



The 2019 NANPAO Sustainable Report

PLACE YOUR SAMPLE TEXT HERE PLACE
PLACE YOUR SAMPLE TEXT HERE PLACE
PLACE YOUR SAMPLE TEXT HERE



CONTENT

About this report.....	3	4.Sustainable environment.....	54
Chairman’ s message.....	7	4.1 Key environmental indicators.....	55
Sustainable performance & strategy.....	10	4.2 Green house gas.....	55
About Nan Pao.....	21	4.3 Air pollution.....	57
Financial performance.....	21	4.4 Energy.....	57
1. Robust governance... ..	24	4.5 Water.....	60
1.1 Management echelon	24	4.6 Waster water and wastes	61
1.2 Risk management.....	33	4.7 Product life cycle.....	64
2. Stakeholder engagement		5.People & society.....	67
initiatives.....	37	5.1 Employment.....	68
2.1 Process analysis.....	38	5.2 Employee care.....	71
2.2 Materiality matrix.....	39	5.3 Labor communication.....	75
2.3 Materiality assessment.....	39	5.4 Career development.....	77
3.Innovation momentum.....	42	5.5 Occupational safety and health ..	79
3.1 Green chemistry.....	43	5.6 Workplace safety management..	82
3.2 Green certification.....	45	5.7 Health management.....	82
3.3 Green products.....	46	5.8 Supplier management.....	86
3.4 Quality assurance.....	49	6.Community participate.....	90
3.5 Customer relationship.....	51	6.1 Community health and safety....	92
		6.2 Kid nurturing.....	93
		6.3 Elderly care.....	94
		6.4 Vulnerable care.....	94
		GRI Standards.....	100
		Contact.....	106



ABOUT THIS REPORT



ABOUT THIS REPORT

This is the Corporate Social Responsibility (CSR) and Sustainability Report of Nan Pao Resins Chemical Group (hereinafter called “Nan Pao” or “the Group.”) This Report discloses Nan Pao’ s CSR results and performances in 2019 (from January 1, 2019, to December 31, 2019). In the future, Nan Pao will publish the CSR Report on an annual basis.

Publication Summary :

Date of Publication of the First Issue: September 2014

Date of Publication of the Previous Issue: July 2018

Date of Publication of the Current Issue: July 2019

Reference for Compilation :

This Report primarily takes Nan Pao’ s relevant corporate sustainability topics into consideration, and the Report’ s structure and content are based on material topics of stakeholders’ concerns based on their feedback. Concurrently, the Report is also compiled in accordance with the Global Reporting Initiative (GRI) Standards, the global standards for sustainability reporting.

Reporting Themes :

Nan Pao sees “Leadership, Integrity, Teamwork, and Efficiency” as the highest guiding principles to business development. All of our actions, whether for business management, production processes, or the fulfillment of environmental protection and social participation, are founded on these principles. We seek for the truth, full disclosure, immediate improvement, and continuous growth. Moreover, we focus on “innovation” and “continuous improvement” as the cornerstones to our sustainable development. We always hold true to the principles of being honest, humble, transparent, and open, and report our sustainable concepts and actions to the public.

Reporting Boundaries:

Information disclosed in this Report encompasses Nan Pao' s actions and various performance data in terms of environmental protection, corporate governance, and social participation from January 1, 2019, to December 31, 2019. The boundaries of the reporting contents in this Report include the Head Plant of Nan Pao' s Taiwan headquarters, Bao Li Plant, Plant No. 5, and Bao Yi Plant, and do not include other overseas facilities, reinvestment production, and sales businesses. All financial figures are denominated in New Taiwan Dollars (NT\$).

Processes of reporting



Appendix Report Information

- Feedback:

Please feel free to contact us if there is any suggestion or question about our Sustainable Report.

- Contact :

Nan Pao Resins Chemical Co., Ltd / Planning Department

Address : No.12 Nanhapu Nan-Hai Village Xi-Kang District Tainan City Taiwan

Telephone : +886-6-7952801

Fax : +886-6-7950079

CSR E-mail : info@nanpao.com

Website: www.nanpao.com

Contact person : Feng-wen Hung Extension : 227

Email : fengwen@nanpao.com



CHAIRMAN' S MESSAGE



CHAIRMAN' S MESSAGE

Having been established for more than half a century, Nan Pao Resins Chemical Co., Ltd. has continued to move forward with the faith in our brand technology and service. Facing an increasingly severe impact made by global warming and environmental pollution, Nan Pao has already invested significant resources to develop water-based, low-pollutant products for many years, working toward a green chemical industry. We continuously improve our green product R&D and production technologies and reduce the quantities of organic solvents and the consumption of hazardous chemical substances. Nan Pao adopts the circular economy as the R&D design concept and launched "Innovative recycled upper" , " Biomass materials" and "Thermoplastic carbon fiber composites" in 2018, which those either use the recycled materials or the end products can be recycled and back into a new manufacturing processes to meet the goal of circular economy.

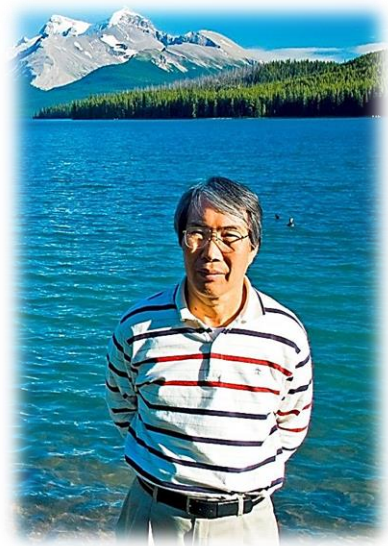
Nan Pao also shoulders the mission and faith of environmental protection. We continue to monitor and reduce carbon emissions and wastewater solid waste volume, strive to protect the environment, and implement standard environmental management systems.

To care for Nan Pao' s most valuable assets -- our employees, we place their safety and health as our first and foremost priority. Besides introducing and complying with the OHSAS 18001 international environmental safety standards, we also make it our goal to reduce occupational injuries to a minimal level. We believe that prevention is more important than improvement. Therefore, we perform risk assessments to comprehensively manage potential risks in our working environments. To build a safe, hazard-free workplace environment, we continue to educate and train our employees and enhance their safety awareness.

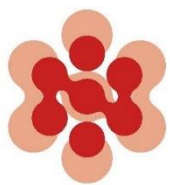
Nan Pao strives to realize sustainable corporate responsibility and to make positive contributions to the industry, the market, our stakeholders, and the overall society. Providing stable and safe products for customers is the foundation of Nan Pao' s growth.

We care for the community and do what we can for senior citizens, children, and disadvantaged groups. Moreover, we focus on shortening the industrial production processes through innovation, research, and development. In addition to making more profits by going green, we can also assist our customers in creating greater benefits by becoming a green enterprise committed to energy-saving and carbon and waste reduction.

We will keep challenging ourselves in the future to become a leading, world-class enterprise and to continue the R&D of green products and innovative technologies, leading to synergistic growth with this beautiful society and the world.



WU, CHENG-HSIEN



SUSTAINALBE PERFORMANCE & STRATEGY

Sustainable Policy

Robust Governance

In response to the ever-changing business environment, Nan Pao has operated the business consistently upheld cautious management policy and coherent plans; other than that, Nan Pao insists the ethical corporate management best practice principle for the sustainable development performance.

Inclusive Society

The Company operates sustainably and builds the long-term partnership with customers and community.

Taking the human rights, labor care, safety and healthy workplace, anti-corruption and community development into our consideration

Sustainable Environment

The Company values sustainable environment, dedicates to lower the environmental impacts from manufacture and positively build a safe and healthy workplace

Green Chemistry

The Company uses the research ability to actively develop the environment-friendly and circular economic products and strictly manage our toxic chemical substances.



Robust Governance

Inclusive Society

Sustainable Environment

Green Chemistry



Sustainable performances in 2019

- All the factories in Taiwan certificated with **ISO14001 Environment Management System**
(In 2020, it will certificate the new version and include Guiren factory)
ISO5001 Energy Management System
OHSAS18001 Occupational Safety and health Management System
(In 2020, it will certificate with ISO45001 and include Guiren factory)
- The accumulated cost of occupational safety, environmental protection and extinguishment is **NT\$97.5 million**
- The environmental data compared with the prior year
 - Water recycle rate +86.2%**
 - Energy usage -30%**
 - Greenhouse gas emission -3.2%**
 - General wastes -57%**

Note: Guiren factory operated in May, 2019



- Organized a beach cleanup event, the participants cleaned **2,113 pieces of wastes**.
- Organized a regional blood donation event and collected **416 bags of blood**, increased **14.9%** than prior year
- **After school classes for 6 local elementary schools**
- Accumulated charity donation is **NT\$55.85 million**
- **<2% of contractors** for past 3 years
- **Employer's Merit Award in hiring disable employees**
- **Build auto water mist system** to decrease the risks of static electricity
- **Completed solvent carrier pipeline** to lower the risk of safety
- **Did not violate governance relevant regulations** in 2019
- **Held 11 road shows** in 2019
- Completed **PUD manufacture data collecting and managing system**
- The shareholders can vote through **E-voting system** for company policy
- Certificated **AS9100:D** standardized quality management system for the aerospace industry
- **The best adhesive supplier award** of Nike WHQ Campus Conference
- **100% qualified QC standard** 4 years in a row
- **21 manufacturing factories in 7 countries**

Governance

Short, Mid-Long Sustainable Goals and Results



ESG	Commitment	Process	Procedure	Result in 2019
Governance	<ul style="list-style-type: none"> Improve the operating performance Strengthen the organization and operation of BOD Protect the shareholders interests Improve the transparency on data 	Short	English company information disclosure	<ol style="list-style-type: none"> Regularly update the website, shareholders' meeting hand book and CSR report. In accordance with the regulation of governance , the Company started to regularly update English yearly report since 2018.
		Short	Quality of management and integrity	Set up the audit and remuneration committee, and CSR management committee in 2020.
		Short	Top management team education	Arrange all the members of the board fulfilled the learning hours to meet the regulation
		Mid-long	Continue to expand the capacity and remain the leadership in the industry	Ongoing programs continue in Taiwan, China, Vietnam and Australia
		Mid-long	Customer service and privacy	Maintain zero customer data and privacy violation
		Mid-long	Maintain the high standard on harmful substances	100% of examination acceptability in 2019, 4 years in a row with 100% acceptability

Governance

Short, Mid-Long Sustainable Goals and Results



ESG	Commitment	Process	Procedure	Result in 2019
Gov erna nce	<ul style="list-style-type: none"> • Improve the operating performance • Strengthen the organization and operation of BOD • Protect the shareholders interests • Improve the transparency on data 	Mid-long	Supplier environmental evaluation optimization and RSL assurance signature	50% of the supplier signed the environmental commitment ; 50% of the supplier signed RSL , table of restricted I
		Mid-long	Continuously completing the internal control system to meet the management requirement	Appointed a cooperate governance senior officer in 2020
		Mid-long	Sales growth in environmental friendly products	The total sales amount of environmental friendly products in 2019 increased 1% comparing with the prior year.
		Mid-long	Keep promoting Key Performance Index(KPI) to collect the advantages from competitors and increase the operational performance	The key employees set up KPI goals connecting with company goals, take the competitors " edges as our motivation .

Environment

Short, Mid-Long Sustainable Goals and Results



ESG	Commitment	Process	Procedure	Result in 2019
Envi ron men t	<ul style="list-style-type: none"> Safety and Environment-protection first Minimize accidents, pollution Improve the procedures for energy saving and environmental protection 	Short	Keep improving water and energy saving, carbon and wastes reduction	Compare with prior year : Recycled water +86.2% Energy usage -30% Greenhouse gas emission -3.2% General business wastes -57%
		Short	Implemented smart energy management system in 1 st Plant	Integrate current electric monitor system and manage the energy saving performance systematically
		Short	Safe workplace	Improve static electricity, dust and ventilation system
		Short	International management standard	Certificate with ISO 45001 : 2018 Standard
		Mid-long	Product life cycle assessment	Assess the environmental product declaration implementation
		Mid-long	Environmental pollution prevention	Zero fine on environmental relevant incident as the goal
		Mid-long	Avoid leaking incidents	Set up leaking detection on oil tanks and emergency interrupter on the natural gas pipeline
		Mid-long	Build explosion-proof mechanism	Set up the explosion prevention system on all the electrical appliances
		Mid-long	Waste solvent, resins sludge reduction	Compare with prior year : Waste solvent -72.4% Waste resins -53% Waste sludge -4.9%

Society

Short, Mid-Long Sustainable Goals and Results



ESG	Commitment	Process	Procedure	Result in 2019
Society	<ul style="list-style-type: none"> Talents cultivation Community relationship Community service and partnership 	Short	Cooperate with the schools to cultivate talents and increase job opportunity	Offering internship opportunities to students from Nan-Tai Tech. University and cultivate talents
		Short	Set up a transnational E-learning platform	Set up the PLM platform and introducing more courses in different categories.
		Mid-long	Protecting employees' safety, health and good work environment	Strengthening the workplace safety awareness and precaution management
		Mid-long	Optimizing the suppliers' social performance evaluation	70% of the suppliers signed Suppliers' Code of Ethic Conduct
		Mid-long	Increasing the local supplier proportion	More than 70% of the purchasing sources are from local area
		Mid-long	Completing the CSR management organization, such as organizing a team of CSR task force to manage the progress and performance	Set up a CSR management team in 2020 for the CSR relevant work execution and disclosure
		Mid-long	Increase the transparency on E,S,G to strengthen the communication with stakeholders	E,S,G relevant information is updated on the website and CSR report
		Mid-long	More communication and charity event with local community	Please refer to Chapter 6
		Mid-long		



ABOUT NAN PAO



About Nan Pao

Company Introduction

As a leading adhesive and special chemical substance manufacturer, Nan Pao provides pioneering processes and high-quality products and services. Our greatest advantages are our abilities to meet customers' needs and provide comprehensive solutions so that customers' products can achieve competitive advantages.

Company Name	Nan Pao Resins Chemical Group
Number of Employees	Approximately 2,987 employees worldwide
Year of Establishment	In 1963
Main Products	Adhesives, footwear materials, coatings, special chemical materials, and hot melt adhesives
Industries of Affiliated Companies	Electric components and biotechnology research
Address of the Headquarters	No. 12, Nanhaipu, Nanhai Vil., Xigang Dist., Tainan City 723
Operational Sites of the Group	Taiwan, China, Vietnam, Thailand, Indonesia, India, the Philippines, Malaysia, Singapore, and Australia
Company Type	The Company was listed on the Taipei Exchange in July, 2017, Stock Code: 4766 and officially listed on the TWSE in November, 2018

★The changes of location and operational facility refers to Nan Pao's yearly report on [page 99 to 100](#).

Nan Pao plays an important role in the Taiwanese adhesive industry. Founded in 1963, Nan Pao produces a variety of adhesives and has gradually invested in productions of liquid and powder coating, footwear adhesive, and hot melt adhesive businesses. As the Company's scale of operation expanded, we also began to expand to overseas markets. In 1987, Thai Nan Pao Resins Chemical, Ltd. was established, and subsequently, production facilities were set up in China, Indonesia, and Vietnam, which completes our strategic adhesive business blueprints across the Taiwan Strait and throughout Southeast Asia. To increase profitability, Nan Pao continues to optimize product structures, as well as diversify product mixes to electric components, health food and pharmaceutical, medical adhesives, sanitary adhesive, pressure sensitive adhesive (PSA), carbon fiber materials, and e-commerce. Nan Pao is the No. 1 adhesive brand in Taiwan, as well as one of the top three footwear adhesive brands worldwide. In the future, we will continue to work toward our goal of achieving a leadership position in the industry as well as in innovation.

Nan Pao's business philosophy



Nan Pao's History

Foundation

- ◉1953 - Nan Pao dyeing and finishing factory which produced colorant(dyes) for synthetic resin
- ◉1963 - changed the company name to **Nan Pao Resins Chemical Co., Ltd**
- ◉1964 - created **815 The first cement paint** maker in Taiwan
- ◉1965 - produced footwear adhesives
- ◉1968 - produced graft chloroprene adhesives

Growth

- ◉2005 - launched new Nan Pao logo, divided into 3 business units
- ◉2008 – entering the construction distribution market
- ◉2010 – entering the biotechnology market
- ◉2011 – founded Nan Pao Resins Chemical Phils., Inc
- ◉2012 – founded Nan Pao Resins India Pvt., Ltd.

1953-1970

1971-1990

1991-2010

2011-2020

Technology

- ◉1971 - established research and development center
- ◉1973 - cooperated with Hoechst AG in Germany to produce water-based resins
- ◉1983 - manufactured powder coating patented by Ripolin
- ◉1987 - founded Thai Nan Pao Resins Chemical Co., Ltd

Diversified development

- ◉2013 –invested in optical clear adhesives research
- ◉2014 –acquired Prince Pharmaceutical Co., Ltd and RLA Polymers Pty., Ltd
- ◉2015 – entering optical adhesives market
- ◉2017 – LEED Gold certificated in Vietnam facility
- 2018 – listed on the Taiwanese stock market
- ◉2019– Carbon compound materials certificated AS9100:D Aerospace quality standard



FINANCIAL PERFORMANCE



Financial Performance

Materiality

Continuing growth yearly revenue

Policy

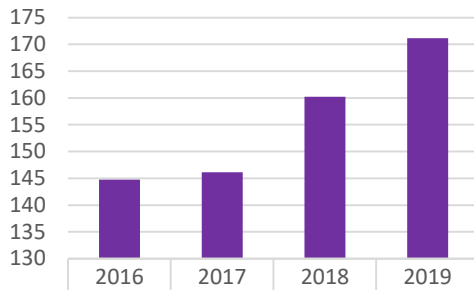
Expanding capacity, building the diversified manufacture base and products

The Consolidated Financial Statement in 2019 include 59 companies, such as Nan Pao Resins Chemical Co., Ltd., Nan Pao Electronic Material Company, ITLS International Development Co., Ltd., Prince Pharmaceutical Co. Ltd., Phytomed Bio-Tec, Biorich Bio Technology Co. Ltd., Nan Pao Advanced Materials, Nan Pao Resins (China) Co., Ltd., Nan Pao Resins (Dong-Guan) Co., Ltd., Nan Pao Resins (Fo Shan) Co., Ltd., Fuqing Nan Pao Resins Co., Ltd., Thai Nan Pao Resins Chemical., Ltd., Nan Pao Resins (Vietnam) Co., Ltd., P.T Indo Nan Pao Resins Chemical Co., Ltd., Nan Pao Resins India Pvt Ltd., Nan Pao Resins Chemical Philippines., Inc., Nan Pao Materials Vietnam, and NP Australia Pty Ltd. (Please see the Consolidated Financial Statement information in the Annual Report for the list of companies included in the Consolidated Financial Statement.)

Item/Year	Unit : NT\$,000		
	2017	2018	2019
Operating Revenue	14,615,008	16,022,220	17,113,546
Operating Margin	3,922,991	3,807,414	4,717,529
Operating Gain	1,192,972	901,010	1,682,029
Non-operating Revenue and Expense	- 32,219	134,802	110,653
Pre-tax Net Profit	1,160,753	1,035,812	1,792,682
Net Income for Continuing Operations	917,003	716,630	1,315,224
Net Income (Loss)	917,003	716,630	1,315,224
Other Comprehensive Gain or Loss (After-tax net)	- 260,582	- 267,886	- 482,222
Total Comprehensive Income	656,421	448,744	833,002
Earnings Per Share (EPS)	8.22	6.15	10.19
Employee Benefits	1,949,350	2,085,222	2,180,901
Dividend Paid to Shareholders	532,455	543,104	602,854
Taxes Paid to the Government	280,496	425,915	365,000

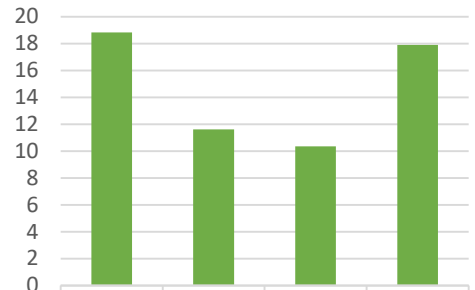
Consolidated Financial Statement Diagram :

Consolidated Revenue
(Unit:NT\$100 million)



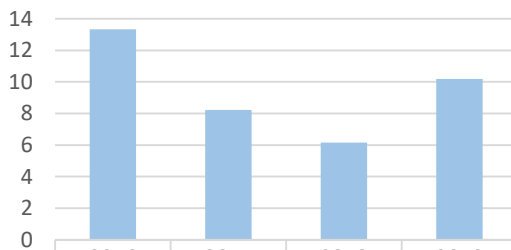
Year	2016	2017	2018	2019
Consolidated Revenue (Unit:NT\$100 million)	144.74	146.15	160.22	171.14

Pre-tax Income
(Unit:NT\$100 million)



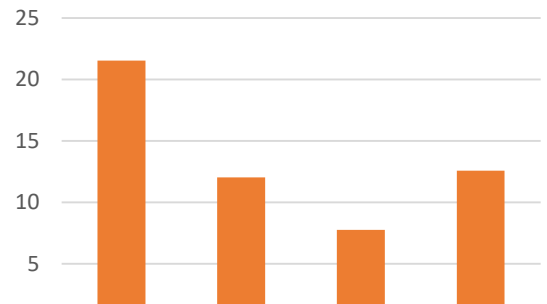
Year	2016	2017	2018	2019
Pre-tax Income (Unit:NT\$100 million)	18.82	11.61	10.36	17.9

EPS
(NT\$ /per share)



Year	2016	2017	2018	2019
EPS (NT\$ /per share)	13.32	8.22	6.15	10.19

ROE(%)



Year	2016	2017	2018	2019
ROE(%)	21.55	12.03	7.76	12.58

The following is a list of financial aid that Nan Pao has received from the government in 2019

Item	Department Providing the Aid	Amount of Aid (NT\$)
Aluminum extrusion chrome-free anti-rust coatings treatment and development	Institute for Information Industry	5,218,626
Reward for boilers purchase	Tainan City Government	3,515,322
Total		8,733,948



ROBUST GOVERNANCE





1. ROBUST GOVERNANCE

Materiality

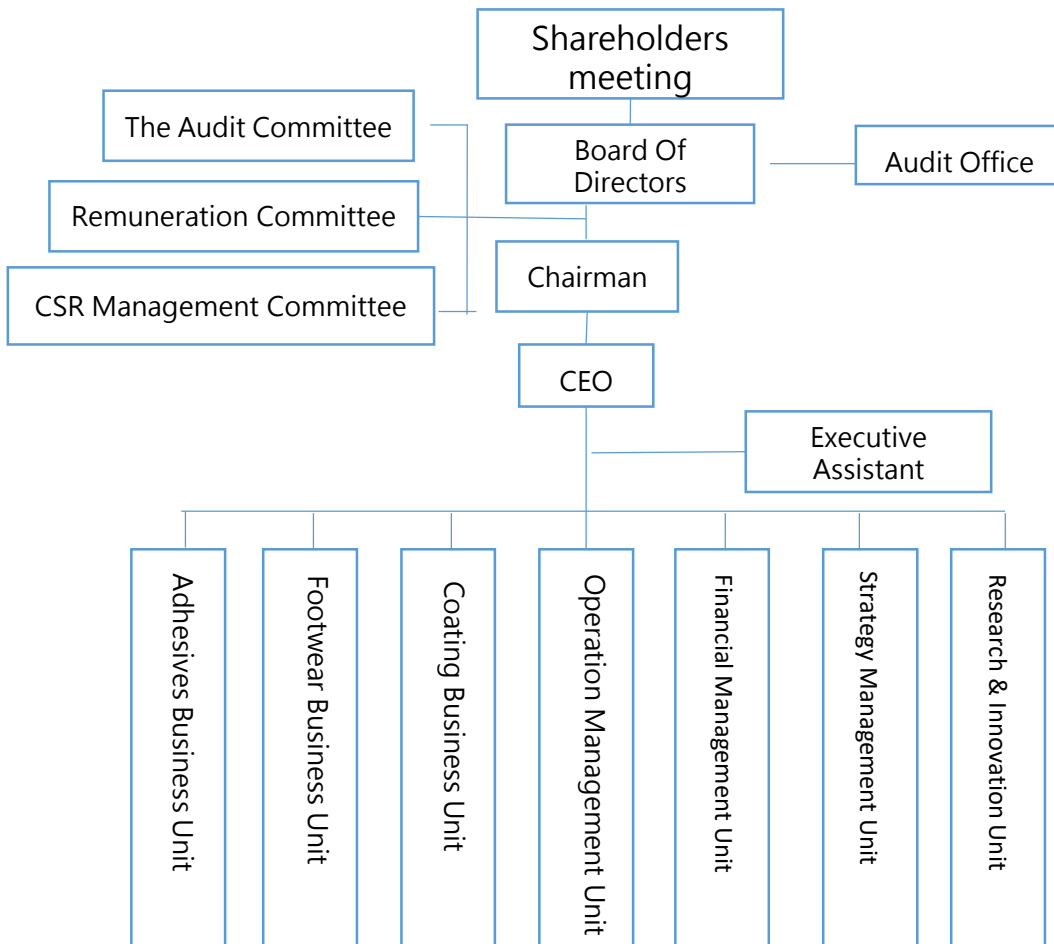
Implementing robust governance for sustainable business

Policy

The top management team control and monitor the process and performance through board of directors and other regular meetings; CSR management committee makes resolution to executive sustainable policy and reviews the progress.

1.1 Management Team

Business Organization



Board Of Directors

NanPao is in compliance with legal regulations and has established a corporate governance structure in accordance with the principles of “1) protecting shareholders’ rights, 2) strengthening the Board’ s functionalities, 3) exerting the functions of the Audit Committee, 4) respecting stakeholders’ rights, and 5) enhancing information transparency.”

Nan Pao believes that a sound and effective Board of Directors is the foundation for positive corporate governance. The Board has resolved to establish the Audit Committee and the Remuneration Committee to separately assist the Board to fulfill its supervisory duties. In addition, the Company has also established an internal audit department that regularly audits the operating procedures and performance of the headquarters, subsidiaries, and affiliates every year. The internal audit department also reports the audit results to the Board of Directors.

The nomination and appointment of Nan Pao’ s Directors are in compliance with the Company Act and relevant legal regulations, in which a set of fair, just, and open “Procedures of Election of Directors” has been established. The formation of the Board takes organizational culture, operating models, and long-term growth into consideration, and works on the principle that the members of the Board shall be diversified. All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. The Board of Directors shall possess the ability to make operational judgments, the ability to perform accounting and financial analysis, the ability to conduct management administration, the ability to conduct crisis management, knowledge of the industry, an international market perspective, the ability to lead, and the ability to make policy decisions

In order to improve the function of monitor and management, the Company established three functional committees under Board of Directors: (The independent directors concurrently serve as the committee directors)

- Audit Committee : The purpose of which is to assist the Board of Directors in fulfilling their supervisory responsibilities over the Company’ s accounting, auditing, and financial reporting processes, as well as the quality and credibility of financial control.

- Remuneration Committee: The purpose of which is to assist the Board of Directors in carrying out and evaluating the Company's overall compensation and benefits policies, as well as the compensations of the Directors and the managerial officers.
- CSR Management Committee: Make a resolution and execute the CSR policy and goals.

Note : About the director experiences and abilities, please refers to the Company's yearly report from page 14 to 17, the directors training details refers to page 65 to 66.

Board of Directors Operation Status

The Company holds board of directors meetings at least once every 3 months according to the regulation of Articles of Association to monitor and follow-up the operation progress, financial statements and auditing report. There are 6 BOD meetings held in 2019, the average attendance for all directors is 91.67%. All the important decision of BOD meetings were updated on Market Observation Post System, TWSE and the Company's website.

Numbers of BOD meetings in 2019	Average attendance for all directors	The established and revised important regulations
6	91.67%	Articles of Association, Procedures for Acquisition or Disposal of Assets, Procedures for Endorsement and Guarantee, Corporate Governance Best Practice Principles, Standard Operating Procedure for Handling Demands by Directors, Charter of the Remuneration Committee Management Procedure.

Integrity and Transparency

Board of Directors is one the top of management structure, the nomination and appointment of the directors are in compliance with the Company Act and other relevant regulation, in which a set of fair, just and open procedures. The formation of the board takes organizational culture, operating models and long-term growth into consideration, and works on the principle that the members of the Board shall be diversified. 3 Independent Directors were set in 2017 for the objective and professional opinions which can contribute to making the decision that are most beneficial to the Company and shareholders.

Connections among Board Directors Compensation and Sustainable Performance

In order to connect the performance of directors, Company vision and strategies, evaluate the required core ability, strengthen accountability, linkage performance and compensation, Remuneration Committee takes sustainable operation strategies and goals into the consideration of compensation payment, by the regulation of Article of Association in order to conduce to directors 'performance.

The Decision Maker of Economy, Environment and Society

The Company independently issued the first Corporate Social Responsibility report in 2012, established CSR Management Committee in 2020, the members of committee report the relevant issues and international developing trends of Economy, Environment and Society to the Board of Directors to gain the sustainable knowledge of top management team members.

From Board of Directors, top management level down to all the departments commit into Nan Pao' s sustainable commitment with vertical management and horizontal communication, it respond to the material issues of economy, environment and society.



Corporate Society Responsibility (CSR) Committee

The Corporate Society Responsibility (CSR) Committee was established in March, 2020, the committee structure is established into the Company' s structure under the Board of Directors. The CSR committee is in charge of setting up sustainable goals, reporting results to the board and communicating with stakeholders.

Communication between Corporate Society Responsibility (CSR) Management committee and Board of Directors

The Company' s chairman and general manager represent to CSR Management Committee and regularly report the CSR relevant topics covering governance, environment and society including Safety, Health, Environment(SHE), operational strategies and performances, R&D achievement, risk management, financial statements, stakeholder communication. Other than that, the individual department regularly report the CSR relevant issues to the top management team and review the impacts and reactions.



Headquarter



PSA factory



New headquarter building and R&D building(under construction)

Preventing Conflict of Interests

The Company's Procedures for Board of Directors' Meetings have clearly defined conflict of interest prevention clauses for the directors, "if a director, or the corporate entity that the director represents, is an interested party with respect to a given agenda item, the important aspects of the relationship between the director and the item shall be stated at the meeting. When the relationship is likely to prejudice the interests of the Company, the director may state opinions but may not participate in discussion of or voting on that agenda item, and shall recuse himself or herself during discussion and voting, and may not act as another director's proxy to exercise the voting right to that matter." The Company has set up three independent director seats, who will provide suggestions based on his/her professionalism and experiences from an objective and fair standpoint. When discussing any motion at the Board meeting, the Board of Directors shall fully consider the opinions from the independent directors, and to record their opinions for consent or for veto into the meeting minutes to also function toward prevention of conflicts of interests and effectively protect the Company's rights. Under the high standard of self-discipline and the complete functional mechanism, there is not a conflict of interests take place among the company's directors of board. ※Refers to page 7 of Nan Pao's annual report for the list of directors holding multiple appointments.



Shareholder's equity

The director of board is the highest management level and center of important decision, the duty includes appointing and monitoring the managers, operational performances, law and regulation compliance, article of association, shareholders' meeting decision and maximizing shareholders' equity. The board of meeting take place at least once every three months, meetings can be called anytime for emergency issues. All the directors of board engage in duty of assessing the business strategy, risk management, annual budget, sales performance and monitoring capital expenditures and investments.

Encourage shareholders to be part in corporate governance

Nan Pao Resins cares all shareholders 'equity and fairly treats all the shareholders, the shareholders' meeting implementing online voting system for decisions, each and every matters to be ratified and discussed will be voted one by one and disclose the voting result in the meeting. The company offers shareholders multiple channels to vote so that the shareholders can enforce their rights and increase the corporate governance effectiveness.

Transparent information disclosure

The Company upholds the business philosophy of integrity, responsibility and trustworthy, we communicate with stakeholders on the official website, Market Observation Post System, annual report, CSR report, press conference, road shows and multiple transparent information channel to enhance the communication with stakeholders and increase the speed, quality, balance and credibility of information disclosure.

★The equity structure in 2019, please refers to page 63 of the annual report



Integrity Principle

Nan Pao has established a set of Code of Ethical Conduct for all managerial officers and employees to follow. We aim to enhance the behavioral conduct and business integrity throughout the Company.

No breach of the Code of Ethical Conduct had occurred in 2019. In the future, we will continue to strengthen educational training for employees to facilitate for more understanding of ethical conduct, preventing conflicts of interests and seeking self-interests, the responsibility to confidentiality, fair trade, protection and the appropriate use of Company property, and compliance with legal regulations.

The Company setup a whistle-blowing mailbox for a violation occurring on the company regulations and any sort of laws, the mailbox is as channel to report such violations to the Audit Officer and other managers. (The whistle-blowing mailbox : audit@nanpao.com)

Legal Compliance

Nan Pao commits to placing legal compliance as the highest reference and standard in all operations and practices. Besides strengthening the awareness for legal compliance in managerial officers of each rank and operating personnel through educational training and meetings, we also ensure legal compliance and anti-fraud measures such as asset safety protection through comprehensively installing and implementing the internal control and audit mechanism. The Legal Department is responsible for promoting ethical management and legal compliance, striving to prevent illegal conducts that breach the principle of ethical management from Nan Pao employees.

Members of Associations

Association	Position	Association	Position
Southern Taiwan Textile Research Alliance	director, member	Taiwan Synthetic Resin & Adhesives Industrial Association	member
Taiwan Paint Industry Association	member	Global Research and Industry Alliance	member
Taipei Association of the Interior Designers	member	Southern Taiwan Automotive Research Alliance	member
Union of Associations of Tainan City	member		



1.2 Risk Management

Materiality

The operational impacts associates to climate change and other facts

Managing Policy

- To respond to the risks and challenges, the Company should fully understand the global economic situation and uncertainties in the industry other than obeying the laws and regulations, the Company plan out the future operating strategies and adapting the business model to maintain the corporate business robustness.
- The Company should regularly identify risks and challenges to evaluate the major items and draw up the proper counter measures with the monitoring and following-up.

Nan Pao has always carefully complied with various legal regulations, and our comprehensive and appropriate risk management strategies and contingency measures have allowed us to sail through over 50 years of challenges in the market. We believe that rigorous risk management is not only an assurance for a long-term partnership with customers but also the cornerstone to sustainable management.



Nan Pao evaluates various operations, and has classified risks into four major aspects, including “strategic risk,” “operating risk,” “financial risk,” climate change risk” “and “information security risk management” : Furthermore, to minimize uncertainties in business operations, we have also planned designated personnel to be responsible for managing each risk and for relevant contingency measures.

Items	Countermeasures
<p>Operating risk</p>	<p>We regularly convene shareholders' meetings for the Company's operating status and provide public information to enhance financial transparency. In addition, we also actively participate in community and public social welfare activities to fulfill Nan Pao's responsibilities as a part of the society.</p> <p>The Company's Legal Department is in charge of national policies and laws, and relevant departments also monitor important changes in policies and laws at all times and adjust the internal system and operating activities accordingly to ensure smooth operations. We review the investment structure, operating strategies, and transaction models, and reasonably allocate profits based on multinational economic activities and value creation. The environmental safety departments of each operational site also comply with relevant environmental and labor safety laws at all times and make changes and responses when necessary.</p> <p>For the risk of input shortage in concentrated purchases, such as insufficient capacity from vendors, accidents in the factories, or natural disasters, which will all lead to input shortage, Nan Pao's various operational site constantly maintain updated data on yield and supply to lower this risk. Concurrently, the joint procurement center continues to regulate raw material pricing trends and supply stability to ensure that the Company's raw material supply is stable.</p>
<p>Financial Risk Management:</p> <p>Changes in interest rates</p>	<p>Nan Pao's short-term loans are mostly debts with fixed interest rates. Though the market interest rate shows an upwardly trend, our evaluation indicates that the liquidity risk associated with interest rate change is insignificant. As for Nan Pao's long-term loans, a few banks have adopted variable interest rates while most are debts with fixed rates. Therefore, similar to short-term loans, our liquidity risk is insignificant.</p>
<p>Fluctuation in exchange:</p>	<p>Most of Nan Pao's sales volume is based on US Dollars, and we hold more asset in foreign currency than debt. Moreover, the foreign currency collection period is slightly longer than the foreign currency receivable period; hence, we anticipate that there is greater market risk associated with forex fluctuations.</p>

Items	Countermeasures
Inflation:	<p>In recent years, due to fluctuations in commodity prices for resources such as global crude oil, the overall economy has shown a slight trend toward inflation. Nevertheless, Nan Pao's transaction prices for customers and suppliers are mostly based on variable market prices, but some customers may delay payments. We are fairly influenced by inflation, and therefore, we pay close attention to economic development and adopt timely response measures by reflecting relevant costs on product prices. Therefore, as of this date, inflation has yet to have a significant impact on the Company.</p>
The primary reason and future response measures for undertaking high-risk and high-leverage investment, loans for others, guarantee and/or endorsement, and policies and profit/loss for derivative transactions:	<p>Nan Pao did not undertake high-risk and high-leverage investment or derivative transactions in the most current fiscal year. As for loans for others and endorsement/guarantee, the counterparties for such transactions are all either subsidiaries or reinvestment businesses of the Company. No conditions of financial difficulties leading to infringement of the Company's claims had occurred, and none of their debts were repaid by the Company.</p>



Items	Countermeasures
Climate Change Risk Management	<p>The Company established a Climate Change Risk Countermeasure, CCRC to respond to the risks associates with extreme climate and decrease the losses from nature disaster by starting up the prevention mechanism in early stage. The system analysis the possible consequences caused by disasters in the factories to build a emergency respond procedure and the kick-in requirements; the monitoring determine the real-time disaster information and start the emergency response procedure and notify the associated employees so that the manager can take control of the crucial response time and decrease the impacts.</p>
Information Security Risk Management	<p>The Company's information system architecture is divided into external attacks and internal threats according to the risk scopes. With regard to external attacks, a firewall and related network devices have been established for external attacks to prevent invasion from external network attacks and causing harm to the Company internally. As for internal threats, a high-availability data backup mechanism and remote host backup have been established to ensure that information services are not interrupted. In addition, the Company enhances various simulation tests in machine rooms and regularly organizes emergency response exercise to ensure that information systems can resume normal operation in the shortest time possible during an attack. In response to the increasing number of information security threats, the Company examines and assesses its network security regulations and procedures to ensure their appropriateness and effectiveness. To implement the concept of employee information security, the Company regularly provides colleagues with the latest information and protection education, so that every employee practices the concept of personal information protection, and to avoid exposure to high-risk information environments.</p>



STAKEHOLDER ENGAGEMENT INITIATIVES



2. STAKEHOLDER ENGAGEMENT INITIATIVES

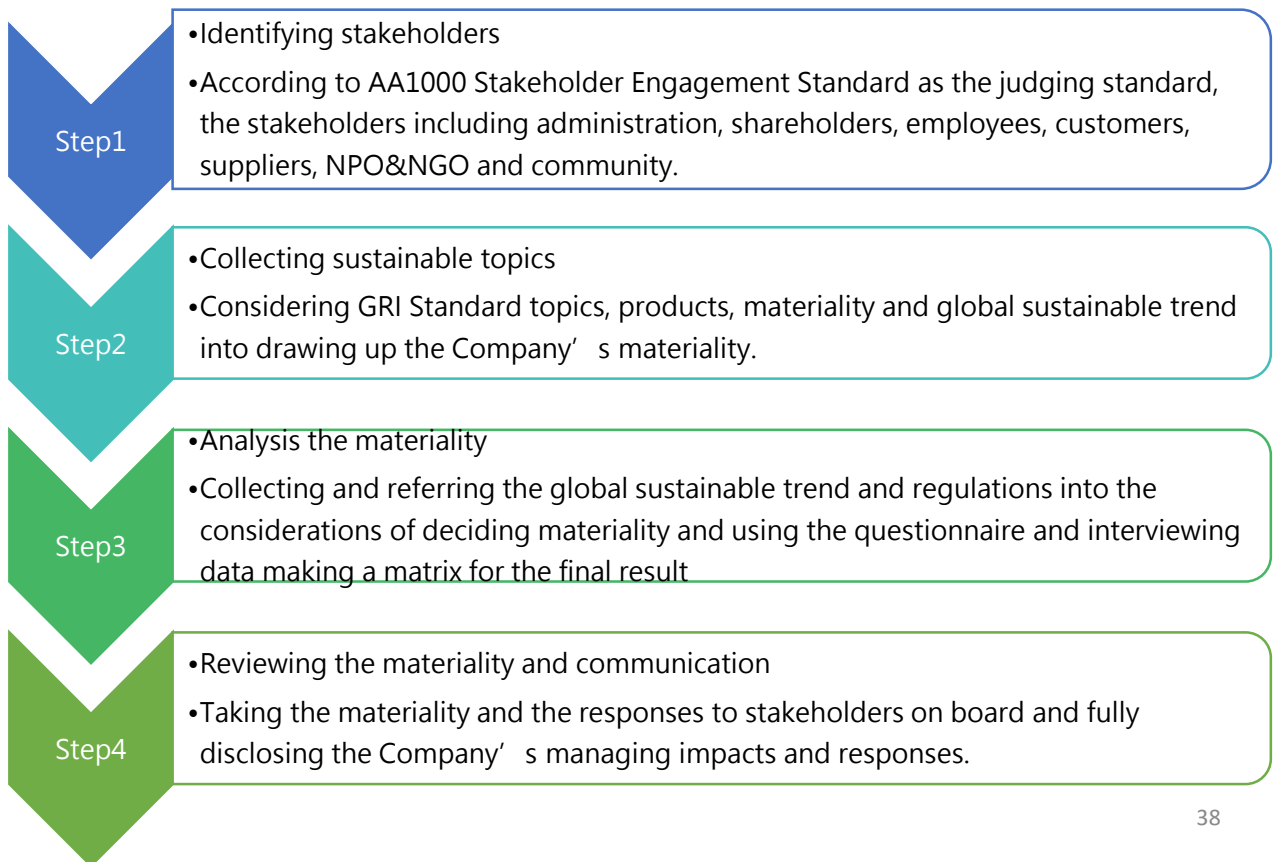
The CSR Committee and its affiliated task forces are platforms for identifying stakeholders and material topics. After discussions of each task force, Nan Pao's stakeholders and sustainability topics are respectively identified through consensual agreement on the corporate governance, environment protection and society.

This Report has identified the sustainable development topics of concern to the stakeholders through the following manners and in accordance with GRI and AA1000SES Standard to structure the materiality through questionnaires and interviews with stakeholders for the content structure to disclose the managing policy and performance. Besides disclosing the details on the sustainable matters of Nan Pao, the global essential impacts and challenges also been considered as the foundation of management.

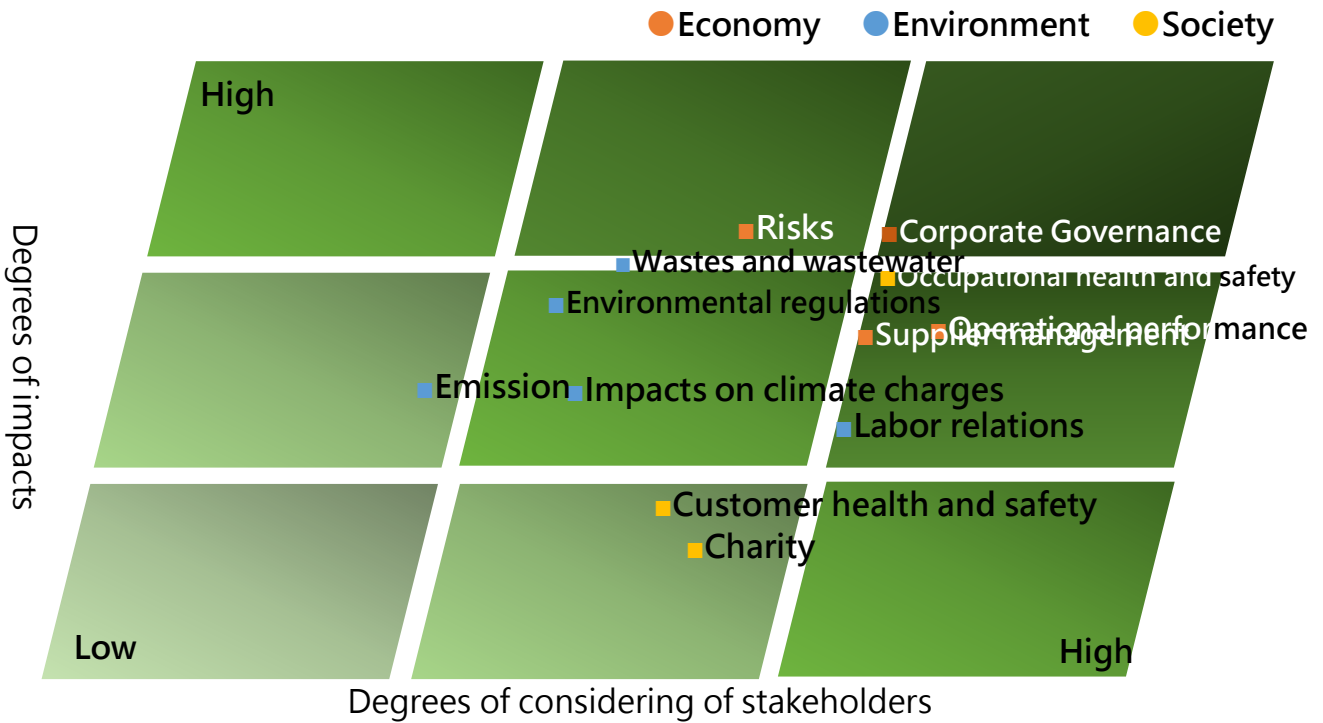
The list of stakeholders



2.1 Materiality Analysis Procedure



2.2 Materiality matrix



2.3 Materiality identification and boundaries

Sequence	Materiality	Value chain judgement					Chapter
		GRI Standard	NP' s boundaries	Investors	Community	Customer	
1	Corporate Governance	102	●	●			1
2	Occupational health and safety	403	●		●	●	5
3	Operational performance	201	●	●			1
4	Risks	102-30	●	●	●		1
5	Suppliers	414	●	●		●	5
6	Labor relations	401,402	●				5
7	Wastes and wastewater	306	●		●		4
8	Environmental regulations	307	●	●	●		4
9	Impacts on climate charges	102-30	●	●	●		1
10	Emission	305	●	●	●		4
11	Customer health and safety	416	●			●	5
12	Charity	413	●		●		6

Communication and response channels with stakeholders

Stakeholders	Topics of Concern from Stakeholders	Channels and Frequency	Methods of Communication and Response
Employee	<ul style="list-style-type: none"> ✓ Increase the operating performance and policy ✓ Enhance safety and health management ✓ Workplace well-being ✓ Complete the employee career planning 	<ul style="list-style-type: none"> ✓ E-bulletin board(in real time) ✓ Bi-weekly meeting(bi-weekly) ✓ Toolbox meeting(weekly) ✓ Union meeting(every season) ✓ Labor conference(every season) ✓ Employee welfare committee(every season) ✓ Email (in real time) 	<ul style="list-style-type: none"> ✓ Managers shares the current situation of business operating and technology development ✓ Establish a complete rotation policy, encourage the employees to accept the new challenges ✓ Set up a emergency response team and regularly practice the responses ✓ Bi-annual health checks for all employees
Customer	<ul style="list-style-type: none"> ✓ Innovative products and services ✓ Customer management ✓ Circular economic and product life cycle ✓ Information safety and customer privacy 	<ul style="list-style-type: none"> ✓ Email and phone calls(in real time) ✓ Questionnaire (every year) ✓ CSR report(every year) ✓ Customer service email(info@nanpao.com) (in real time) ✓ Sales representatives(in real time) ✓ Innovation fair(every year) 	<ul style="list-style-type: none"> ✓ Participate in the annual Innovation Fair ✓ There were no record that shows the customer complaints or privacy invasion in 2019 ✓ Won the best adhesive supplier award in Nike's WHQ Campus Global Chemistry Conference in 2019 ✓ Annual customer satisfaction survey and visit
Supplier	<ul style="list-style-type: none"> ✓ Code of business conduct and ethics ✓ Product quality ✓ Safety and health management ✓ Wastes management 	<ul style="list-style-type: none"> ✓ CSR questionnaire(every year) ✓ Supplier questionnaire (irregular) ✓ Service mailbox(info@nanpao.com) (irregular) 	<ul style="list-style-type: none"> ✓ Establish the supplier evaluation mechanism, require the code of conduct and ethics commitment from suppliers ✓ Before the suppliers starting the high risk operations, describe the safety procedures and precautions thoroughly ✓ 100 % qualification rate of ex-factory products in 2019, 4 years in a row of the 100% qualification rate

Stakeholders	Topics of Concern from Stakeholders	Channels and Frequency	Methods of Communication and Response
Investor	<ul style="list-style-type: none"> ✓ Financial performance ✓ Risk management ✓ Climate change 	<ul style="list-style-type: none"> ✓ Shareholders meeting/Institutional investor conference(every year) ✓ Company annual reports, seasonal reports and CSR reports (every year) ✓ Roadshow(every year) ✓ Web page for investors(monthly) 	<ul style="list-style-type: none"> ✓ Annual shareholder meeting for the operating and developing report ✓ Uploading annual and seasonal report in time ✓ Completing corporate governance evaluation ✓ Collecting the comments from investors and reporting to the top management and the board
NGO & NPO	<ul style="list-style-type: none"> ✓ Community communication ✓ Donations ✓ Charity events 	<ul style="list-style-type: none"> ✓ CSR reports(every year) ✓ Official website(in real time) ✓ Charity programs(in real time) 	<ul style="list-style-type: none"> ✓ Nan Pao Charity Foundation completed the management procedure with the Social Welfare Bureau ✓ Held a beach cleanup event with the community ✓ Held a blood donation event in the neighborhood, the blood donation rate reached the record high to 416 bags in half of a day ✓ Funding the afterschool lessons in 7 elementary schools in the neighborhood for years ✓ Total accumulated donation: NT\$56 million
Competent Authorities	<ul style="list-style-type: none"> ✓ Corporate governance ✓ Transparent disclosure ✓ Energy and climate change 	<ul style="list-style-type: none"> ✓ Official letters and visiting(irregular) ✓ Public communication platform(irregular) ✓ Thematic meetings-Sucg as conference ,lectures and other meetups (irregular) 	<ul style="list-style-type: none"> ✓ Completing corporate governance evaluation ✓ Disclose the company relevant information in annual report, CSR report and on the website ✓ Import the smart energy management program for the systematic energy saving project since 2018 ✓ Established the climate risk adjustment system to decrease the losses from the nature disasters since 2018



INNOVATION MOMENTUM





3. INNOVATION MOMENTUM

Materiality

Product innovation / Customers 'safety and health

Managing Policy

Goal :

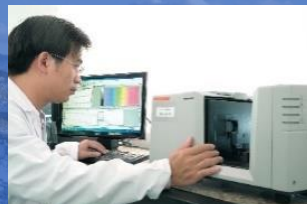
Research on sustainable green products and circular recycle procedure to minimize energy and resource consumption and launch diversified products.

Managing procedure :

- In order to efficiently control product quality, all the products can not be delivered to the customers until passing international RSL examination standard, the Company also adapted ISO 9001 quality control system to keep up with the latest managing standard.
- Actively research on the innovative products with human power and other resources to increase the sales margin on green products and lead us to the sustainable new era.

3.1 Green Chemistry

Nan Pao is the industry leader in adhesives manufacture in Taiwan, the Company pulls out lots of resources to increase the long-term competitive besides expanding adhesive relative business, Nan Pao established the Research Institute in 1971 (renamed to R&D Center after the group restructure in 2005), the R&D center committed in developing and introducing the high added value new products to strengthen the competitive advantages and create the new value in our business.



The R&D Center aims at “Eco-friendly, Energy saving and Carbon reduction” , the Company deploys the mature technology on high polymer and synthesis as foundation to develop the new environmental friendly products and technologies, the mid-long term R&D direction is to aim at biomass foam and fluorine-free water repellent, low melting point polyester yarn based on the integrated resources and core technologies, the Company proactively develop innovative manufacturing procedure and new materials to continuously increase the sustainable operating momentum, developing the carbon reduction oriented manufacturing procedure and decreasing wastes is our main reaction to ease global warming.

We are confronting the global emerging resources shortage challenges, Nan Pao realize it is essential to develop circular economy products. Nan Pao breaks through the predicament on one time use weaving footwear upper, we go the extra mile on developing low melt point polyester yarn recycling technology to reuse the footwear upper materials in order to cut down the resource wastes and pollution. Nan Pao cooperates with the R&D leading institution and qualified supplier and develop strategic competitive product with world famous sports brand, applies patent for intellectual property right protection and presents on international meeting and seminars.

Nan Pao' s R&D policy



★ Internal:

Staying in line with the international trend, cutting down the unnecessary cost and increase the competitiveness.

→Eco water based product ,high curing, low toxicity, decreasing VOC, energy saving(UV light cure), applying in room temperature or low temperature, optimizing manufacturing procedures, carbon reduction and optimizing quality



★ External:

Increasing market share and the product added value

→Offer the customized services, low energy consumption/high effective product and solutions to enhance customer relationship and market share.

3.2 Green certificates



Green Product Certificate

815 Water based cement paint, 815 Latex paint , Epoxy flooring paint(918ABM2G-primer, middle coating), 918ABTG(Upper), Water based super glue 105G

2009

Introduced Greenhouse Gas Inventory

2012

- ◆ Introduced product carbon footprint inventory
- ◆ Water based PU footwear adhesives certificated with “Carbon Footprint Inventory Statement” from SGS

2013

Water based white glue NP-3671 G certificated with the carbon footprint label from Environmental Protection Administration Executive Yuan in Taiwan

2014

The hot-melt adhesives manufacturing plant in Taiwan certificated with The National Clean Production Assessment System and Green Manufacturing Plant

2016

188 No More Nails product and the water-based white glue 3761 followed the standard to ISO 14064 to quantify and report greenhouse gas

2017

- ◆ Water-based PU dispersion joined a sustainable resource saving plan aims at reducing environmental footprint and certificated as a demonstrating model
- ◆ Joined the program to established carbon footprint emission data pool held by the Environmental Protection Administration Executive Yuan
- ◆ The very green manufacturing plant of Nan Pao in Vietnam started to operate

2018

Environmental water-based super glue 105G certificated with the green construction material label in Taiwan and Singapore

3.3 Green Product



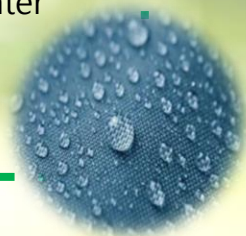
Biomass polyol apply on PU foam insole

Nan Pao extracts lignin from the waste liquid in paper making processes to develop the biomass materials. The biomass materials characterize with high hardness and low resilience, in the other hand, the materials have high tensile strength and low elongation keep it from deformation. The insoles made of PU biomass foam that support the body weight nicely and reduce reaction force on knees.



Fluorine Free Water-repellent Primer

In water-based products, Nan Pao develops the Polymer water-repellent with the synthesis technology, branched chain structure, permutation and material crystallization, it linked special functional group for an excellent water scrubbing performance. The initial water repellency reaches grade 5 (100 points), it remains grade 4 of water repellency after 30 times of water scrubbing. The initial water repellency and applicability is no different from other products. For water based products, the initial water repellency grade classification 100 (ISO5), it remains grade classification 100 (ISO 4) after water washing for 30 cycles which equals the commercial products. For solvent based products, the initial water repellency performance equals the commercial products or surpassing their performance.





Carbon Fiber Composites Materials

Epoxy is the essential material in Carbon Fiber Composite Materials manufacture, Nan Pao' s Carbon Fiber Composite is Halogen free flame resistance material to increase the strength ,simplify the processing procedure increase yield and machinability to create more applications. It also breaks through the barrier of flame resistance for low halogen materials in electricity, construction, automobile and aerospace industry, which increases processing yield to cut the cost on the Carbon Fiber Composite Materials and make this material meet the requirement of low energy consumption. Moreover, Nan Pao Carbon Fiber Composite Material certificated AS9100:D Aerospace Quality System in 2019.



Auto Footwear Making Materials

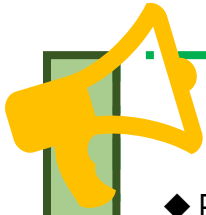
◆ Low melt point copolyester yarn

The material applies on flyknit footwear top, which not only overthrows the manufacturing processes but decreases resource wasting in the footwear manufacturing processes.

This material got an invention patent in Taiwan, and utility model patent of stiff footwear top and wearable structure in many countries.

◆ PUR for Footwear Spray Coating

Nan Pao successfully remove the essential materials from water based PU manufacturing processes and develop the 100% solvent free moisture hardening PU hot melt adhesives(PUR) and committee in researching on the moisture hardening PUR adhesives for footwear on sprat coating processes.



Automation Printing Wire

◆ Plastic Elastomer (TPE)

The TPE wire is designed for FDM 3D printer, the wires are the plastic provided with the rubber texture which makes the wire tough and durable; the characteristics of softness and stretchiness carry the pressure much better than ABS and PLA.

◆ Thermoplastic Polyurethane (TPU)

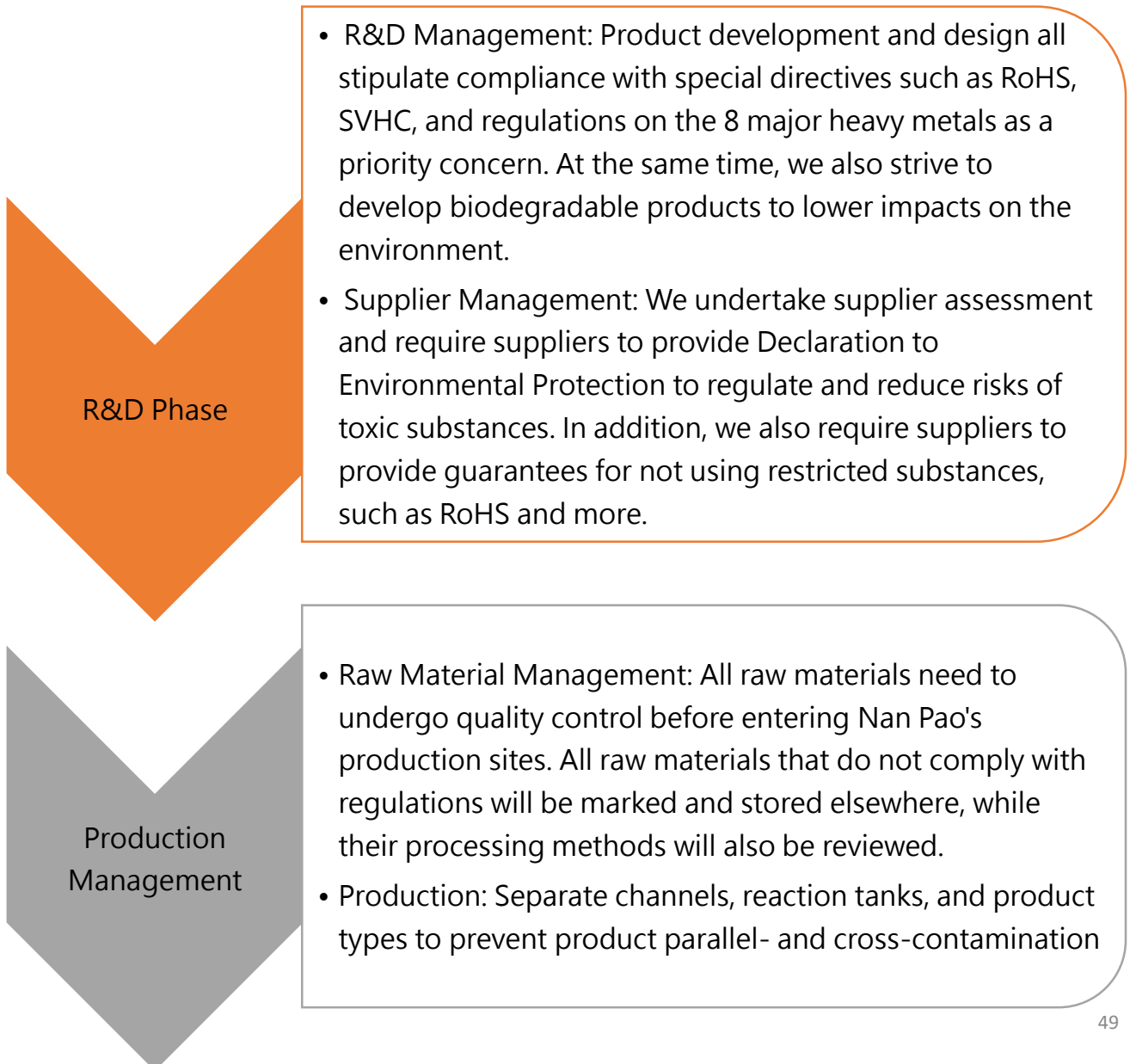
TPU is a popular soft wire designed for 3D printer, TPU is a bit tougher than TPE which makes it easier to be printed. TPU is as well as more durable and remain better elasticity to a cooler environment.



3.4 Product Quality Assurance

Quality is a fundamental factor in the overall management of the Nan Pao Group. Our goal is to provide customers with stable and safe products and services in compliance with legal regulations. The Company sees quality as the cornerstone to brand development and sustainable growth. In terms of internal management, we never compromise on our commitment to quality requirement and on meeting standards. In terms of advocacy, we promote the Quality Policy to all employees to ensure total compliance and implementation. The policy also serves as the guiding indicator to work responsibilities and day-to-day working mindset and actions.

The following are Nan Pao' s evaluation and management procedures for product health and safety and green product evaluation throughout the product life cycle:



Output Management

- Prepare relevant documentation and regularly inspect control on prohibited substances based on environmental requirements from each customer.

Recycling Processing

- Simplify and reduce packaging as per customer request and strive to recycle and reuse product packaging materials



Footwear adhesives

All the products qualified with the SGS examination to meet the prohibited substances standard from our major customers such as Nike, Adidas and Converse



Products for EU market

- ◆ Only deliver the products with 100% acceptance rate
- ◆ All the products meet the RoHS and REACH standard of EU in 2019



The acceptance rate

- ◆ 500 examination cases and 100% acceptance rate with the third party lab in 2019
- ◆ The acceptance rate reaches 100% 4 years in a row

3.5 Customer Relationship

Materiality

Customer health and safety

Managing Policy

To maintain product safety, during production processes from raw material input to finished output, we sample all batches of products. Only products that have passed inspections can be stored for subsequent delivery. At the same time, the production batch number would be printed on the packaging to allow for subsequent follow-up and tracking. Products that do not pass inspection would be rejected to rework. We maintain rigorous control over raw materials and product inspection standards in accordance with the CNS inspection standards in Taiwan.

Technical Service

Customer satisfaction is not only built upon product quality, but after-sale service is also the true determining factor to customer satisfaction. Our Technical Service Department is brimming with professional talent who has years of technical experience and has solved technical problems for many years. Moreover, a comprehensive database has been established, and professional talent is dispatched to each sales and services center to provide professional technical support for customers. In addition, based on the nature of products, we also provide complete coaching and support on product use for customers' production teams.

Nan Pao's technical service team can provide feasible plans during customers' new product R&D stage to solve product issues. If a customer experiences any difficulty in using a product and reports back to our Sales Department, the technical service team will immediately take charge and proceed with the needed support.

After product launch, the technical service team will collect all customers' problems with the production line, undertake troubleshooting training at customers' end, and organize technical seminars quarterly to actively solve customers' technical issues.

Protection of Customer Privacy and Rights

In terms of customer privacy protection, we have dedicated personnel to file and document any business information, transaction information, or any information provided by customers that may have to do with their confidentiality. We implement personal data management to comply with the relevant regulations of the Personal Information Protection Act. Internally, any access to customer information needs to be approved and authorized, which helps to ensure that customer privacy will not be easily revealed. No grievances related to damages to customer privacy or loss of customer information were received in 2019.

The development, product registration, marketing and advertisement, and product sales of any product are completed according to established procedures. Moreover, product marketing and promotional activities are all carried out in accordance with legal regulations. No counterfeit or intellectual property infringement occurred in 2019.



Nan Pao won the Best Adhesives Vendor award at the inaugural global chemical engineering summit on Nike Campus in Portland, Oregon

Customer Satisfaction

To understand the level of customer satisfaction for Nan Pao's services, we attempt to understand customers' awareness and valuation for products and services through questionnaires every year. We review deficiencies of products and services by compiling relevant information and propose improvement measures to provide services that better meet customers' expectation.

Currently, the content of the customer satisfaction survey includes "service," "product and quality management," "shipping," "staff service," "customer information collection," and "market information collection." Improving our customer satisfaction and service is our utmost purpose, Nan Pao will keep working on increase the customer satisfaction.



SUSTAINABLE ENVIRONMENT





4. Sustainable Environment

Materiality

Compliance to Laws Related to Environmental Protection / Effluents and Waste / Emission

Managing Policy

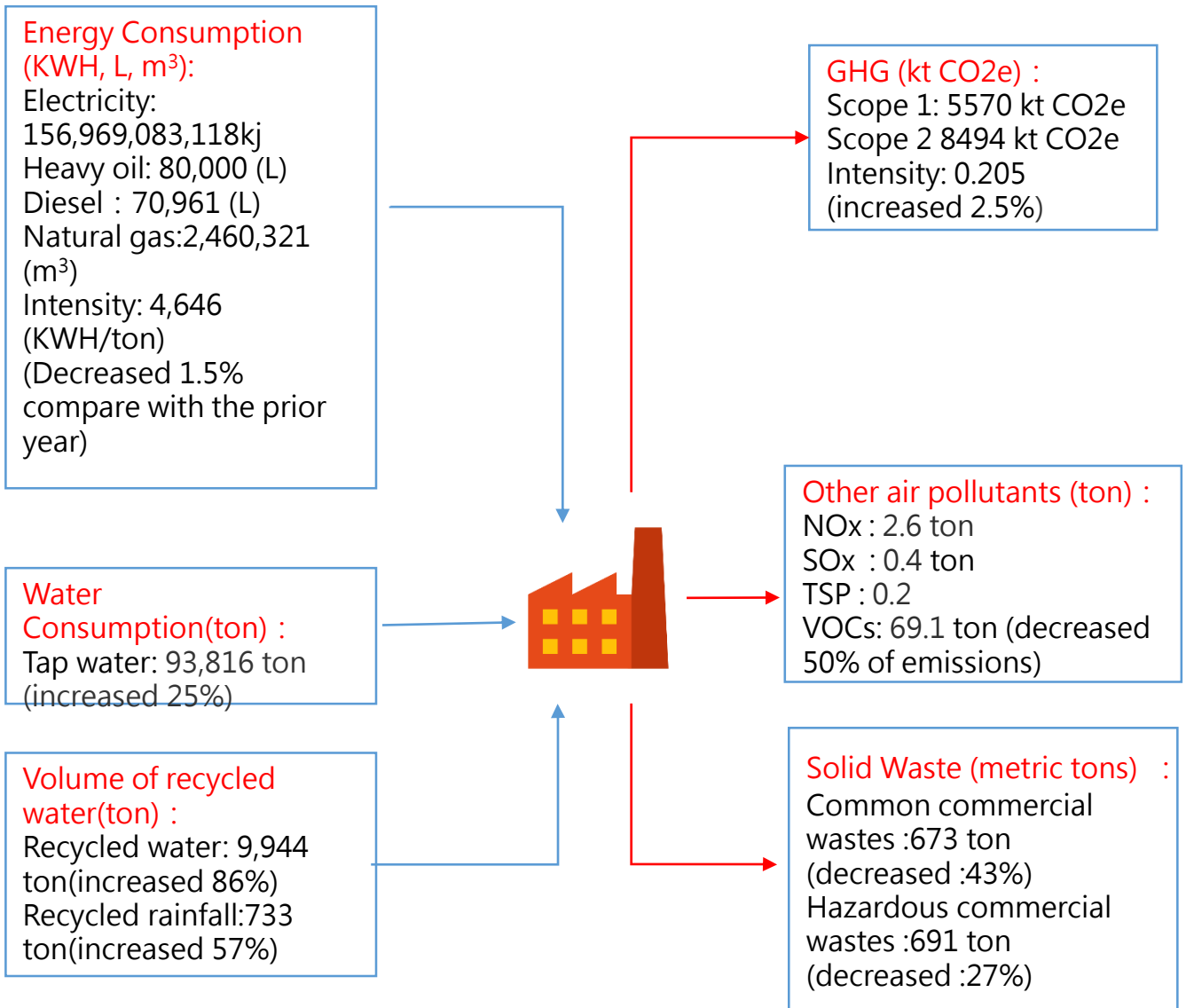
Goal :

In order to ease and adapt the climate change relevant risks, Nan Pao efficient manage energy and resource consumption to cut down cost and increase competitiveness, moreover which decrease the environmental impact to the neighborhood to reach the goal of business sustainability. To effectively manage the topic of emissions, Nan Pao has introduced international management systems, including ISO 14001 and ISO 50001.

Management procedure :

- Establish a professional management unit of energy and environment and regularly follow up the progress.
- Setup the relevant system and goals as estimate standard.
- Exchange the information with different production sites and offices fro the latest technology trend.
- Examine and analysis on the environmental indexes regularly so that we can spot abnormal problem and improve them in time.
- Push and follow up the energy, water saving and emission and wastes reduction program
- Set up the emergency responding program for the drill to lower the impact to the factory and community.
- Report to the top management in the regular meeting.
- Ensure all the production activities complying with the laws and regulations.

4.1 2019年環境關鍵數據總覽

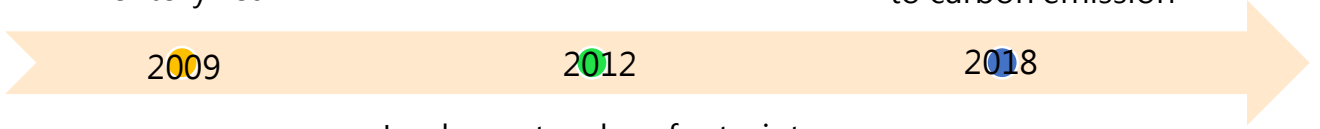


4.2 Greenhouse Gas Management

In 2009, we introduced the Greenhouse Gas (GHG) Inventory and established a GHG Inventory Team. Relevant operating procedures have been standardized into Greenhouse Gas Inventory Management Procedures, and we can effectively understand the Company' s GHG emissions through GHG inventory and results. In 2012, carbon footprint inventory was introduced to inspect the carbon emissions during the operation activities throughout each product cycle, including the raw material stage, the material transportation stage, and the production stage. This helps us to calculate the carbon footprint of our products and to receive SGS carbon footprint inventory assurance for Reasonable Assurance Certification.

Introduced the Greenhouse Gas (GHG) Inventory and established a GHG Inventory Team

Replace the tanks using heavy oil to significantly reduce to carbon emission

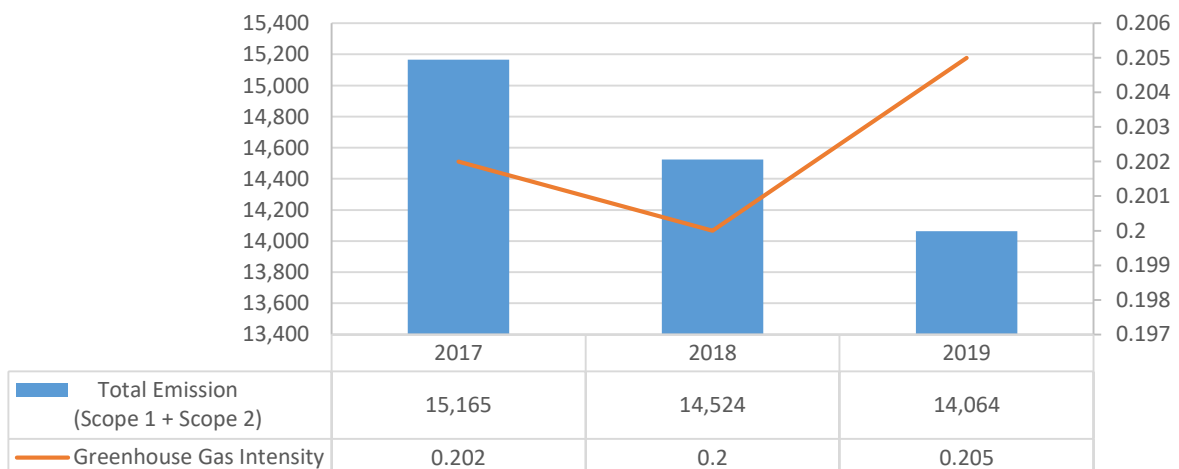


Implement carbon footprint verification and certificate the carbon footprint verification statement from SGS

Greenhouse gas will not only cause the climate change but the air pollutants also cause the negative impacts on climate, air quality, ecosystem, agriculture and human health. In respond to the global climate change, Nan Pao Resins examine the greenhouse gas emission which divided into scope 1, direct greenhouse gas emission and scope 2, indirect greenhouse gas emission. The source of scope 1 is from the usage of fuel such as natural gas and diesel and the greenhouse gas discharged from the manufacturing processes, including CO₂, CH₄, N₂O, SF₆, HFCs and PFCs.

Nan Pao does not purchase heat or the steam from the supplier, the indirect greenhouse gas emission (scope 2) is majorly from the purchased electricity from Taiwan Power Company. Other indirect emission is relatively low and not easy to calculate the amount of usage, so that it excludes from the examination. The energy usage takes a big part of the greenhouse gas emission resource, Nan Pao actively manage the energy to reduce the carbon emission.

Greenhouse Gas Emission



4.3 Air Pollution Prevention Management

The air pollutants emitted by Nan Pao are primarily particulates, sulfur oxides, nitrogen oxides, and gaseous volatile organic compounds (VOCs), where the sources of pollution can be from manufacturing, operating boilers, and effluent treatment processes. To effectively reduce air pollution and emissions, we have reinforced the availability of machinery, and actively monitored concentrations of all flue gas emissions to ensure that the emitted concentrations can meet regulatory standards. All the manufacturing factories do not produce, input, output or exhaust any ozone depleting substances (ODS) .

Since the plant area contains many chemical substances, the chemical smells often escape into the air. We have replaced feeding materials through manholes in reaction tanks with diaphragm pumps to avoid the chemicals contacting air, which would reduce the odors and the exposure to operators. The air pollutants emission improvement on TSP, Sox and NOx are more significant, it reduces more than 80% compare to the prior year, which shows the air pollution management and improvement is effective.

Unit : ton

	VOCs	TSP	SOx	NOx
2018年	110.4	6.1	15.4	13.6
2019年	69.1	0.2	0.4	2.6

4.4 Energy Management

Global warming has led to weather abnormalities, and climate and environmental changes have led to perils and financial losses, in addition to the public' s increased awareness of climate issues. Nan Pao sees energy and greenhouse management as important issues in day-to-day operations, and we continue to promote energy conservation and carbon reduction measures, improve energy efficiency and greenhouse gas management to reduce the impact on climate change, and reduce risks brought forth by fluctuations in energy prices and energy supply. Concurrently, we also actively work with energy policies stipulated by local governments. The photovoltaic system has been established at the factories, which leads to more than 1% of autonomous production in renewable energy consumption.

Energy Management Review Team

Chaired by the General Manager at Nan Pao' s headquarters, a cross-departmental Energy Management Review Team has been set up. Executive positions are assumed by the energy management personnel and Quality Assurance Department representatives of each plant and divisional managers of each department relevant to the energy management system are appointed to join the Team upon delegation from the General Manager. The Team regularly meets to review energy consumption status and formulates energy-saving measures. It continuously monitors the performance of energy-saving projects and has set up relevant procedures and standards in accordance with the Energy Team' s relevant energy policies to facilitate implementations. In addition, the Team also provides detailed project information for the Energy Team to review.

All the factories in Taiwan certificated
with ISO5001 Energy Management
System

2016

2018

Smart Energy Management
System of factory

Smart Energy Management System

Bao-I factory was counselled by Industrial Development Bureau, MOEA to implement the energy performance calculating and monitoring system, which shows the instant electricity consumption data to monitor the usage of electricity and manage the abnormal alert setting.

The managing items are below :

- Integrating current electricity monitor system
- Real time energy performance management
- Peak demand analysis and the response estimation in the past 3 days
- Instant alert for the abnormal incident and exclude the abnormal data from SOP database
- Historical data research to adjust and adapt the energy saving plan

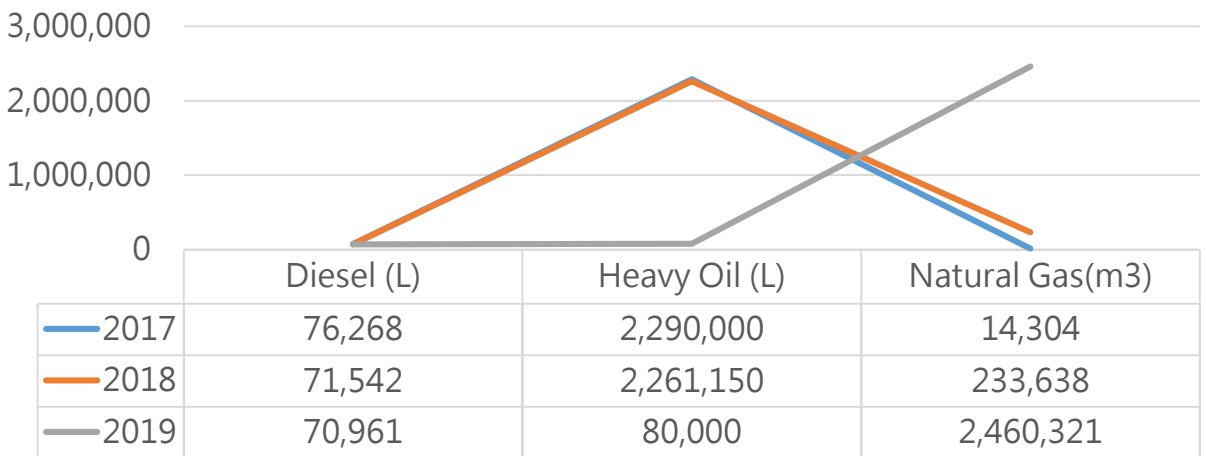
The energy performance monitor system take 35 different energy performance index under monitoring such as production, environment and public facility, the Company will include more equipment and facility into the management system and proactively manage energy performance to continuously reduce energy usage.



Clean Energy

Nan Pao gradually replace the fuels of the boiler to clean energy-natural gas, which not only decrease energy demand and the heat purchasing unit price but also significantly reduce the air pollutants

Replace heavy oil to natural gas



In order to reduce the greenhouse gas emission, Nan Pao plans to gradually replace high energy consumption equipment to reduce the energy loss. Total energy consumption decreased 1.6% comparing with the prior year, the energy intensity reduced 1.5%.

	Total Energy Consumption(kj)	Output(ton)	Energy intensity (kj/ton)
2017	146,867,300,905	31,528,923	4658.
2018	159,572,349,109	33,824,704	4718
2019	156,969,083,118	33,785,376	4646

Category	Projects
Equipment Improvement	<ol style="list-style-type: none"> 1.Replaced fuels of boilers to natural gas 2.Replaced old ice water machines 3.Set up triaxial dispersion machine and oil press packing machine 4.Built in frequency conversion machine on many equipment and tanks 5.Set up double crew extruder machine
Energy saving and recycling	<ol style="list-style-type: none"> 1. Secondary steam and condensate recovery back to the processes 2. Recycle blow-down waste heat 3. Recycle waste solvent from cleaning tanks(back to the processes or resale) 4. Optimize dust capturing equipment at powder coating plant



4.5 Water Resource Management

Nan Pao' s water source comes from tap water supplied by Taiwan Water Corporation. We do not withdraw water from ecological conservation areas, nor do we use groundwater source. Effluents and surface runoff at other locations of operation do not significantly affect water bodies or species habitats. No factory of Nan Pao locates within any ecological reserve area, nor within any water-source or water-quality protected area, nor is it surrounded by any species included in the IUCN Red List species and national conservation list species.

The recent extreme climate cause the water supplying instability, industrial and living hood water are both taking the shortage impacts. In order to ease the impacts, the Company dedicates in improving the water treatment system and lower water consumption in processes, and focus on recycling waste water in manufacturing processes such as effluent water, rainfall, steaming condensate water, cooling water from heat exchanger.

Nan Pao remains the concept in water recycling, keep heading to the goal of multiple water resources to lower the risks and impacts during water supplying cutoff or limitation.

Water resources

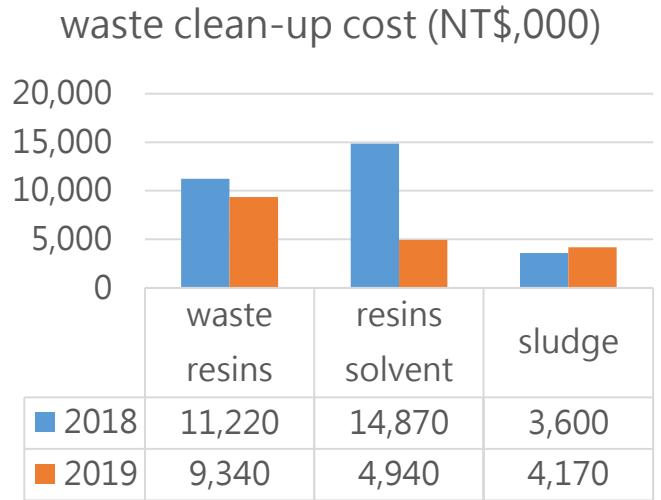
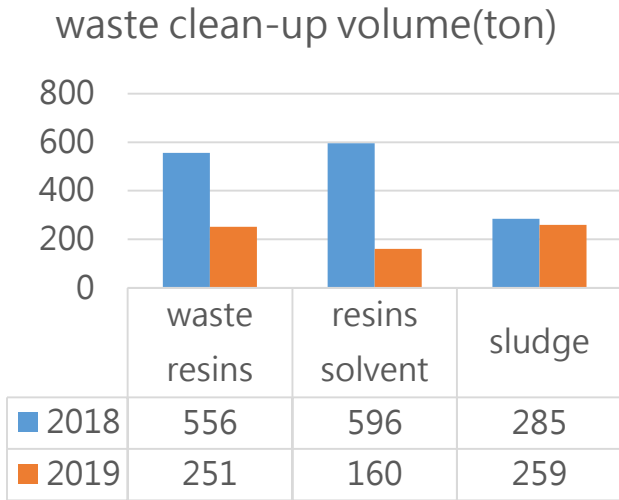
Resources	Water intake in 2018 (ton)	%	Water intake in 2019 (ton)	%
Tap water	74,987	92.8%	93,816 (note)	89.8%
Recycled water	5,341	6.6%	9,944	9.5%
Rainfall	466	0.6%	733	0.7%
Total water intake	80,794	-	104,493	-

In 2019, Nan Pao recycled 9,944 tons of water, increase 85% comparing with the prior year; the rainfall recycled 733 tons of water, increased 57% comparing with the prior year.

Note. The tap water consumption in 2019 was 93,816 tons, it came from that Nan Pao comprehensively replacing the fuels for boilers from heavy oil to natural gas. However, the boilers require high quality of water, the boiler release lots of waste water to remain qualified water which caused the water consumption increase. In other hand, we uses lots of steam to cut down the wastes, so that the water consumption in 2019 raised 25% than 2018.

4.6 Effluent water and wastes

- The volume of waste clean-up was 1,364 tons in 2019, comparing with the volume in 2018(2,132 tons) increasing 36%
- The volume of waste clean-up of waste resins, solvent and sludge decreased 53.45, totally 767 tons, which saved 7.2% of clean-up cost (about NT\$2.13 million)
- The main wastes in the manufacturing processes are waste resins, solvent and sludge, since the production output increase year by year but the volume of waste clean-up decrease, which really shows the waste reduction performances.



Recycled and reused the wastes processed from white glue

The recycled white glue, glue residue and other finished goods that were ready to be scrapped can be reprocessed into some products for the special use, the Company recycled 8.3 tons of glue residue and 14.5 tons of defective products to be reprocessed and sold, which saved NT\$1 million of cost on waste

Recycled solvent

The main wastes of Nan Pao is the waste solvent and resins processed from the manufacture. The first step of our sustainable recycling policy is to reuse the waste in the on-site manufacturing processes to cut down the purchase of raw materials, secondly reuse at other places, lastly incineration and bury. Nan Pao dedicates in waste solvent distillation recovery and reuse to significantly cut down waste solvent and save lots of clean-up expenses.

Hazardous waste

The hazardous wastes are mainly waste solvent and the container filled in the hazardous chemical, the Company outsourced a certificated supplier to clean up those hazardous wastes.

The suppliers not only clean-up and treat those wastes under the government regulation and offer a certificate to show the process is completely comply with the regulation, but also follow up the vehicle GPS positioning to the last treatment or disposal spot. Our colleagues will also inspect the processes irregularly to ensure and control the out-sourcing quality.

Recycled effluent water

The Company recycled and reused dedicates in exchanging effluent water in manufacturing processes, and created more resources such as reusing rainfall and recycling effluent water, steam condensate, cooling water from heat exchanger, effluent water from steamers and increase the frequency of recycle. In 2020, the Company started to recycle the release water form the steaming boilers and reduce the usage of tap water and natural gas.

Effluent water treatment and discharge

Due to that MBR film treatment units are installed at the rear end of the effluents treatment, water quality is maximized after treatment, thereby improving the reuse of the effluents in the plants and increase the water circulation rate. The recycled water is used as a secondary water to refill the cooling pool. Each treatment unit and effluents, in addition to subjecting to self-inspection and self-monitoring made by dedicated personnel at regularly intervals, are also sampled and sent to an external inspection agency for inspection.

The effluent water treatment facility processed the release water and ensure it is in line with the national water discharge standard. Effluents and/or surface runoff from Nan Pao Operating Headquarters are either discharged to the Liu-cuo drainage system and flows through the Cigu Rive or reuse in the processes, it enters the sea through the Cigu Lagoon. It does not show significant impacts on biological habitats and biodiversity. Nan Pao discharges 19,271 tons of water into Liu-cuo drainage. The Company has also constructed another MBR treatment unit to improve the effectiveness of wastewater treatment. At present, effluents are regularly monitored, of which the COD, BOD and SS testing values are all in line with the national water discharge standards.



The monitoring item of effluent water and government standard

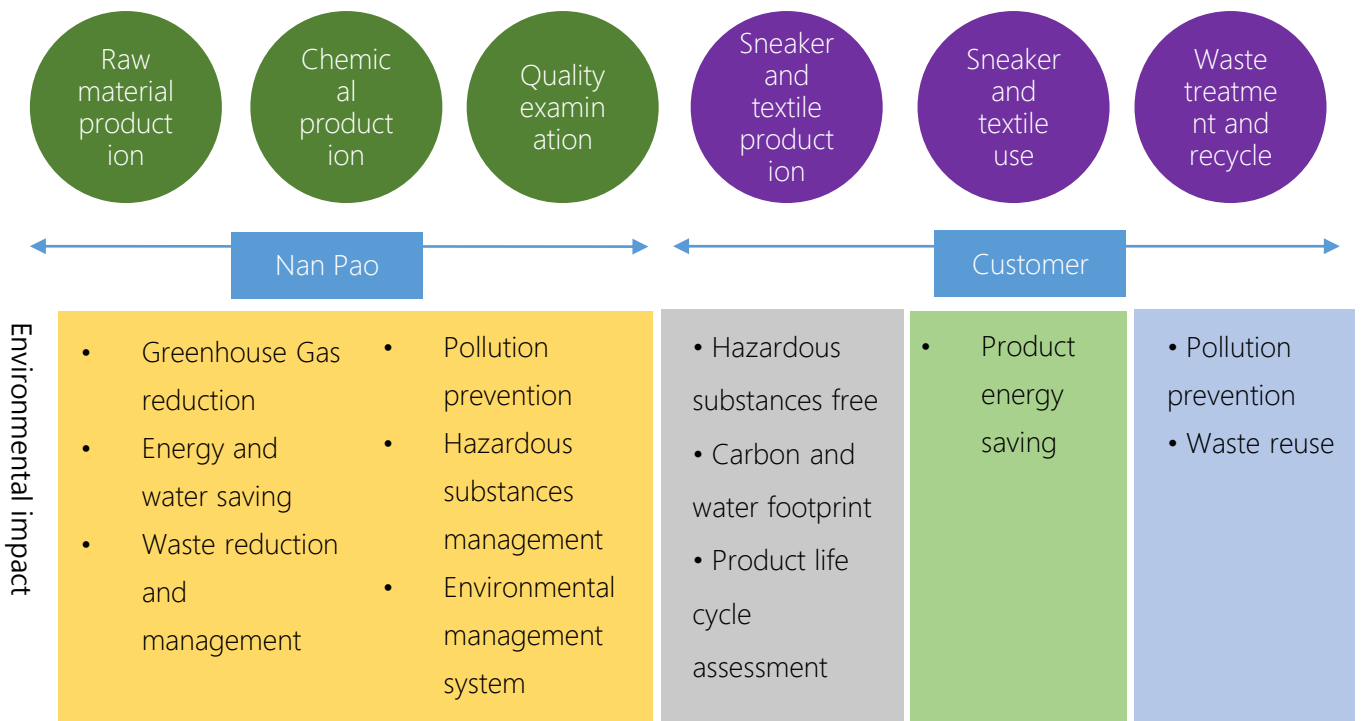
Monitoring Item	Yearly average monitoring value	standard
Biochemical oxygen demand, BOD	3.0	30
Chemical Oxygen Demand, COD	40.5	100
Suspended solids, SS	0.48	30
American Dye Manufacturers Institute	13.0	550
Nitrogen	0.08	20
Nitrate Nitrogen	5.6	50
Phenols	0.0134	1.0

* Unit: mg/L except ADMI



4.7 Product life cycle

Considering the environmental impacts in the product life cycle, including developing products with customers, raw materials manufacturing and delivering, product manufacturing and testing processes. Nan Pao dedicates on chemistry management, pollution prevention, resource consumption reduction, moreover we asked our supplier also protect our environment and reduce the environment footprint from chemicals. Climate change bringing environmental threats so that more and more customers pay attention on sustainable issues, Nan Pao examine greenhouse gas every year and estimate product life cycle to analysis the environmental impacts, therefore we can see more chances to cut down the emission and drop more green products that meets the environmental requirements from customers so that to increase industrial competitiveness.



Environment Impact Assessment

Nan Pao adapts LCA(life cycle assessment) to analysis water-based PU dispersions(including packages) and certificates with ISO 14067 verification statement.



The Environmental impact assessment analysis that the major impacts from the manufacturing processes of water based PU dispersion happens on the resource obtaining(51%), the raw materials including Polyester polyols, acetone, MEK, hexamethylene diisocyanate, fuels for boiler.

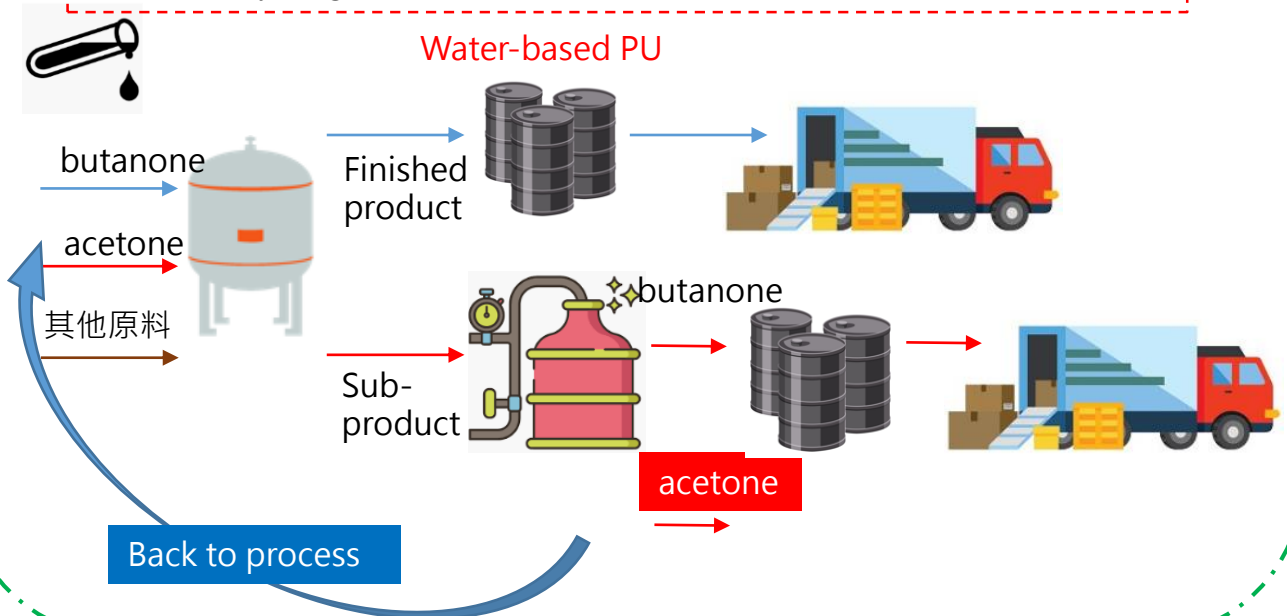
Environment Impact Management-Raw Materials

Recycle acetone back to the manufacturing process

Nan Pao recycles the sub-product-acetone and butanone, and reuses acetone back to the manufacturing process.

In 2019, recycling acetone reduced 6,839 tons of CO₂e than 2018

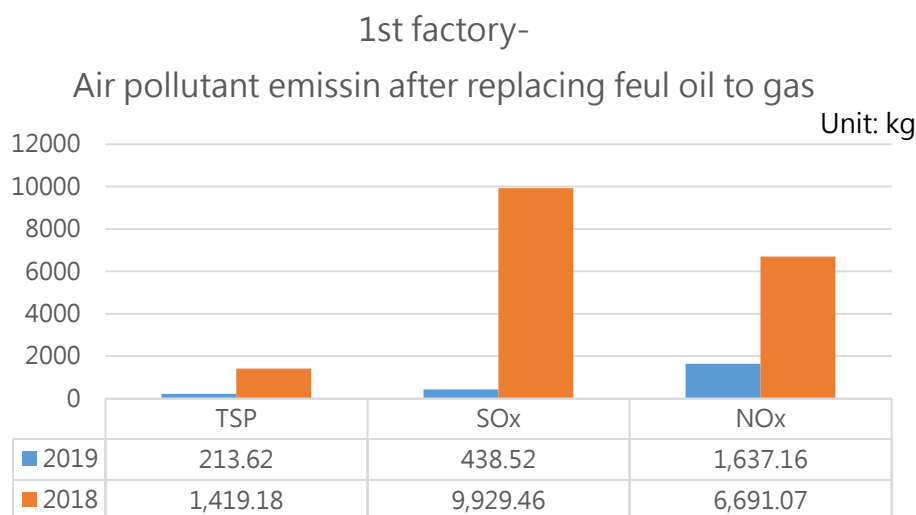
In 2019, recycling butanone reduced 3,695 tons of CO₂e than 2018

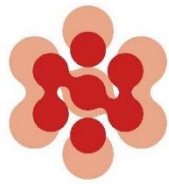


Replace fuel oil to natural gas

Burning fuel oil release more air pollutants, Nan Pao gradually replaced fuel oil to natural gas to reduce greenhouse gas emission. By 2019, all the steam boiler fuel had been replaced to natural gas. Air pollutant emission significantly dropped, CO₂ emission at the 1st factory in 2019 dropped 30.5%(from 5,365 tons to 3,728 tons) than 2018.

Note : minor VOC emission excluded from the chart





PEOPLE & SOCIETY





5. People & Society

5.1 Employment

Recruitment

Nan Pao understands that outstanding human resource is one of the most important factors in becoming a successful business. Nan Pao provides quality work, and our employment principles are recruiting talent and placing the right persons in the right positions. Employees can realize their full potential under our reasonable and fair HR policies and healthy internal structure. Nan Pao's recruitment is based on professional capability and does not discriminate on the basis of race, gender, age, physical or mental disability, religion, ethnicity, or any other factor protected by relevant laws; we strive to provide equal recruitment opportunities for all employees. In 2019, no operational site was reviewed by the local government over human rights issues.

Human structure

In order to ensure equal employment opportunities for disadvantaged and related ethnic groups, the company has 8 employees with physical or mental disabilities, accounting for 1.13% of employees, which is better than the local regulations. The Company's Headquarters is located in Xigang District, Tainan City, nearby villages and villages. When there is a shortage of staff in the company, the local competent people will be given priority to use to increase local employment opportunities.

Incoming Employee % in 2019

Age	Male	%	Female	%
<30	32	36%	3	21%
30-50	54	61%	11	79%
>50	3	3%	0	0%
Total	89	100%	14	100%

Employee Turnover Rate in 2019

Age	Male	%	Female	%
<30	18	27%	3	43%
30-50	45	68%	4	57%
>50	3	5%	0	0%
Total	66	100%	7	100%

In 2019, we hired 103 full-time employees in Taiwan. New recruits were mainly between 30 and 50 years old (250 people, accounting for 63% of new recruits). Manufacturing processes takes intensive manpower and most of the new recruits and leavers belong to labor workers. In 2019, a total of 73 regular employees of the company in Taiwan left their jobs, including employees applying for retirement. The overall turnover rate is lower than the overall turnover rate of Taiwan's manufacturing industry, and most of the employees are local employees in the local area.



Excellent Business for Hiring Disabilities



The Company actively promotes the employment of disadvantaged groups. In 2019, it was awarded as an excellent enterprise for the physically and mentally disabled Friendly Environment. Through job redesign, it creates a good working environment for disabled employees.

Diversified recruitment channels:

In addition to the human resources recruitment website, the company also recruits international professionals through multiple recruitment channels such as social networking sites, campus internships, in-plant recruitment, and industry-university cooperation event. In addition to actively participating in the recruitment of talents on major campuses every year, we will also provide employment opportunities for community to give back to the neighborhood. It also actively participates in the industry-university cooperation events of various universities and colleges, and provides short-term internship opportunities for students at school, so that students can more practical experience of working life and use what they have learned, so that students can more quickly integrate with the industry.

Salary

The Company has established an incentive and variable salary system based on individual and organizational performance. Salary is related to seniority, performance, etc., regardless of age, gender, race, etc., and the average salary level is also higher than that of the industry; we uphold the concept of profit sharing with employees to attract outstanding talents, motivate and retain existing employees, Allocate a certain percentage of profitable surplus as the basis for employee dividends, share surplus with colleagues, and assist employees in long-term investment and financial management and retirement planning to encourage employees to hold company stocks. In addition to providing monthly salary guarantees for all full-time employees in Taiwan, there are also Dragon Boat Festival bonuses, Mid-Autumn Festival bonuses, and year-end bonuses. At the same time, according to the company's operating conditions and individuals each year, performance bonuses, business sales rewards and punishments, research and development bonuses, improvement proposal awards, service years awards, and special contribution project awards are issued.

There are differences in the gender composition of talents in the company's industrial chain. Due to the concentration of labor in chemistry-related technologies and manufacture, the proportion of male employees is higher than that of females, with females accounting for 23%; there are 11 female supervisors at or above the management level, including one senior supervisor. This shows that the company's internal education and training mechanism and performance evaluation mechanism are really fair. We did not violate the salary and benefits of employees in 2019.

Average / Median Salary Non-Supervisor Full-Time Employees

Unit: NT\$

Number of non-supervisor full-time employees 682	
Total salary of non-supervisor full-time employees	489,856 thousand
Average salary of non-supervisor full-time employees	725 thousand
Median salary of non-supervisor full-time employees	663 thousand

Governance unit and employee diversity

Age	Supervisor	Regular	Disabled	Aboriginal	Foreign employee
<30	0	111	3	0	13
30-50	28	392	1	0	22
>50	37	96	4	0	0
Total	65	599	8	0	35

5.2 Employee Care

Human Rights

In order to fulfill corporate social responsibility and protect the basic human rights of employees and all stakeholders, the company abides by the labor-related laws and regulations in all the operating locations around the world, and supports and follows the international human rights conventions: "United Nations Universal Declaration of Human Rights", "International Labor Organization" The goals set forth in the Convention are to treat and respect all colleagues in accordance with internationally recognized basic human rights. All new colleagues of Nan Pao and the security personnel contracted by the supplier receive 100% human rights education and training upon arrival, and occasionally publicize human rights-related measures in employee meetings.

Nan Pao Human Rights Protection Measures

- No forced labor: Comply with government labor laws and international regulations, and do not force or coerce any unwilling personnel to perform labor services.
- Prohibition of child labor: No child labor is allowed in all Nan Pao operation factories.
- Compliance with basic salary: ensure that employees' salary is not lower than the local minimum salary and guarantee employee benefits.
- Employees are entitled to rest time: working hours are reasonably limited and employees are provided with paid vacation rights.
- Freedom of joining association of employees: Respect the choice of employees, and employees have the right to join the union freely.

- Implement equal respect: implement multiple equal treatment and oppose any form of discrimination.
- Anti-discrimination and harassment: "Sexual harassment prevention measures and disciplinary measures" are in place to ensure that there are no various forms of sexual harassment, physical or verbal harassment in the working environment, and strive to create a safe and equal working environment.
- Maternity protection: Committed to the protection of maternity rights, and build a work system and environment that is friendly to employees of both sexes.

Employee Benefits:

Nan Pao values employee welfare, the Employee Welfare Committee has been established at Nan Pao. All employee welfare expenditures have been allocated in accordance with legal regulations. There is a labor retirement reserve supervision committee and an employee welfare committee, expenditures from each branch of the Employee Welfare Committee are autonomously decided by the committee members and employees. These expenses include the costs of regularly organizing employee travel, Labor Day lucky draws, club activities, health checkups, scholarships, various bonuses and holiday gifts/bonuses, and employee group insurance.

Retirement Plan and Protection:

The Company has filed for labor insurance, public health insurance, and group insurance in accordance with the legal regulations in Taiwan. All employees who joined the Company after July 1, 2005 (inclusive) would be placed under the new pension scheme according, pursuant to the Labor Pension Act. All pension allocations are implemented within the legally stipulated standards. Since July 1, 2005, who have joined the Company prior to June 30, 2005 (inclusive) could voluntarily opt for the new scheme or the old pension scheme. Nan Pao handles employee retirement matters in accordance with the law. The Employee Pension Reserve Supervisory Committee has been established in compliance with legal regulations to review and supervise the use of pension funds.

The Company allocates pension reserves on a monthly basis, and the full amount is remitted to the designated pension account of the Bank of Taiwan to ensure the rights of pensioners. Nan Pao carries out relevant calculations and payment principles for employees' pensions in accordance with the Labor Standards Act. Sound pension allocations and payments are given to every employee to protect their retirement lives. Besides joining labor insurance and public health insurance according to the law, the Company also provides additional group insurance for overseas Taiwanese staff and expat personnel. Moreover, the Company also remits employees' pensions to legally-stipulated accounts, pursuant to Article 55 "Pension Payment Standards" and Article 56 "Employees' Pension Reserves" of the Labor Standards Act. The ratio of employer contribution is 6% and 2% for the new and old employee pension schemes respectively. At the beginning of each year, calculations are made for those who follow the old pension scheme. As of December 31, 2019, full amounts have been allocated, and all formal employees have joined in the pension schemes.



Mother Protection Plan

The Company and the Employee Welfare Committee sign contracts with high-performing day care centers near the factory to provide childcare service and benefits for employees. To respond to the government's call for parental leave without pay policy, Nan Pao employees can apply for parental leave without pay, pursuant to Act of Gender Equality in Employment and Regulations for Implementing Unpaid Parental Leave for Raising Children. Moreover, employees can apply for extended leave based on personal needs as well as to return to the workplace early. Employees can continue to file for labor and health insurance at the Company during their parental leave period.

Nan Pao is committed to the protection of maternal rights, building a working system and working environment that is friendly to employees of both sexes. The factory nurse takes the initiative to care for pregnant colleagues, examines whether the working environment needs appropriate adjustments and gives suggestions. In Taiwan, we follow the spirit of the "Gender Work Equality Act", set up breastfeeding rooms in accordance with the law, and give parental leave. The reinstatement rate of parental leave in 2019 is 100%

Number of Applicants for Parental Leave Without Pay from 2016 to 2019

	Male	Female	Return Rate(%)
2019	0	4	100%
2018	0	1	100%
2017	0	1	100%
2016	2	0	100%



Materiality

Labor relationship

Managing Policy

Goal :

Promote a quality working environment; protect the rights and interests of employees; and retain outstanding talents, so as to enhance the Company's human capital and competitiveness. Base on the principle of labor-management harmony and create a win-win situation.

Management :

- Provide employees with education and trainings and rotation opportunities, and select and promote outstanding talents through a diverse internal promotion channel.
- A performance appraisal system is in place to assess individual performance on a regular basis each year based on work goals and individual performance

- Employee Welfare Committee is established for employees to independently discuss employee welfare matters.
- Trade union is established, which holds regular labor-management meetings to seek employee welfare.
- Unit managerial officers communicate with workers through regular meetings.
- Full implementation through a sound internal organization and HR system
- Ensure compliance with laws and regulations; in case of any non-compliance, investigations will be conducted and improvements will be followed up.

5.3 Fluent Communication Channels

Organization of the Employee Union

The labor union of Nan Pao was established on April 18, 1982. The current proportion of employees joining the labor union is 64.6%. The company regularly conducts two-way communication and collective consultation with the labor union, and is based on Article 83 of the Labor Standards Law and The “Measures for the Implementation of Labor-Management Conferences”, labor-management conferences are held quarterly, and temporary meetings can be convened when necessary to ensure harmonious labor-management relations and sustainable development of the company.



Communication Channels

Nan Pao established various bi-lateral channels of communication for employees. To ensure smooth communications between employers and employees, we regularly organize employee-employer meetings, bi-weekly meetings, departmental management meetings, seminars, and toolbox meetings. Various employee grievance mechanisms, including the opinion mailbox and Chairman' s Mailbox, have also been set up. If a breach of regulations or illegal incidents has been found, grievances and whistle-blowing can be reported through relevant channels to the Company. During the regular employee-employer meetings, the management and employer and employee representatives will all attempt to understand and discuss matters of concern to the employees as well as propose effective and feasible solutions. In addition, pursuant to the law, we also grant employees the right to freedom of association. The Company does not hinder or interfere with the employees' right to freedom of association.

The Communication Channels Listed Below

Title	Target	Description	Frequency
Head of HR Mailbox	All employees	Whistle-blowing of frauds and sexual harassment grievances	Any time
CEO' s Hotline	Employees and investors	The Company' s operating problems	Any time
Web-based customer service mailbox	Employees and external parties	Any issue	Any time
Weekly meeting	All employees	Divisional managers and above, including senior managers, will report the Company' s operating policies and management performance to the employees.	Once every two weeks
Employee Union seminar	Members of the Employee Union	Communicating and discussing employees' benefits and employee-employer issues with members of the Employee Union	Once every year

Title	Target	Description	Frequency
Toolbox meeting	Production departments	Any work-related issue can be raised and will be answered by managers and the accountable personnel.	Once every week
Employee Welfare Conference	Members of the Employee Welfare Committee	Explaining employee welfare activities and funding status to each member of the Employee Welfare Committee elected from each production site	Once every quarter

5.4 Career development

Based on the Regulations on Employee Performance Evaluation, the Company conducts two semi-annual performance evaluation each year on employees subject to KPI evaluation. Except for advisors, employees in trial period, and trainees, the rest shall be evaluated. Employees not subject to KPI evaluation shall receive an annual performance evaluation. The supervisor will give a fair and objective evaluation based on the performance and how far an employee goes towards his/her goals, and provide an appropriate level of assistance through interviews with the employee. The supervisors will also understand the employees' ability to work and their development tendency through daily observation and interaction, plan on-the-job training or on-hand project for employees, and give promotion or job rotation to employees at an appropriate time point.

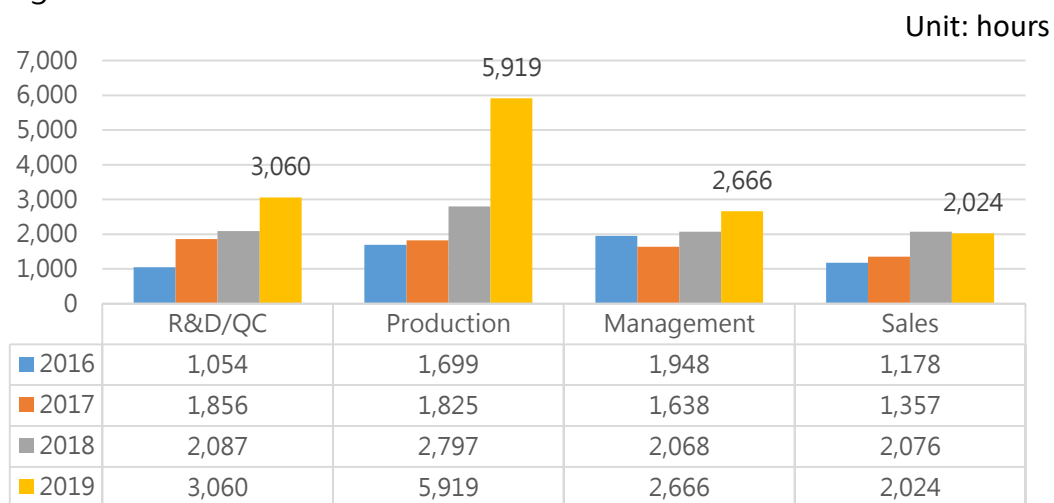
Training

The development and cultivation of human resources is the cornerstone of the company' s sustainable operation and continuous improvement. Nan Pao' s training policy is "To develop the capabilities of the organization in line with the company' s vision and strategy, so that the corporate culture and values are deeply embedded in the work behavior of employees. In order to continuously improve core competencies, develop unique competitive advantages, cultivate all-round/international management talents, and shape an organizational culture" .

In order to help companies and employees to improve quickly to adapt to the rapidly changing needs of the environment, in recent years, we have actively promoted digital learning, and have successively used digital systems such as online learning platforms and online English learning platforms to create an innovative and diverse learning environment for colleagues' learning activities not limited from time and space constraints, and apply learning results to the workplace to continuously improve work efficiency.

Nan Pao provides diversified learning channels and development resources in accordance with personal work needs, performance appraisal results and career development needs, including on-the-job training, classroom training, job guidance, mentor system and job rotation. Investigate employee functions and training plans, and require department heads to review their positions and employee functional gaps based on work instructions and human development plans, so as to improve the effective use of resources, and to systematically cultivate talents and establish Talents and Technical Knowledge Database to develop personal potential, enrich career planning, and promote self-realization.

The Company calculates the hours of training in each year, and below is a compilation of training hours from 2016 to 2019.



Materiality

Occupational Safety and Health

Managing Policy

Goal :

Regard employees as important assets of the Company and contractors as an important working partner; To protect the safety and health of employees and contractors, we are committed to reducing the risk at workplace and maintaining safety and health

Management :

- Establish an Occupational Safety and Health Committee to serve as the highest governance body for review and proposal of matters relating to safety and health management.
- Provide employees and contractors with sound safety and health management and education and trainings; systematically manage chemicals to avoid accidents caused by improper use, or harm to employees' health due to improper exposure.
- Require contractors to comply with the Company's safety and health standards
- Commit to the goal of zero occupational incident.

5.5 Occupational safety and health

In order to establish a safe, healthy and comfortable working environment and to continuously reduce the rate of occupational accidents, the Company has formulated an "Occupational Safety and Health Policy", which is the highest guiding principle of safety and health management. We take safe operation as the primary consideration, as well as continuous improvement management principles, and actively improve the workplace environment, manufacturing equipment and operating methods to protect the safety and health of workers and stakeholders.

Occupational Safety and Health Management System

The Company has been promoting the OHSAS18001 occupational safety and health management system since 2000 and has passed the verification (it will be revised to ISO45001 in 2020), establishing hazard identification risk assessment and control planning methods, as well as management, supervision and improvement measures to prevent safety and health related disasters.

Participation of labor and management to jointly build a safe and health working environment

In order to fully implement occupational safety and health management, Nan Pao established the "Safety and Health Committee" in 2001, which has become the highest review and discussion organization for safety and health management, with management representatives from each plant taking turns serving as the chairman. The members of the Safety and Health Committee include occupational safety and health personnel, business unit directors, supervisors and commanders, occupational safety and health-related engineering and technical personnel, medical personnel engaged in labor health services, and labor union representatives. They are responsible for researching, coordinating, and supervising the environment, On safety, health and health-related matters, the Safety and Health Committee meets regularly every quarter. In-plant safety meetings are held every two weeks to discuss various audit deficiencies and improvements to prevent occupational accidents.



Implanting safety and health concepts through education and training

To ensure that every colleague is familiar with occupational safety and health laws and regulations, and the company's safety and health management mechanism, Nan Pao provides regular safety and health training courses for colleagues. The total training hours of the safety and health course in 2019 is 3,201 hours

	Personnel	Hours
Safety and health on-the-job training	236	1,774
Health management training	14	142
Hazardous chemicals training	15	120
Emergency response and personal protective equipment training	21	302
Safety and health internal auditor training	10	94
Risk management training	41	769
Other	337	3,201

In order to enhance colleagues' understanding of the various rights and interests of workplace safety and health and occupational disaster labor protection, so that workers can understand their own labor rights and potential hazards in the workplace, and arrange work safety hazard prevention publicity. In 2019, for the very first time The Labor and Occupational Safety and Health Research Institute of the Ministry of Labor and the China Productivity Center, a consortium, cooperate in the promotion of occupational safety and health hazards prevention activities.



5.6 Workplace safety management

Emergency response

Each plant area has also established emergency response handling methods, convening emergency response teams every year to conduct field drills, implement environmental or safety and health systems, prevent accidents and disasters, and do emergency rescue and response drills to ensure that response measures can be initiated immediately when an accident occurs. Immediately prevent or reduce the impact of personal injury, property loss and production interruption caused by this emergency, and control the impact of disaster damage and post-disaster recovery.

Mobile inspection

In order to effectively manage and confirm the normal operation of equipment in each plant area, a mobile inspection management system was introduced in 2019, replacing traditional paper with tablets to conduct safety inspections of plant areas and equipment using electronic methods. Implement inspections in place and paperless, and handle the conditions of inspections in real time to reduce the probability and cost of abnormal risks. The back-end system can also perform analysis and report output through inspection records to achieve effective pre-control and management purposes.



82

5.7 Health Management

Hypertension prevention activities

In conjunction with health checkups and health lectures, blood pressure machines are installed in the security rooms of each factory to facilitate regular blood pressure measurement for employees. The factory nurse track and manage employees with abnormal health checks and post information on hypertension prevention in the bulletin board from time to time.

82

Educational Training for First Aid (AED and CPR)

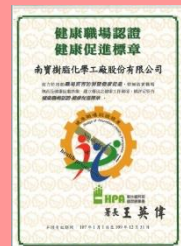
Nan Pao has established an automatic external cardiac defibrillator (AED) at the guard's office in each plant since 2015 to prevent emergencies in the plants. In the case of a cardiac arrest due to sudden arrhythmia, if AED and massaging can be given within one minute, the success rate of first aid can be improved. Besides setting up first aid personnel and emergency response personnel, all employees are also requested to learn first aid techniques. Hence, we also regularly arrange educational training, total number of trainee are 459.

Health Management Accreditation

Health Workplace Accreditation (CPR+AED)



- Nan Pao is committed to promoting workplace smoking prevention and health promotion, and establishing a healthy working environment. The National Health Administration of the Ministry of Health and Welfare issued the "Healthy Workplace Certification-Health Promotion Mark" in 2017
- All plants have obtained CPR+AED accreditation for safe places



Chemical management

In order to avoid the health hazards caused by exposure to chemicals during work, the Company applied for the guidance program for the classification management of chemical exposure of the Industrial Bureau of the Ministry of Economic Affairs in 2019. Chemical Control Banding (referred to as CCB), through the concept of risk assessment and hierarchical management, according to the health hazard characteristics and use of the chemical itself, the risk matrix method is used to determine the risk level and management method (overall ventilation, engineering control, isolation, special regulations, etc.), and then adopt relevant control measures to improve higher-risk workplaces. CCB conducts exposure assessments for the CNS 15030 chemicals in the company, assessing or estimating the health hazards of employees exposed to chemicals in a qualitative, semi-quantitative or quantitative manner, assessing the risk level based on the exposure results, and adopting corresponding control or management measures to gradually improve the company's safety and health performance through continuous improvement (P-D-C-A).

Technical guidance for chemical exposure management

The Bao-Yi plant was awarded the "Technical Guidance for Chemical Exposure Classification Management" of the "Industrial Working Environment Improvement Plan" of the Industrial Bureau of the Ministry of Economic Affairs in November 2019, affirming the performance of the safety and health management.



Health Center and Health Checkup

Nan Pao hires a professional designated nurse to care for employee health services. The nurse specializes in external injury handling and medical attention, as well as one-on-one consulting so that employees can receive more medical resources and professional consulting. We hope that the professional medical staff will help employees to achieve more accurate health awareness.

Nan Pao arranges health checkups for all employees every two years, and actively promotes the self-management of employees' health, carries out hierarchical management of health checkups in accordance with employee health check reports, and issues exceptions and recheck notices individually. Employees are requested to seek medical treatment as soon as possible and contact with the selected hospital for medical treatment to build the concept of early detection and early treatment. If employees need to be regularly arranged for medical treatment, they are listed as case care, provide care in a timely manner and follow up the patient's condition, and provide appropriate health and education measures.

A special health checkup is arranged based on the results of the inspection of special operating environment done by occupational health and safety personnel. An occupational doctor will evaluate the tiered results and undertake comprehensive tiered management. Individual health instructions will be provided for employees who require tier-2 management or above, and the occupational doctor will provide consulting service and educational training in order to prevent occupational diseases.



Work injury statistics in 2019

Classification	Content	2017	2018	2019
Death toll in 2019	Total working hours	1,302,272	1,390,528	1,389,352
	Female	0	0	0
	Male	0	0	0
Total working days in 2019	Total	0	0	0
	Female	38,441	40,201	41,091
	Male	124,343	132,610	132,578
Work injury rate	Total	162,784	172,811	173,669
	Female	1	0	0
	Male	0	3	4
Occupational disease	Total	1	3	4
	Female	0	0	0
	Male	0	0	0
Days of miss working caused by work injury	Total	0	0	0
	Female	475	0	0
	Male	0	72	46
Absent from work	Total	475	72	46
	Female	0	0	0
	Male	0	0	0
	Total	0	0	0

Safety management of suppliers and contractors

Nan Pao has established contractor safety and health management measures to ensure the safety of the contractor staff working in the factory. The contractor's on site construction adopts key management, and lists overhead, confined space, electric shock, flame, and hazardous gas/chemical leakage, and other operations that may cause casualties or major property losses, as key publicity, education, training and inspections matter. At the same time, we regularly communicate with suppliers and contractors on environmental protection, safety and health issues, and encourage them to improve environmental, safety and health performance.

5.8 Supplier management

Materiality

Supplier Environmental Assessment / Supplier Social Assessment

Managing Policy

Goal :

Work together with supply chain partners to implement sustainable development of the supply chain.

Management :

Nan Pao requires each supplier to sign the “Supplier Social Responsibility Commitment” to ensure that the supplier meets social and ethical standards, that it complies with the laws and regulations, and that it actively responds to environmental protection issues. The procurement unit evaluates the supplier's impact on the environment, labor, human rights and society. If a material impact is found, the supplier will be either assisted in mitigating the impact or be immediately given a termination of contract with Nan Pao, depending on the circumstances. Moreover, Nan Pao controls and monitors suppliers' behavior and working conditions through a good communication channel and regular meetings.

Supplier Management Policy

In order to achieve the goal of sustainable development of the supply chain, the Company ensures that suppliers meet social and ethical standards in the process of providing products and services, understand and abide by the law, actively respond to environmental protection and social issues, and take corporate social responsibility into their account and continue improving the act.

The suppliers that will plan and promote the cooperation of the company to sign the "Supplier Code of Ethical Conduct" and "Environmental Protection Requirements Commitment" in 2020 will be used as one of the supplier selection criteria. In order to manage the source of raw materials and ensure compliance with Nan Pao's requirements for restricted substances, it will also have suppliers to sign the RSL Restricted Substance List in 2020.

Note: More than 50% of the suppliers planned for 2020 have completed the signing of the above three commitments.

For manufacturers, Nan Pao focuses on the reduction of manufacturing pollution and the recycling of waste, and for the distribution agents, it also focuses on the reduction of carbon and waste in transportation, avoiding excessive packaging (such as not using packing straps when conditions permit), and avoiding consolidation containers are shipped without being full, increasing local suppliers (near the factory area), and reducing carbon emissions caused by transportation routes. As Nan Pao operates in Taiwan, the mainland, Vietnam, etc., due to different local regulations, The purchasing unit will also set additional evaluation criteria for different types of cases, and set relevant clauses in the contract to ensure that suppliers meet the requirements. In 2019, there were no delays in delivery due to production quality, and no outsourcing suppliers were included in the suspended transaction.

Supplier Management Procedures:

New Supplier Screening	<p>Nan Pao has established a set of "New Supplier Survey" that investigates direct factories and non-direct factories of any new supplier. Besides the supplier's basic information, the survey also covers detailed investigation and certification for various aspects including the quality control system, quality inspection, input inspection, the production supply system, yield rate, machine usage rate, the transportation facility, the R&D system, the environmental pollution prevention system, and the product abnormality-handling system.</p> <p>Only those who meet Nan Pao's requirements can become Nan Pao's suppliers.</p>
------------------------	---



Supplier Educational Trainin	<p>We organize supplier educational training courses every now and then.</p>
	<p>This helps to promote and communicate the supply chain management practices we advocate for.</p>
	<p>Supplier Evaluation Management: Suitable suppliers also need to pass supplier assessment, which evaluates suppliers' quality management system, production supply capacity, technical development capacity, environmental protection and pollution preventative management, and product abnormality-handling skills. Only those who are qualified can become our partners and be included in our "List of Suppliers." °</p>
	<p>The supplier assessment will be carried out once in every year, in which Quality Control, Warehousing, and Procurement departments will mutually score the suppliers' quality, delivery schedule, and service quality. Qualification will be removed for any supplier who scores lower than the minimum standard.</p>



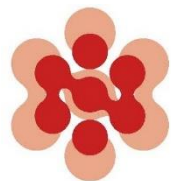
The Supply Chain of Nan Pao' s

Costs of raw materials account for Nan Pao' s largest production costs. Moreover, the quality of raw materials is also a critical factor for the yield of production; therefore, stable raw material supply and positive material quality are our most important objectives for raw material procurement. For the top 10 raw materials that we had procured in 2019, in addition to factoring in the convenience and the freshness of raw materials, we also supported the development of Taiwanese industries. Local procurement of raw materials accounted for 76%, while overseas procurement made up the remaining 224%. Around 95% of top 10 raw materials used by Nan Pao were procured in Asia.

The main products of Nan Pao are resins, yellow gule, footwear adhesives and Polyol, the main raw materials are VAM, Toluene and EAC, the are 100% nonrenewable materials. The chemical formula need to meet the requirements from the customers, avoid other impurities mixing into the products and cause the end product failure. Therefore, the raw materials and the packaging materials are mostly nonrenewable. However, in order to reduce the impact of products on the environment, we support the use of recycled materials and actively invest in the development of quality and recyclable circular economy products

	2017	2018	2019	(Unit : ton)
VAM	3,569.23	3,333.56	3030.79	
Toluene	4,229.71	3,730.33	2920.70	
EAC	3,395.93	3,087.67	3238.51	





COMMUNITY COMMUNICATION



Materiality

Local community impact assessment

Managing Policy

Goal :

Pay attention to the ecological protection, environmental impact and personal and property safety of local communities in the operating area. Actively participate in the educational development and care activities for the underprivileged groups of the local community

Management :

- Ensure that the location of operation does not destroy the ecology, and be the protector of nature.
- Develop management measures to actively treat and manage emissions such as waste gas, wastewater, and waste to minimize environmental impact.
- Establish and improve the occupational safety management system, and organize emergency response teams to conduct regular drills to ensure timely response and minimum impact on the community in case of any incidents.
- Established the Nan Pao Foundation and actively participate in the after-school tutoring courses with schools in the community where the operation locates, and actively cooperated with charities to care for the underprivileged people or groups in the communities where we operate.



6.1 Community Health and Safety



As a chemical manufacturer, Nan Pao actively undertakes various protective measures so as not to influence the neighboring community with odors from producing chemicals and emissions of hazardous substances. Since the plant area contains many chemical substances, the chemical smells often escape into the air. We have replaced feeding materials through manholes in reaction tanks with diaphragm pumps to avoid the chemicals contacting air, which would reduce the odors and the exposure to operators. Subsequently, we will also reform the worn equipment components in the plants (e.g., shaftless motors, open-blind assembly, autonomous inspection, etc.) to improve the odor problems in the plants. Moreover, Nan Pao plans to recycle 100% of its effluents in recent years. The wastewater will no longer be discharged to the Liu-cuo drainage system, and there will no longer be a problem of water pollution from effluents. We also strive to reduce VOCs and emissions from products and production processes from their sources, thus lowering the emission of VOCs and its impact on the community environment.

Nan Pao has prepared protective measures for normal disasters, natural disasters, and chemical leaks. We also regularly undertake safety drills every year to minimize the impact of disasters on the community environment.



Community Engagement

Nan Pao believes in the importance of giving back what we have taken from society. Besides being committed to pursuing technical innovation and service quality, we also actively promote social culture and are dedicated to fostering the next generation. Moreover, we also exercise our responsibility to care for senior citizens. In 2007, the Nan Pao Social Welfare Foundation was established to help the Company fulfill corporate social responsibility through three major aspects, "talent cultivation," "caring for senior citizens," and "caring for disadvantaged groups."

6.2 Educating School Children

After-school Coaching, Art Classes, and Summer and Winter Camps for Elementary Schools:

Due to increasingly open policies and social changes, socioeconomic gaps have been widened, which leads to problems such as single-parent families, intergenerational families, and foreign families. Xigang District is a remote area of Tainan City, and its income standard is far lower than the national average. Children from such family backgrounds will eventually grow old on this land. Only education can help them to choose their lives and pursue and realize their dreams.

Every child is like a seedling. Some are roses with soft petals, while others are strong and resilient like camphor trees. Therefore, we must provide diverse courses and diverse cultural learning opportunities adapted by different children. We need to respect the differences among children and to further unleash their diverse potentials and creative skills. Based on this philosophy, Nan Pao Foundation has teamed up with 6 elementary schools in Tainan, including Si Gang Elementary School, Gang Dong Elementary School, Hou Ying Elementary School, Song Lin Elementary School, Cheng Gong Elementary School, and Wen Nei Elementary School in the remote Jiali District. We jointly organize after-school classes and club time and summer and winter camps for the disadvantaged students. The courses by school teachers of each school based on the students' needs. In addition to professional academic development, club activities designed to enhance students' positive interests in arts and athletics are also included.



Photos: The after school lessons and activities in the elementary schools in the community

2019 Talent Cultivation Activities (Only major events are listed.)

Target	Description
Si Gang Elementary School, Cheng Gong Elementary School, Hou Ying Elementary School, Wen Nei Elementary School	After-school classes and club time, summer and winter camps
Gang Dong Elementary School	After-school classes and club time, summer and winter camps and book donations
Shi Gang Junior High School	Sponsorship of the soft tennis competition

6.3 Caring for Senior Citizens



Huashan Social Welfare Foundation:

With the increasing concern over population aging in Taiwan, the problems and needs of senior citizens have attracted more social attention, and even more, commitment should be made to solve these issues. After contacting Huashan Social Welfare Foundation, an NGO committed to the welfare of senior citizens throughout Taiwan, Nan Pao Social Welfare Foundation has learned that currently, there still lacks sufficient caring for senior citizens. Therefore, we partner with the Xigang Angels Team of Huashan and call on the Company' s employees to donate gift baskets on the Dragon Boat Festival, Mid-Autumn Festival, and Chinese New Year. The gifts are then delivered in person by the social workers of Huashan to the homes of all senior citizens as a token of caring for senior citizens with physical disabilities or those residing alone. To implement at-home caring for senior citizens on a larger scale, we purchased a designated service vehicle for Xigang District, and provided funds for Huashan' s professional social workers to care for senior citizens residing alone. Social workers take turns to accompany the senior citizens to medical visits, assist with bathing, deliver nutrients and food, etc. Besides providing physiological needs, social workers also chat with senior citizens residing alone, helping them to regain self-confidence and the goal of life.

Senior Citizen Welfare Association and Community Events

Though the number of senior citizens is not significantly high in terms of population ratio at Xigang District, Tainan City, as most young people have migrated for work, the senior citizens are suffering from loneliness even though some of them may have sufficient material resources. To encourage the senior residents of Xigang District to participate in social activities to maintain physical and mental well-being, Nan Pao Foundation collaborates with Xigang District Senior Citizen Welfare Association to organize activities and luncheons on Double Ninth Festival. In addition, we also provide funds for Qing-an Community in Xigang District to organize the zongzi DIY event on Dragon Boat Festival. The delicious zongzi (rice dumplings) are then given to all elderly citizens who are disabled, residing alone, or disadvantaged so that all families at Xigang can enjoy warm, heartfelt festivity. Furthermore, Nan Pao Foundation also joins Shulin Community Development Association in Qigu District to establish Shulin Community Senior Citizen Day Care School. Senior citizens residing alone in the community are arranged to participate in classes to enrich their daily lives and to boost their confidence through participating in contests with the skills they have learned from these classes.



Photo : Nan Pao employees joined charity service with Hua Shan Foundation

2019 Senior Citizen Caring Activities (Only the major events are listed.)

Target	Description
Huashan Social Welfare Foundation	At-home service, gifts on holidays, and corporate volunteer visit
Xigang District Qing-an Community Development Association	Dragon Boat Festival welfare event
Qigu District Shulin Community Development Association, Tainan	Shulin Community Senior Citizen Day Care School
Xigang District Senior Citizen Welfare Association	Double Ninth Festival welfare event

6.4 Caring for Disadvantaged Groups

As the income gap has largely widened in Taiwan within the last decade, wealth and resources have come to be owned by a minority few. Located in a remote area, Nan Pao has firsthand experience of the difficulties in life. Therefore, Nan Pao Foundation also provides emergency relief as solutions in the face of abrupt challenges for disadvantaged families. Since the Foundation was first established in 2007, we have offered emergency relief to help with medical, funeral, and livelihood problems, and provided tuition allowance for children from low-income families.

In addition, we also subsidize multiple foundations in Tainan that are in need of financial support, which helps us spread Nan Pao's love and care to even more remote corners. Non-profit groups that we have assisted include Tainan Xinzhi Welfare Association, Tobias Social Welfare Foundation, Chao Hsing Social Welfare Foundation, Love Child Care Foundation, Eden Social Welfare Foundation, Tainan Welfare Association for the Aurally or Verbally Challenged, etc. Nan Pao also collaborates with Taipei Medical University and provides funds for the neuro-regeneration medical research in Taiwan. We hope to see more research breakthroughs in the field of neuro-regeneration, which can benefit everyone in Taiwan.

Photo: Eden Social Welfare Foundation attended Nan Pao Charity Baseball Day(left); Nan Pao's guest threw the first pitch



2019 Disadvantage Caring Activities (Only the major events are listed.)

Target	Description
Tobias Social Welfare Foundation	Tuition allowance
Chao Hsing Social Welfare Foundation	Medical supports for children with mental disabilities
Tainan Ciguang Xinzhi Welfare Association	DIY Crafts Class

Target	Description
Eden Social Welfare Foundation	Jiali Dandellion Workshop and Nan Pao Charity Baseball Day
Provision of activity allowance for Tainan Welfare Association for the Aurally or Verbally Challenged	Rice donation to the aurally or verbally challenged
Genesis Social Welfare Foundation	Nursing home care expenses for Vegetative patients
Tainan City Social Affair Bureau	Emergency relief for disadvantages

Other Donations and Sponsorships in 2019 (only major activities are listed)

Target	Description
Tainan City Philharmonics	Charity Tour for Disadvantaged Groups
Xi-gang District Library	Reading promotion activities
Community service clubs from universities	Universities
Taipei Medical University	Medical research
Personal emergency relief and funeral aid	Applicants and individuals in-need

Photo: Nan Pao donated books and gave reading awards



From 2017 to 2019, Nan Pao Social Welfare Foundation has made the following contributions (listed by category and amount):

	Children's Education	Caring for Senior Citizens	Caring for Disadvantaged Groups	Emergency Relief	Other	Total
2017	2,263,549	658,750	480,000	773,150	1,720,000	5,895,449
%	38.4%	11.2%	8.1%	13.1%	29.2%	100.0%
2018	1,968,000	860,000	822,000	1,000,000	2,122,000	6,772,000
	29%	13%	12%	15%	31%	100%
2019	2,133,233	600,000	466,000	720,040	1,685,459	5,618,498
	38%	11%	8%	13%	30%	

Remarks : The following outlines the recipients of donations

- Children's Education : Xigang Elementary School, Gangdong Elementary School, Chenggong Elementary School, Hooying Elementary School, Songlin Elementary School, Yannei Elementary School for after-school classes, club time, winter and summer camp subsidies, etc.
- Elder Care: Huashan Foundation, Qigu Shulin Community Happy Elderly School, Xigang District Elderly Welfare Association, Xigang District Qing'anli Evergreen Activity, etc
- Care for the disadvantaged: Funding and activity subsidies such as the Genesis Welfare Foundation, Tobias Foundation, Eden Foundation, Lefu Foundation, Ciguang Mental Care Association, etc.
- Emergency relief: emergency relief applied by hospitals, social bureaus, other charitable foundations or individuals
- Others: including Taipei Medical University medical research, cycling team funding





The Large-scale Blood Drive in Xigang District

Nan Pao was the chief organizer of a joint blood drive at Xigang District, Tainan in July 2018. Biorich Bio-Technology Co. Ltd. and Apogee Optocom Co., Ltd. also participated in the event by providing lucky draw prizes. We called on our employees and the local community to join in the blood drive, and as a result, a total of 416 bags of blood had been donated, and the number of participants also rose by 15% compared to the previous year. This outstanding result also provided a much-needed relief for the blood bank. The turnout was brilliant, and many Nan Pao employees also rolled up their sleeves to donate blood, which helped lead to the event's success.



Photo : The blood drive activity in 2019

GRI Standard Disclosure Index

Number	Disclosure Title	Pages	Undisclosed reason
102-1	Name of the organization	4	
102-2	Activities, brands, products, and services	18	
102-3	Location of headquarters	18	
102-4	Location of operations	18	
102-5	Ownership and legal form	45,52,69,83,84	
102-6	Markets served	18	
102-7	Scale of the organization	18	
102-8	Information on employees and other workers	18	
102-9	Supply chain	86~89	
102-10	Significant changes to the organization and its supply chain	20	
102-11	Precautionary Principle or approach	68~69	
102-12	External initiatives	45,52,69,83,84	
102-13	Membership of associations	32	
102-14	Statement from senior decision-maker	8~9	
102-15	Key impacts, risks, and opportunities	33~36	
102-16	Values, principles, standards, and norms of behavior	31	
102-17	Mechanisms for advice and concerns about ethics	31	
102-18	Governance structure	25	
102-19	Delegating authority	26~27	
102-20	Executive-level responsibility for economic, environmental, and social topics	28~29	
102-21	Consulting stakeholders on economic, environmental, and social topics	38	
102-22	Composition of the highest governance body and its committees	26~27	
102-23	Chair of the highest governance body	26	
102-24	Nominating and selecting the highest governance body	26~27	
102-25	Conflicts of interest	30	
102-26	Role of highest governance body in setting purpose, values, and strategy	26	
102-27	Collective knowledge of highest governance body	26	
102-28	Evaluating the highest governance body's performance	26	

GRI Standard Disclosure Index

Number	Disclosure Title	Pages	Undisclosed reason
102-29	Identifying and managing economic, environmental, and social impacts	39	
102-30	Effectiveness of risk management processes	33	
102-31	Review of economic, environmental, and social topics	38	
102-32	Highest governance body' s role in sustainability reporting	29	
102-33	Communicating critical concerns	40~41	
102-34	Nature and total number of critical concerns	39	
102-35	Remuneration policies	70	
102-36	Process for determining remuneration	70	
102-37	Stakeholders' involvement	40~41	
102-38	Annual total compensation ratio	72~73	
102-39	Percentage increase in annual total compensation ratio	70	
102-40	List of stakeholder groups	38	
102-41	Collective bargaining agreements	Not applicable	Not yet occurred
102-42	Identifying and selecting stakeholders	38	
102-43	Approach to stakeholder engagement	40~41	
102-44	Key topics and concerns raised	39	
102-45	Entities included in the consolidated financial statements	22	
102-46	Defining report content and topic boundaries	4	
102-47	List of material topics	39	
102-48	Restatements of information	Not applicable	Not yet occurred
102-49	Changes in reporting	Not applicable	Not yet occurred
102-50	Reporting period	4	
102-51	Date of most recent report	4	
102-52	Reporting cycle	4	
102-53	Contact point for questions regarding the report	106	
102-54	Claims of reporting in accordance with the GRI Standards	4	
102-55	GRI content index	100~105	

GRI Standard Disclosure Index

Number	Disclosure Title	Pages	Undisclosed reason
102-56	External assurance	Not applicable	Not yet included external assurance
201-1	Direct economic value generated and distributed	22	
201-2	Financial implications and other risks and opportunities due to climate change	Not applicable	Not yet included TCFD
201-3	Defined benefit plan obligations and other retirement plans	72~73	
201-4	Financial assistance received from government	23	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	70	
202-2	Proportion of senior management hired from the local community	68	
203-1	Infrastructure investments and services supported	Not applicable	Not yet occurred
203-2	Significant indirect economic impacts	Not applicable	Not yet occurred
204-1	Proportion of spending on local suppliers	89	
205-1	Operations assessed for risks related to corruption	31	
205-2	Communication and training about anti-corruption policies and procedures	31	
205-3	Confirmed incidents of corruption and actions taken	31	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	30~31	
301-1	Materials used by weight or volume	89	
301-2	Recycled input materials used	89	
301-3	Reclaimed products and their packaging materials	89	
302-1	Energy consumption within the organization	55	
302-2	Energy consumption outside of the organization	Not applicable	
302-3	Energy intensity	55	
302-4	Reduction of energy consumption	59~60	
302-5	Reductions in energy requirements of products and services	59~60	
303-1	Water withdrawal by source	61	
303-2	Water sources significantly affected by withdrawal of water	Not applicable	Not yet occurred
303-3	Water recycled and reused	61	

GRI Standard Disclosure Index

Number	Disclosure Title	Pages	Undisclosed reason
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not yet occurred
304-2	Significant impacts of activities, products, and services on biodiversity		Not yet occurred
304-3	Habitats protected or restored		Not yet occurred
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not yet occurred
305-1	Direct (Scope 1) GHG emissions	56	
305-2	Energy indirect (Scope 2) GHG emissions	56	
305-3	Other indirect (Scope 3) GHG emissions	Not applicable	Not yet occurred
305-4	GHG emissions intensity	56	
305-5	Reduction of GHG emissions	56,65~66	
305-6	Emissions of ozone-depleting substances (ODS)	57	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	57	
306-1	Water discharge by quality and destination	61~63	
306-2	Waste by type and disposal method	61~63	
306-3	Significant spills		Not yet occurred
306-4	Transport of hazardous waste	62	
306-5	Water bodies affected by water discharges and/or runoff		Not yet occurred
307-1	Non-compliance with environmental laws and regulations		Not yet occurred
308-1	New suppliers that were screened using environmental criteria	87	
308-2	Negative environmental impacts in the supply chain and actions taken	87	
401-1	New employee hires and employee turnover	68	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	72	
401-3	Parental leave	73~74	
402-1	Minimum notice periods regarding operational changes	68	

GRI Standard Disclosure Index

Number	Disclosure Title	Pages	Undisclosed reason
403-1	Workers representation in formal joint management–worker health and safety committees	79	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	85	
403-3	Workers with high incidence or high risk of diseases related to their occupation	84	
403-4	Health and safety topics covered in formal agreements with trade unions	84	
404-1	Average hours of training per year per employee	78	
404-2	Programs for upgrading employee skills and transition assistance programs	77~78	
404-3	Percentage of employees receiving regular performance and career development reviews	77	
405-1	Diversity of governance bodies and employees	69	
405-2	Ratio of basic salary and remuneration of women to men	70	
406-1	Incidents of discrimination and corrective actions taken		Not yet occurred
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	71	
408-1	Operations and suppliers at significant risk for incidents of child labor	71	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	71	
410-1	Security personnel trained in human rights policies or procedures	77	
411-1	Incidents of violations involving rights of indigenous peoples		Not yet occurred
412-1	Operations that have been subject to human rights reviews or impact assessments	71	
412-2	Employee training on human rights policies or procedures	71	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not yet occurred	
413-1	Operations with local community engagement, impact assessments, and development programs 3	92	
413-2	Operations with significant actual and potential negative impacts on local communities	92	

GRI Standard Disclosure Index

Number	Disclosure Title	Pages	Undisclosed reason
414-1	New suppliers that were screened using social criteria	87	
414-2	Negative social impacts in the supply chain and actions taken	87~88	
415-1	Political contributions	Not applicable	Not yet occurred
416-1	Assessment of the health and safety impacts of product and service categories	43~44	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not yet occurred
417-1	Requirements for product and service information and labeling	49~50	
417-2	Incidents of non-compliance concerning product and service information and labeling	49~50	
417-3	Incidents of non-compliance concerning marketing communications		Not yet occurred
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Not yet occurred
419-1	Non-compliance with laws and regulations in the social and economic area		Not yet occurred





Contact Us

Report issued information:

Nan Pao Corporate Social Responsibility Report in 2019 issued on August.

Feedback

Please feel free to contact us if there is any suggestion or question about our Sustainable Report

Contact Point :

Nan Pao Resins Chemical Co., Ltd / Planning Department

Address : No.12 Nanhaipu Nan-Hai Village Xi-Kang District
Tainan City Taiwan

Telephone : +886-6-7952801

Fax : +886-6-7950079

CSR E-mail : info@nanpao.com

Website: www.nanpao.com

Contact person : Feng-wen Hung Extension : 227

Email : fengwen@nanpao.com