

 Syncmold Enterprise Group

ESG INSIGHT REPORT



Environmental

The management of global warming and climate change agendas have risen to prominence, many countries have formulated increasingly stringent environmental regulations. In response to this global trend, Syncmold Enterprise Group ('Syncmold', 'the Company') continues to promote various energy-saving and carbon-reduction measures internally as well as to raise the awareness of environmental protection. To enable the gradual reduction of environmental impact and office GHG emissions, we also encourage our employees to use and manage energy efficiently.



ISO 14001 Certified

SINCE 2005



Environmental Compliance (RoHS)
Included in supplier review



ISO 9001 Certified

SINCE 2004



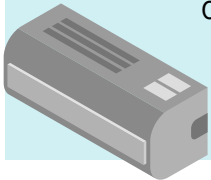
The company regularly compiles yearly corporate social responsibility reports based on the "core" principles in the sustainability reporting guidelines issued by the **Global Reporting Initiative (GRI)**. The company's current corporate governance objectives are in accordance with the requirements of **Corporate Governance 3.0 - Sustainable Development Roadmap** issued by the competent authority. Currently, we have implemented climate change risk identification and implementation measures. In the future, if the TCFD related regulations are enacted, the company will operate in accordance with relevant methods and guidelines.

2019 Environmental Goals, Initiatives and Results

Initiatives

The domestic GHG emissions of the Company are all indirect emissions, mainly coming from air conditioning and office lighting. Therefore, relevant policies are formulated in the direction of energy saving and implemented in two facets:

Air Conditioning



Circulating fans have been installed on the ceiling to reduce the room temperature and the load of the air-conditioning compressors.

Office Lighting



Traditional lamps have been gradually replaced with LED lamps to reduce power consumption.

Results

FACET	2017	2018	2019
GHG Emissions (Scope 2) (kg)	< 196,116	200,727	192,476
GHG Emission Intensity (kg/employee)	1,102	1,103	944

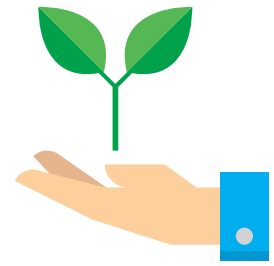
* The Company's total employees increased from 178 to 204 in 2017 to 2019 respectively. Resulting in increased overall emissions, intensity remain unchanged or dropped during the 3 year period.

In addition, the Company is committed to improving the utilization efficiency of various resources. For example, using recycled papers, implementing paperless operations, separating trash, and recycling various resources are encouraged throughout the Company. Our production process fully complies with the RoHS2.0 initiative. Moreover, all the leftover cartons and other wastes from production will be scrapped and recycled by professional vendors.

**Goal For 1%
GHG EMISSION
REDUCTION
EACH YEAR**



ISO 14001 and ISO 9001 Certifications



● Environmental Management Policies

The Company has established an environmental, safety and health management system. In 2019, we will continue to carry out internal education and training of ISO 9001 and ISO 14001 to improve employees' awareness of relevant laws and regulations.

Meanwhile, we will continue to carry out a variety of policies established by the Company, to assure the product quality and to achieve the goals of energy savings and environmental protection.

1. Regulatory Compliance

We are committed to complying with the environmental protection laws and regulations and strive to create a pollution-free working environment. In addition, in order to realize our determination of GHG emissions reduction and mitigation of climate change risks, we have internalized the concept of sustainability as part of the corporate culture. In an effort to make a contribution to environmental sustainability, we encourage our employees to save energy and reduce carbon in the office, while actively promoting the importance of sustainability with suppliers, visitors and customers.

Obtained Certifications:

ISO 14001 ISO 9001 OHSAS 18001
Among others..

2. Pollution Prevention

In order to improve employees' awareness of the hazards of environmental pollution, we encourage all employees to participate and fulfill the environmental protection responsibilities, such as waste reduction, energy saving and carbon reduction, resource reuse, etc, hoping to reduce CO₂, other GHG emissions and the impact on the environment.

3.Environmental Sustainability

With an aim to fully fulfill the corporate responsibility to the environment, the Company has actively promoted environmental education and implemented a series of energy saving and environmental protection policies. By encouraging using reusable tablewares and using double-sided printing for documents, we have made an effort to reinforce the environmental awareness of our employees through their actual participation. With continuing efforts on promoting power conservation and carbon reduction, the Company has also set reduction targets in order to track the performance quantitatively.

NO Losses or fines incurred due to environmental pollution during 2019.

● Environmental Risks and Initiatives

According to the global risk report released by the World Economic Forum (WEF) in 2019, five of ten severest risks are related to environmental risks, such as extreme weather events, natural disasters and man-made environmental disasters...etc. Therefore, in response to the possible impact of climate change on the Company's operations, the Company not only regularly reports to the board of directors and management of the impact of climate change, but also identifies risks related to climate change and formulates countermeasures, to reinforce the Company's competitiveness and resilience against climate change.

◦ **Climate change assessment and response measures**

Climate change Risk Identification	Potential Impact	Climate Change Opportunities	Related Countermeasures
Extreme climate risk	Extreme weathers such as typhoons, floods, and droughts may affect the Company's production, resulting in property losses and decreased revenues.	Improving disaster resilience; reducing the probability of operation interruption and property losses.	Improving disaster prevention measures.
Resource shortage risk	Climate change may disrupt freight logistics as well as other trade activities.	By working with customers to build plants nearby, the Company may also save some freight costs.	Working with customers to establish overseas manufacturing plants.
Energy and product cost risk	With the increasingly severe weather shocks, companies will need to produce more low-carbon products in order to meet the requirements from customers, which may increase the production costs in some way.	Developing environmentally friendly products to expand the portfolio of business and increase revenue momentums.	Actively investing in environmental product development.
Domestic and foreign regulatory risks	If companies fail to respond to the regulations related to climate change, it may suffer legal liability and lose competitiveness.	Reducing the risk of harming environment while improving the corporate image.	Actively complying with legal requirements.

● **Supply Chain Management**



Complying with the regulations of environment-related substances, Syncmold clearly declared to suppliers its requirements for environment-related substances, while **incorporating environmental compliance (RoHS) into its supplier evaluation and review**. The Company strictly requires suppliers to guarantee that both the products and the environmental management system of suppliers meet the Company's requirements. Suppliers must pass the review and appraisal before they can become the Company's qualified third-party vendors. Meanwhile, **suppliers also need to proactively provide ISO 9001 and ISO 14001 certificates**, in order to work together for environmental sustainability, energy saving and carbon reduction. In addition, the supplier contracts require the suppliers to comply with relevant environmental, safety, occupational health, fire protection, labor and ethics and other relevant regulations, with clearly defined compensation clauses. If suppliers show no improvements on the abovementioned requirements, it will no longer be listed as a qualified supplier of the Company.

The Company has formulated a "Supplier Management Procedures". We must confirm that the products of suppliers comply with RoHS before including them on the list of qualified suppliers.

The quality control unit schedules an annual evaluation plan according to the list of qualified suppliers every year and audits those suppliers to ensure the quality stability of materials. Should a supplier fail to meet the follow-up evaluation, we may delist it from the qualified supplier list if they make no improvements after discussion and counseling.

New Suppliers are required to sign:



- Guarantee of Environmental Management Substances**
- Hazardous Substances Testing Report (SGS)**
- Table of Product Material Composition**

...and other relevant materials.



Social

Employees are the most important partners and assets of business operations. In order to create a friendly workplace, the Company provides a stable working environment for colleagues, diversified education and training systems, and numerous employee benefits. We strive to develop a healthy work-life balance environment for the employees to ensure a positive working environment.



The Company's employment is based on the principle of meritocracy and competence, with a fully empowered culture that puts the right people in the right positions, providing opportunities for employees to develop their strengths. We also make a balance between the capacity utilization and turnover rates. In order to improve the retention rates of outstanding talents, we also provide many leadership courses for different level supervisors, while trying to make a good balance between the utilization rates and turnover rates.

Workforce

ITEM	2017	2018	2019	2020 ¹	
Number of employees (people)	Direct Employees	0	0	0	4
	Indirect Employees	97	97	111	123
	R&D Personnel	81	85	93	96
	Total	178	182	204	223
Average age (years)	39.36	39.62	39.11	39.46	
Average years of service (years)	6.3	6.4	6.2	5.8	
Education distribution ratio (%)	Masters degree or above	13.49%	14.29%	10.78%	9.87%
	Bachelor degree	79.21%	78.57%	80.88%	79.37%
	High school and below	7.30%	7.14%	8.34%	10.76%

Employee Diversity & Turnover

ITEM	2017	2018	2019
Male Employees	119	121	143
Female Employees	59	61	61
Total	178	182	204
New Employees	31	40	56
Resigning Employees	22	36	34
Employee Turnover	12.36%	19.78%	16.67%

Employee Remunerations

The Company believes that employee remuneration is not only a cost, but also an instrument to show our competitive advantage. By adjusting the employee remunerations, the Company not only incentivizes employees to realize their potential, contribute to work and create high value, but also improves their work enthusiasm, team morale and increases their productivity.

	NTD
Electronic components industry	Non-supervisory Personals Salary 800,000
Syncmold	984,000 (Top 20 Percentile)

● Equal Opportunities

We not only ensure **no discrimination** in our employment but also guarantee the fairness of employment, salary and benefits, training, appraisals and promotion opportunities in the Company.

We provide an appropriate grievance mechanism to avoid anything which might endanger the rights of employees.



● Human Rights

Our employees enjoy the freedom of setting up associations and encouraging others' participation in the associations.

The Company respects and supports the international human rights norms and principles, including the "**Universal Declaration of Human Rights**", "**The United Nations Global Compact, UNGC**" and "**Declaration of Fundamental Principles and Rights at Work**" published by International Labour Organization. To reduce the human rights risks, we comply with the laws and regulations where the Company operates while striving to reduce the impact of human rights incidents by remedial measures.



● The Company has established five principles for human rights policies

1 Timely consultations between employees and the employer

2 Diversity, tolerance, and equal opportunities

3 Fair and reasonable packages and working conditions

4 Safe, hygienic, and healthy working environment

5 Regular reviews and evaluating systems



In order to fulfill corporate social responsibility and protect the basic human rights of all employees, customers and stakeholders, the Company does abide by the principles disclosed in "**International Bill of Human Rights**" and respects the international standards for basic labor human rights, such as prohibiting child labor and eliminating discrimination in employment and occupations. At the same time, we also formulate relevant management policies and procedures, and strictly abide by the labor-related laws and regulations in each location of the Company to protect the legitimate rights and interests of employees.

The Company has formulated "Work Rules" in accordance with the "Labor Standards Act" to clearly define the rights and obligations of both employers and employees; in accordance with the "Occupational Safety and Health Act", the Company has also established "Occupational Safety and Health Work Code" to prevent occupational accidents and ensure the safety and health of employees.

According to Article 7 of "Sexual Harassment Prevention and Autonomous Regulations in workplace of New Taipei City", the Company has formulated the "**Sexual Harassment Prevention and Control Measures**" to prevent sexual harassment in the workplace to maintain the gender equality and human dignity at work.

● Employee Training Programs

The Company not only conducts orientations for new employees' initiation but also hosts internal education and training for all employees from time to time, while providing external education based on the expertise of employees.

In 2019, the Company continued to carry out internal education and training for:

ISO 9001 & ISO 14001

Occupational Health and Safety

In addition to complying with relevant governmental health and safety regulations, the Company has also established "Occupational Safety and Health Work Code" according to OHSAS 18001.

During 2017 - 2019, there were NO work safety incidents or disabling disasters at the Company

With the goal of zero occupational accidents, the Company reinforces its independent management and continuously improves the performance in occupational safety and health.

To maintain an effective operation of labor safety and health management system, all the Company employees should abide by "Occupational Safety and Health Work Code".



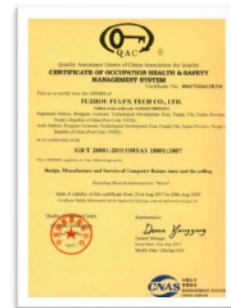
The Company aims to

1 Meet the requirements of various stakeholders (Authorities, customers, employees)

2 Reduce occupational accidents

3 Protect labor health and safety

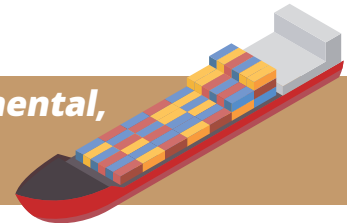
Full health and safe workplace initiatives are detailed in the Company's 2019 annual report p.49-50.



OHSAS 18001 Certification
(Certified since 2006)

Supplier Management

When working with suppliers, auditing for environmental, labor, human rights and community issues are our mutual responsibilities and obligations.

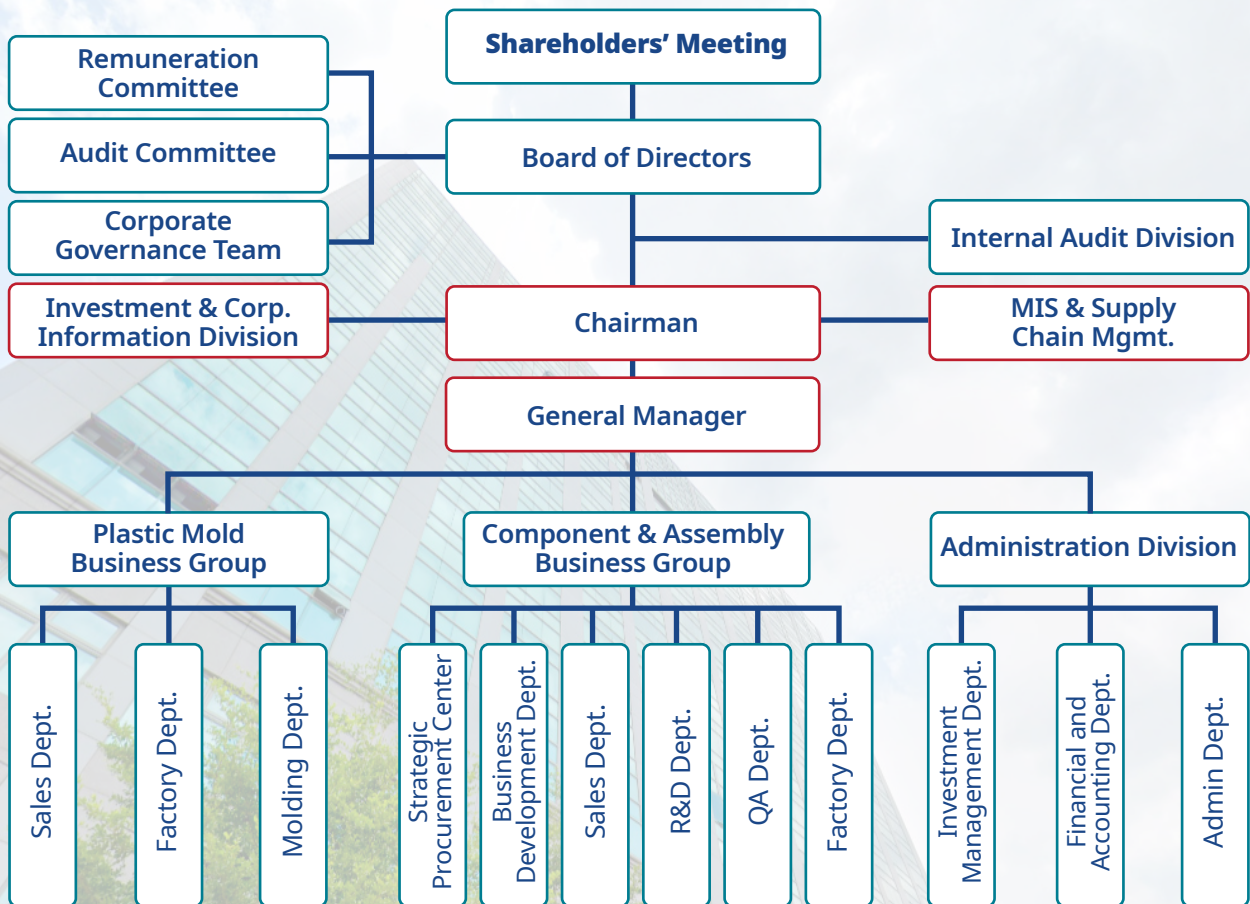


The Company requires suppliers to fulfill their responsibilities in the environment, labor, management system, and ethics. We have formulated the supplier management procedures. If any violation of relevant regulations is found during audit, we will immediately request the supplier to improve and follow up on their improvements. **Suppliers are required to comply with relevant regulations related to environmental, safety, occupational health, fire protection, labor and ethics**, while compensation clauses are also included in the agreements. If any of the suppliers fails to improve, it will no longer be listed as a qualified supplier of the Company. In addition, the Company also strives to work together with the suppliers in the aspects of environment protection, energy saving and carbon reduction.

The Company complies with RoHS and other international hazardous substance laws and regulations to meet the expectations of customers and the international market. The hazardous substance laws and regulations are also included in the introduction and assessment of suppliers. The Company is committed to jointly developing a sustainable supply chain with the suppliers.

Governance

Organization Framework



Board of Directors

Independence Strengthened

- Starting from 2020, the Company has 4 Independent Directors out of total 7 Directors on the Board. The number of Independent Directors has been doubled compared with the previous term, 2 Independent Directors out of total 6 Directors, resulting in an Independent Board Majority.
- Among the four Independent Directors, only Mr. Tsai, Yung-Lu has served as Independent Directors for three consecutive terms. All remaining Independent Directors were newly elected in 2020.
- One of the Independent Directors has an accounting background, is a certified accountant; one has law and regulations background, used to be the Prosecutor General of the Supreme Prosecutors Office.
- Two directors have an industry background related to plastic injection mold while the representative of the Institutional Directors has an accounting and finance background.

Justification: As Mr. Tsai, Yung-Lu previously served as a senior supervisor in securities business with a wide range of knowledge in electronics industry and its relevant laws, which enables the nominee to provide the company with management suggestions and supervision to the Board of Directors; therefore, Mr. Tsai, Yung-Lu is listed as a candidate of independent directors.

14% Female Representation on the Board

Directors' Information

Title	Name	M/F	Relevant Skills & Experience
Chairman	Chiu-Lang, Chen	M	The chairman of the Company, with a professional background in plastic injection molding ODM and business management.
Director	Shu-Yen, Chuang	F	One of the founding shareholders of the Company, familiar with the plastic injection molding industry.
Director	Chien-Yuan, Chen Representative of Fortune Investment co.,Ltd	M	Formerly of Deloitte and Kanghe Securities, with a professional background in finance.
Independent Director	Yung-Lu, Tsai	M	- MBA degree from the University of Missouri - Former Vice President of the Underwriting Department at Fubon Securities - With an in-depth understanding in the electronic industry and electronic components which enables him to provide professional opinions to the Company.
Independent Director	Shih-Kuang, Tsai	M	Partner of T. K. Tsai & Co., CPAs Firm, with a professional background in finance and accounting.
Independent Director	Da-Ho, Yen	M	Legal professional, former Chief Prosecutor of the Supreme Prosecutor's Office.
Independent Director	Hui-Chin, Chiu	M	Formally CEO of Lite-On Technology, and is currently the director/CEO of Juteng International Holdings Group; familiar with the trend of the electronics industry which enables him to provide professional opinions to the Company.

Performance Evaluation for the Board and Functional Committees

According to the resolution of the board of directors' meeting on May 9, 2019, the Company has approved the "Rules for Board of Directors Performance Evaluation" which clearly specified that the internal performance evaluation for the BoD, self-evaluation for the board members, cross-evaluation by peers and the evaluations for each functional committee shall be conducted at least once every year.

Full evaluation criteria are detailed in the Company's 2019 annual report p.30-32.

Evaluation Results for the Board and Functional Committees

The Company has completed relevant evaluation on the board of director's operation for the period from January 1, 2019 to December 31, 2019, including the self-evaluation questionnaire of 6 board members (including 2 independent directors) and the internal self-evaluation questionnaire of the board of directors.

After the completion of the aforementioned evaluation score statistics, the 2019 board of director's performance evaluation achievement rate of the Company was 100%, which indicates an "Outstanding" performance of the year. In addition, the evaluation result was reported in a board of directors' meeting in the same year.

Functional Committees

Remuneration Committee

The Company has established a remuneration committee since December 2011 and formulated the "Organizational Charter of the Remuneration Committee" in accordance with the relevant laws and regulations.

Title	Name	Attendance
Independent Director	Da-Ho, Yen Convener	100%
Independent Director	Shih-Kuang, Tsai	100%
Independent Director	Yung-Lu, Tsai	100%

*For 2020/6/18 - 2020/11/30 period, 2 meetings were held.

◦ **Audit Committee**

the Company has approved the revision of “Articles of Incorporation” and “Code of Corporate Governance Practice” in 2020, and established an audit committee to replace the function of supervisor. The audit committee is composed of all independent directors.

The Company has established an audit committee in 2020, to improve the supervisory responsibilities of the board of directors and strengthen the management mechanism of the board.

Title	Name	Attendance
Independent Director	Yung-Lu, Tsai Convener	100%
Independent Director	Shih-Kuang, Tsai	100%
Independent Director	Da-Ho, Yen	100%
Independent Director	Hui-Chin, Chiu	100%

*For 2020/6/18 - 2020/12/31 period, 5 meetings were held.

This committee is composed of all independent directors, while at least one of them has a professional background in accounting or finance. The term of office of these independent directors is three years, and they are eligible for another re-election. The convener of this committee represents the committee externally.

◦ **Corporate Governance Team**

The Company established the corporate governance team in 2019, and the Special Assistant of the Chairman’s Office, Yi-Chun Huang, was appointed to act as the corporate governance supervisor to protect the rights and interests of shareholders and to strengthen the functions of the board of directors. Special Assistant, Yi-Chun Huang, is already equipped with management work experience in financial and stock affairs for more than ten years, and his main responsibilities are to provide information and documents necessary for the directors and supervisors to perform duties, to assist the directors and supervisors in legal compliance and to handle matters related to the board of directors’ meetings and shareholders’ meetings according to the laws.

The corporate governance team is also responsible for the policies making of corporate social responsibility, the implementation of relevant management guidelines and the implementation, interpretation, and consultation of Ethical Corporate Management Best Practice Principles. The team also regularly reports the implementation status of aforementioned businesses to the board of directors every year.



● **Internal Audit**

The audit office of the Company is subordinate to the board of directors. The assignment and dismissal of the Chief Audit Officer shall be approved by the audit committee before being approved by the board of directors. The Chief Audit Officer oversees the overall internal audit business of the Company.

There are 6 dedicated auditors in the internal audit office, including a Chief Audit Officer and other team members. The responsibility of the team includes but not limited to the regular and non-regular audits of the Company. In addition, the assignments, dismissals, appraisals and compensation determinations of internal auditors shall be reported by the Chief Audit Officer to the Chairman of the Board for approval.

◦ The Operation of Internal Audits

- Make the audit plan every year based on the risk evaluation and the requirements of the authorities, and then implement it upon the consent of the Board.
- Carry out the non-scheduled project inspection according to the operation and management requirements of the Board and the senior management team.
- Prepare reports on the deficiency and abnormality of the internal control system found in the audit report and then follow up the deficiency and abnormality until those problems are solved.
- In accordance with regulations and operation, urge the subsidiaries to conduct necessary supervision, management and other control operations. Perform periodical and non-scheduled audit for the subsidiaries.
- Urge the Divisions and subsidiaries under the Group to perform Self-Assessment of Internal Control at least once a year. Review the self-assessment report of the Divisions and subsidiaries. Together with the correction of the deficiency and abnormality found in the internal control system, it will be taken as the major foundation for the Board and the General Manager to evaluate the validity of the overall internal control system and make the statement of the internal control system.
- Provide suggestions for the improvement of operating procedures and consulting services of the internal control systems design.



● Risk Management

◦ Policies and Structure

The Company follows the existing organizational structure and internal control system to actively manage and control the risks that should be considered in the operation process, while the performance of internal control and management policies will be regularly reviewed by the board and the senior management.

◦ Risk Identification and Countermeasures

Risk Identification	Countermeasures
Financial	<p>Risks related to the fluctuation of interest rates: According to the overall circumstance of its capital and operations, the Company may take some short-term loans from banks with floating interest rates.</p> <p>Risks related to the fluctuation of FX:</p> <ol style="list-style-type: none"> Actively monitor the latest movements of FX. Adopt natural hedge policy. For the sake of hedging, moderately undertake the forward foreign exchange contract within the scale of foreign sales.
Product Safety	Diversify the production bases in different countries.
Operational	In response to the trade tension between the U.S. and China, also for the sake of reducing risks of supply shortage, the Company has actively set up overseas production bases and domestic factories.
Intellectual Property	In an effort to protect intellectual property, the Company has actively applied for product patents in order to defend the results of research and development.
Ethical	Establish the “Ethical Corporate Management Best Practice Principles” and the “Ethical Behavior Principles” of the Company; set up an anonymous reporting channel; continue to provide education and training for management and employees.
Environmental	With regard to climate change and natural disasters, the Companies can only do their best in environmental protection, from green product designs, introduction of environmentally friendly materials, implementation of green factories to the conservation of energy and water. We will continue to seek to reduce the Company’s impact on the environment.

● Ethics Management

The Board has passed the “**Ethical Corporate Management Best Practice Principles**” and “**Ethical Behavior Principles**” and appointed Mr. Huang Yi-Chung, the corporate governance officer, in charge of planning and executing the policies for Ethics Management.

According to the “**Ethical Corporate Management Best Practice Principles**”, which clearly prohibits that all employees shall not directly or indirectly provide or accept any unreasonable gifts, hospitality or other improper benefits in order to avoid employees sacrificing the Company's interests for personal gains. **An effective accounting system and internal control system have been established and reviewed quarterly** to ensure that the design and implementation of the system continues to be effective.

The Company has established the “**Ethical Corporate Management Best Practice Principles**” and the “**Operating Procedures for reporting illegal, unethical or dishonesty cases**” with clearly-stated procedures for the prevention of such behaviors. Through the continuous education and training, we will ensure that our employees understand those regulations.

The Company uses customer credit assessment and supplier evaluations to avoid dishonest business activities. Through the clearly-stated clauses with other parties, the Company ensures that the business activities of its partners are fair, transparent and without any bribes.

Code of Conduct

In order to effectively implement its ethics management policy, the Company has established the “Ethical Behavior Principles”, “Ethical Corporate Management Best Practice Principles” and “Operating Procedures for Reporting Illegal, Unethical or Dishonesty Cases.” The implementation results will be reported to the board of directors every year. In addition, the Company also sets up reporting channels and clearly-defined penalties when strictly requiring its employees and the external upstream and downstream suppliers to abide by business ethics.

Internal & External Education

The Company will regularly organize internal and external education and training on ethics management, while the senior management will also elaborate the importance of integrity to the employees from time to time.

In 2020, the Company held internal and external education and training related to ethics management, corporate governance practices, accounting systems and internal control, with a total of 127 participants and 564 education hours.

● Whistleblower Programs

Anonymous Reporting



Non-Retaliation Policy



The Company has set up a “suggestion box” as a grievance channel on its intranet, with a dedicated person handling it. In addition, the Company has set up a Stakeholders Section on its website and provides grievance channels for all stakeholders.

During 2019, there were 2 reported incidents, and both have been resolved after reporting to and verifying to the Company's senior management.

To establish an effective whistleblowing program and ensure the rights and interests of informants and their counterparties, the Company has formulated the “Operating Procedures for reporting illegal, unethical or dishonesty cases.”

The Company has established the “Operating Procedures for reporting illegal, unethical or dishonesty cases.” A confidentiality mechanism was established in order to protect informants and to prohibit any retaliation against informants.