

2019

**CHIMEI**  
a step up




**SUSTAINABLE  
DEVELOPMENT  
GOALS**

**CHIMEI**  
**Corporate Social Responsibility**  
**Report Highlights**

**CSR**  
**REPORT**



# CHIMEI Corporate Social Responsibility Report Highlights

<div>  </div> <div>Environment</div>	<div>  </div> <div>Society</div>	<div>  </div> <div>Governance</div>
Invested NT\$6 billion in our green projects	The first factory of chemical industry in Taiwan certified with SA8000	Net business revenue in 2019 totaled NT\$135.8 billion
Incorporated ISO 50001 to manage energy	Facilitated the establishment of the Taiwan Artificial Intelligence Academy in southern Taiwan to promote AI	ABS resins supplier with the highest global market share: 20%
Implemented ISO 14064-1 to monitor greenhouse gases	Scored a Frequency-Severity Index of 0.14 in 2019, which was far lower than the industry-wide average	Holder of 903 valid patents
Issued green bonds at over NT\$5 billion, the largest scale in the private sector	Hosted the CHIMEI Science Camp, attracting 201 pupils from local schools	0 complaints filed regarding corruption, employees' integrity or illegal activities
Introduced 178 projects to reduce carbon emissions by 156,000 tons	Signed an MOU with the Tainan Firefighting Dept. for volunteer rescue services, the CHIMEI Phoenix Squad	96% of suppliers responded to our integrity protocol

## Message from the Chairman

Social responsibility has always been deeply ingrained in the culture of CHIMEI Corporation. Mr. Shi Wen-long, founder of the organization, contends that "operating a business is the means, and pursuing 幸福 (Xingfu): well-being through contribution is the purpose." Given such, CHIMEI has been committed to creating and maintaining the best workplace from which its employees can benefit and make the most out of their service while looking after their wellbeing. We believe this is what everyone at CHIMEI, our partners, and society deserve.

A green investment project worth NT\$6 billion was in progress in 2019 to reduce consumption of resources and emissions of greenhouse gases. And another project was dedicated to promoting artificial intelligence ( "AI" ) and funding schools that are engaged in AI with the goal of preparing the future generation to be skilled with AI expertise. Meanwhile, CHIMEI built a sports center for its staff that is expected to serve for more than five decades, promoting health and wellbeing of our employees as well as sustainable business operations.

The year of 2020 marks the 60th anniversary of CHIMEI's foundation. This significant landmark has been chosen for the publication of the 2019 CHIMEI Corporate Social Responsibility Report, which is composed in accordance with the Global Reporting Initiative ( "GRI" ) and the 17 United Nations Sustainable Development Goals ( "SDGs" ) to resonate with our commitment to the international community and determination to make positive changes in the world.

Looking to the future, CHIMEI will continue to dedicate itself to innovation and high value-added operations while initiating research & development efforts to bring safe, green products to our clients worldwide and drive a supportive and reliable workplace. On the path to the next decade landmark, we will make the best use of our expertise and embrace globalization as one of our core values, with the goal of achieving A Step Up in everything we do to bring Xingfu to every corner of the world.

Hsu Chun-hua  
**CHIMEI Chairman**



## About Us

CHIMEI is a supplier of performance materials with outreach to global markets. Having adopted many international protocols, we have tailored ourselves to international market dynamics and are able to respond to risks accordingly. We aim to promote quality of life of all of our stakeholders by ensuring the quality of our products so that everyone can pursue sustainable wellbeing.

**1,358 net  
revenues**

Net revenues from group-wise operations totaled NT\$135.8 billion in 2019.

**6500  
clients  
worldwide**

Over 6,500 clients worldwide with ongoing transactions

**largest  
supplier  
worldwide**

The greatest supplier of ABS resin, PMMA resin and LGP

Global market  
share of

10%  
**PMMA**

20%  
**ABS**

33%  
**LGP**



### ABS

Major sales regions and sales revenue for ABS product: Southeast Asia, Hong Kong, Europe and the Americas, amounting to NT\$38,366,642,000 in total

### Multiple third-party certifications

Awarded a wide range of third-party certifications, including SA 8000, ISO 14001, ISO 50001, ISO 14064, ISO 9001, ISO 13485, ISO 45001, TOSHMS

### 903 valid patents

As of the end of 2019, CHIMEI has obtained approximately 903 valid patents from around the world.

### Top 100 patents holder

Since 2014, CHIMEI has been ranked among the top 100 domestic invention patent holders in Taiwan for six years in a row.

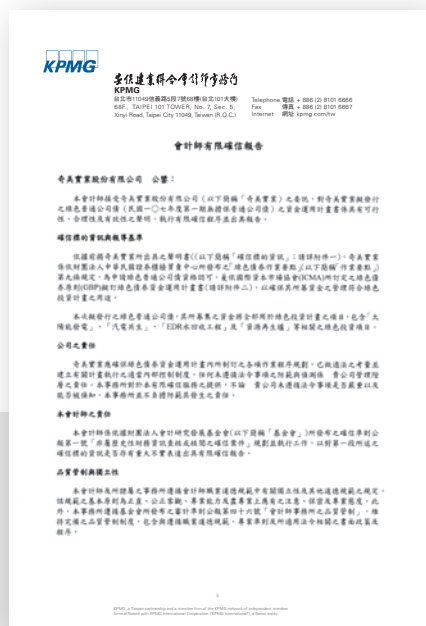
# About the Report

As CHIMEI celebrates its 60th anniversary in 2020, we pledge to continue achieving a step up in everything we do and have decided to publish our Corporate Social Responsibility Report. We expect to see more of these publications in the future, summarizing our operations in addition to financial performance, and outlines our business perspectives and commitment to sustainable development.

## Sources the report is Derived from and Initiatives We Hold onto

The report is derived from the Global Reporting Initiative ( "GRI" ), while aligning with the UN Sustainable Development Goals.

CHIMEI  
a step up



[illegible]

# Stakeholders

The following eight categories of stakeholders have been identified by our designated Social Responsibility Committee referencing the five major principles listed in the 2011 AA1000 Series of Standards:



1	Energy Management	A total of NT\$6 billion has been invested in the Green Projects. As of 2019, we were at 22% of implementation.
2	Climate Change	In 2019, emissions of carbon hydrate measured 655,119 tons, which was 25% less compared to 2005.
3	Processing of Waste and Effluents	<ul style="list-style-type: none"> <li>• In 2019, we processed some 18,901 tons of waste from production; a reduction rate of 98%.</li> <li>• In 2019, the concentration of the chemical oxygen demand ( “COD” ), soluble solids ( “SS” ), and ammonia nitrogen in our effluents was lower than the legal maximum tolerance: 67%, 93% and 98% respectively.</li> </ul>
4	Air Pollution Prevention	Compared to 2018, emissions of VOCs dropped by 14.9% in 2019, and SOx dropped by 15%.
5	Workplace Safety & Hygiene	The frequency-severity index was 0.14 in 2019, which was lower than the average of the industry.





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## Human Rights and Employee Perks

We are SA8000 certified ahead of our peers in the industry. An internal SA8000 audit is conducted on an annual basis.

7



## Career Development

A total of 745 training courses were offered internally and externally through an online learning platform in 2019. The total class hours were 4,751, which were attended by 35,377 participants in total.

8



## Social Engagement

The CHIMEI Science Camp was held for the first time in 2019, which was open to 201 local elementary school pupils.

9



## Steady Growth

High value-added chemical products took up to 25% of sales in 2019.

10



## Sustainable City

Solar panels have been attached to our rooftops, which generated 8.03 million watts of power in 2019.

11



## Innovative Products

As of the end of 2019, CHIEMI had owned 903 patents from around the world, 65 of which were obtained in 2019.

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## Smart Factories

18 AI initiatives were raised in 2019, including preventive maintenance and care, defect detection, image identification, and smart customer service.

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## Information Security/Privacy of Clients

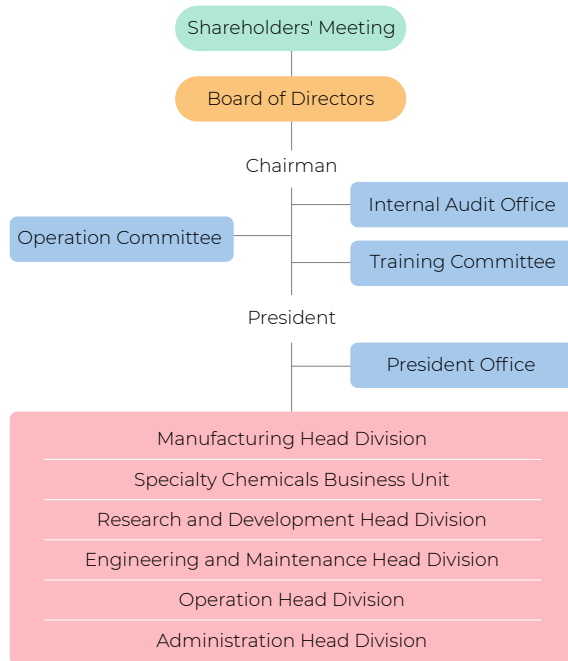
An AI-based information security analytic system has been incorporated into the company. There were no complaints reported in 2019 regarding privacy or data theft.

## Governance

The CHIMEI Board of Directors is professionally driven and diverse. With a subordinating operations committee, training committee and supervisors, the Board ensures that internal audits can be duly executed and internal operations can be facilitated as needed. CHIMEI has stipulated its own Protocol of Business Integrity to curb corruption. Information sessions on integrity are sponsored from time to time to boost awareness of all staff members.



## Company organization chart



## Management Activities

### Board of Directors



In 2019, the Board (total nine members) convened 11 meetings with an average attendance rate of 64%.

### Operations Committee



The committee is responsible for evaluating issues of the environment, society, business operations and management and strategizing accordingly.

### Training Committee



The committee is responsible for masterminding professional training for staff members.



### Supervisors



Supervisors are tasked with supervising the Board of Directors and the entire organization. They are expected to maximize profits and safeguard shareholders' privileges.

### Principles of Governance



- Integrity Affidavit
- Code of Business Integrity

### Trustworthy Operations



- No complaints whatsoever were filed in 2019 with regard to inappropriate organizational conduct, violations of the code of conduct by employees, or involvement in any illegal activities.
- 1,798 suppliers and contractors signed the Code of Ethics, and Compliances and Business Integrity for Vendors & Employees of CHIMEI, with response rate of 96%.

### Legal Compliances



- No incidents of corruption were reported in 2019.
- No complaints regarding human rights were filed.
- No fines whatsoever were imposed due to violations of the law or government policy as a result of the provision or use of our products/services.



## Commitment to the Environment

Driven by the concept of Clean & Green, CHIMEI has invested approximately NT\$6 billion in the Green Investment Project to serve as the measures to reduce or adapt to climate change, which includes a solar power plant, heat and power station, EDR water recycling system and resource recycling furnace. The Green Investment Project will be funded by the largest Green Bond launched by private sector at the value of NT\$ 5 billion.

**120,000**

tons annual carbon reduction

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### Heat & Power Station

This facility is expected to supply over 76% of CHIMEI's required electricity, leading to an annual reduction of 120,000 tons of carbon dioxide emissions.

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**10**

million kWh energy generation

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### Solar Power Plant

Six solar panel sets have been established, with the capability of generating 10 million kilowatts per annum.

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**3,000**

tons recycled water

## EDR Water Recycling System

We boast the first EDR facility in Taiwan's fossil fuel industry, which generates 3,000 tons of recycled water on a daily basis.

**100%**

sludge self-processing ability

## Resource Recycling Furnace

This facility tremendously lowers the output of sludge from wastewater, enabling us to process 100% of sludge on our own.

**25%**

carbon reduction

## Reduction of Carbon Emissions

- We continue to make use and monitor implementation of the ISO 50001 energy management system.
- Between 2009 and 2019, a total of 178 projects were implemented to reduce carbon emissions by 156,000 tons.
- Between 2005 and 2019, our carbon emissions dropped by 25%.



**145**

tons carbon reduction

## Air Pollution Prevention & Control

- 33 furnaces had been modify to natural gas, with a completion rate of 79%.
- The total emission of VOCs in 2019 was 145 tons lower than 2017.

COD less than **67%**

## Water Recycle

- Water for production has been cut back. Recycle devices and wastewater processors were installed on high water-consumption equipment.
- Substances such as COD, SS, and ammonia nitrogen in effluents were all lower than the legal tolerances in 2019: 67%, 93% and 98% respectively.

Reduced **1.8%** non-recyclable reuse rate

## Condensed waste

- We dedicated time and energy to the reduction of waste from sources and implemented recycling programs for reuse and heat generation.
- The non-recyclable reuse rate was brought down to 1.8% in 2019.

# Reciprocity of the Supply Chain

CHIMEI always subjects itself to external audits and evaluation and follows where the Responsible Business Alliance ( “RBA” ) leads the industry. It imposes sustainable management on its supplier network. Inside CHIMEI, we incorporate AI projects and digital transformation plans with the goal of building a Smart CHIMEI. Our contractors feel reassured with our Safe Partnership Plan, which protects their safety and benefits. In addition, CHIMEI is a loyal follower of Client-Side Innovation, which facilitates prosperity for the overall supply chain with satisfaction-driven innovation.

## Supplier Audit

- Audit was successfully performed on 36 suppliers by CHIMEI, with an success rate of **100%**
- The number of suppliers rated **AA: 574; A: 265; B: 1,212; C: 0.**

## Local Procurement

- Post-consumer recycled materials (PCR) are **100%** procured locally by CHILIN Technology.

## Smart CHIMEI

- 18 AI-based projects were introduced in 2019.
- RPA, an automation device, was incorporated.
- We facilitated the establishment of an innovative technology network and sponsored the foundation of an Taiwan Artificial Intelligence Academy in southern Taiwan.
- We initiated an AI-based information security analytic system in 2019.

## Contractor Management

- An access control system was enabled to manage and supervise access by contractors.
- An AVL mechanism was implemented to screen and filter contractors on a rolling basis.

## Client-Side Innovation™



Through Client-Side Innovation™, we engage in close collaboration to help clients achieve their goals. We have been consistently stepping up to customers' demands in terms of boosting their R&D and production processes, and adapting materials to specific requirements through collaborative innovation.

### Creating A Whole New Grade of Golf Ball

By lowering the water content in our NdBR synthetic rubber to an unparalleled <0.2%, we helped the world's leading golf ball makers achieve a new peak in end-product performance.

### ABS That Beats EU Food Contact Standards

A European chocolate maker sought ABS with <5 ppm acrylonitrile monomer residue for the toys in its products. We remain the only supplier able to consistently mass produce such high-quality ABS.

### Crystal Clear SAN Wins High-Fashion's Heart

A cosmetic container OEM had to find a way to analyze and avoid visual defects in its end products, which arose in the form of flash lines in the plastic. We pioneered the process to track and assess the aesthetic quality of SAN, despite the inability to rely on data.

### Driving Federal Tires into Pole Position

Taiwan-based Federal Tires faced a stark decision: heavily over-invest in new equipment, or fall behind the industry's peak performance levels. At CHIMEI, we offered Federal a third option. By developing new synthetic rubbers that are easier for legacy machines to process, they can produce the same high performance tires as brand new equipment.

### MS Makes Ultra-Narrow Bezels A Reality

A leading TV-maker tasked us to find an alternative to the PMMA inside its screens, so it could achieve ultra-narrow bezels. By balancing the low water absorption of PS, and the high optical properties of PMMA, our new MS resin and light guide plate helped our customer achieve a world-first.

# Commitment to Employees and Social Engagement

CHIMEI is committed to wellbeing. We optimize our human resources through a 5-stage process: recruitment, staffing, development, promotion and retainment, aiming to create a workplace that is safe, respectful, integrity-oriented, egalitarian and diverse. We believe this is the cradle for our employees to grow and fulfill their goals.

As a social benefactor, CHIMEI strongly believes the company should actively contribute to society and use its resources where we can have a positive impact. We are primarily focused on the education, preservation, and promotion of culture and healthcare, and the cultivation of talent. We also contribute significantly to relief efforts.



## Advanced, Friendly Workplace

- CHIMEI is home to 3,744 employees.
- Non-superintendent employees received an average annual wage of NT\$1.34 million in 2019.
- The first SA8000 certified factory of chemical industry in Taiwan.
- The average training hours per employee in 2019 was 29.07.
- A senior employee is assigned to coach a new employee as a mentor.
- A total of 745 courses on various subjects were offered in 2019.
- 55 employees were delegated to receive specialized training at the Taiwan Artificial Intelligence Academy.
- Leader Campus, an online learning platform, received 11,222 views from us in 2019.
- Our employees went through a total of 1,100.5 hours of human rights training in 2019.



## Health & Care Programs for Employees

- CHIMEI was certified with ISO45001 and CNS45001—Occupational Health and Safety Management Systems—in 2019.
- 2,007 employees participated in the annual health checkup in 2019.
- 653 employees went through health checkups for those exposed to special hazards in 2019.
- The frequency-severity index was 0.14 in 2019, which was lower than the average of the industry, 0.66.
- No occupational deaths were reported between 2017 and 2019.
- No occupational injuries were reported by CHILIN Technology between 2017 and 2019.
- Specialized doctors were invited for a consult with our employees, with a monthly psychiatrist appointment in our facility.



## International Aid & Disaster Relief

- In 2017, CHIMEI donated RMB 30 million to reinvigorate the healthcare system in Zhenjiang City.
- In 2016, CHIMEI donated NT\$10 million in the aftermath of a catastrophic earthquake in southern Taiwan.

## Culture

- The CHIMEI Culture Foundation allows Taiwanese students to borrow from its violin collection free of charge. In 2019, violins were borrowed 366 times and bows 160.
- The CHIMEI Art Award is a regular event. Winners can walk away with a prize of NT\$360,000. The award was given to 326 people as of 2019; a total of over NT\$0.11 billion.
- 12 musical events were held in 2019, sponsored by CHIMEI's Mandolin Ensemble and its Cultural Foundation, attracting over 8,000 spectators.

## Health Care

- CHIMEI Hospital is equipped with 1,278 beds. The branch in Liuying has 876 and Jiali 333. The three institutions offer 2,487 beds in total, making CHIMEI a healthcare system with the most hospital beds of the cities of Yunlin, Chiayi and Tainan.
- Zhenjiang CHIMEI has donated RMB 30 million in total to the City Charity Association for the past three years. The funds have been allocated for the establishment of an extension institution of the First People's Hospital in Zhenjiang City.

## Education

- CHIMEI hosted the CHIMEI Science Camp in 2019 for the first time, attracting 201 pupils local nearby schools.

## Care for the Underprivileged

- CHIMEI gives gifts to seniors living in Rende on Chong Yang Festival, a holiday dedicated to the elderly. Around 12,000 senior people benefit from the policy every year.
- CHIMEI saves spending on evening dinner banquets and donates to the Huashan Social Welfare Foundation instead, which delivers food to senior people living alone on New Year's Eve.

## Sports

- CHIMEI has been recognized as a business committed to sports by the Sports Administration.
- CHIMEI prides itself on the diversity of its sports clubs and teams; 70% of all employees are involved.
- A hiking event was held, with participation by 76 teams consisting of 456 people.
- A multifunctional sports center was opened in 2019.

## Low-carbon City

- CHIMEI donated NT\$1.82 million and 32 T-bikes (low-energy consumption public rental bicycles) and helped build T-Bike pick-up/drop-off spots at Ri-xin Elementary School.

## Disaster Relief

- We have signed an MOU with the Tainan Firefighting Bureau to volunteer in fire incidents at our own expense.
- We have procured top-notch fire trucks and equipment, in which we have invested NT\$0.1 billion.
- The Phoenix Squad, CHIMEI's own firefighting task force, is equipped with 68 trained members who have attended over 56 hours of training.

# CHIMEI Museum

Inspired by the Tainan State Education Museum in his childhood, Mr. Shi, founder of CHIMEI Group, has always longed for a museum tailored to the public. He finally managed to establish the CHIMEI Museum in 1992, which reopened in 2015 following relocation and became a notable landmark characterized by its western architecture style in Tainan. It is CHIMEI's vision to run the museum long-term as an institution dedicated to aesthetics to “serve the general public for good.”



Olympus Bridge

## The glory of CHIMEI—A safeguard for everything wonderful

Located in Tainan Metropolitan Park, the CHIMEI Museum complex occupies some 40 hectares, while the museum takes up 10 hectares with a total building area of 13,000 pings (42975.4 M2). Characterized by its western classic architecture, the museum boasts a rich collection of western art works and artifacts.

The Angel of Glory, standing atop the dome holding a laurel and a horn, is a piece of art 4.2 meters high, enlarged from the miniature by Mr. Shi, who completed the prototype by virtue of inspiration from the Allegory of Fame by Louis Ernest BARRIAS. The sculpture is the guardian for the sacred hall of art and represents the beauty of everything collected here.



The Angel of Glory

Over 4,000 pieces of art are exhibited at the CHIMEI Museum, accounting for roughly a third of its entire collection. It is comprehensive museum that serves a wide spectrum of cultures, including western art, musical instruments, military, natural history, etc.

The planning of the exterior is derived from western mythology, which allows visitors to familiarize themselves with ancient Greek and Roman deities.



Apollo Fountain Plaza



Animals, Arms & Armors, Fine Arts, Music Instruments, Rodin Gallery, Sculpture Avenue



2019 Corporate Social Responsibility Report Highlights

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