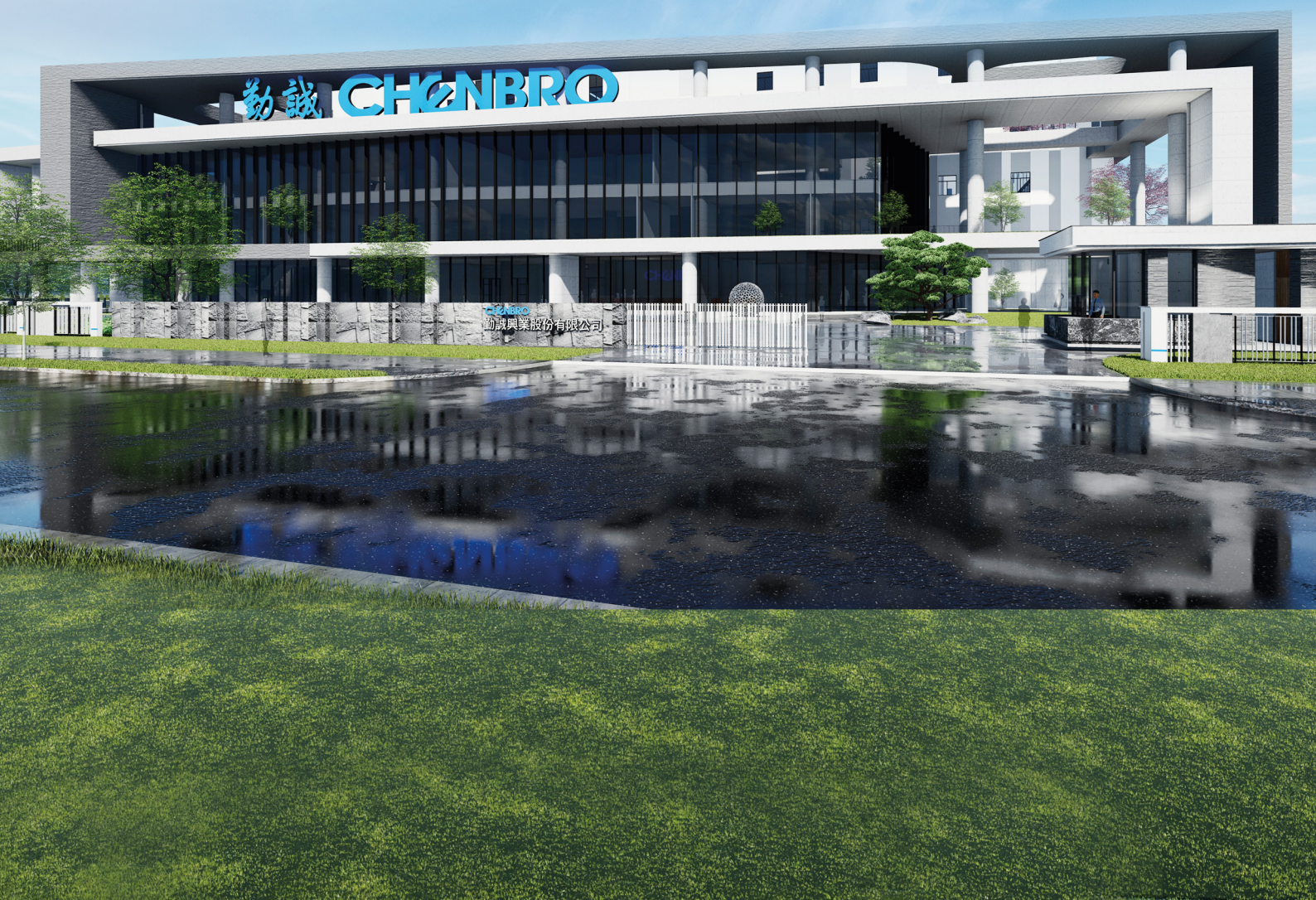


**2020** | **CHENBRO**

# Corporate Sustainability Report



# About This Report

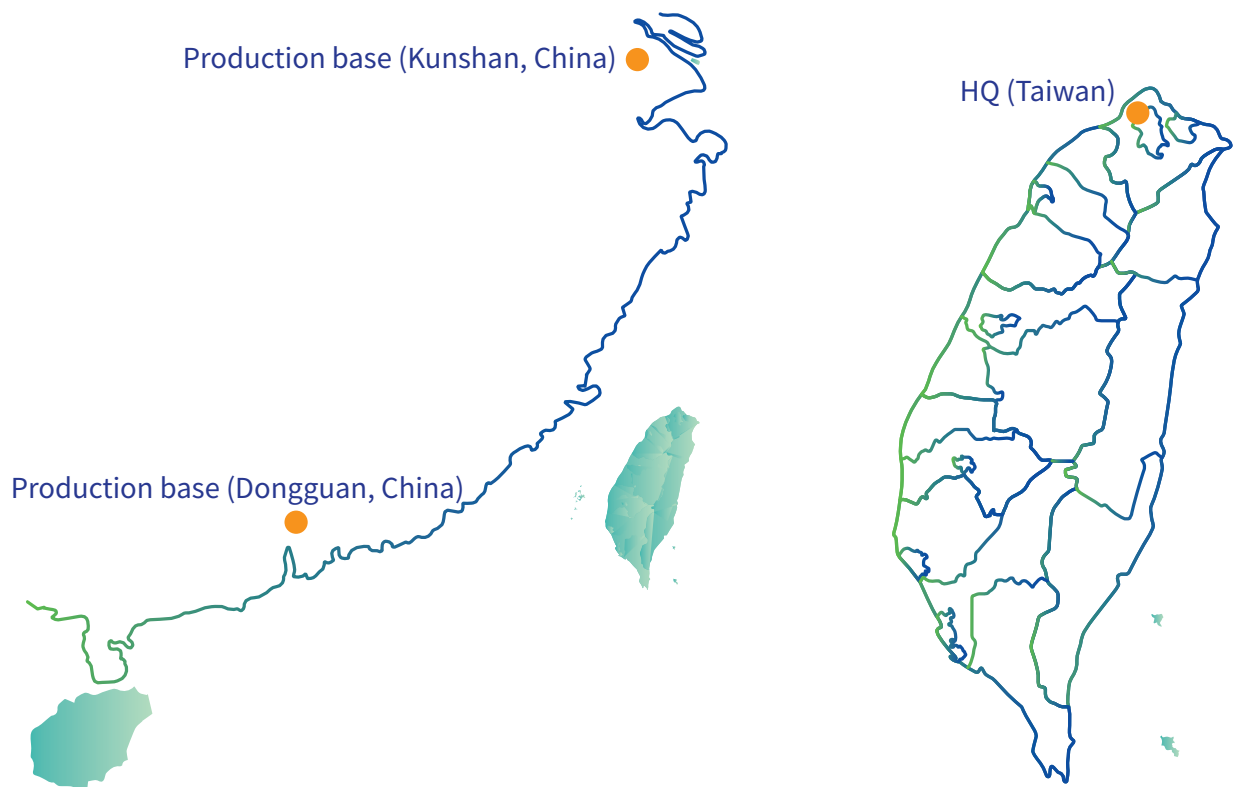
In the 2020 Corporate Sustainability Report published by Chenbro Micom Co., Ltd. (the Company or Chenbro), Chenbro takes an upright, transparent attitude toward disclosing the management approaches to sustainability issues and achievements obtained. In the future, Chenbro will continue communicating with stakeholders about the sustainability issues and take gradual steps to incorporate sustainable development strategies into the operations of departments across the company, so as to achieve the goal of business sustainability.

Over the past 38 years, Chenbro has been intent on delivering rackmount systems, tower servers, and PC chassis. We are a key component manufacturer of cloud computing products in a high value-added industry. Chenbro braves challenges. For material and forward-looking sustainability issues, current plans, and future development goals are stated at the beginning of each chapter to make clear and reinforce Chenbro's road to corporate sustainability and to demonstrate to stakeholders our commitments to sustainability issues and achievements obtained.

This report is published in both Chinese and English and available for downloading on the official website of Chenbro.

## Boundary and Coverage of This Report

The boundary of this report covers Chenbro's headquarters in Taiwan and production bases in Kunshan and Dongguan, China. As the production base in Chaiyi was not yet put into production in 2020, it is excluded from this report.



## Period of Information Disclosure

The publication of Chenbro's Corporate Sustainability Report is planned on a yearly basis. In this report, the period of information disclosure is 2020 (January 1, 2020 to December 31, 2020). To fully present the achievements obtained in all aspects of sustainability issues, information on some of the sustainability issues is traced back to 2018 and 2019, including management approaches, key issues, responses and actions taken.

## Basis for Information Disclosure

Compiled in accordance with the Core option of the Global Reporting Initiative (GRI) G4 Guidelines, this report is yet to be verified by a third-party accreditation body.

## Forward-looking Statements and Statistics

In this report, some chapters make forward-looking statements about the potential challenges brought by Environmental, Social and corporate Governance (ESG) issues to the Company or their impacts on the Company's future development. As some issues remain uncertain and are susceptible to factors such as policies, laws or international regulations, such forward-looking statements and predictions are made based on the current state of the Company with an aim to acquaint stakeholders with Chenbro's interpretation and perception of sustainability issues. It does not mean that the statements and predictions have immediate impacts on our finances, operations or performances.

The figures appearing in this report are in metric units and compiled and calculated based on the international common standards and standards for calculation. Special calculation methods for related indicators, if any, are noted below the data charts in each chapter.

## Feedback

If you have any questions about our 2020 Corporate Sustainability Report, please feel free to contact us.

## Contact Information

Chenbro Micom Co., Ltd.

Tel: +886 8226-5500

E-mail: [info@chenbro.com](mailto:info@chenbro.com)

Address: 19F, No. 558, Zhongyuan Rd., Xinzhuang Dist., New Taipei City

Website: [www.chenbro.com](http://www.chenbro.com)

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# Message from the Chairperson

Thank you for reading Chenbro's 2020 Corporate Sustainability Report. In this report, information is disclosed in accordance with the international guidelines and standards for sustainability reporting and yet to be verified by a third-party accreditation body. Chenbro takes an upright, transparent attitude toward presenting to the public and all stakeholders our efforts to fulfill corporate social responsibility, as well as the achievements obtained on our way to business sustainability.

Chenbro has been engaged in main business activities based on the business philosophy of "diligence and sincerity" and core values of "integrity, innovation, altruism, and co-prosperity." We also attach great importance to the corporate mission to prosper and give back to the community. In 2020, the COVID-19 pandemic took a heavy toll on the global economy and peoples' lifestyles on top of climate change, making Chenbro realize that companies ought to pay more attention to the risk management of sustainability issues in addition to business growth. Chenbro always believes that business growth is founded on the sustainable development of society and the environment and has promoted the idea of taking care of the employees, the environment, and society, as well as arts and culture, with concrete actions since incorporation. While expanding our business presence, we weigh the rights and interests of all stakeholders in order to build Corporate Social Responsibility strategies on our core competency.

To perfect the corporate governance structure, the Sustainable Development Task Force has been established to uphold a virtuous cycle of sustainable development in four aspects: corporate governance, enterprise commitment, environmental sustainability, and social participation. We are looking forward to fulfilling our corporate social responsibility and corporate citizenship with every step we take and sharing more non-financial information on the actions taken to achieve business sustainability, as well as the achievements obtained.



## Prospect of Corporate Sustainability

Corporate Social Responsibility covers a wide range of aspects and topics, including corporate governance, employees, the environment, and society. Almost every operational aspect of a company is covered. Chenbro has published the Corporate Sustainability Report and established a Sustainable Development Task Force since 2019. In my opinion, fulfilling corporate social responsibility is the "right" thing to do, and strategies must be developed and implemented to make corporate sustainability a reality. Chenbro will continue communicating with the public about sustainability practices, thereby making progress based on the feedback and advice given by stakeholders.



With the top management team's support and middle managers' promotion, every employee of Chenbro is expected to take the following steps to implement Corporate Social Responsibility completely. It is also incumbent on us to deliberate how to exert our influence on the supply chain and the industry in the future and to create a sustainable mechanism for continuous improvement and co-prosperity within and outside the organization. Together, we look forward to making such a prospect a reality and disclosed in the Corporate Sustainability Report.



# 01 About Chenbro



Established  
in 1983

# 1.1 Company Profile

Founded in 1983, Chenbro has been intent on delivering own-brand rackmount systems, tower servers, and PC chassis around the world. With a wealth of research and development, production, marketing, and financial resources in place, we are perfecting our Taiwan-based service network worldwide and becoming the world's leading enclosure solutions provider.

Chenbro offers one-stop solutions ranging over custom design, independent research and development, and manufacturing to custom service providers, System Integrators(SI), and channels/distributors based on their needs. While keeping abreast of industry trends, we are extending our business footprint to data centers, industrial computers, artificial intelligence, Internet of Things (IoT), and 5G applications, hoping to continuously offer quality products and services in a professional and innovative fashion.

# 1.2 Business Philosophy and Value

## Commitment to achieving business excellence and sustainability with the value chain

Since foundation, Chenbro has been zeroing in on the business development inside and outside the organization. While constantly investing in research and development and keeping abreast of our clients' marketing and production approaches, we always maintain good relationships with electronics manufacturers in the industry. After years of hard work, Chenbro has managed to stand firm in extremely challenging environments both in Taiwan and the world.

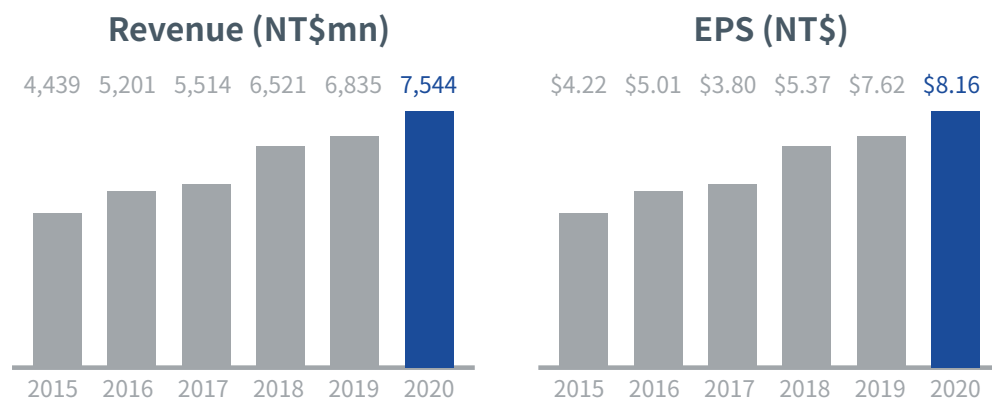
In response to the technology trends in flexible production and product differentiation, we expect to take our integrated enclosure solutions to the next level while adding value to customers with custom services. In order to transform ourselves into a total solution provider, we are also expanding the production lines in both depth and breadth by developing emerging markets and applications.

Sound management of operations and finances is fundamental to a company's development. Chenbro attaches great importance to on-the-job training for employees of all ages and also highlights the business philosophy, vision, and core values through lean management and accountability. We will continue strengthening the functions of corporate governance, the Board of Directors, and Auditing Office to maximize the interests of shareholders and fulfill our Corporate Social Responsibility.

Upholding the business philosophy of "diligence and sincerity" and core values of "integrity, innovation, co-prosperity, and altruism," we are committed to achieving business excellence and sustainability, ultimately making our mark as the "world's leading enclosure solutions provider in the cloud industry."

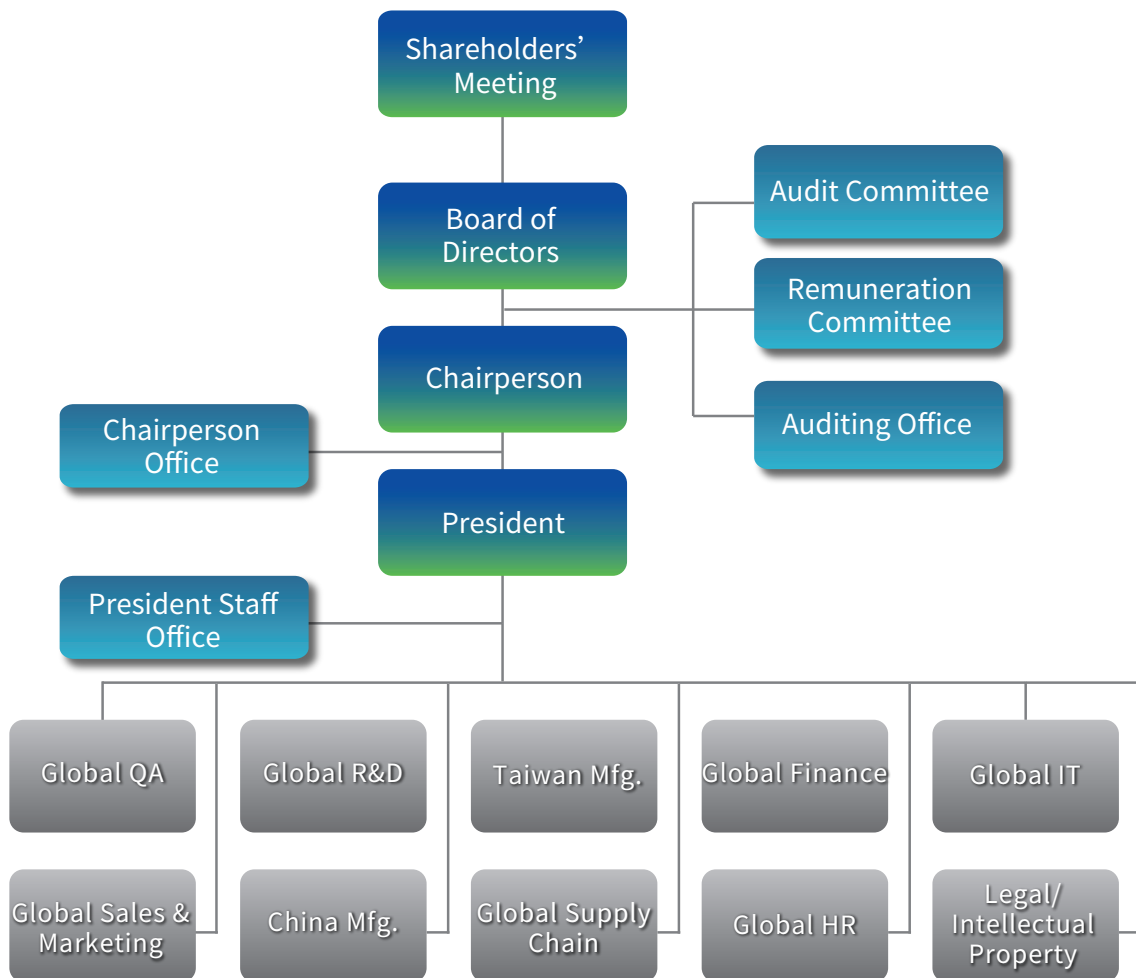
## 1.3 Operational Performance

In retrospect of 2020, the industry and the supply chain faced more challenges than ever. Through an all-out effort of our employees, we reached annual revenue of NT\$7.545 billion and net operating income of NT\$1.203 billion, up 10.37% and 4.31% from 2019 respectively; our annual revenue continued to set a record high. The relevant financial information is as follows:



# 1.4 Operations and Company Organization

## Company Organization



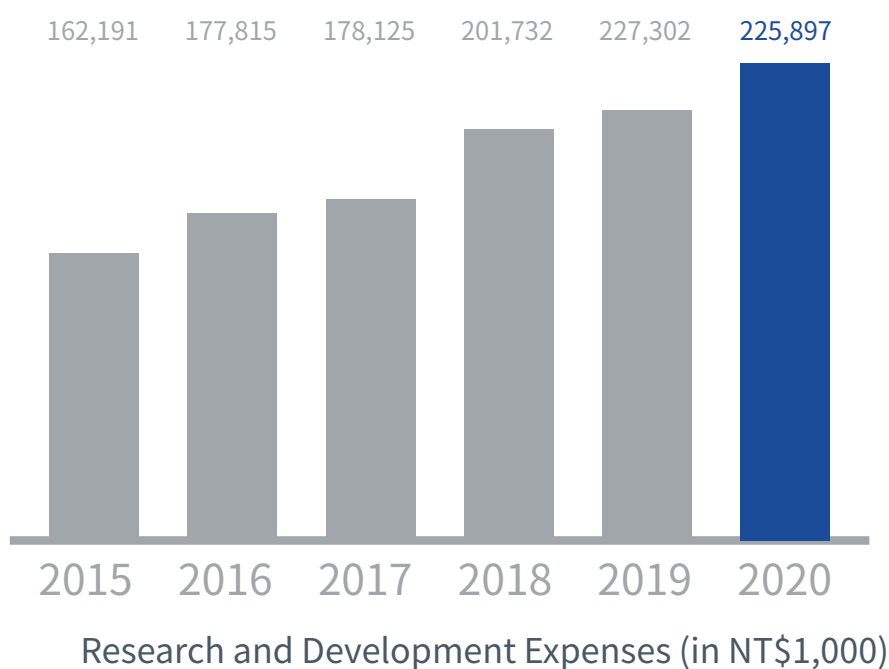
## Global Operations



## 1.5 Future-proofing Research and Development

Having been a player in the server industry for 38 years, Chenbro has adopted a business strategy to expand operations worldwide with the headquarters set up in Taiwan. Chenbro has also invested in Research and Development(R&D) every year, with R&D expenses totaling NT\$225.89 million in 2020. In recent years, the Company has expanded the R&D center with non-stop R&D and flexible manufacturing capacity for related application markets, including 5G, cloud data center, edging computing, AIoT, etc. Apart from new products development and innovative patent breakthrough research, we work with superior alliance partners to provide more comprehensive and stable enclosure solutions by modularization, flexibility, going green with high efficiency. While refining our R&D ability to develop new products, we will pay more attention to our intellectual property rights. By forging cross-industry alliances, we plan to refine the system integration and validation capabilities and pursue the maximization of common parts by modularized design and manufacture flexibility.

The Company also expects to reduce the time frame of product development and validation, which can decrease the cost of mold development to meet the small quantity but diversified market trends and can also save energy and materials used in production. While adding the value of products to maintain corporate competitiveness and community and industrial development, we will address ourselves to delivering more eco-friendly products through the constantly improved process.



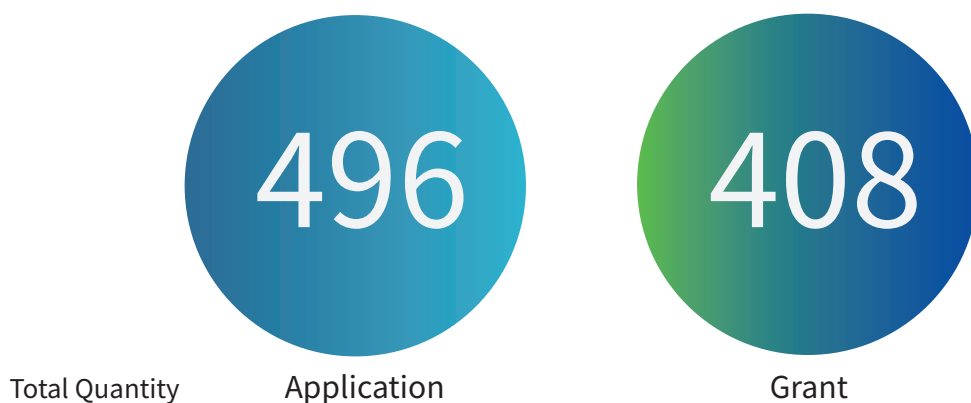
## 1.6 Intellectual Property Rights

Upholding the spirit of innovation, Chenbro is constantly improving R&D capabilities and developing new products; at the same time, we pay much attention to the protection of our intellectual property rights. As of 2020, Chenbro accumulated 496 patent applications and 408 patent grants worldwide.

In 2020 alone, 45 patent applications were made for rackmount chassis structures, storage structures, cable management structures, component fixed structures to system modularization applications, and more.

Intellectual property rights are one of the important outcomes of R&D; therefore, intellectual property (IP) management plays a crucial role in innovation management. Only with excellent IP management can a company stay ahead of the innovation curve.

In response to the market's prospective demand, Chenbro invests a considerable amount of money in R&D to seize the decisive opportunity. With proper IP management systems and tools, we ensure that the outcomes of R&D are correctly, completely, and efficiently turned into intellectual property rights (e.g., patents, trademarks and trade secrets) protected by law. As of 2020, Chenbro accumulated 496 patent applications and 408 patent grants worldwide.



# 1.7 Business Ecosystem

## Partnership-Creating an Inclusive Industry Value Chain

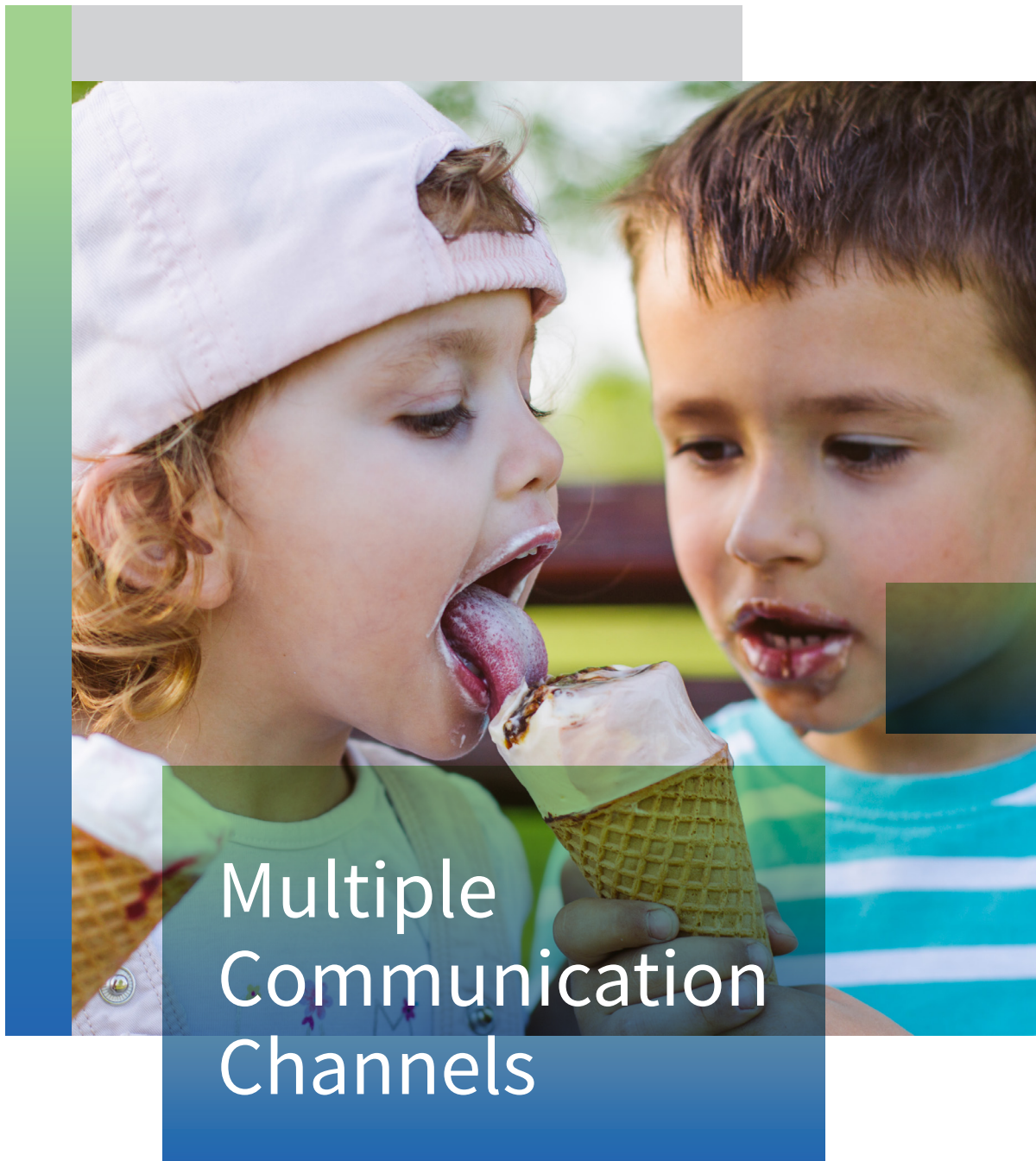
Chenbro treats every employee, client, and supplier with respect and attaches great importance to stakeholder engagement. Various communication channels are also in place to facilitate communication with our stakeholders. Based on the importance to stakeholders and the impact on the business operations, feedback given by the stakeholders is forwarded to responsible units for handling. More information on how feedback is handled will be disclosed in the Corporate Sustainability Report on a regular basis, and feedback will also be included in the action plans for future improvement. By engaging, working and interacting with all partners, we expect to learn from each other, together creating a significant influence on society.

Chenbro listens to and satisfy clients' needs immediately. In addition to facilities and measures that have been established to take care of and support the Company's inclusive value chain, we cooperate well with electronics manufacturers in the industry in order to stay firm in competition and create value for the ecosystem.

In response to rapid scaling in business, Chenbro actively recruits competent R&D talents from the locations of the operation. We firmly believe that it is our employees' creativity, talent, and enthusiasm that forward the sustainable development of the Company. As Chenbro is constantly growing, we will enhance our innovation capabilities and competitive advantages and continue investing in human capital development. In terms of recruitment, the Company has set up a diversity of channels to recruit outstanding talents in various fields. By creating local job opportunities, we enable our employees to develop cross-cultural perspectives and expertise.

On the part of executive training, a considerable amount of resources have been invested in developing training programs that hone the leadership skills, communication skills, and influence of managerial employees in order to ensure that their knowledge and skills are closely linked to the Company's future development goals and conducive to the innovation capabilities of the Company. In course of training, managerial employees are expected to grow and actualize their full potential and then forward the learning and development of the team members, together creating the fulfilling careers.





## 2.1 Sustainable Development Task Force Structure



## 2.2 Responsibilities and Goals

Adhering to the core values of "integrity, innovation, altruism, and co-prosperity," Chenbro aims at fulfilling corporate citizenship through sound sustainability management. Centering the attention on the Company's stakeholders, the Sustainable Development Task Force has four teams set up to develop strategies for sustainability issues. The Sustainable Development Task Force meets on a regular basis to review the implementation of related sustainability issues of which each team is in charge. The sustainable development goals set by each department every year, as well as material sustainability issues, will be included in the meeting for deliberations; department heads will be authorized to follow up the improvement actions to be taken and submit the annual results to the Board of Directors on a regular basis.

Besides, the Sustainable Development Task Force is responsible for compiling sustainable development results submitted by relevant departments and preparing the Corporate Sustainability Report for publication in accordance with the GRI Standards.

## 2.3 Stakeholder Identification and Communication Channels

As a platform to identify major stakeholders and material sustainability issues, the Sustainable Development Task Force actively engages with different stakeholders to understand and consider the sustainability issues which they are concerned about. After sustainability issues are identified, they are prioritized and validated for materiality analysis in accordance with the sustainability reporting guidelines under GRI. Based on the results of materiality analysis, the Corporate Sustainability Report is prepared, along with multiple transparent and effective communication channels, to respond to stakeholders and gain their trust and support in our pursuit of corporate sustainability.

The Sustainable Development Task Force conducts the preliminary identification of material issues in accordance with the GRI G4 Guidelines; in reference to the five dimensions of the AA1000 Stakeholder Engagement Standard (AA1000 SES), namely, Dependency, Responsibility, Tension, Influence, and Diverse perspective, it has further identified employees, customers, suppliers, investors, communities, media, and government agencies as the Company's stakeholders.

	Employees	Customers	Suppliers
Material Issues	<ul style="list-style-type: none"> <li>Corporate governance and corporate image</li> <li>Risk management</li> <li>R&amp;D innovation and application</li> <li>Product quality and safety</li> <li>Waste management</li> <li>Talent development and training</li> <li>Integrity and compliance</li> <li>Information security and personal information protection</li> <li>Human rights and anti-child labor</li> <li>Occupational safety and health</li> <li>Talent attraction and retention</li> <li>Labor relations and friendly workplace</li> </ul>	<ul style="list-style-type: none"> <li>Corporate image</li> <li>Raw material management</li> <li>Supply chain management</li> <li>Risk management</li> <li>Customer relationship management</li> <li>R&amp;D innovation and application</li> <li>Product quality and safety</li> <li>Waste management</li> <li>Integrity and compliance</li> <li>Information security and personal information protection</li> <li>Human rights and anti-child labor</li> <li>Corporate governance and operations</li> <li>Green product design</li> <li>Occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Corporate image</li> <li>Raw material management</li> <li>Water management</li> <li>Supply chain management</li> <li>Risk management</li> <li>Product quality and safety</li> <li>Integrity and compliance</li> <li>Information security and personal information protection</li> <li>Human rights and anti-child labor</li> <li>Green product design</li> </ul>
Communication Channels and Methods of Response	<ul style="list-style-type: none"> <li>Contact: <a href="mailto:hrp@chenbro.com">hrp@chenbro.com</a></li> <li>"Work Rules," which specifies the compensation for and insurance against occupational accidents and is available on the intranet for employees' reference</li> <li>Unscheduled meetings for employee-supervisor communication and scheduled performance evaluation meetings</li> <li>Newsletters distributed across the group</li> <li>Regular internal training, as well as external training and on-the-job training on demand</li> <li>Annual free health checkups and consultations for employees</li> <li>Employee Welfare Committee</li> </ul>	<ul style="list-style-type: none"> <li>Contact: <a href="mailto:info@chenbro.com">info@chenbro.com</a></li> <li>Dedicated units set up to serve different outlets and customers in different regions</li> <li>Subsidiaries established in the U.S., Europe, and China (Shanghai and Beijing), in addition to Taipei HQ, to provide localized services</li> <li>Quarterly business review (QBR)</li> <li>Unscheduled technology forums and international exhibitions</li> <li>Compliance with customers' requirements and inspections in relation to products, the environment and responsibility, as well as implementation of preventive and corrective measures</li> </ul>	<ul style="list-style-type: none"> <li>Contact: <a href="mailto:scm@chenbro.com">scm@chenbro.com</a></li> <li>Annual supplier/contractor audits</li> <li>"Green Policy," "Environment Policy," and "ELCC Policy" formulated to ensure that raw materials meet international regulations, government directives, and customers' requirements</li> </ul>

	Investors	Communities	Media	Government Agencies
Material Issues	<ul style="list-style-type: none"> <li>Corporate governance and operations</li> <li>Corporate image</li> <li>Supply chain management</li> <li>Risk management</li> <li>R&amp;D innovation and application</li> <li>Integrity and compliance</li> <li>Information security and personal information protection</li> <li>Human rights and anti-child labor</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and social care</li> <li>Water management</li> <li>Risk management</li> <li>Product quality and safety</li> <li>Waste management</li> <li>Greenhouse gases and energy management</li> <li>Integrity and compliance</li> <li>Information security and personal information protection</li> <li>Human rights and anti-child labor</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and social care</li> <li>Corporate image</li> <li>Integrity and compliance</li> <li>Corporate governance and operations</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and social care</li> <li>Corporate image</li> <li>Water management</li> <li>Risk management</li> <li>Greenhouse gases and energy management</li> <li>Integrity and compliance</li> <li>Human rights and anti-child labor</li> <li>Occupational safety and health</li> <li>Labor relations and friendly workplace</li> </ul>
Communication Channels and Methods of Response	<ul style="list-style-type: none"> <li>Full-time investor relations officers in place</li> <li>Contact: ir@chenbro.com</li> <li>Shareholders' meetings</li> <li>Quarterly investor conferences held to announce the quarterly financial statements and business performances</li> <li>Announcement of material information on the Market Observation Post System (MOPS) of Taiwan Stock Exchange Corporation and the company website</li> <li>Contact information, including e-mail and phone number, made available on the company website to facilitate</li> <li>Unscheduled face-to-face meetings and telephone conferences with institutional investors at home and abroad</li> </ul>	<ul style="list-style-type: none"> <li>Full-time corporate social responsibility officers in place</li> <li>Contact: csr@chenbro.com</li> <li>CSR section set up on the company website to disclose CSR activities</li> <li>Grievance channels and a whistle-blower protection system set up to report unethical conduct to an independent unit in charge, which is responsible to keep reported information confidential and protect whistle-blowers (contact: chenbrolegal@chenbro.com)</li> </ul>	<ul style="list-style-type: none"> <li>Full-time corporate marketing officers in place as media contacts</li> <li>Hotline and e-mail of a dedicated unit</li> </ul>	<ul style="list-style-type: none"> <li>Full-time corporate marketing officers in place as PR contacts</li> <li>Hotline and e-mail of a dedicated unit</li> <li>Periodical corporate governance evaluations</li> </ul>

## 2.4 Materiality and Topic Boundary

In accordance with the GRI G4 Guidelines and the AA1000 SES, the Sustainable Development Task Force conducts a materiality analysis through identification, prioritization, and validation to identify material sustainability issues of the Company.

We convene the meetings of the members on the Sustainable Development Task Force to validate the potential impacts of these material issues within and outside the organization (i.e., positive or negative impacts on the economy, the environment and society) based on internal considerations, the industry outlook, industry practices, and stakeholders' opinions.

### Identification

In accordance with the GRI G4 Guidelines, Chenbro conducts a materiality analysis of sustainability issues with the steps as follows:

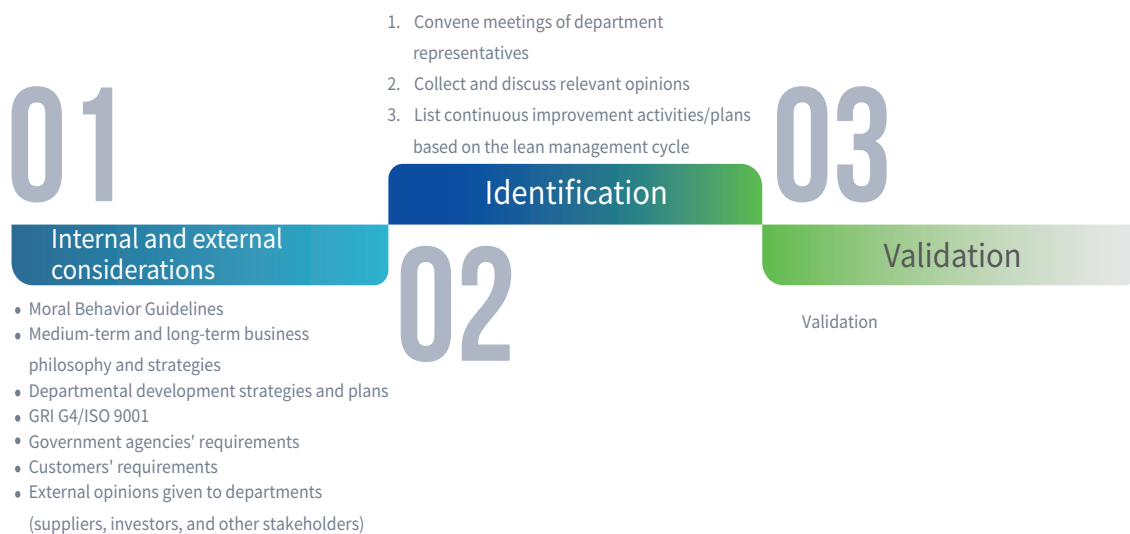
Sustainability issues in relation to Chenbro are listed based on the internal considerations such as the Moral Behavior Guidelines and medium-term and long-term business philosophy and strategies. The source of issues is mainly considerations listed in the GRI G4 Guidelines and in reference to external considerations such as government agencies' requirements, ISO 9001, and customers' requirements. A total of 20 material issues have been identified in the disclosure.

### Prioritization

Incorporating corporate sustainability issues into the daily operations is the Company's aim of promoting sustainable development. Chenbro examines the impacts of material issues on the operations and considers and takes into account the importance of these issues to stakeholders at the same time. The Sustainable Development Task Force led by the Chairperson is responsible for convening meetings of department representatives to collect and discuss relevant opinions. Then, the Chairperson and c-suite executives work together to determine the materiality of issues by weighing their impact on the operations. Next, continuous improvement activities/plans for the material issues are listed based on the lean management cycle to draw a roadmap for corporate sustainability.

### Validation

After reviewing the results of the materiality analysis, the Sustainable Development Task Force has validated 20 material sustainability issues and formulated the long-term goals, strategies, and action plans accordingly. In reference to the GRI Standards, we have also identified 20 material topics in relation to the Company and disclosed the relevant information, data, and management approaches in this report as the basis for continuous improvement.



## Steps

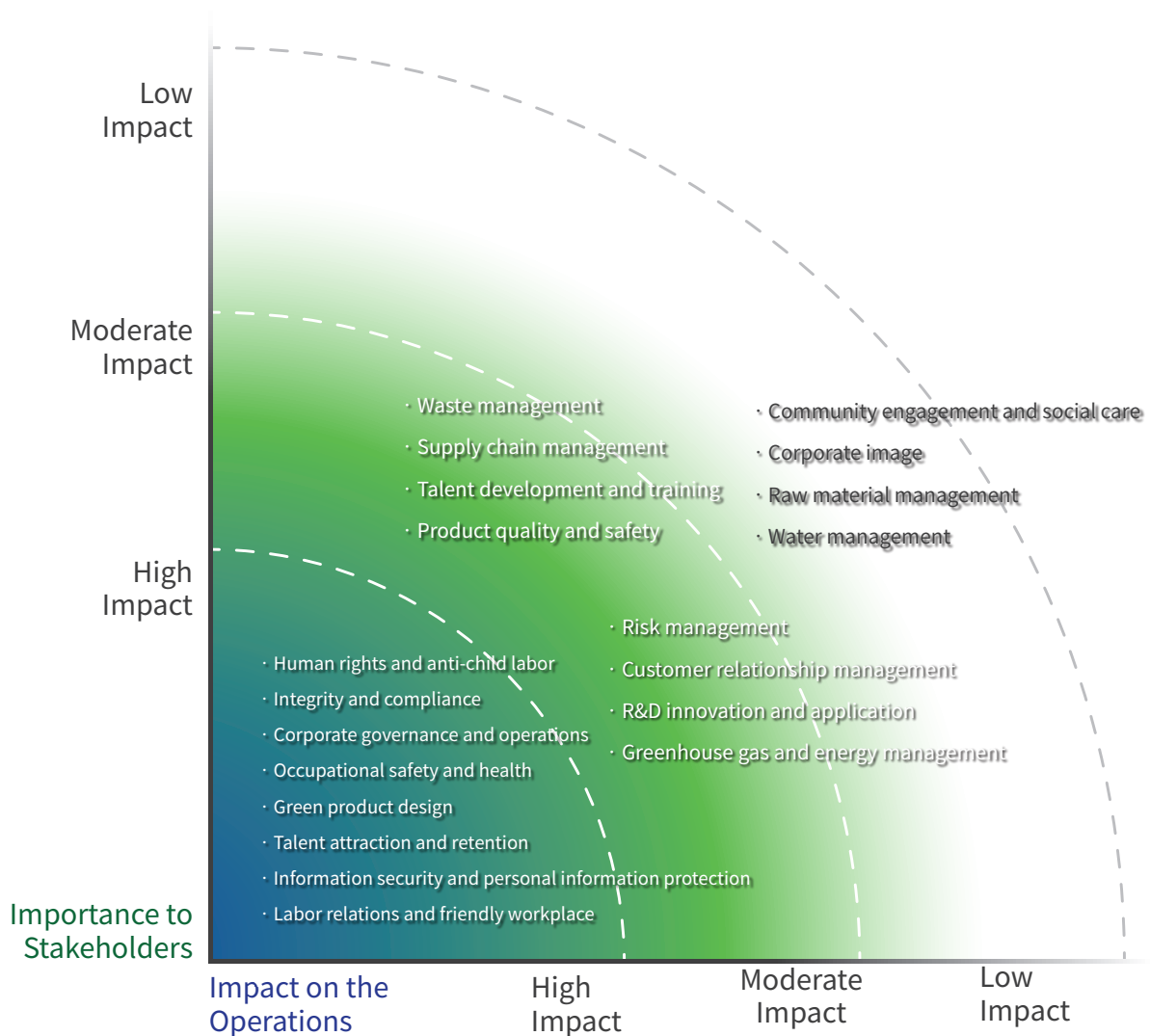
### Internal and external considerations

- Moral Behavior Guidelines
- Medium-term and long-term business philosophy and strategies
- Departmental development strategies and plans
- External opinions given to departments (suppliers, investors, and other stakeholders)
- Government agencies' requirements
- GRI G4
- ISO 9001
- Customers' requirements
- Importance of sustainability issues to stakeholders
- Impact of sustainability issues on the operations

### Meetings of department representatives

- Collect and discuss relevant opinions
- List continuous improvement activities/plans based on the lean management cycle

## 2.5 Materiality Matrix



(The first disclosure of material issues included community engagement and social care, corporate image, raw material management, water management, supply chain management, risk management, customer relationship management, R&D innovation and application, product quality and safety, waste management, greenhouse gas and energy management, talent development and training, integrity and compliance, information security and personal information protection, human rights and anti-child labor, corporate governance and operations, green product design, occupational safety and health, talent attraction and retention, and labor relations and friendly workplace.)



## 03 Corporate Governance



Building  
Inclusive  
Value Chains

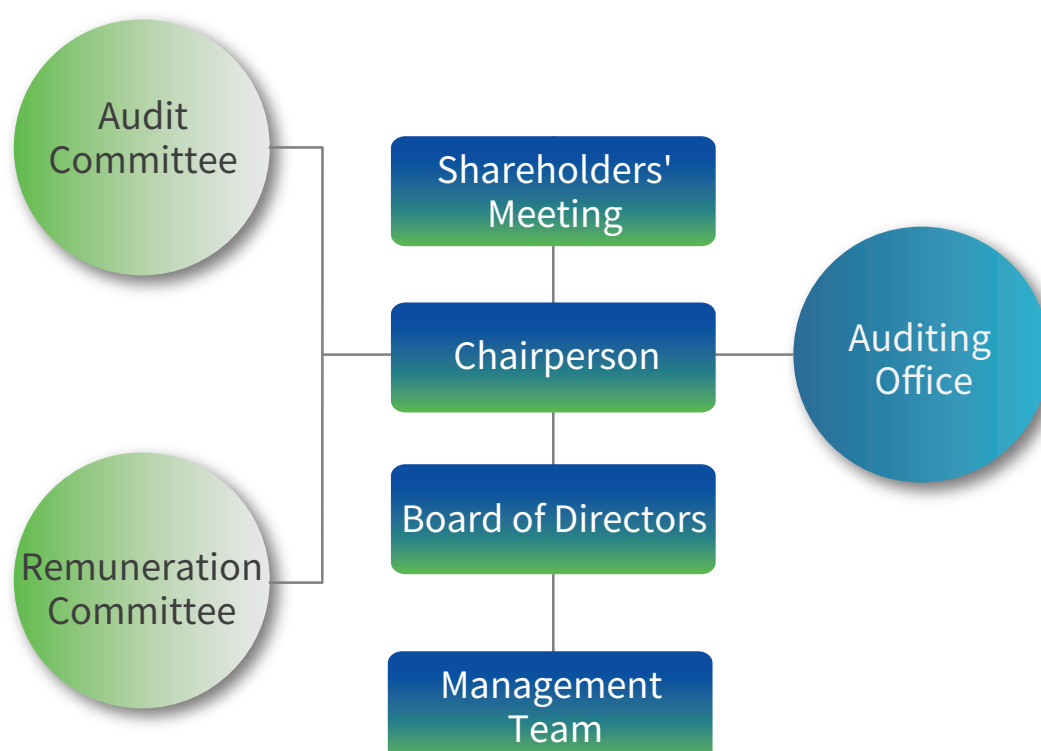
## 3.1 Governance Structure and Responsibilities

### Codes of Corporate Governance

In accordance with the Company Act, the Securities and Exchange Act, and other laws and regulations of the Republic of China, the Company has formulated the "Corporate Governance Best-Practice Principles," "Moral Behavior Guidelines," "Code of Integrity," and "Code of Corporate Social Responsibility" as the bases for implementing corporate governance. Chenbro has been intent on improving the governance structure to enhance the Board structure and responsibilities, protect the rights and interests of stakeholders, and achieve long-term viability with excellence in governance.

### Governance Structure

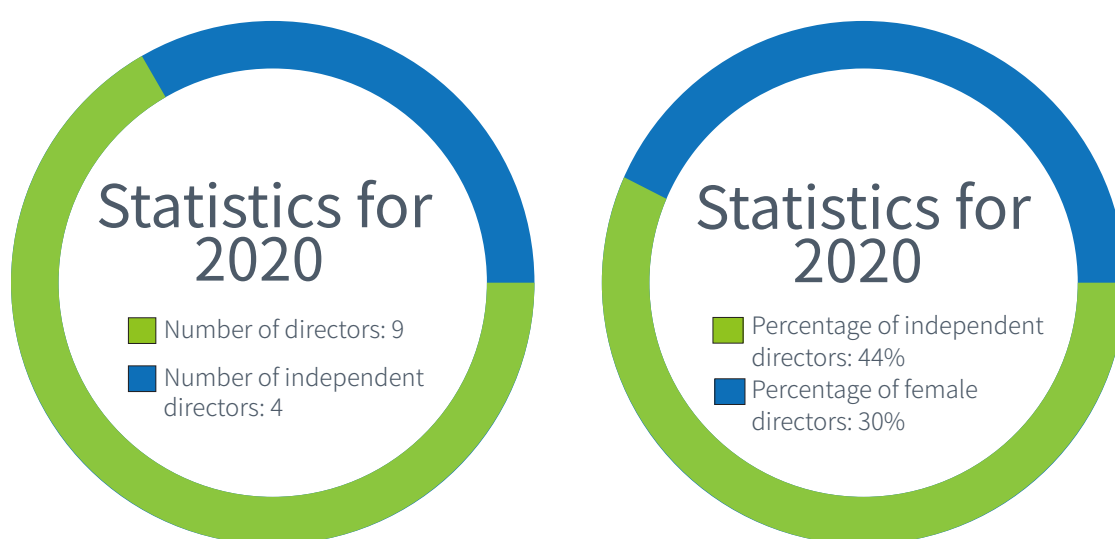
In accordance with the Articles of Incorporation, the Company has nine directors, including four independent directors, for a three-year term. Directors may be reelected. The Chairperson is elected by the Board of Directors. The Chairperson of the Board represents the Company and is responsible for the overall management of the Company. The Company is required to purchase director liability insurance within the scope of responsibilities assumed by the Board of Directors. The tenure of the 14th-term Board of Directors starts on June 23, 2020 and ends on June 22, 2023. In accordance with Articles 14-6 and 14-4 of the Securities and Exchange Act, the Company established the Remuneration Committee and the Audit Committee respectively. The Audit Committee and the Remuneration Committee are composed of all independent directors. Shareholders decide on the Board of Directors, including independent directors, by vote. The Company's corporate governance structure is as follows:



## 3.2 Functions of the Board of Directors

### Members of the Board of Directors

At Chenbro, the Board of Directors consists of nine members with a great breadth of experience in business, academia, legal profession, and accounting. Among them, four members are independent directors, accounting for 44% of total directors. Given the Company's business operations, operating dynamics, and the diversity of the Board, three directors are female, accounting for 30% of total directors.



### Operations of the Board of Directors

#### Election of directors

To ensure the effective operations of the Board of Directors and further protect the rights and interests of all shareholders, the Company maintains corporate governance in compliance with relevant laws and regulations. The Board members are elected through voting by shareholders during the general meetings and may be re-elected. In accordance with Article 192-1 of the Company Act, the Company adopts a candidates nomination system for the election of directors, which is specified in the Articles of Incorporation. In the general meetings, directors, including independent directors, are elected by shareholders from the list of candidates.

There is no gender discrimination or restriction in terms of the nomination of the Board members. The responsibilities of the Board members cover supervising, appointing, and guiding the management team, and being in charge of the Company's operations to maximize the shareholders' equity.

## Board responsibilities

The Board of Directors' primary duty is to supervise the operating performance, avoid conflict of interests, and ensure compliance with relevant laws and regulations, financial transparency, and timely disclosure of material information. Chenbro's Board of Directors strives to perform these responsibilities through the Audit Committee, Remuneration Committee, and internal audits. Chenbro's management team reports to the Board on a variety of subjects on a quarterly basis, including business/financial performances, internal audits, business plans, procedures for making significant financial/business decisions, appointment and dismissal of executives and financial, accounting, corporate governance or internal audit officers, or other material matters that require approval in general meetings of shareholders or the Board meetings or that are required by authorities in charge. Chenbro's management team has maintained a healthy and functional communication with the Board of Directors, and has been committed to managing the business according to the Board's instructions to achieve the best interests for shareholders.

## Implementation of Board diversity

Article 20 of the Company's Corporate Governance Best-Practice Principles stipulates the following: The Company's Board of Directors shall be responsible for the shareholders' meetings. For various work and arrangement of the Company's governance system, the authority of the Board of Directors shall be fully exercised according to relevant laws and regulations, the Articles of Incorporation, or resolutions of shareholders' meetings. The structure of the Company's Board of Directors shall be determined by choosing an appropriate number of the Board members, not less than 5, in consideration of the Company's business scale, the shareholders of major shareholders, and practical operational needs.

The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

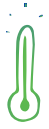
## Remuneration Committee

The Remuneration Committee was established on July 11, 2011. The Remuneration Committee assists the Board in discharging its responsibilities related to Chenbro's compensation and benefits policies, plans, and programs, as well as the compensation of the Board members and executives. The compensation of Chenbro's Board members and the bonuses of employees are set aside according to the annual operational performances and the percentage set out in the Articles of Incorporation and paid according to the methods set by the Board. The remaining compensation is given out according to the overall operational performances, the salary standards of listed companies, and market survey reports issued by professional consulting firms and in consideration of the Company's overall financial and operational risks. Chenbro's Remuneration Committee consists of all three independent directors. Based on the organizational rules, the Remuneration Committee shall hold general meetings at least twice a year.

## Audit Committee

In accordance with the Securities and Exchange Act, Chenbro established the Audit Committee in place of supervisors. The main function of the Audit Committee is to supervise the following matters: fair presentation of the Company's financial statements; appointment (and dismissal), independence, and performance of certificated public accountants; effective implementation of the Company's internal control system; compliance with relevant laws and regulations; and management of the Company's existing or potential risks. The tenure of the 1st-term Audit Committee starts on June 23, 2020 and ends on June 22, 2023. The Audit Committee assists in maintaining the quality and integrity of the Board of Directors in monitoring the Company's accounting, audit, financial reporting procedures and financial controls. Chenbro's Audit Committee is comprised of all four independent directors. Based on the organizational rules, the Audit Committee shall hold general meetings at least once every quarter, and may hold extraordinary meetings as needed.





04

## Enterprise Commitment



Enterprise  
Commitment

## 4.1 Code of Ethics and Accountability

Chenbro is committed to building a sound corporate governance system, practicing business ethics, and abiding by the laws and regulations of the operations.

Chenbro is committed to building a sound corporate governance system, practicing business ethics, and abiding by the laws and regulations of the operations. In recent years, we have internalized the cultures of integrity and accountability in the day-to-day operations and procedures. Maintaining high ethical standards and sound corporate governance is at the heart of Chenbro, and we strive to conduct business in a socially responsible and honest manner to meet the long-term interests of the Company and all relevant stakeholders. To establish good behavior patterns and help stakeholders better understand the ethical standards of the Company, the Moral Behavior Guidelines is formulated in accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies."

### Company-wide Risk Management

At Chenbro, the purpose of enterprise risk management is to maintain shareholder and stakeholder values. We carry out detailed evaluations of uncertainties in the day-to-day operations and set up corresponding mechanisms to address risks and opportunities arising from such uncertainties, thereby increasing shareholder and stakeholder values.

Chenbro takes business ethics and work ethics seriously. In accordance with Article 8 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the internal code of ethics specifies the "management of the prevention of insider trading." In addition, training on the code of ethics is provided for new recruits and incumbent executives on a regular basis. Despite the COVID-19 pandemic, we managed to organize online and offline training simultaneously for more than 200 employees at the headquarters.

## 4.2 Internal Control and Internal Auditing

In addition to an Audit Committee under the jurisdiction of the Board of Directors monitoring the control over the Company's existing or potential risks, Chenbro has established an independent internal audit unit. The internal audit unit is tasked to supervise the control and completion of the annual audit plan, report to the members of the Board of Directors, and track continued improvements.

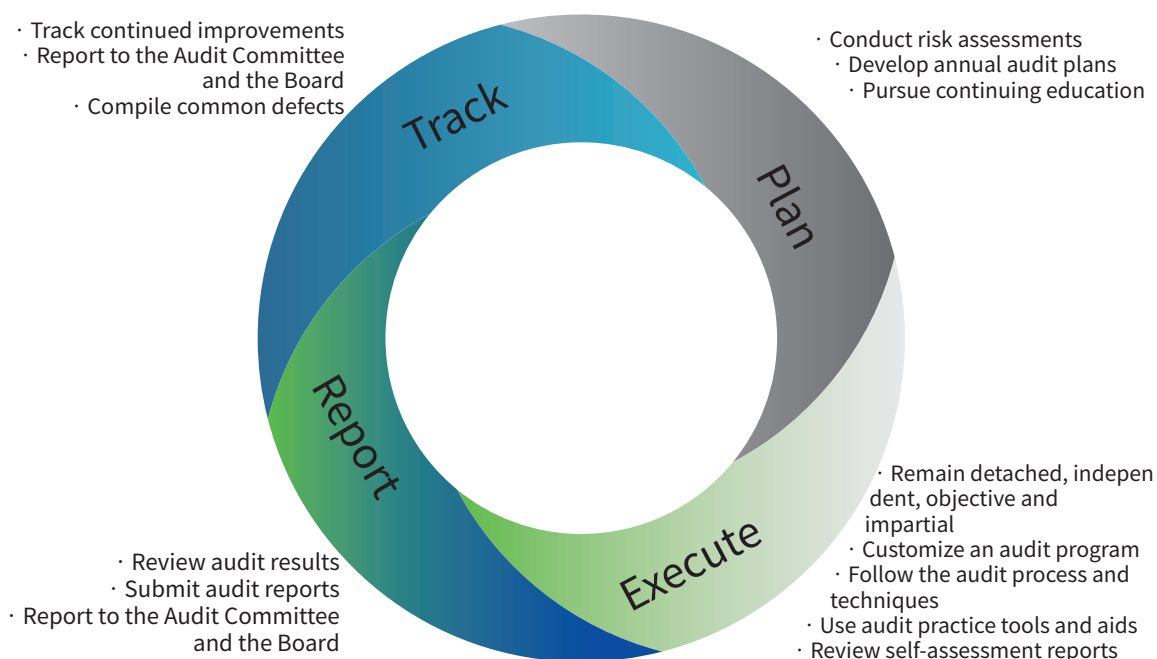
The Auditing Office under the jurisdiction of the Board of Directors is an internal control unit. The Auditing Office is responsible for assisting the Board of Directors and executives in inspecting and reviewing the effect of the internal control system, effectiveness and efficiency of operations, and reliability, timeliness, transparency, and regulatory compliance of reporting. The Auditing Office also makes timely recommendations for improvements to ensure the sustained operating effectiveness of the internal control system and to provide a basis for review and correction.

Our internal auditors are detached, independent, objective and impartial when performing their duties. The Company qualifies internal auditors according to the authority's requirements. Every year, our internal auditors pursue continuing education and attend internal audit training held by institutions recognized by the authority in charge to improve their auditing quality and competence.

The Auditing Office is responsible for developing annual audit plans that center on key risks and in-depth audits, allocating audit resources effectively, and updating the Board of Directors and executives on the operations of the internal control system. Coming at the existing defects or potential risks of the Company, the executives takes effective steps to help the Company and subsidiaries improve the internal control system, risk management and corporate governance in a timely manner. In addition to reporting audit results in the meetings of the independent directors on the Audit Committee on a regular basis, the internal audit officer attends the Board meetings to present audit reports. Every month, audit reports and follow-up reports are e-mailed by the Auditing Office to independent directors for review; the Auditing Office tracks continued improvements based on the instructions and opinions given by the independent directors on the Audit Committee and makes a collective report within the given time.

Every year, the Auditing Office is tasked to review the self-assessment reports submitted by the Company and subsidiaries and follow up on the correction of any defects and irregularities found in the internal control system. Based on such findings, the Board and the President arrive at the overall effectiveness of the internal control system and issue an internal control system statement. In line with the Company's business goals and strategies, the Auditing Office continues to improve internal auditors' professionalism and competence, integrate audit resources, and enhance the content and quality of audit reports in hopes of bettering the value and effect of internal audits.

## Company-wide Risk Management



## 4.3 Human Rights Management and Policy

Chenbro always adheres to relevant laws and regulations in all business activities. To ensure regulatory compliance, we will keep abreast of any domestic and foreign policies and laws relevant to the business processes and build a culture of "compliance first" across the operations.

For the protection and promotion of human rights, Chenbro has a human rights policy in place to regulate the protection of human rights. We also expect our suppliers and partners to uphold this policy to protect human rights together. In the future, Chenbro will support and respect international standards, including the "UN Universal Declaration of Human Rights," the first and second principles of "UN Global Compact," "UN Guiding Principles on Business and Human Rights," and "ILO Declaration of Fundamental Principles and Rights at Work," as well as relevant local laws and regulations; we will also implement human rights protection by joining the "Responsible Business Alliance (RBA)."

### Human Rights Governance

To adequately manage human rights issues arising from the operations at home and abroad, Chenbro implements risk management across the organization. Risk management results are collated and submitted to the task forces under the Sustainable Development Committee, which then reports to the management team in regular meetings. Employee and operation-related human rights issues are managed by HR using the risk-based approach (RBA). We are also committed to creating a gender-friendly, diversified, and inclusive workplace. Internal policies such as "Regulations for Gender Equality in Employment," "Work Rules," "Regulations for Sexual Harassment Prevention," and "Regulations for Recruitment and Appointment" are in place, specifying that the Company shall protect the rights of the employees and ensure that every employee is properly taken care of.

The Company gives full care to female employees. For pregnant employees, regular follow-ups, on-site health consultations, and breastfeeding rooms are offered; female employees who are in their menstrual period can also take menstrual leave to rest.

On community and environment-related human rights issues, each operation implements environmental monitoring and surveys local communities to identify human rights risks. For suppliers, the "Supply Chain Management Team" conducts supplier sustainability assessments to identify human rights risks.

## 4.4 Customer Relationship Management

"Strict adherence to contractual obligations and confidentiality" is a long-term commitment Chenbro makes to all customers. All information we provide for our customers is subject to clear policies and a strict internal control system. In addition to technical data, hardware and software, information related to customers' patents and other intellectual property rights is incorporated into our internal control system. We enter into confidentiality agreements with all customers and suppliers in advance to maintain the absolute security of all confidential information of our corporate customers. The Company will further implement the information security management policy to secure customers' information in depth and breadth in hopes of perfecting customer relationship management and customer satisfaction.

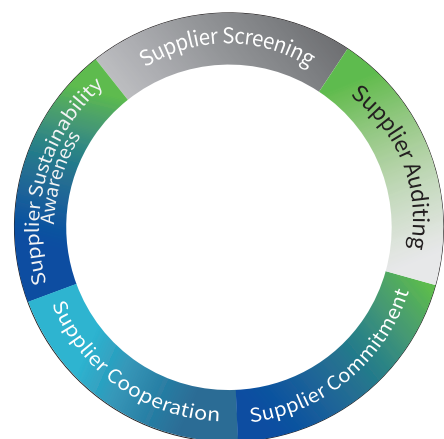
## 4.5 Supplier Sustainability Management

### Purpose

Suppliers are a vital factor for the sustainable development of Chenbro. As compliance with relevant laws and regulations is the basis for sound supplier management, we keep an eye on the labor rights, environmental practices, and safety and sanitary conditions of our suppliers as the control points to build a sustainable supplier relationship.

### Strategies

1. Implement the Company's Supply Chain Management Policy
2. Strengthen the management of conflict-free minerals, ensuring that no restricted substances or substances of very high concern under the REACH and SVHC are used
3. Promote a green supply chain, creating a business model eyeing a clean environment in collaboration with all suppliers

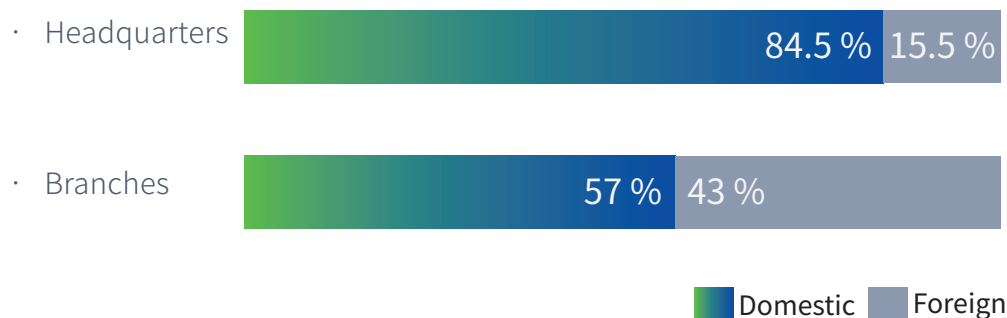


### Supplier Risk Management

<b>Economic Aspect</b> (Delivery time and quality, oligopoly, etc.)	<b>Social Aspect</b> (Management of conflict-free minerals, etc.)	<b>Environmental Aspect</b> (Environmental compliance, environmental management, waste and air pollution, etc.)
<ul style="list-style-type: none"> <li>• Steel</li> <li>• Slide rails</li> </ul>	<ul style="list-style-type: none"> <li>• Wire rods</li> <li>• Printed circuit boards</li> <li>• Fans</li> <li>• Power</li> <li>• Steel</li> </ul>	<ul style="list-style-type: none"> <li>• Wire rods</li> <li>• Printed circuit boards</li> <li>• Power</li> </ul>

## Local Procurement

At Chenbro, local procurement is one of our key procurement strategies. Through local procurement, we ensure the stable operations of our business, accelerate production, and minimize greenhouse gas (GHG) emissions from transportation, in addition to promoting the local economy. In the future, we will disclose the percentage of local suppliers used by the headquarters and branches.



## Procurement of Conflict-free Minerals

Chenbro is responsible to ensure that materials used in our products are not obtained from conflict minerals. Also, we follow the "Conflict-Free Smelter (CFS)" program developed by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI). We verify the responsible sourcing of minerals not mined in the Democratic Republic of the Congo or by illegal armed groups in neighboring countries, so as to avoid human rights violations and environmental destruction. To make responsible procurement a reality, we have drawn up the "Conflict-Free Smelter (CFS) Statement" and require that all suppliers should sign the statement in addition to complying with the Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS).

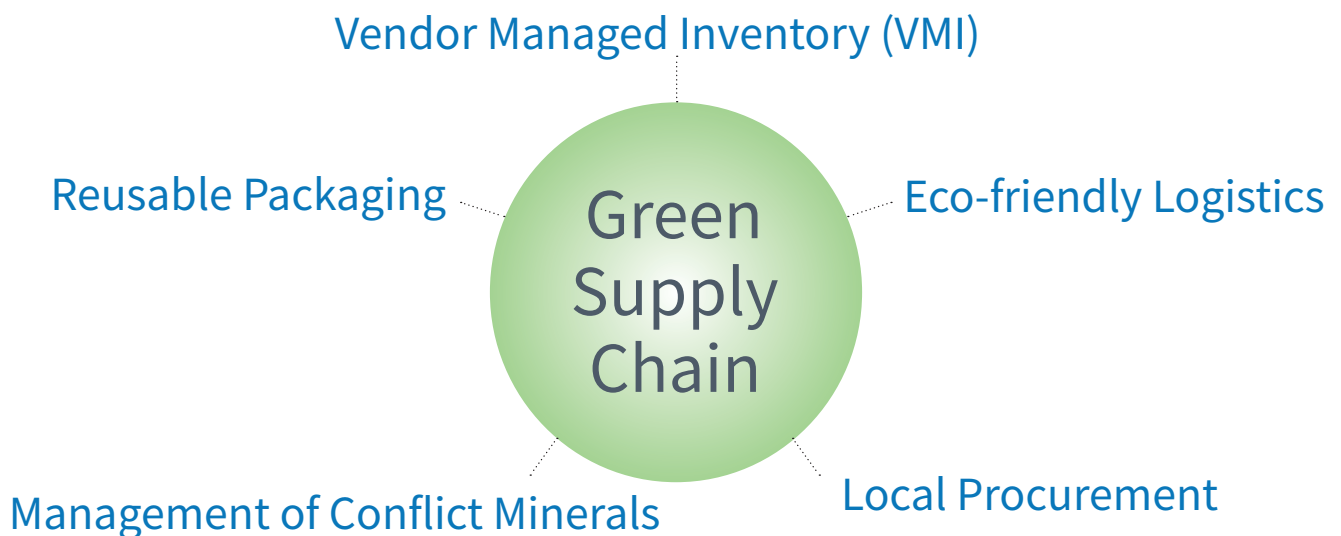
## Sustainable Packaging

To implement green procurement, Chenbro requires that all suppliers should sign the "Green Procurement Statement," undertaking to use reusable packaging to reduce waste and environmental impacts and to provide eco-friendly logistics.

## Human Rights Policy for Suppliers

Chenbro has formulated the "Supplier Code of Conduct," which requires that suppliers should avoid any form of unfair labor practice and make sure that their employees meet the legal working age requirement. Suppliers are also required to comply with local laws and regulations in reference to the "UN Guiding Principles on Business and Human Rights," "ILO Declaration of Fundamental Principles and Rights at Work," and "UN Universal Declaration of Human Rights."

In the future, the Company will move further to ask suppliers to have their suppliers comply with the same standards that are binding on them; in addition, we will incorporate requirements for safety & sanitary management in the written agreements with all contractors to clearly define contractor obligation and responsibility, and assess all the risks in the work environment, including those from dangerous machines, so as to have proactive control and eliminate potential hazards. We will also set up a system for on-site patrols and inspections. On-site inspections and audits are conducted, on a regular basis and from time to time, for the precautions, records of safety and health training, and all safety requirements to be met before, during and after the use of machines, tools and equipment, so as to create and add the value of a sustainable supplier chain.



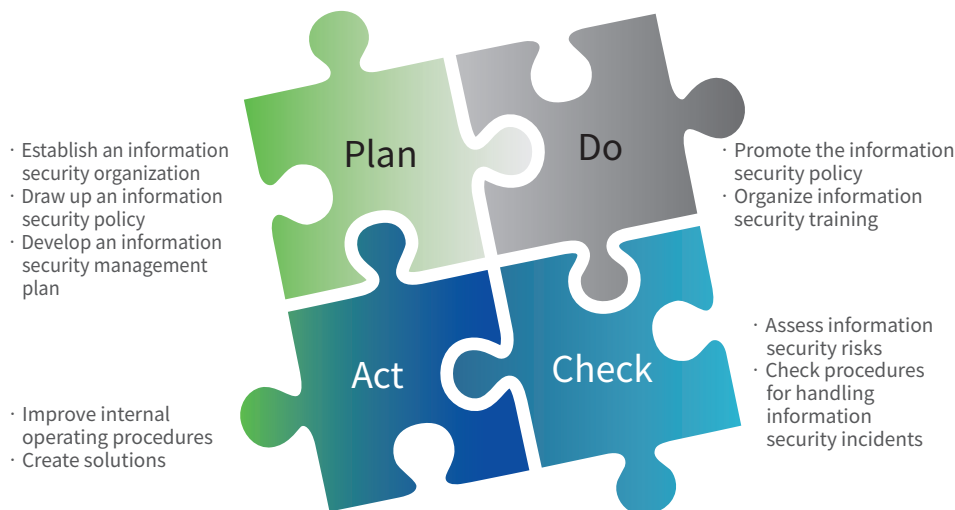
## 4.6 Information Security Management

Chenbro attaches great importance to information security. In addition to the Information Security Management Policy, the Company has set up relevant regulations and operating procedures for maintaining information security. In the past, there was no information security incidents that caused business interruptions or major losses to customers. The following describes potential operational risks the Company faces and how we take effective steps to control them and ensure information security. We implement the Information Security Management Policy to securely manage customers' information as an ongoing concern, thereby increasing customer trust and rendering service in a safer and more efficient manner.

# Information Security Management Policy

Information Security Management	Compliance	Technology Application
<ul style="list-style-type: none"> <li>· Constantly review information security risks arising from operational changes</li> <li>· Ensure that information practices comply with information security standards and regulations</li> <li>· Ensure that the operating environment meets modern information security standards</li> </ul>	<ul style="list-style-type: none"> <li>· Review the risks of data exchange and make timely adjustments</li> <li>· Disclose risks and solutions on a regular basis</li> <li>· Audit and disclose noncompliance matters on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>· Review the current information security structure on a regular basis and make timely adjustments within the scope of regulatory compliance and costs</li> </ul>

# Information Security Management Cycle



# Information Security Organization in Charge of Overseeing the Operating Environment



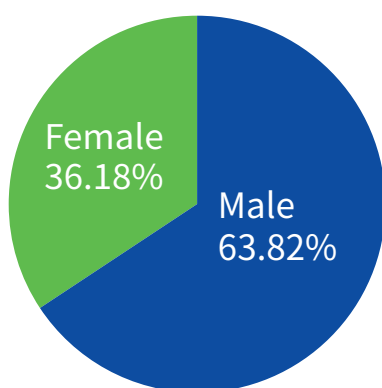
## Achievements

- The Company had 2,175 employees, with female employees accounting for 36.18%, and 49 female managerial employees in 2020.
- The number of training hours totaled 34,675 in 2020, a 23% increase from 28,148 in 2019, and total training expenses as a percentage of total revenue increased from 0.29% in 2019 to 0.39% in 2020.

Chenbro believes that it is our employees' development and devotion that keeps the Company growing and innovating. We are committed to providing a safe, healthy, and quality work environment that promotes the workforce diversity and human rights. Chenbro will continue investing in talent development and training to help employees accomplish fulfilling careers and make the Company's high-skilled and experienced human capital. We value human rights and gender equality and are committed to providing and maintaining a friendly, safe and healthy workplace that improves employees' efficiency and productivity at work.

The Company has established an inclusive recruitment policy that promotes diversity and prohibits discrimination against any employee or job applicant on the basis of gender, race, class, language, ideology, religion, political party, nationality, birthplace, sexual orientation, age, marriage, etc. We have also formulated regulations to ensure compliance with the Act of Gender Equality in Employment.

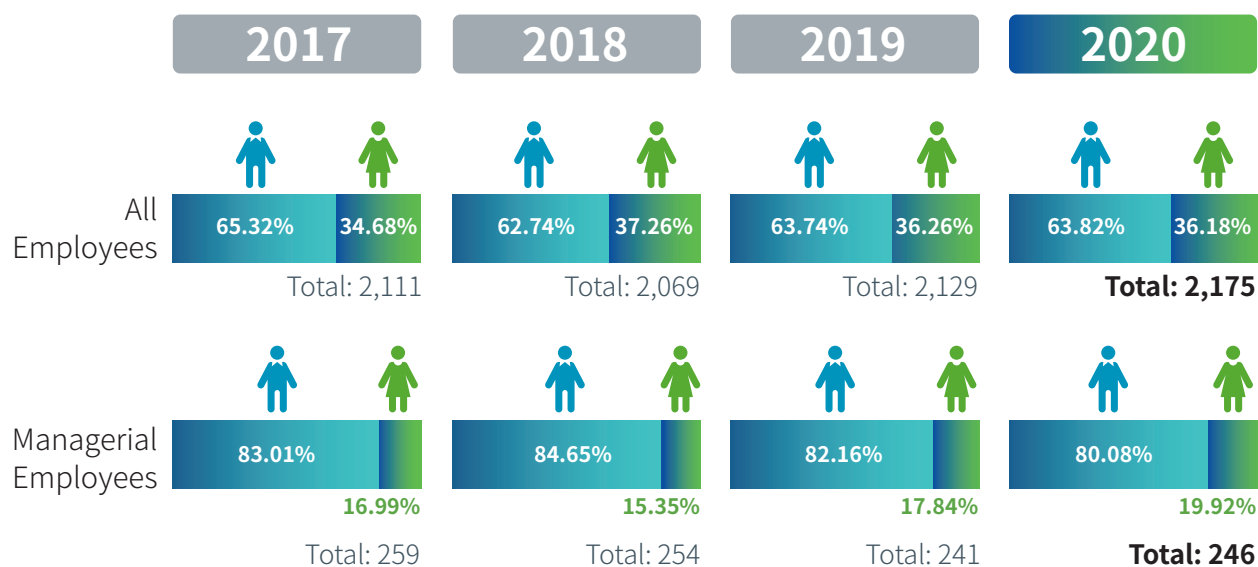
## 4.7 Manpower Structure



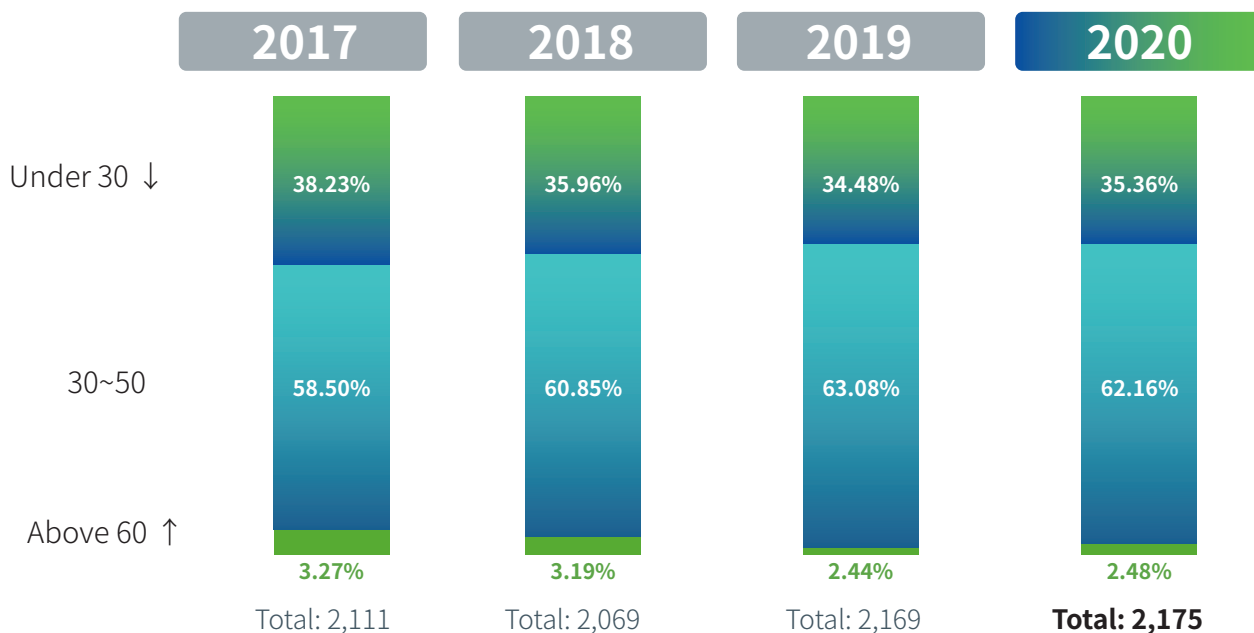
A total of 2,175 employees

We provide a premium workplace, competitive remuneration, a developed learning environment and safe working conditions, and spare no effort to cultivate new graduates. Of total employees in 2020, employees under 30, 30~50, and above 50 accounted for 35.36%, 62.16%, and 2.48% respectively.

## Number of Male and Female Employees by Rank from 2017 to 2020



## Number of Male and Female Employees by Age from 2017 to 2020



## Anti-discrimination and Anti-harassment

At Chenbro, workforce internationalization and diversity is one of the factors that lead to happiness at work. We uphold the principle of equality and anti-discrimination when treating multicultural employees. We provide equal and fair employment opportunities and never discriminate on the basis of race, gender, age, disability, religion, ethnicity or any other characteristics protected by relevant laws.

## No Child Labor

Chenbro strictly prohibits the employment of underage workers at all operations and suppliers around the world. When hiring employees, we require age certificates and ensure compliance with local labor laws.

# 4.8 Talent Recruitment and Retention

Employees are the key to Chenbro's success. Like-minded professionals are welcome to come on board and grow with us. At Chenbro, employees are treated as not only business partners but family members. Employees work together to create a happy work environment and deliver quality products and services. Our values are built on mutual trust, mutual respect, and mutual sharing. In addition to monthly pay, our employees do all they can to pursue a sense of accomplishment after hard work.

The Company also offers a solid stage for employees to grow, advance, and shine. Chenbro strives to develop and reinforce employees' expertise, originality, and positive attitude toward work. Our employees are always grateful and treat each other sincerely in line with the Company's philosophy (Hope, Health and Happy, 3H). This core value has a positive effect on everyone at Chenbro. We hope to create a dynamic, happy, and friendly team, more importantly, a top-notch team.

In terms of recruitment and employment policies, Chenbro recruits competent professionals or those with potential through fair and open channels. The Company also participates in recruitment campaigns organized by the Bureau of Labor or employment service stations and employs people based on their expertise and work experience.

As a member of the GOLF (Gap of Learning & Field), Chenbro offers internship programs to assist students in bridging the gap between learning and field practice and getting ready to enter the workplace. The Company also supports and encourages employees to pursue continuing education and grants them a scholarship.

To help new recruits adapt themselves to the workplace quickly and get a good hold of all skills required to perform their work, Chenbro has drawn up a comprehensive training plan after thorough deliberations. New recruits are primed with company information such as company history/milestones, management systems, and products to ensure that they have a comprehensive understanding of the Company. Hands-on practice is also arranged to amplify new employees' experience and learning, allowing them to master skills required for their work as soon as possible.

To retain talents with potential, we endeavor to build a friendly work environment that promotes and values work-life balance, provides training opportunities, and encourages job rotations. In such a competitive workplace, we push our employees to continuously advance and make their careers at Chenbro.

## Employee Benefits at Chenbro

- A. People-oriented work environment and management systems:
  - (a) Flexible working hours
  - (b) Gender equality and equal opportunities
  - (c) Periodic cultural activities and art lectures to ignite imagination and learning
  - (d) Complete promotion plans
- B. Multiple benefits:
  - (a) Scholarships, birthday cash gifts, and three Chinese festival bonuses
  - (b) Employees annual travel
  - (c) Employee bonuses
  - (d) Health checkups
  - (e) Benefit credits for movie tickets, books, SPA, and others
  - (f) Employee stock ownership trust
- C. Excellent learning channels:
  - (a) Excellent pre-service and on-the-job training that helps get the best out of employees
  - (b) A wealth of in-depth learning resources, including employee learning meetings and daily newsletters, and management weeklies
  - (c) Scholarships for EMBA
- D. Sound labor systems:
  - (a) Complete labor insurance and medical insurance plans
  - (b) Comprehensive pension systems
  - (c) Employee Welfare Committee

## 4.9 Employee Care and Communication Channels

Chenbro has an Employee Welfare Committee in place. Welfare expenditures are allocated according to law, and 0.5% of the employees' salaries is allocated for organizing employee welfare activities across the organization, including festival bonuses (three Chinese festivals, Women's Day and Father's Day), wedding and funeral subsidies, birthday cash gifts, hospital allowances, employee travel, and tickets for arts and cultural activities.

At Chenbro, employees embrace a 3H lifestyle (Happy, Health and Hope); that is, our employees take a healthy, happy and hopeful attitude toward both their lives and work. We are attentive to details, which can be seen in our employees' work or products or services delivered to our customers, and address ourselves to providing the employees a happy workplace that promotes a sense of achievement at work, family harmony, and social welfare. Committed to building mutual trust between labor and management, the Company pays attention to unimpeded internal communication. We hold labor and management meetings every quarter and keep records to track problems and improvements.

Chenbro attaches great importance to issues such as corporate cultures of integrity and transparency and sound corporate governance. In addition to periodic meetings, employees are welcome to express their opinions through various communication channels. In accordance with the Code of Integrity and the Corporate Governance Best-Practice Principles, the Company has set up a whistle-blower protection system, including dedicated reporting channels (e-mail and hotline). Investigations into reported cases are conducted in private. In operations, plant directors' e-mails, feedback boxes, and WeChat groups for general service inquiries are in place for employees to express their opinions or give advice, thereby realizing labor-management harmony. Moreover, a general staff meeting is held at least once every three months as a platform to facilitate two-way communication. In the general staff meeting, employee representatives have an opportunity to formulate and review the Company's important rules and issues in relation to employee benefits, including regulations for employee rewards and disciplinary actions, year-end bonus schemes, and welfare expenditures. Opinions gleaned from employees are regularly communicated and discussed in the meeting to enhance labor-management harmony and maintain labor rights.



## 4.10 Employee Development and Training

Talent development is the cornerstone of business sustainability. According to employees' job descriptions, performance evaluation results and career development plans, Chenbro provides a wealth of learning resources and development channels, including orientation training, specialty training, work instructions, and internal transfers, to develop employees' professionalism, experience and international competitiveness. Training categories are detailed as follows:

1. Orientation
2. Specialties: R&D, marketing, finance, and information technology
3. Management skills: elementary, intermediate and advanced management skills
4. General education: company values, customer satisfaction, occupational safety and health, and functional training
5. Project-oriented training: institutional technology workshops, seminars, and technology forums
6. External training: external technology seminars and skills training (with allowances granted)
7. Self-development: e-learning and EMBA (with scholarships granted)

In orientation training, the Company encourages new recruits to show themselves and participate in company activities. Through weeklies and sharing sessions, new employees understand and get the best out of themselves and learn leadership, inter-departmental communication, and team-building skills.

In employee training of different levels and functions, we have also designed a variety of learning programs to increase employees' job knowledge and skills, including know-how, future-proof technology, and industry trends in various fields. As training is highly linked to work, employees are primed with the latest and true knowledge to advance. The number of training hours totaled 34,675 in 2020, a 23% increase from 28,148 in 2019, and total training expenses as a percentage of total revenue increased from 0.29% in 2019 to 0.39% in 2020.

Chenbro continuously instills corporate values in employees through various learning channels. Employees are trained to reach sustainable development goals and are equipped with an ability to improve organizational dynamics and cohesion, thereby shaping a healthy and harmonious work environment. Qualified employees are expected to take over the management of the Company after five to ten years of training.

Training-related Indicator	Unit	2019	2020
Total Training Expenses	NT\$1 million	19.84	17.80
Total Training Hours	Hour	28,148	34,675
Total Training Expenses/ Total Revenue	% (rounded to the second decimal place)	0.29%	0.39%
Total Training Expenses/ Total Employees	NT\$/person	NT \$ 98,706	NT \$ 97,267

## 4.11 Employee Health Management

At Chenbro, employees' psychological well-being comes first in the management of a happy workplace. In addition to providing a healthy work environment, we have been actively promoting a sports culture so that our employees can remain healthy and positive and do well in both their lives and work.

Aiming at creating a friendly workplace that values employees' hard work and well-being, the Company regularly invites qualified physicians and nurses to conduct annual health checkups with various options, provide health information, and give medical advice based on employees' health reports. The annual health checkups include the following categories: general examination (height, weight, blood pressure, pulse, respiration and body temperature), body composition analysis (body fat, muscle and water), systemic physical examination and assessment, eye examination (vision, intraocular pressure and color blindness), hearing examination, MRI for cancer, ultrafast-low-dose computed tomography, painless gastrointestinal endoscopy, high-resolution color-Doppler ultrasound, anti-aging test, electrocardiogram, X-ray, cervical cancer screening, urine test, routine blood test, blood sugar test, blood fat test, test for kidney disease, liver function and gallbladder tests, hepatitis screening, thyroid function test, and blood test for tumor markers.

In addition to maintaining health and boosting the spirit, employees get close together through sports, which can have a positive impact on cohesion and performances at work. Employees are encouraged to take part in sporting activities. The Company allocates an annual budget of NT\$1 million for sporting activities, including sports clubs such as baseball club, badminton club, golf club, and cycling club, with an aim to make sports part of everyday life and a culture at Chenbro. In 2018 and 2020, Chenbro was granted an "i sports" mark by the Sports Administration. The Company also promotes team building (sports competition) and other employee welfare activities organized by the Employee Welfare Committee every year.



## 4.12 Workplace Quality and Safety

The "Work Rules" formulated by Chenbro specifies compensation for and insurance against occupational disasters, and is made available on the intranet for employees' reference.

### 1. Workplace

At Chenbro, providing employees a comfortable and happy workplace has been our top priority. In 2020, the Company moved to the new headquarters in Xinzhuang. Hardware and software equipment was introduced in consideration of convenience, digitization, and intelligence to ensure the health of our employees.



## 2. Workplace safety and protective measures

- (1) The Company has strict access control. Employees have to use identification cards to enter the office to protect office security. The Company's office has a 24-hour monitoring system and emergency call buttons. We have signed a contract with the security company to maintain office security.
- (2) To maintain employees' safety and health and promote safety and health practices, the Company has appointed one labor safety and health business executive, one fire management officer, and several first responders.
- (3) According to the Company's Labor Safety and Health Work Rules, water dispensers are maintained every three months. Water is tested for the presence of E. coli to ensure the health of employees.

## 3. Indoor air quality and ventilation equipment

- (1) An appropriate workspace is arranged to give every employee enough space for work.
- (2) A smoke-free policy is in place.
- (3) Photocopiers and fax machines are placed in separate locations.
- (4) The ventilation system is maintained and regularly cleaned every year, including the shafts and filter nets.
- (5) An appropriate room temperature is set to increase the frequency of air circulation.
- (6) The carbon dioxide concentration in the office is regularly inspected every six months to maintain the health of employees.

## 4. Lighting

- (1) LED lighting is installed with filters to reduce eye discomfort.
- (2) Non-reflective materials for the wall, floor, and furniture are adopted.
- (3) Lighting in the workplace is regularly inspected and maintained every six months to ensure sufficient lighting for work.

## 5. Mitigating physical discomfort of computer users

- (1) Ergonomic chairs are used for employees to work in the most comfortable position.
- (2) Daily stretching time is set to reduce physical discomfort caused by prolonged sittings.
- (3) The Company provides large computer screens and screen supports for employees who use computers for a long time, creating a comfortable work environment.

## 6. Fire alarm safety

- (1) The Company engages professional companies to carry out the security inspection every two years in accordance with the Regulations for Inspecting and Reporting Buildings Public Security. The Company commissions professional organizations to inspect the fire safety facilities every year as required by the Fire Services Act.
- (2) Fire equipment placement and escape route maps are provided in the office, and clear signs are set up along the road to indicate the route to leave the building.
- (3) Inspected fire extinguishers and fire suppression systems are placed in the office. The maintenance and inspection of fire extinguishers is carried out every three months to ensure their effectiveness. Fire safety seminars and drills are organized every six months. Fire declarations are also made according to law.
- (4) New recruits are required to attend orientation and fire drills to learn the fire equipment and related information about escape routes.
- (5) Qualified electricians are retained to try and calculate enough power sockets to avoid fire caused by excessive power load.
- (6) Electrical equipment is inspected from time to time to ensure the safe use of electrical appliances. If there are any faults in the electrical equipment, they should be reported immediately.

## 7. Environmental safety monitoring in operations

Chenbro is committed to reducing workplace hazards to ensure the safety and health of employees. Action plans are implemented based on the management policies to achieve the goal of continuous improvement and reduced occupational disasters.

The Company takes system and source management seriously. At present, the plant in Kunshan, China has obtained the ISO45001 certification, and takes the initiative in monitoring operational risks every year to improve operational safety. In the future, we will gradually implement the certification of operations in other regions.

## 8. Hazard identification, risk assessment, and incident investigation

In strict compliance with local laws and regulations and the requirement for the ISO 45001 certification, the Company conducts risk assessments to make zero accidents/disasters a reality. The plant directors are responsible for approving the hazard identification and risk assessment practices; they hold safety and health related issue meetings on a regular basis to review the applicability of hazard identification and risk assessment practices based on internal and external audit results, and make adjustments timely.

## 9. Prevention of occupational injuries and diseases

To effectively prevent occupational diseases and disasters, Chenbro has set up an environmental safety team in each operation, and conducts internal/external audits to supervise the EHS practices plant-wide. Each department of a plant is equipped with first responders and first aid kits to provide necessary emergency medical services immediately in case of emergent situations.





## 05 Environmental Sustainability

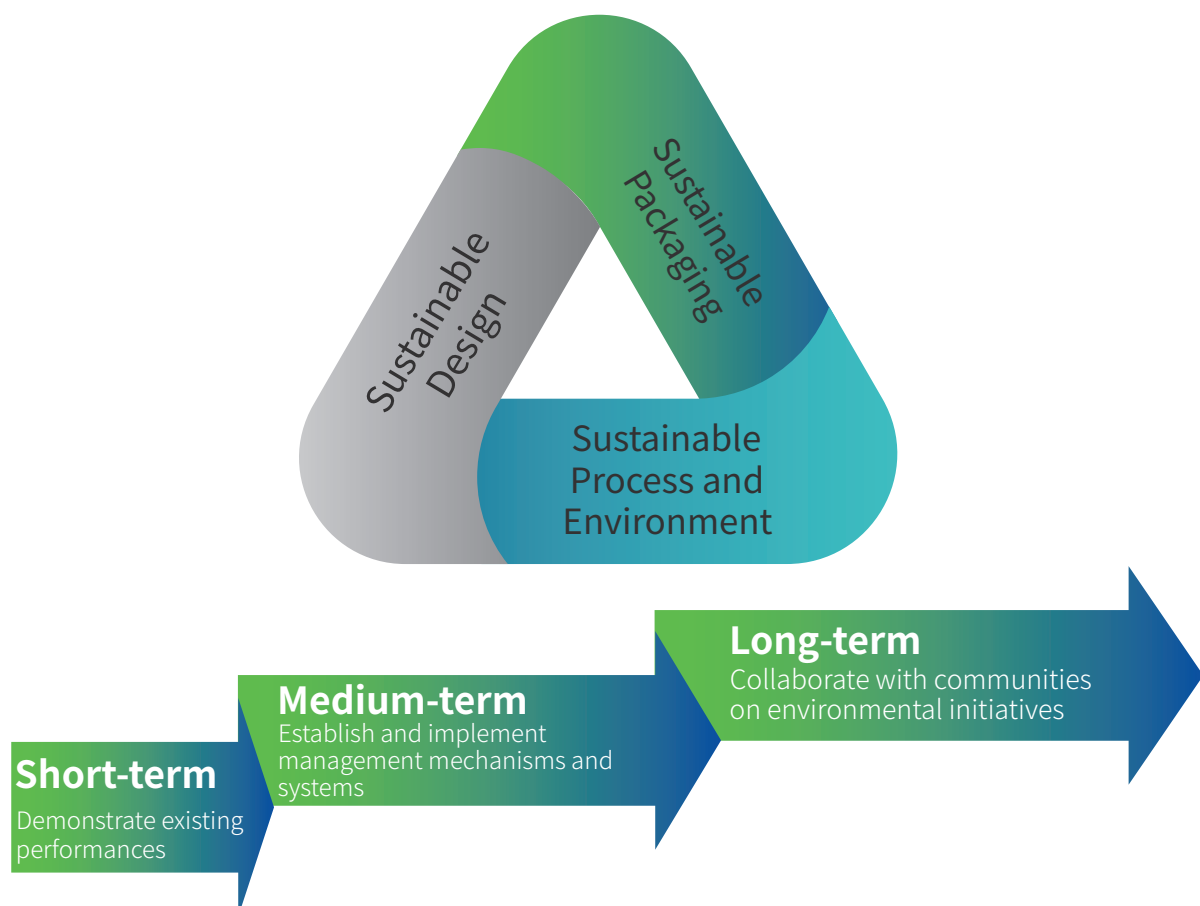


Environmental  
Sustainability

Chenbro complies with environmental laws and regulations to meet international trends and customers' requirements. We are fully aware that manufacturing processes may have impacts on the environment. Although our manufacturing process does not directly impact the local environment, we are adamant in reducing the overall impacts of manufacturing processes in the supply chain. Together with all suppliers, the Company aims to protect the environment as a responsible corporate citizen.

In 2019, Chenbro launched the project, "Waste Reduction for Environmental Sustainability," to promote the idea of energy conservation and carbon reduction with comprehensive action plans. To achieve remarkable success in the project, we planned to introduce a low-carbon process in addition to reducing the consumption of resources, so as to mitigate environmental impacts arising from the production. Following remarkable success in the project in 2019, we took the step further in 2020 by rolling out the project version 2.0, which focused on optimizing the two aspects: energy efficiency improvement and lean production. By introducing the concepts of "green processes," "sustainable process and environment," and "sustainable design and packaging," we also took concrete action to mitigate the operational impacts on the environment.

Chenbro will continue advancing on the short-term, medium-term, and long-term sustainable development goals by demonstrating existing performances, establishing and implementing management mechanisms and systems, and collaborating with communities on environmental initiatives, respectively.



# 5.1 Benefits of Energy Conservation and Carbon Reduction

## Energy Management

With mounting environmental impacts and risks arising from climate change, Chenbro is committed to increasing energy efficiency and reducing consumption of energy in hopes of creating a sustainable environment. As one of the suppliers in the cloud industry, Chenbro strives to exert positive influence on the environment by using energy with new technology in the operations, life, work, learning, and more, hoping to pursue business performances in a climate-resilient and cost-effective way. We have energy conservation teams in place at our two existing plants respectively to inspect the consumption of electricity, water, and air-conditioning during the off-duty period of each workshop/office. In 2020, environmental measures were taken in our new headquarters to promote energy/water conservation, paperless operations, and waste reduction. Following the spirit of environmental protection, a new plant is to be built in Chiayi in 2021 as a green building.

## Electricity Consumption

In the face of the uncertainty of climate change and the low-carbon transformation of the global energy system, we center our attention on creating and leading low-carbon solutions to pursue business performances in an energy-efficient, climate-resilient, and cost-effective way. In the future, we expect to extend this low-carbon practice to every operation site with solar power, energy-saving air-conditioning, LED lighting, and light sensors.

Year	Total Electricity Consumed	Total Electricity Consumed/ Turnover (in NT\$1,000)
2019	13,950,879	0.200%
2020	14,149,451	0.187%

# 5.2 Water Management

The Company does not draw off water in conservation areas. Water used in our operations is solely supplied by local water companies. We have also reformed the tap water systems at operations by setting reasonable water pressure and adopting water-saving sanitary appliances. Water consumed in 2020 was about 30,000 tons less than that in 2019. In the future, measures such as water preservation, ecological retention ponds and waterways, and rainwater harvest systems will be taken for the Chiayi Plant to ensure the continuous effect of water management.

Year	Tons of Water Consumption Converted	Tons of Recycled Water	Percentage of Recycled Water	Total Water Consumption/ Turnover (in NT\$1,000)
2019	166,136	11,800	7.1%	2.4%
2020	135,827	9,000	6.6%	1.8%

## 5.3 Greenhouse Gas Reduction

During production, energy consumption increases as the number of products manufactured increases, which in turn generates greenhouse gases. As a corporate citizen, Chenbro is well aware of the impact of greenhouse gases on global climate change, and is taking concrete action to reduce GHG emissions in the manufacturing process. By percentage of turnover, our greenhouse gas emissions in 2020 were lower than those in 2019.

Year	Tons of GHG Emissions (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, etc.)	Emission/Turnover (in NT\$1,000)
2019	10,763.76	0.15%
2020	10,830.64	0.14%

## 5.4 Waste and Hazardous Substance Management

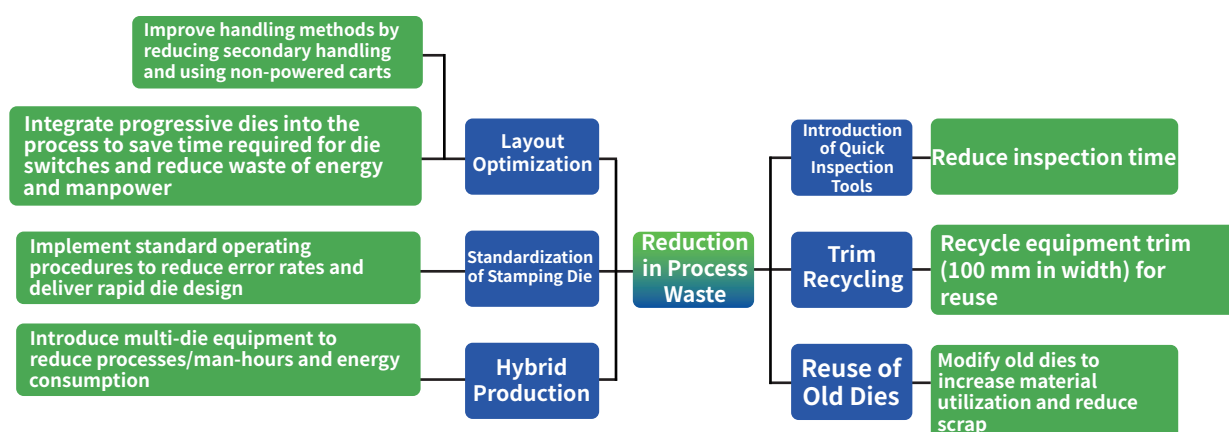
In accordance with laws and regulations, the Company entrusts qualified waste disposal companies to dispose of waste properly; in addition, we pay inspection visits to waste disposal companies from time to time and make sure that waste is properly disposed of on-site. At our operations, periodic inspections on waste storage and staging areas are conducted according to the inspection schedule. For non-compliance matters, improvements should be made within the given time limit. To build an effective management and evaluation mechanism, we also have an environment, health, and safety (EHS) self-assessment sheet drawn up for use in the EHS audits.

## 5.5 Green Processes Optimization and Green Products Design

### Green Processes Optimization

As a corporate citizen, Chenbro endeavors to introduce more CSR practices in the aspect of environmental sustainability step by step while improving the performances of main business activities.

In every operation, we are constantly taking steps to perfect the green processes. Since 2019, our operations in Kunshan and Dongguan, China, have implemented the "Energy Management System" and "Energy Saving Initiatives." In addition to optimizing the energy management system, we have taken concrete steps to reduce energy consumption and increase energy efficiency. In the future, Chenbro expects to cut down on hazardous substances and packaging by enhancing supply chain management and green design.

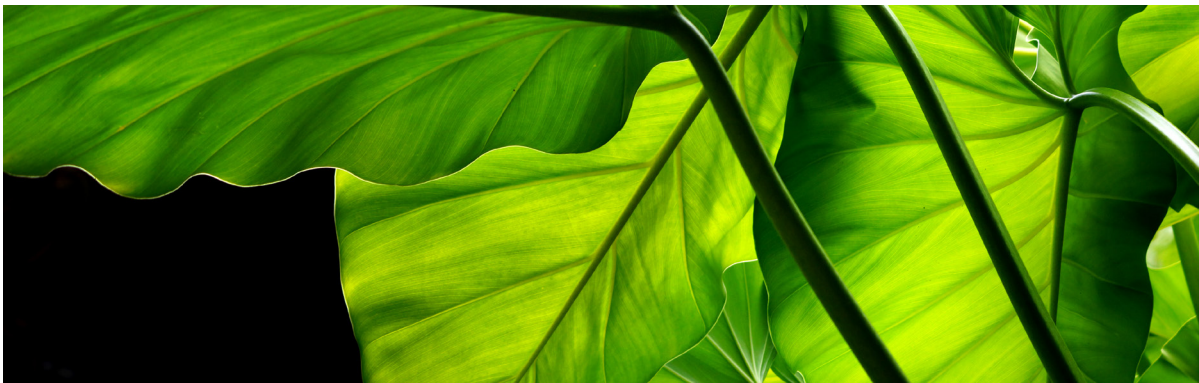


## Green Products Design

At Chenbro, modularized design and manufacturing flexibility are the center of our research and development strategies. We strive to pursue the maximization of common parts to decrease customers' development costs and raw materials used during production; apart from the systematical integration of existing products, a concept of green design is also adopted to reduce hazardous substances, raw materials, and energy used, creating products that are easy to assemble, disassemble and recycle. Together with our suppliers, the Company is committed to delivering green products with an aim to become the customers' best partner in a low-carbon, eco-friendly and sustainable value chain.

## Eco-friendly Product Strategies

- Adopt modularized design to arrive at the maximization of common parts and flexible adjustment and scaling, which streamlines the process and extends the service life of products
- Adopt eco-friendly design based on environmental laws and regulations and customers' requirements to reduce energy and materials used
- Set up a production management system, including operating procedures for environmental management, to manage waste and energy generated from the production and reduce their environmental impacts



## 5.6 Green Design Process



Product Category	Green Design	Designs and Benefits
Servers	Material/Process Selection Green Products Design Packaging Optimization	<ul style="list-style-type: none"> <li>◆ Introduce modularized design to arrive at flexible scaling and compatibility of functional modules, improve product performance, and shorten development time</li> <li>◆ Cut down on the number of new parts developed to reduce raw materials, energy, and water used during die making and wastewater, waste air and waste generated at the end of production, thereby mitigating their environmental impacts effectively</li> <li>◆ Streamline processes to reduce raw materials, energy, and water used during production and wastewater, waste air and waste generated at the end of production, thereby mitigating their environmental impacts effectively</li> <li>◆ Introduce eco-friendly materials to plastic parts to improve recyclability and material decomposition</li> <li>◆ Print user manuals electronically in place of mylar</li> <li>◆ Introduce packaging compatibility to reduce material preparation and procurement costs, transportation costs and fuel consumption</li> <li>◆ Optimize the size of packaging to increase the total number of container loads</li> </ul>
Server PCBA	Green Products Design	<ul style="list-style-type: none"> <li>◆ Adopt halogen-free PCBs to reduce low loss on PCBA and improve the transmission of the High Speed signal</li> </ul>



## 06 Social Participation



Social  
Participation

”

In the face of social upheaval caused by the COVID-19 pandemic, it is incumbent on every enterprise to fulfill its corporate social responsibility. Chenbro pursues product quality and business development while actively engaging in philanthropic activities and environmental initiatives. Our philanthropic activities continue to center on education and promotion of arts and culture in rural areas in hopes of exerting our positive influence on society. In addition to engaging our employees and their family members, we invite our business partners (FSP Group's sponsoring the Flipped Learning Program launched by Sharestart Educational Foundation in Taoyuan, Chenfull International Co., Ltd.'s sponsoring Taichung Art Light-up Project, Jess-Link Products Co., Ltd. and Pointec Technology Co., Ltd.'s sponsoring the Magic Forest Library at Zhanghu Junior and Elementary School of Ecology, etc.) to join us to give back to their communities and seek the common good.

“

## 6.1 Educational Innovation

**161 elementary schools; 529 volunteers; 4,243 hours**

Since 2013, Chenbro has worked with Chen-Source Inc. and AAEON Foundation to improve children's education in Yunlin and bring artistic resources to rural areas, with which as a starting point the education will be expanded to technology, music, and environmental education. As the COVID-19 pandemic continued to rage in 2020, which could worsen the uneven distribution of educational resources, Chenbro worked with AAEON Foundation and Chi Po-lin Foundation to initiate a new environmental education program for nearly 2,000 students from five schools in Yunlin. The following four educational projects featuring arts, technology, and music (Yunlin Art Light-up Project, Yunlin Arts and Culture Alternative Program, Yunlin Tech Wonderland, and Yunlin Classical Music House) were continuously carried out this year, with an annual investment of about NT\$5 million, to broaden the horizons of children in all aspects.

### **Yunlin Art Light-up Project: since 2013**

The Yunlin Art Light-up Project had four themes: "World Picture Book & Illustration Touring Exhibition," "e-School Picture Book," "Art Is Fun Touring Theater," and "Taipei Art Discovery Tour." The purpose of the project is to encourage students in rural areas to think outside the box through art, so as to ignite their power of creativity and imagination.

### **Yunlin Arts and Culture Alternative Program: since 2016**

To continue the spirit of the Yunlin Art Light-up Project, Chenbro has launched and supported the "Yunlin Arts and Culture Alternative Program" since 2016. In this program, we introduced more art resources to high-performing schools within the scope of the project. The works of outstanding Taiwanese artists were exhibited through Fervor Taiwan; a drawing competition, "Draw Your Hometown," was also organized exclusively for students in Yunlin.

Through fieldwork, students had an opportunity to draw and present their works on stage, thereby increasing a sense of identification with their hometown. The project has been recognized by Yunlin County Education Department, and the results of the project are presented at the county hall every year; township offices in Gukeng and Dapi also printed the students' works into tourist brochures or posted them at bus stops to boost children's confidence and to promote the beauty of their hometown.

#### **Yunlin Tech Wonderland: since 2018**

For the purpose of narrowing the digital gap between urban and rural areas, Chenbro has integrated the expertise and resources of five science and technology education foundations since 2018 to develop the "Life Technology School Exhibition Tour" based on the concept of paradise. Daily-life technology application examples are showcased based on the five themes of food, clothing, housing, travel, and future. Modularized digital teaching materials have been developed for the DIY activities at the exhibition to enhance the effectiveness of the event; science DIY activities and the "Taipei Science and Technology Exploration and Learning Tour" are also organized to promote daily life science in a simple and profound way.

#### **Yunlin Classical Music House: since 2019**

To promote musical education in rural schools, this program was launched in 2019, where the exhibition of woodwind, brass, string, keyboard, and percussion instruments was integrated with music guide, flash mob concert, classical concert tour, and music exploration, as well as extended teaching materials created by teachers, to enrich the students' experience in classical music.

#### **"Environmental Taiwan"—School Environmental Education: planned in 2020 and to be rolled out in 2021**

As the earth's environment has undergone man-made destruction, Chenbro worked with the Chi Po-lin Foundation for the first time in 2020 to promote environmental education in the theme of "Environmental Taiwan." The "School Environmental Education Exhibition Tour" will be launched through the photography exhibition of director Chi Po-lin. With the digital modularized teaching materials and an environmental education poster production team competition, the Company expects to enter schools to promote environmental education and will launch an environmental education exploration tour to lead children to visit the environmental protection fields; as such, the awareness of protecting the beautiful mountains and rivers will be aroused at a very early age.



## 6.2 Promotion of Arts and Culture

In 2016, Chairperson Maggi Chen became acquainted with Wu, Hsing-Kuo and his wife, Lin, Hsiu-Wei, at Contemporary Legend Theatre and had an opportunity to appreciate the beauty of Peking opera. Realizing that there is a generation gap in Peking opera, Maggi has started to sponsor the Youth Party of the Contemporary Legend Theatre since 2016. As of 2020, Maggi and the Company have donated NT\$8.46 million together to preserve such cultural heritage.

### **Sponsoring the immersive theater project, "Stanley and Livingstone"**

Many performances of Contemporary Legend Theatre were cancelled in 2020 due to the COVID-19 pandemic. Chenbro additionally provided NT\$2 million in sponsorship and called on seven other companies and individuals to assist the art troupe in realizing the filming plan of "Stanley and Livingstone." This is Taiwan's first 3D filming and post-production project for traditional opera theater. Combining tourism, this new form of traditional art performance is expected to take place at Taipei 101 in the second half of 2021 to showcase to Asia and the world Taiwan's cultural heritage and originality.

### **Purchasing tickets to "King Lear"**

Chenbro took action to promote arts and culture by purchasing 124 tickets to Wu, Hsing-Kuo's last work, "King Lear," amounting to NT\$190,000, for business partners and employees.



## 6.3 Social Care

### Purchasing "Maria MAMA Happy Socks"

Chenbro purchased 200 boxes of "Maria MAMA Happy Socks" in the amount of NT\$120,000 to support the establishment of a social enterprise by the Maria Social Welfare Foundation that seeks self-sufficiency. Chenbro gave away all of the socks to business partners with the purpose of the happy socks indicated on the boxes, so as to promote a virtuous circle.

### Purchasing "A Soul Sealed In Ice" published by a patient with Lou Gehrig's disease

Chenbro purchased 200 copies of "A Soul Sealed In Ice" written by Cheng, Lung-Kuang, a patient with Lou Gehrig's disease, to bid farewell to his life, in the amount of NT\$80,000 to support the Taiwan Motor Neuron Disease Association. The author's story was also posted on the Maggi Love Share platform and Facebook and received a widespread response.



## 6.4 Maggi Love Share

In December 2013, Chenbro set up a public welfare website, "Maggi Love Share" ([www.maggiloveshare.com](http://www.maggiloveshare.com)).

Maggi Love Share gathers information on philanthropic activities we have participated in and our volunteers' feedback, including written words, photos, and videos. Through the Internet, we share such information to friends and business partners, letting more people know and even join us in philanthropic activities. This website aims to exert the positive influence of "sharing" happiness brought by making donations or volunteering.

Maggi Love Share has been set up for seven years. As of December 31, 2020, it has published 259 e-newsletters with more than 210,000 visits. The website has constantly received feedback from readers. Chenbro will be glad to see the wide spread of positive information via Maggi Love Share. May our stories resonate with people and drive more to join Chenbro to make a difference in the world.

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*Together We Share*



# Appendix

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306-4	Transport of hazardous waste	05/Environmental Sustainability	Waste and Hazardous Substance Management	48
103-1	Explanation of the material topic and its boundary (environmental compliance)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20
103-2	The management approach and its components	05/Environmental Sustainability	Water Management Waste and Hazardous Substance Management	47 48
103-3	Evaluation of the management approach	05/Environmental Sustainability	Water Management Waste and Hazardous Substance Management	47 48
307-1	Non-compliance with environmental laws and regulations	No violation of any environmental laws or regulations		
308-1	New suppliers that were screened using environmental criteria	04/Enterprise Commitment 05/Environmental Sustainability	Supplier Sustainability Management Green Processes Optimization and Green Products Design	32 48
308-2	Negative environmental impacts in the supply chain and actions taken	04/Enterprise Commitment	Supplier Sustainability Management	32
103-1	Explanation of the material topic and its boundary (employment)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20

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103-2	The management approach and its components	04/Enterprise Commitment 05/Environmental Sustainability	Supplier Sustainability Management Green Processes Optimization and Green Products Design	32 48
103-3	Evaluation of the management approach	04/Enterprise Commitment 05/Environmental Sustainability	Supplier Sustainability Management Green Processes Optimization and Green Products Design	32 48
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	04/Enterprise Commitment	Talent Recruitment and Retention Employee Health Management Workplace Quality and Safety	38 42 42
401-3	Parental leave	In accordance with the Labor Standards Act		
103-1	Explanation of the material topic and its boundary (labor/management relations)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20
103-2	The management approach and its components	04/Enterprise Commitment	Talent Recruitment and Retention Employee Health Management Workplace Quality and Safety	38 42 42
103-3	Evaluation of the management approach	04/Enterprise Commitment	Talent Recruitment and Retention Employee Health Management Workplace Quality and Safety	38 42 42
403-1	Occupational health and safety management system	04/Enterprise Commitment	Workplace Quality and Safety	42
403-2	Hazard identification, risk assessment, and incident investigation	04/Enterprise Commitment	Workplace Quality and Safety	42
403-3	Occupational health services	04/Enterprise Commitment	Workplace Quality and Safety	42
403-4	Worker participation, consultation, and communication on occupational health and safety	04/Enterprise Commitment	Workplace Quality and Safety	42
403-5	Worker training on occupational health and safety	04/Enterprise Commitment	Workplace Quality and Safety	42
403-6	Promotion of worker health	04/Enterprise Commitment	Workplace Quality and Safety	42
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	04/Enterprise Commitment	Workplace Quality and Safety	42
403-8	Workers covered by an occupational health and safety management system	04/Enterprise Commitment	Workplace Quality and Safety	42
403-9	Work-related injuries	04/Enterprise Commitment	Workplace Quality and Safety	42
403-10	Work-related ill health	04/Enterprise Commitment	Workplace Quality and Safety	42
103-1	Explanation of the material topic and its boundary (training and education)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20
103-2	The management approach and its components	04/Enterprise Commitment	Workplace Quality and Safety	42
103-3	Evaluation of the management approach	04/Enterprise Commitment	Workplace Quality and Safety	42
404-1	Average hours of training per year per employee	04/Enterprise Commitment	Employee Development and Training	41
404-2	Programs for upgrading employee skills and transition assistance programs	04/Enterprise Commitment	Employee Development and Training	41
103-1	Explanation of the material topic and its boundary (diversity and equal opportunity)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20
103-2	The management approach and its components	04/Enterprise Commitment	Employee Development and Training	41
103-3	Evaluation of the management approach	04/Enterprise Commitment	Employee Development and Training	41
405-1	Diversity of governance bodies and employees	04/Enterprise Commitment 03/Corporate Governance	Manpower Structure Functions of the Board of Directors	36 25
103-2	The management approach and its components	04/Enterprise Commitment 03/Corporate Governance	Manpower Structure Functions of the Board of Directors	36 25
103-3	Evaluation of the management approach	04/Enterprise Commitment 03/Corporate Governance	Manpower Structure Functions of the Board of Directors	36 25
406-1	Incidents of discrimination and corrective actions taken	04/Enterprise Commitment	Manpower Structure Functions of the Board of Directors	36 25

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103-1	Explanation of the material topic and its boundary (freedom of association and collective bargaining)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20
103-2	The management approach and its components	04/Enterprise Commitment	Manpower Structure Human Rights Management and Policy	36 31
103-2	Evaluation of the management approach	04/Enterprise Commitment	Manpower Structure Human Rights Management and Policy	36 31
408-1	Operations and suppliers at significant risk for incidents of child labor	04/Enterprise Commitment	Manpower Structure Human Rights Management and Policy	36 31
103-1	Explanation of the material topic and its boundary (forced or compulsory labor)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20
103-2	The management approach and its components	04/Enterprise Commitment	Manpower Structure Human Rights Management and Policy	36 31
103-3	Evaluation of the management approach	04/Enterprise Commitment	Manpower Structure Human Rights Management and Policy	36 31
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	04/Enterprise Commitment	Human Rights Management and Policy	31
103-1	Explanation of the material topic and its boundary (security practices)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20
103-2	The management approach and its components	04/Enterprise Commitment	Human Rights Management and Policy	31
103-3	Evaluation of the management approach	04/Enterprise Commitment	Human Rights Management and Policy	31
412-1	Operations that have been subject to human rights reviews or impact assessments	04/Enterprise Commitment	Human Rights Management and Policy Supplier Sustainability Management	31 32
414-1	New suppliers that were screened using social criteria	04/Enterprise Commitment	Supplier Sustainability Management	32
414-2	Negative social impacts in the supply chain and actions taken	04/Enterprise Commitment	Supplier Sustainability Management	32
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violation		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	04/Enterprise Commitment	Internal Control and Internal Auditing Customer Relationship Management Information Security Management	29 32 34
103-1	Explanation of the material topic and its boundary (socioeconomic compliance)	02/Corporate Sustainability	Stakeholder Identification and Communication Channels Materiality and Topic Boundary	17 20
103-2	The management approach and its components	04/Enterprise Commitment	Internal Control and Internal Auditing Customer Relationship Management Information Security Management	29 32 34
103-3	Evaluation of the management approach	04/Enterprise Commitment	Internal Control and Internal Auditing Customer Relationship Management Information Security Management	29 32 34
419-1	Non-compliance with laws and regulations in the social and economic area	04/Enterprise Commitment	Manpower Structure Human Rights Management and Policy	36 31
102	Information system security management	04/Enterprise Commitment	Information Security Management	34

