





2020

ESG

CHIMEI Sustainability Report Highlights

CHIMEI, A Step Up

Since its founding, CHIMEI has pursued 幸福 (Xingfu): Well-Being Through Contribution – the principle that contributing to society leads to success and a sense of fulfillment. We exist to fulfill our purpose to bring Xingfu to every corner of the world. We shoulder the responsibility of being a world citizen and aim to demonstrate our business values while also elevating the quality of life for all society by engaging in continuous innovation, research and development, and manufacturing products that are innovative, green, and energy efficient. We also work tirelessly to build a friendly workplace and give back to society. The year 2020 marks the 60th anniversary of CHIMEI. We pledge to continue to uphold our uplifting morale in pursuit of "A Step Up", and we look forward to contributing to the world with our colleagues and their families and our suppliers and partners around the world.



Corporate Responsibility and Vision of Sustainable Development

Ever since CHIMEI's foundation six decades ago, we have been striving for Xingfu. Resources have been allocated to establish the CHIMEI Green Energy Park, the CHIMEI Museum, and CHIMEI Hospital. We are also dedicated to bettering the economy, giving back to society, and helping the environment by using highly efficient materials with superior quality. In 2020, through the rebranding efforts, we defined aspirational goals to contribute to our customers' and partners' success in the next six decades.

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Five Major Goals for our 60th Anniversary

Refreshing image

Introduce a new visual identity and a new website.

Novel slogan

Announce a new slogan: A Step Up. This represents our determination to advance industries through material innovation, and through a deepened commitment to the environment and society.

Collaborative research & development

Through Client-Side Innovation[™], we are committed to working more closely with our customers and partners than ever before. Take advantage of our Client-Side Innovation[™] platform to customize photoresist products with high penetration rate and develop NdBR for new lowfuel-consumption highperformance tires. Expanded investment in clean and green energy

Carry out green investment projects and build a solar power plant, cogeneration plant and EDR reclaimed water system.

Global sustainability outreach

Produce highperformance rubber products/ post-consumer recycled materials.

60th Anniversary— A Milestone for a Refreshing Commencement

Last year was tough and full of challenges. As the global COVID-19 pandemic raged, businesses were being simultaneously revolutionized and haunted by profound tumult and unpredictability, testing the adaptability and resilience of all businesses and corporations. In addition, climate change has not ceased to threaten the globe. A business can only weather these challenges if it accentuates its focus on Environment, Society, and Governance (ESG) and maintains its resilience. Therefore, we upgrade our Corporate Social Responsibility Report to Sustainability Report with the aim of CHIMEI and its partners viewing sustainability from a strategic perspective and being proactively answerable to stakeholders by optimizing its ESG achievements.

The year 2020 marked CHIMEI's 60th anniversary. This landmark was followed by our initiative to shape a refreshing brand image by giving "A Step Up" to our spirit, clearly defining where the corporation is heading, strengthening the entity, and striving for the next level. The pandemic left us all feeling frustrated at the beginning of this year; however, we got back our feet and managed to withstand the challenges. Thanks to the stable foundation of the entity and the dedication of our staff, we witnessed an annual growth of 127% compared to 2019, an all-time high. This great milestone of six decades marks the achievements we have prided ourselves on and highlights the potential of renaissance and a brand-new concept. As we begin to write the first page of the next six decades, we must remind ourselves of who we were and what we wanted to achieve in the beginning before launching into a new era.

Hsu Chun-hua CHIMEI Chairman



About Us

Our foundational principle of Xingfu refers to achieving a deep sense of well-being by contributing to wider society. We are dedicated to R&D and the design and manufacturing of performance materials , including advanced polymers, synthetic rubbers, and specialty chemicals. We pride ourselves on our reputation as a worldleading plastic and rubber supplier. Supply of plastic materials

Business performance

> Patents awarded

CHIMEI is the world's largest supplier of ABS resin.

The net revenue of CHIMEI in 2020 totaled NT\$117.2 billion, while the net profit of this quarter was NT\$16.6 billon, 127% higher than that of 2019.

As of the end of 2020, 1,193 patents have been granted to CHIMEI, among which 608 are maintaining in patent assets.

International initiatives

CHIMEI is committed to fulfilling the sustainable development goals, global alliances, Social Accountability 8000 Standard and the United Nations Convention against Corruption.

Digital services

CHIMEI has introduced smart office platforms and services such as Microsoft Teams, IP Phone and an intelligent customer service platform.

Information security

CHIMEI was awarded the ISO 27001 information security system certification in 2020 to reduce information security risks and potential impact.

Business Continuity Planning

CHIMEI has devised its business continuity planning strategy for 12 common hazards, four of which have been fully drilled.

Innovation & R&D



Boasting expertise and dedication to R&D, CHIMEI is devoted to proving innovative dynamism and expanding business for our clients. CHIMEI prides itself on its Client-Side Innovation[™] platform and close partnership with our clients, enhancing R&D and production that is tailored to customers' needs. We also take advantage of our collaborative cooperation and innovation to develop materials based on particular requirements and strengthens performance and durability of our products while making them more aesthetically pleasing. We strive for higher production efficiency and cooperation schemes to reduce the impact on the environment.

While laptop keyboards are getting increasingly thinner, CHIMEI has adjusted our products according to the needs of LITEON, the world-leading provider in optoelectronic components and key electronic modules. LITEON manufactures laptop keypads and buttons—made from PC resin supplied by CHIMEI that are thinner than 0.55mm and can withhold the daily impact with strong resilience. The new PC resin can lower the products cost, increase production efficiency and a high degree of recyclability. This can allow us to reuse the remaining materials to reduce waste.

As the world demands ventilators and respirators amidst the COVID-19 pandemic, CHIMEI spearheaded its production of materials-POLYLAC ABS PA-765/765A- required for such medical supplies and adjusted its supply chain response strategies by expediting deliveries at its own cost for 50% of freight. Medtronic, a valuable client of ours, has thus benefited from prompt medical supplies despite the widespread surge in demand.





CHIMEI Can Help

As the COVID pandemic continues to rage, the world is faced with enormous socio-economic impact, as is businesses worldwide. While the world is exhausted by possible responses, particularly lockdowns, CHIMEI stays tuned to its healthy foundation and manages to strategize accordingly. We have treated the pandemonium as a blessing in disguise, grasping every possibility to strengthen and deepen our global outreach to overcome all odds.

Uninterrupted operations with a strategic supply plan

Flexible manufacturing allows transfers of shipments

Stable supply helps turn a crisis into an opportunity

CHIMEI has responded swiftly to postpone or cancel the order upon customer request. We also restrict our staff members from unnecessary gatherings to prevent the chance of disrupting the supply chain and protect the health of our staff. We adopted the flexible manufacturing strategy. With the establishment of the new factory in Zhangzhou, China in 2021, the shipment volume in China can be redirected to Europe and US. The relevant inventory costs were absorbed by us to fully cope with the customers' needs. The trustworthy production quality and reliable logistics management of CHIMEI allowed us to establish a stable supply chain. It has attracted the attention of new suppliers from the US and Europe in critical need of materials. In the future, CHIMEI will continue to maintain effective communication with supply chain, partners and customers to provide innovative solution for high-quality products.

Elevated production of materials of medical supplies in response to the global pandemic

In order to give priority to respirators suppliers, CHIMEI has contacted overseas agents and made adjustments to production lines to demonstrate our manufacturing quality, supply capacity, and spirit of global mutual assistance.

In April 2020, the epidemic in Europe was severe. Through rapid deployment and increased production, CHIMEI made every effort to provide plastics deemed essential for respirators for the French national team.



Plastics provided by CHIMEI Industrial can be used on respirator fittings (square fittings).

CHIMEI produces products that meet the requirements of medical supplies, whereas CHILIN which certified with ISO 13485 medical equipment quality management systems, and was responsible for special production lines of dyeing. We are able to provide customers with raw materials that comply with medical equipment standards in a short period of time.

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Efficient coordination of capacity in response to the pandemic

As of impact from novel coronavirus pneumonia (NCP) epidemic in 2020, Medtronic, a US respirator manufacturer, had urgently needed a large amount of POLYLAC series materials. By then, CHIMEI had not only worked to provide existing inventory as soon as possible, but also absorbed 50% of the air freight on its own, thus making contribution to global fight against the epidemic.

CHIMEI prioritizes production capacity for medical purposes. The raw materials for the connecting tube and cover of the High Flow Nasal Cannula (HFNC) manufactured by Fisher & Paykel are supplied by CHIMEI, which is the product and project of the solution adopted.

3

4

2

In early April, Phoenix Mecano of Hungary had urgently needed the plastic products to be used on the housing of hospital beds for height adjuster.

In 2020, the proportion of export manufacturers for emergency medical material overseas reached 14%, which is 293% higher than that of 2019 by volume. In the future, no matter whether for anti-epidemic purposes or sustainable or business operations, CHIMEI will strive to make the world clearly see that "CHIMEI Can Help".

PA-757AB of CHIMEI has not only met the ABS anti-bacterial specifications, but has also been recognized by JIS Z 2801 from JIS for anti-bacterial effects and ISO 22196, which has also been certificated by Japan SIAA (Society of International sustaining growth for Antimicrobial Articles).



Sustainable Operations



CHIMEI Corporation complies with the principles of corporate governance to protect the rights of stakeholders and ensure the Board of Directors fulfills its responsibility. The Board of Directors consists of members with various professional backgrounds. The purpose of the supervisor system is to supplement to the Board of Directors by implementing internal audits and the control system. The Management Committee and Training Committee were established under the administration of the Board to enhance the competence of the Board, as well as to assist with the execution and performance tracking of company policy.

Furthermore, continuous business management is implemented to handle major risks and impacts, including climate change and preventing the spread of COVID-19. By identifying and analyzing major risks and opportunities, CHIMEI Corporation can take or mitigate various risks to control them immediately. Contingency plans are also proposed to respond to situations with flexibility and accuracy.

Ethical Corporate Management

To root ethical corporate management into company culture, CHIMEI Corporation has issued Ethical Corporate Management Best Practice Principles according to international anti-bribery standard, and plans to introduce this standard to the organization in 2021 to enhance the Anti-Bribery Management System and meet organization and industry goals and business regulations, in addition to increasing the trust of stakeholders towards the company.

100%

A bribery risk evaluation was completed in all operational locations. Moreover, CHIMEI Corporation has completed communication of Anti-bribery Management Policy with all mangement heads.



The Anti-bribery Management System Standard was introduced in 2020 and the Ethical Corporate Management Best Practice Principles issued in 2016 are used as the antibribery policy. It is estimated to be ISO 37001 certificated in 2021. 100%

Our employees all completed the Trade Secrets educational training course.

External Reporting Channel

A platform to receive both internal and external complaints is being planned so external complaints can be received anonymously and cases can be checked conveniently to increase the independence of complaint reporting channels.



To protect the rights of stakeholders, CHIMEI Corporation discloses corporate information with transparency and fulfills its responsibility of the Board of Directors. In addition to the arrangement of supervisors, the Management Committee and Training Committee have been established under the Board to enhance its competence.

> management and operation of board meetings, compensation packages of the Board Directors, corporate governance practices, and avoid interest-related issues. etc. for domestic and international stakeholder inquiries.

Management Committee

100%

Training Committee



For sustainable operations, CHIMEI Corporation proposes coping strategies and goals regarding operational risks, including climate change, information security, investment, finance, and corruption, in addition to searching for new opportunities for continuous growth and transformation.



Making Common Good 🔐 🚱 🚱 😭 with Partners

CHIMEI Corporation is not only a leader of the fossil fuel industry, but also a practitioner of truth, kindness, and beauty. Our company philosophy is "Treating people with a true heart. Showing people kindness. Making genuine and high-quality products." We are committed to the common good with upstream and downstream suppliers, strengthening our relationship with global partners, and pursuing changes and innovation in the hope of creating excellent quality together.



Commitment to Employees

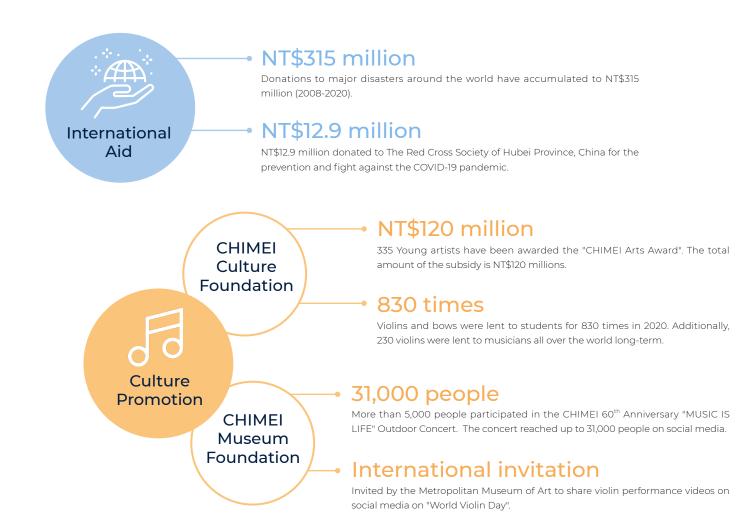


In line with our founder Shi Wen-long's philosophy, CHIMEI exists to pursue Xingfu – which means achieving a deep sense of well-being by contributing to wider society. We practice manpower optimization via the key process of recruiting, staffing, training, retaining, and work on building a safe, respectful, ethical, equal, and diversified working environment for employees to grow and develop and achieve their ambitions.



Social Engagement 🤐 🗰 👘 🕷 🐲

CHIMEI Corporation cares about the well-being of its employees as well as underprivileged groups and communities in our society. Moreover, we are sincerely concerned about cultivating talent in Taiwan and industry development in the future; therefore, we devote corporation resources to society and the world to remember and follow Mr. Shi Wen-long the founder's Xingfu philosophy: "Operating a business is the means, and pursuing Xingfu is the purpose."





230 students

230 5th-grade students from nine elementary schools in Rende and Shanhua Districts participated in the "CHIMEI Science Camp".

NT\$30 million

Donated to the "Taiwan Artificial Intelligence Academy Foundation" to establish the "Taiwan Artificial Intelligence Academy".

35,584 square feet

The idle space in the Xintien Factory was remodeled for use by the Taiwan Artificial Intelligence Academy South Branch.

Care for the Underprivileged

1,600 students

Organized the 60th anniversary charity event and donated NT\$1.2 million to underprivileged families, helping 1,600 students to study and live without financial worry.

Deliver eco-consistency message

In collaboration with the Agric Social Enterprise to launch the 60th Anniversary limited gift box to convey CHIMEI's support and consistent philosophy of eco-friendly farming and buying local.

CHIMEI Hospital Special Contribution Anti-pandemic Prize

With the "One-stop out-patient care procedures anti-pandemic 2.0" plan and the establishment of instant anti-pandemic map using high technology, CHIMEI achieved zero contact, zero omission effects and received government praise.

The Friend of Foreign Service Medal

As well as community medical service and volunteer medical consultations in remote areas, CHIMEI also participated in international humanitarian medical aid and received praise from the Ministry of Foreign Affairs.

NT\$38.8 million

CHIMEI spent NT\$38.8 million purchasing and introducing the first turret fire truck in Taiwan. We also signed a support agreement with the Tainan City Government Fire Bureau and the Phoenix Squad was arranged into a 119 urgent dispatch system.

Self-owned fire brigade - Phoenix squad

Community

Care

Co-existence with the Environment

To welcome the 60th anniversary, CHIMEI is broadening its sustainable prospects, making "Clean & Green" the primary principle, contributing to the development of green energy, fulfilling green production, and creating green products. CHIMEI also issued NT\$5 billion green bonds in 2018; the largest tranche issued by a private enterprise in Taiwan. By the end of 2020, the percentage of bond trading value had reached 45%.

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り Energy saving and Carbon reduction

CHIMEI will continue to disclosing control of climate change information in addition to contributing to low carbon product development and green production, green energy, and green avocation of supply chains to reduce energy consumption with the goal of substantially decreasing greenhouse gas emissions.

NT\$18

million

Waste Management

To reduce the impact on the environment due to operations, CHIMEI devotes large amounts of resources to waste reduction projects and construction. The building for the resource recycling furnace helps fulfill the philosophy of the circular economy. It not only reduces the reliance on and need for resources, but also minimizes the impact on the environment.

38%

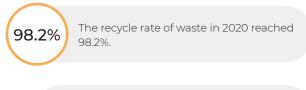
Greenhouse gas emissions in scope 1 and scope 2^* are 625,418 tons CO₂e, which was 38% lower than that of 2007.

ISO 50001 Acquired ISO 50001 certification and continues to maintain the ISO 50001 energy management system.

Carbon Footprint

Carbon footprint disclosure is newly added to scope 3 to effectively manage the carbon footprint of future products.

Note: The emission amount of greenhouse gases in scope 2 is calculated according to the discharge coefficient announced in 2020 = $0.502 \text{ kg CO}_{2}\text{e}$ /KW-h



Methanol, a by-product of the manufacturing process, replaces natural gas originally used in the steam boiler. It is estimated to save about NT\$18 million a year.



The "Green Energy Park" produces up to 20 million kWh electricity annually. Along with the established roof solar power plant, the amount of electricity generated by green energy is equal to the electricity consumption of 8,100 households in Taiwan.

124,000 tons- CO₂e

The heat and power station is designed and built by CHIMEI Corporation. Pure natural gas is used as the fuel to replace coal. Moreover, the waste heat will be recovered to produce steam and will be reused in the manufacturing process. The estimated electricity generated from the heat and power station after the official launch is close to 5 billion kWh. Along with the usage effectiveness of steam circulation, it is estimated that 124,000 tons-CO₂e of carbon will be saved.

3,000 tons

The EDR Watering Recycling System treats factory wastewater with submerged membrane filtration, electrodialysis reversal (EDR), and reverse osmosis (RO) recycling procedures. After treatment, 3,000 tons of recycling water are produced every day and reused in the manufacturing process. The amount of recycled water produced in the system is equal to 10% of the tap water supply for 15,000 people per day.

100%

The resource recycling furnace is estimated to launch in 2023. It can process 13,000 tons of sludge waste produced from wastewater treatment so that we can treat wastewater ourselves. Wastewater and sludge will be selftreated so that waste production will be substantially reduced. Only 2% of sludge will remain after treatment.

CHIMEI Green Park

Since its founding, CHIMEI Corporation has always been focused on environmentally friendly work and sustainable energy development. We realize that developing green energy is a global trend and requires immediate action. With the "Clean & Green" vision, CHIMEI transformed an idle factory lot in Shanhua District, Tainan City into the CHIMEI Green Energy Park by installing ground-mounted solar panels with a total capacity of 15MW and potential energy generation of 20 million kWh per year, which is equal to the annual electricity consumption of nearly 5,700 households. Meanwhile, more than 22,000 trees are preserved in the park to create a green zone that maintains industrial development, beautiful views, a thriving ecosystem, and a lush forest co-existing in balance. The park is expected to contribute 12,000 metric tons in annual carbon emission reduction.

In 2021, "CHIMEI Green Park" was awarded the Green Leadership Prize in the Asia Responsible Enterprise Awards* 2021. This demonstrates the international society's positive recognition of CHIMEI Green Park's comprehensive practice in green construction, the circular economy, and ecological conservation. It is also an important milestone in CHIMEI's long-term contribution to green sustainability.



Asia Responsible Enterprise Awards

Note: The "Asia Responsible Enterprise Awards (AREA)" is an awarding event organized by "Enterprise Asia", a leading Corporate Social Responsibility non-governmental organization in Asia. It aims at praising and awarding enterprises that promote sustainability and Corporate Social Responsibility, which is the most indicative corporate sustainability symbol in Asia.



SDGs 4 Quality Education

CHIMEI Corporation promotes and educates the public in green energy and tree ecology. In the future, the pavilion will serve as an important CSR base for the company and provide a service to the public to realize the importance of green energy and a sustainable environment.(SDG 4.7)

Organize educational activities such as the popular science camp and AI experience camp regularly to stimulate children's interest and care towards AI, green technology, and a sustainable environment.(SDG 4.7)



SDGs 6 Clean Water and Sanitation

Rainwater harvesting tanks are installed in the Clean & Green house, which can collect 300 liters of rainfall for plant and turf irrigation while increasing the recycling rates of fresh water for greater efficiency of water usage in the factory. (SDG 6.4)

SDGs 7 Affordable and Clean Energy

Install ground-mounted solar panels that cover an area of 1,500,000 square meters in the green energy park. The total power generation is 15MW and potential energy generation is 20 million kWh per year, which is equal to the annual electricity consumption of 5,500 households. (SDG 7.2)



SDGs 8 Decent Work and Economic Growth

106 internal guides have completed training. We expect that visitors will understand more about green prospects that CHIMEI Corporation and the Green Energy Park would like to deliver throughout their visits. (SDG 8.9)



SDGs 9 Industry, Innovation and Infrastructure

The design team opted for steel structure foundations instead of traditional reinforced concrete foundations. They also chose not to cover the park in asphalt, leaving it unpaved to enhance flood control capabilities.(SDG 9.1)

The scenic lake in the park is an on-site pump detention basin that can store and drain water when full to protect the park from flooding during storms.(SDG 9.1)

The structural design of the solar panels underwent wind tunnel testing at National Cheng Kung University and the Industrial Technology Research Institute. Results showed a wind resistance rating higher than the legal requirement, ensuring that they are safe and reliable and can reduce accidents during storms.(SDG 9.1)

The park-wide smart street lighting and monitoring system installed at the Green Energy Park consists of motion-sensing lighting, real-time human detection, and real-time tracking with smart cameras. With the establishment of green innovative techniques, clean energy and green elements are installed in every part of company operations.(SDG 9.4)

DGs 11 Sustainable Cities and Communities

Fences are installed two meters away from the perimeter to provide a green belt for the local community.(SDG 11.7)

SDGs 12 Responsible Consumption and Production



The Clean & Green House was constructed using the framework of an old building and recycled construction materials, even down to the roof tiles. The recycle and reuse rate of old materials is 90%.(SDG 12.5)

Conference room tables and chairs are made with recycled wooden crates from our factory. Creating furniture in this way not only reduces waste but forms part of the circular economy in the Clean & Green House.(SDG 12.5)

Walking paths are paved with recycled railroad ties to implement resource recycling while beautifying the environment. It is also a demonstration of the circular economy.(SDG 12.5)

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SDGs 13 Climate Action

Compared to traditional electricity generation methods, the potential electricity generated by solar panels in the Clean & Green Park is 20 million kWh per year and annual carbon-reducing effects are up to 11,000 tons.(SDG 13.3)

Air current theory is used in the design of the green house to keep lighting and ventilation functions working while reducing the needs of artificial light sources and consumption of air-conditioning facilities.(SDG 13.3)

The turf is largely paved on the access ramp to increase the hydrophilicity of the land while reducing the utilization rate of high carbon emission cement products.(SDG 13.3)





SDGs 15 Life on Land

No asphalt roads are paved in the park. CHIMEI takes ecology into consideration and planned for the land to restore and return it to nature in the best condition possible.(SDG 15.1)

The ecological pool is an old design from the Chiemei farm. Hydrophytes are planted after the place was arranged. The water resource of the pool comes from surrounding underground wells.(SDG 15.1)

Three forest reserves are in the park. Additional trees were also planted on the streets to increase the space of the park. Every tree that required to be moved was gifted and safely relocated in CHIMEI's affiliates. (SDG 15.2)

Due to the various tree kinds reserved in the park, an abundant, diversified ecology system has been formed. Many birds and frogs dwell in the park long-term. Even eagles can be seen here.(SDG 15.9)



SDGs 16 Peace, Justice and Strong Institutions

CHIMEI realizes the possible influence that it can make to surrounding areas. During the planning and establishment phase of the Clean & Green Park, we had close communications with local residents and started construction after reaching a consensus to reduce the impact of enterprise operations on the community. (SDG 16.7)

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SDGs 17 Partnerships for the Goals

Crossover, share knowledge and resources: Cooperate with AU Optronics Corporation to effectively increase the utilization efficiency of solar plant facilities. Moreover, with the support of the government and Taiwan Power Company, the feeder and grid connection construction in addition to the establishment and review work of the factory lot were processed successfully to launch the CHIMEI Clean & Green Park; a huge step towards fulfilling the renewable energy policy in Taiwan.(SDG 17.6)

Cooperate with clients to promote green energy education: The interactive experience area in the green house is displayed with Gigo Toys* made by Genius Toy Taiwan Co., Ltd. to assemble the main theme graphic of green energy for visitors to learn in a fun and interesting way.(SDG 17.7)

Note: Gigo Toys used in the green house are all made from CHIMEI ABS (717C) products.

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