governance	102-27	Collective knowledge of highest governance body	40	
	102-32	Highest governance body's role in sustainability reporting	20	
	102-36	Process for determining remuneration	41 54	
Stakeholder Engagement	102-40*	List of stakeholder groups	30-34	There are no labor unions at the CMP Group. Labor-Management Consultation meetings were held to communicate and negotiate between all parties, and resolutions were applied to all employees within the scope.
	102-41*	Collective bargaining agreements		
	102-42*	Identifying and selecting stakeholders	25	
	102-43*	Approach to stakeholder engagement	30-34	
	102-44*	Key topics and concerns raised	30-34	
Reporting practice	102-45*	Entities included in the consolidated financial statements	41(Note 8)	
	102-46*	Defining report content and topic Boundaries	25	
	102-47*	List of material topics	27-29	
	102-48*	Restatements of information	122(Note 37、39)	
	102-49*	Changes in reporting	25	
	102-50*	Reporting period	5	
	102-51*	Date of most recent report		
	102-52*	Reporting cycle		
	102-53*	Contact point for questions regarding the report		
	102-54*	Claims of reporting in accordance with the GRI Standards		
	102-55*	GRI content index	143-147	
102-56*	External assurance	142		

### GRI 103 Management Approach Disclosure

Sections	Disclosure number	Disclosure title	Page No.	Description
Management Approach	103-1	Explanation of the material topic and its Boundary	26-29	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		

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## GRI Specific Topic and Disclosure

Sections	Disclosure number	Disclosure title	Page No.	Description
Economic Performance 2016	201-1	Direct economic value generated and distributed	41-42	
	201-4	Financial assistance received from government	42-43	No government is present in the shareholding structure
Procurement Practices 2016	204-1	Proportion of spending on local suppliers	68	
Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	47	Partial disclosure
	205-3	Confirmed incidents of corruption and actions taken		Not found in 2021
Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and Monopoly practices		Not found in 2021
Materials 2016	301-2	Recycled input materials used	105	
	301-3	Reclaimed products and their packaging materials	107 124	Partial disclosure
Energy 2016	302-1	Energy consumption within the organization	117	
	302-3	Energy Intensity	121-122	
	302-4	Reduction of energy consumption	112-115 123	
Water and Effluents 2018	303-1	Interactions with water as a shared resource	116	
	303-2	Management of water discharge related impacts		
	303-3	Water withdrawal		
	303-4	Water discharge		
	303-5	Water consumption		
Emissions 2016	305-1	Direct (Scope 1) GHG emissions	118 121-122	
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-4	GHG emissions intensity		
	305-5	Reduction of GHG emissions	110-114 123 125	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air Emissions	119	



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Sections	Disclosure number	Disclosure title	Page No.	Description
Waste 2020	306-1	Waste generation and significant waste-related impacts	107-109 123-124	
	306-2	Management of significant wasterelated impacts		
	306-3	Waste generated		
	306-4	Waste diverted from disposal		
	306-5	Waste directed to disposal		
Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations		Not found in 2021
Supplier Environmental Assessments 2016	308-1	New suppliers that were screened using environmental criteria	68-69	
Employment 2016	401-1	New employee hires and employee turnover	52	
	401-2	Benefits provided to full-time employees that are not provided to Temporary or part-time employees	55-56	
	401-3	Parental leave	54	
Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	53	
Occupational Health and Safety 2018	403-1	Occupational health and safety management system	62-65	
	403-2	Hazard identification, risk assessment, and incident investigation		
	403-3	Occupational health services		
	403-4	Worker participation, consultation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-9	Work-related injuries		
	403-10	Work-related ill health		

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Sections	Disclosure number	Disclosure title	Page No.	Description
Training and Education 2016	404-1	Average hours of training per year per employee	60	
	404-2	Programs for upgrading employee skills and transition Assistance programs	53 57-60	
	404-3	Percentage of employees receiving regular performance and Career development reviews	55	
Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	39 51-52	
	405-2	Ratio of basic salary and remuneration of women to men	54	
Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		Not found in 2021
Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples		Not found in 2021
Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	68-69	
Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and Service categories	70-73 80-83 95-102	
	416-2	Incidents of non-compliance concerning the health and safety Impacts of products and services		Not found in 2021
Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer Privacy and losses of customer data	78 88	Not found in 2021
Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	48	

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### Index of Iron & Steel Producers

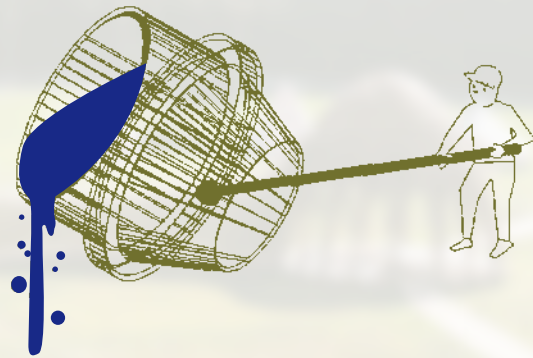
Aspect	Topic	Code	Sustainability Disclosure Topics & Accounting Metrics				
			Accounting Metric	Statistics	Unit of Measure	Page	Chapter
Environment	Greenhouse Gas Emissions	EM-IS110a.1	Gross global Scope 1 emissions	338,957.85	Metric tons (t)CO <sub>2</sub> -e,	118	6.4.2
			percentage covered under emissions-limiting regulations	0	%	N/A	
		EM-IS110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets			105	6
	Air Emissions	EM-IS-120a.1	Air emissions of the following pollutants: CO	0	Metric tons (t)	N/A	6.4.3
			Air emissions of the following pollutants: NO <sub>x</sub> (excluding N <sub>2</sub> O)	0.82	Metric tons (t)	119	
			Air emissions of the following pollutants: SO <sub>x</sub>	1.18	Metric tons (t)		
			Air emissions of the following pollutants: particulate matter (PM10)	35.76	Metric tons (t)		
			Air emissions of the following pollutants: volatile organic compounds (VOCs)	31.39	Metric tons (t)		
			Air emissions of the following pollutants: manganese (MnO)	0	Metric tons (t)	N/A	
			Air emissions of the following pollutants: lead (Pb)	0	Metric tons (t)	N/A	
			Air emissions of the following pollutants: polycyclic aromatic hydrocarbons (PAHs)	0	Metric tons (t)	N/A	
	Energy Management	EM-IS-130a.1.	Total energy consumed	1,697,711	GJ	117	6.4.1
			Percentage grid electricity	99.03	%		
			Percentage renewable	0.97	%		
		EM-IS-130a.2.	Total fuel consumed	105,999	GJ		
Percentage coal			0	%			
Percentage natural gas			89.40	%			
		Percentage renewable	0	%			

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Aspect	Topic	Code	Sustainability Disclosure Topics & Accounting Metrics				
			Accounting Metric	Statistics	Unit of Measure	Page	Chapter
Environment	Water Management	EM-IS140a.1	Total fresh water withdrawn	668,647	Thousand cubic meters (m <sup>3</sup> )	116	6.3
			Percentage recycled	0	%		
			Percentage in regions with High or Extremely High Baseline Water Stress	0	%	N/A	
	Waste Management	EM-IS-150a.1	Amount of waste generated	131,902	Metric tons (t)	107-109	6.1.3
			Percentage hazardous	0.3	%		
			Percentage recycled of waste	95.22	%		
Human Capital	Workforce Health & Safety	EM-IS-320a.1	Total recordable incident rate (TRIR) for contract employees	0	%	62-65	4.5.2
			Total recordable incident rate (TRIR) for fulltime employees	0.38	%		
			Fatality rate for full-time employees	0	%		
			Fatality rate for contract employees	0	%		
			Near miss frequency rate (NMFR) for full-time employees	0	%		
			Near miss frequency rate (NMFR) for contract employees	0	%		
Business Model & Innovation	Supply Chain Management	EM-IS430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	N/A	N/A	N/A	

Code	Activity Metric	CATEGORY	UNIT OF MEASURE	Page	Chapter
EM-IS-000.A	Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes	Quantitative	Metric tons (t), Percentage (%)	N/A	N/A
EM-IS-000.B	Total iron ore production	Quantitative	Metric tons (t)	N/A	N/A
EM-IS-000.C	Total coking coal production	Quantitative	Metric tons (t)	N/A	N/A





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