



# 2019 CORETRONIC ESG SUMMARY



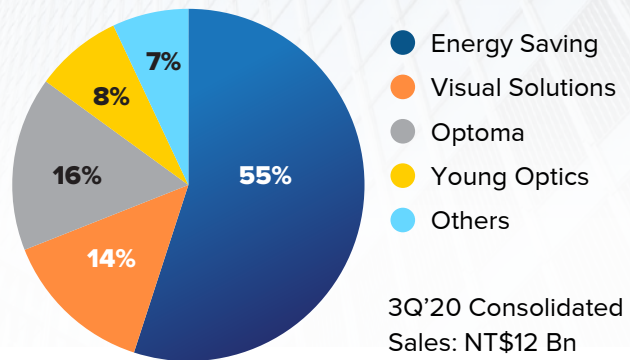
*Coretronic*



## ▶ OVERVIEW

Coretronic Corporation was established in the Hsinchu Science Park on June 30, 1992. Since the very beginning, it has positioned itself as an innovative display solution provider. Coretronic was the first LCD backlight module manufacturer in Taiwan and it has taken the lead in developing and mass-producing the smallest and lightest VGA single-panel LCD projectors and XGA DLP projectors in the world through integrated its leading technology, "Optics, Mechanics, Electronic, Thermal Management, Materials and Precision Molds" and other technology. This advancement has opened up a new era for display systems in Taiwan.

## ▶ Latest Period Operational Performance Summary



## ▶ Key Financial Indices

	NT\$ Mn			%			NT\$	
	REV	GM	OPM	NIM	ROE	ROA	EPS	
<b>2019</b>	48,700	18.1	2.47	2.38	5.29	2.94	2.65	
<b>2018</b>	55,700	18.6	4.13	3.82	9.24	4.43	4.65	
<b>2017</b>	53,100	17.1	3.26	3.21	8.11	3.71	4.03	
<b>2016</b>	57,100	16.7	3.46	3.20	8.75	3.93	4.01	

## Recognitions in 2020

**Gold Award**  
2020 TCSA Corporate Sustainability Report Awards  
**4<sup>th</sup> Consecutive Year Winner**

**Multiple-Year Winner**  
2020 TCSA Transparency and Integrity Award  
**3<sup>rd</sup> Consecutive Year Winner**

**Multiple-Year Winner**  
TCSA Corporate Sustainability Awards & SGS CSR Annual Sustainable Elite Awards

**Silver and Bronze Award**  
2020 National Enterprise Environmental Protection Award  
**4<sup>th</sup> Consecutive Year Winner**

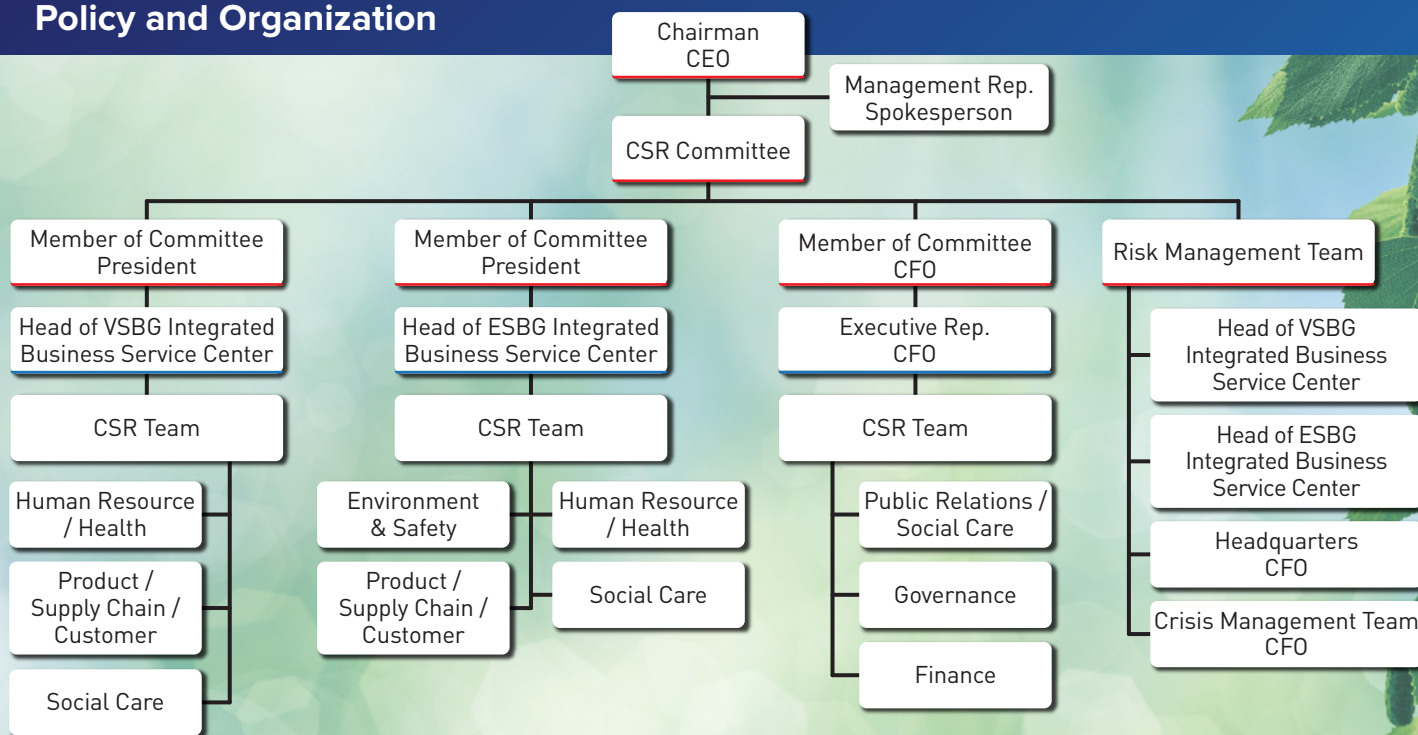
**Green Action Award**  
2020 National Enterprise Environmental Protection Award

**Top 50 - Multiple-Year Winner**  
Excellence in CSR Award  
CommonWealth Magazine  
**9<sup>th</sup> Consecutive Year Winner**

**Top 5%** (Top 10% in Electronic Industry)  
Corporate Governance Evaluation  
Taiwan Stock Exchange (TWSE)  
**6<sup>th</sup> Consecutive Year**

**Component Stock**  
TPEX Labor Employment 88 Index  
TPEX Corporate Governance Index  
TPEX Compensation Index

## Policy and Organization



### ► CSR Committee

To implement corporate social responsibility (CSR), we established the CSR Committee in 2008. The committee is chaired by the CEO of Coretronic, with presidents and the chief financial officer (CFO) as members and the spokesperson as the management representative. The CSR Committee also authorizes the executive representative of economic, social, and environmental departments to assist with CSR promotion. Members of Committee and executive representatives hold a committee meeting every quarter to audit and review the status and outcomes of CSR implementation. Currently, the CSR Committee is an independently operated unit and will continue to discuss and improve connections with BOD directly.

### Risk Management Team

Since 2017, the Company has actively promoted and put into practice a risk management mechanism. Since 2020, it has reported its implementation to the Board of Directors once every year. The reporting was performed on July 27, 2020. The following shows the implementation from every year:

**2017** The scope, organization, and structure of the risk management were established.

**2018** The risk management organization was re-structured based on the organizational change in 2018. Each risk management unit was combined into a "Risk Management Team" that is subordinated to the CSR Management Committee and led by the Chief Financial Officer for identification of risk factors and risk control.

**2019** The risk detection, analysis, and identification for the risk management had been continuously implemented in 2019. In addition, the emerging risk issues, such as the information security and climate change risk, were included in the management policies for effective control. The Company offered the risk management courses about quality, products, and information security. A total of 253 people attended them with a total of 114 training hours.

**2020** The risk management policy of the Company has been developed and approved by the Board of Directors. The Company will continue the risk detection, analysis, and identification for the risk management to enhance the crisis response abilities to prevent and solve them and the ability to quickly recover after crises for effective risk control.

### CSR Commitment

- 1 Corporate Ethics and Legal Operation
- 2 Compliance with Requirements of the Responsible Business Alliance Code of Conduct (RBA) and Related International Norms
- 3 Energy Savings and Environmental Protection
- 4 Green Products, Design, Manufacture and Supply Chain
- 5 Comprehensive Management of Occupational Safety and Health
- 6 Friendly and Happy Workplace
- 7 Long-term Social Contribution

## ► ENVIRONMENTAL

### ► Environmental Protection Committee (EPC)

Upholding the aim to implement energy conservation mechanisms, reduce greenhouse gas (GHG) emissions, fulfill corporate social responsibility, improve the overall corporate image, reduce operating cost, and assure sustainable business and development, we established the Environmental Protection Committee (EPC) in November 2014 which holds a committee meeting every quarter (subject to the schedule of organizational budget planning) and provisional meetings where necessary to discuss and review the promotion and implementation of energy conservation, carbon reduction, and environmental protection. EPC promotes the following tasks on a long-term basis:

**1** Integration and promotion energy management and carbon emissions measures and environmental protection work

**2** Enhancement of environmental awareness in employees and promotion of environmental education

**3** Other topics and affairs relating to environmental protection

### ► Environmental Performance

- **Energy Management: Compliant with ISO 14001 and ISO 50001** overlooking environmental and energy management, the Company's environment and factory affairs committee is in charge of its annual goal setting, budgeting and planning.
- **GHG Management: Compliant with ISO 14064-1 and the Greenhouse Gas Reduction and Management Act**, the company established its green factory plan.
- **Opportunities in Energy Saving Product Line -**
  - In 2019, we sold **127** products with electricity consumption far below the Energy-related Products(ErP) Directive(<0.5 W), **saving 3,035.4\*10<sup>9</sup> J each year.**
  - In 2019, the new high-efficiency optical module technology was introduced to **11 models**. Not does it increase their color reproducibility for optimal consumer experience, but also provide the power saving benefit. The energy required for the same brightness is decreased by 29%. **It is estimated that 7,699\*10<sup>9</sup> J can be saved per year.**
  - We have been implementing waste recycling with the suppliers since 2017 to recycle plastic and paper packaging materials. A total of **25 suppliers supported the idea with a recycle rate of 93% in 2019.**
- **Green Energy Adoption:** Company bought green power and renewable energy certificate (leading to **GHG emission reduction of 54 ton during 2018-2019**) and adopted solar power for its site in Tainan (leading to **GHG emission reduction of 192 ton during 2018-2019**) in response to green energy adoption.

### GHG Emissions

Area	Taiwan			China (Wujiang)
	2017	2018	2019	2019
<b>Direct Emissions</b> (Scope 1)	351.97	320.17	262.20	479,651.00
<b>Indirect Emissions</b> (Scope 2)	11,485.33	12,021.58	9,029.40	11,786.00
<b>Total CO<sub>2</sub>e Emissions</b> (ton)	<b>11,837.30</b>	<b>12,341.75</b>	<b>9,291.60</b>	<b>491,437.00</b>
<b>Revenue</b> (NT\$ 100m) <sup>1</sup>	280.10	261.60	198.70	84.10
<b>CO<sub>2</sub>e Emissions Intensity</b> ton/revenue (NT\$ 100m)	<b>42.26</b>	<b>47.18</b>	<b>46.80</b>	<b>5,840.70</b>

1: The total revenue of plants in Taiwan (Coretronic, Young Green Energy, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, uCare Medical Electronics, Champ Vision Display, InnoSpectra, and Coretronic MEMS) and in Wujiang, China.



### Employee Environmental Promotion and Education

Starting in 2015, we released the new environmental protection knowledge on monthly basis. As of the end of 2019, **60** environmental protection and work safety related promotional materials had been released. We continued to conduct environmental education courses and introduce environmental education videos since 2017, to promote environmental education.

**In 2019, 85% employees finished the annual environmental education (4 hours per person).**

## 2019 Energy Consumption

Area	Taiwan		China	
Item	Consumption	GJ	Consumption	GJ
<b>Electricity</b> (KWH)	16,940,745	60,986	17,459,033	62,852
<b>Natural Gas</b> (m <sup>3</sup> )	30,267	1,140	107,195	3,814
<b>Diesel</b> (L)	1,393	48	3,100	110
<b>Petroleum</b> (L)	14,484	472	78,861	2,465
<b>Total Consumption</b> (GJ)	<b>62,646</b>		<b>69,241</b>	
<b>Sales Intensity Annual Total</b> Consumption (GJ) / Revenue <sup>1</sup> (NT\$ 100M)	<b>315</b>		<b>226</b>	

1: The total revenue of plants in Taiwan (Coretronic, Young Green Energy, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, uCare Medical Electronics, Champ Vision Display, InnoSpectra, and Coretronic MEMS), Wujiang and Kunshan, China.

## Waste Management

Item (ton)	2015	2016	2017	2018	2019
<b>Recyclable Waste</b> (ton)	2,022.4	1,058.0	439.1	542.7	646.4
<b>General Waste</b> (ton)	342.7	337.4	298.1	276.6	269.2
<b>Hazardous Waste</b> (ton)	49.2	44.8	32.7	60.3	6.8
<b>Total</b> (ton)	<b>2,414.3</b>	<b>1,440.2</b>	<b>769.9</b>	<b>879.6</b>	<b>922.3</b>
<b>Waste Intensity</b> (ton / NT\$ 100M <sup>1</sup> )	<b>6.4</b>	<b>4.6</b>	<b>2.7</b>	<b>3.4</b>	<b>4.6</b>

<sup>1</sup>Scope of revenue:

**2015-2017:** Coretronic, Young Lighting, and Young Green Energy

**2018:** Coretronic, Young Green Energy, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, uCare Medical Electronics, Champ Vision Display, Young Lighting, and Nano Precision Taiwan

**2019:** Coretronic, Young Green Energy, Coretronic Intelligent Cloud Service, Coretronic Intelligent Robotics, uCare Medical Electronics, Champ Vision Display, InnoSpectra, and Coretronic MEMS

**Additional Notes:** The increase in total waste output in 2018 and 2019 is due to the increase in data coverage and the number of products produced, resulting in an increase in total waste output (recyclable waste).

## ► Environmental Goals and Progress

Strategy	Green System	Save Water and Emissions	Green Knowledge and Awareness
<b>2015 - 2019</b>	Continually implement Environmental Management System	<b>Electricity:</b> 8% Less <b>GHG:</b> 8% Less <b>Water:</b> 5% Less <b>Waste:</b> 12% Less	<ul style="list-style-type: none"> <li>120 persons joined annual green activities</li> <li>80% employees finished 4-hour annual green education courses</li> <li>The total number of stairs with an increase of 10% compared to 2017</li> </ul>
<b>2020 - 2022</b>		<b>Electricity:</b> 11% Less <b>GHG:</b> 11% Less <b>Water:</b> 8% Less <b>Waste:</b> 15% Less	<ul style="list-style-type: none"> <li>230 persons joined annual green activities</li> <li>85% employees finished 4-hour annual green education courses</li> <li>The total number of stairs with an increase of 15% compared to 2017</li> </ul>
<b>2023 - 2025</b>		<b>Electricity:</b> 14% Less <b>GHG:</b> 14% Less <b>Water:</b> 11% Less <b>Waste:</b> 18% Less	<ul style="list-style-type: none"> <li>410 persons joined annual green activities</li> <li>90% employees finished 4-hour annual green education courses</li> <li>The total number of stairs with an increase of 20% compared to 2017</li> </ul>
<b>2019 Performance</b>	<b>ISO 14001</b> <b>ISO 50001</b> <b>ISO 14064-1</b>	<b>Electricity: 24% Less</b> <b>GHG: 19% Less</b> <b>Water: 17% Less</b> <b>Waste: 30% Less</b>	<ul style="list-style-type: none"> <li><b>596</b> persons joined annual green activities</li> <li><b>85%</b> employees finished 4-hour annual green education courses</li> <li>The total number of stairs with an increase of <b>53%</b> compared to 2017</li> </ul>

► Labor Management



- **Collective Agreements:** The Company's first labor union was established in 2014 in Kunshan, China, covering almost 100% of employees in Kunshan site.
- **Gender Breakdown and Female Employee Welfare:** Female accounts for 39.67% of total employees in 2019 and 83% of female employees came back to work after parental leaves.

**2019 Taiwan Region Employees Overview**

Item	Contract Type	Male	Female	Total
Employed Workers	Open-Ended Contract	1,390	841	2,231
	Fixed-Term Contract	11	2	13
	Migrant Workers	0	0	0
<b>Total Taiwan Employees</b>		<b>1,401</b>	<b>843</b>	<b>2,244</b>
Non-Employed Workers	Temporary Workers	8	4	12

**2019 Mainland China Employees Overview**

Item	Contract Type	Male	Female	Total
Employed Workers	Open-Ended Contract	1,533	1,119	2,652
	Fixed-Term Contract	176	83	259
	Migrant Workers	0	0	0
<b>Total Mainland China Employees</b>		<b>1,709</b>	<b>1,202</b>	<b>2,911</b>
Non-Employed Workers	Temporary Workers	1,128	342	1,470

<b>2019 Total Employees Taiwan &amp; Mainland China</b>	<b>3,110</b>	<b>2,045</b>	<b>5,155</b>
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**Parental Leave**

Item \ Gender	Coretronic, Champ Vision Display, Coretronic Intelligent Cloud Service			Optoma		
	Male	Female	Total	Male	Female	Total
A. Employees Qualified for Parental Leave	113	101	214	8	11	19
B. Employees Applying for Parental Leave	2	28	30	0	0	0
C. Employees Resuming Work in the Year	1	29	30	0	5	5
D. Actual No. of Employees Resuming Work	0	24	24	0	2	2
E. Employees Resuming Work After 2018 Leave	3	20	23	0	0	0
F. Retention Rate 1 Year After Work Resumption	2	14	16	0	0	0
G. Resumption Rate (D/C)	<b>0%</b>	<b>83%</b>	<b>80%</b>	<b>0%</b>	<b>40%</b>	<b>40%</b>
H. Retention Rate (F/E)	<b>67%</b>	<b>70%</b>	<b>70%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

\* Above statistics relates to employees eligible for parental leave during 2017-2019



▲ Coretronic Softball Competition

▲ Coretronic Golden Week Tour

▲ Coretronic Dining Environment

▲ 2019 Coretronic "Light Up the Future" Charity Run

## Employee Turnover

### 2019 New Employee & Employee Termination by Age and Gender in Taiwan

Age \ Metric	Male		Female		Total	
	New	Termination	New	Termination	New	Termination
< 30	97	107	44	48	141	155
30 - 50	134	114	67	84	201	198
> 50	9	19	1	3	10	22
<b>Total</b>	<b>240</b>	<b>240</b>	<b>112</b>	<b>135</b>	<b>352</b>	<b>375</b>
<b>% of Current Employee in TW</b>	<b>4.66%</b>	<b>4.66%</b>	<b>2.17%</b>	<b>2.62%</b>	<b>6.83%</b>	<b>7.27%</b>

## Human Rights, Diversity and Equality

As an electronic industry citizen, Coretronic agrees to comply with the Responsible Business Alliance (RBA) Code of Conduct, fulfills corporate social responsibility to protect the basic human rights of all employees, and recognizes and abides by various international human rights agreements, including the Universal Declaration of Human Rights (UDHR), The United Nations Global Compact (UNGC), The United Nations Guiding Principles on Business and Human Rights (UNGPs), and International Labour Organization (ILO). We further agree to eliminate any acts that infringe upon or violate human rights and state our aim to treat and respect all employees with justice and equality.

### 2019 Gender Pay Equality

Occupation	Ratio (F:M)
R&D Staff	<b>0.989 : 1</b>
Production Staff	<b>0.981 : 1</b>
Sales Personnel	<b>0.963 : 1</b>
Admin. Staff	<b>1.000 : 1</b>

#### The Coretronic Corporation Human Rights Policy includes:

- Diversity, inclusion, and equal opportunities
- No child labor
- Compliance with minimum wage
- Reasonable working time
- Healthy and safe workplace
- Freedom of association
- Collective bargaining

## Internal Communication Channels for Employees

- Coretronic have established 8585 Hotline (+886-37-777000 ext. 8585) and Mailbox (8585@coretronic.com), Physical Suggestion Box, Employee Assistance Program(EAP), EIP Employee Website, Employee Forum, Welfare Committee Website, Quarterly Labor-management Meeting, Employee Welfare Committee Meeting, Annual Employee Satisfaction Survey, and Business Group Employee Satisfaction Survey.
- Coretronic have established a reporting email (8215@coretronic.com) and an enquiry and grievance hotline (+886-37-777000 ext. 8215) in accordance with the "Professional Ethics Violation of Stakeholders and Employees Enquiry and Grievance Channels."
- All complaint cases will be transferred from the receiving unit to the responsible unit and communication with employees shall be conducted according to the content of the subject matter.
- The issue and processing results of each complaint case will be reviewed and retained by the audit office of the Group, to ensure that these issues are reasonable and compliant with the regulations.

## ► Environmental Safety and Health (ESH) Management

Compliant with OHSAS 18001 and CNS 15506, the Company has been investing in promoting EHS awareness. There were only 4 work related injuries in 2019 and 0 death reported. The Company targets to be compliant with ISO 45001 by end of 2020.

### ESH Committee

Every quarter, we hold the OHS Committee meeting. With labor representatives taking a minimum of one third of the seats of the committee in each plant, the committee is responsible for reviewing OHS affairs and promote the annual OHS objectives:

- Continuous promotion of a safe work environment and the prevention of occupational accidents.
- Continuous promotion of energy conservation, emission reduction and industrial waste reduction in all plants.
- Arrange periodic education/training activities to raise OHS awareness of employees.
- Continuous promotion of environmental safety audits.
- Manage, review and ensure the effective operations of EMS and OHSMS.

Corporation / Operating Location	Number of Labor Representatives	Total Committee Members	Proportion of Labor Representatives
Coretronic's Hsinchu HQ	5	12	42%
Coretronic's Chunan Office	12	20	60%
Coretronic's Tainan Branch Office	10	22	45%
Champ Vision Display	4	10	40%

## ► Occupational Accident Management

- To effectively prevent occupational disasters, **we implemented the personnel education and training, work environment tour inspection and internal/external audits** to inspect the environment, safety and health operations of the Company and ensure the safety of the working environment for our employees.
- With the establishment of the occupational disaster prevention plan, we adopted the enhancement of the work environment and mechanical equipment safety as the target of the tour inspection and complied with the management regulations for accident and practically carried through the investigation, analysis and improvement of the notification system.

*In 2019, we conducted 23 6S tour inspections in the plants, discovering 136 items suggested for improvement. All of the items have been improved with a 100% of improvement completion rate.*

- According to the operations of the environment, safety, and the health regulations and management system, Coretronic's plants in Taiwan **regularly review public injury accidents every six months and there were 4 public injury accidents** (not including traffic accidents) in 2019, including the fracture of a cheekbone due fainting after the personnel participated in the blood donation, a cut wound on the finger due to the moving of equipment, and a falling accident caused by a damaged office chair and tripping over. The Company immediately conducted the health risk management for the personnel and improved the working environment to eliminate the unsafe working environment, reduce the health risks, and preventing similar accident from happening again.

2019 Occupational Injury Rate	Employed Worker <sup>4</sup>	Non-Employed Worker <sup>5</sup>
Death Rate Due to the Occupational Injury <sup>1</sup>	0	0
Serious Occupational Injury Rate <sup>2</sup>	1.09	0
Documentable Occupational Injury Rate <sup>3</sup>	1.09	0

1. The death rate due to the occupational injuries - the number of deaths due to the occupational injuries/working hours x 1,000,000

2. Serious occupational injury rate (excluding the number of deaths) = the number of serious occupational injuries (excluding the number of deaths) / working hours x 1,000,000

3. Documentable occupational injury rate = documentable occupational injuries / working hours x 1,000,000

4. The employees of Coretronic and Champ Vision Display in Taiwan.

5. The workers working in the area of Coretronic and Champ Vision in Taiwan



## ► Supply Chain and Procurement Management

- Compliant with ISO 9001, RoHS/WEEE, REACH, C-TPAT and RBA (Responsible Business Alliance), the Company has established supply chain management regulations and raw material supplier screening for the assessment of supplier qualification. A screening score across quality, ESG, delivery record, non-conflict mineral adoption and credit record is assigned to each supplier every year and only level-C suppliers are eligible for transactions. So far 100% suppliers are recognized as level C or above.
- To reduce carbon footprints, the Company prefers supplier localization for non-key components. In 2019, supply chain localization percentage is as follows:

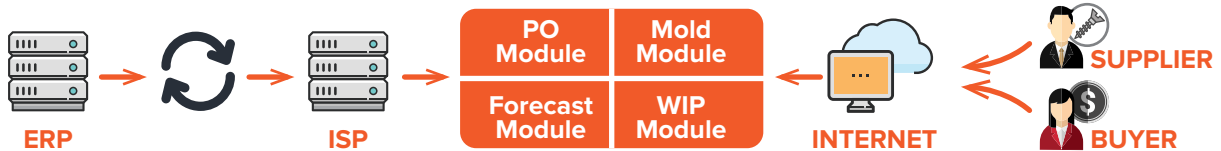
**Total of 1,852 Suppliers**  
**1,648 domestic suppliers (89%)**  
**and 204 overseas**

**Total of 36 Suppliers**  
**Underwent RBA audit in 2019**  
**36/36 Passed (100%)**

Mainland China		Taiwan	
Coretronic's Visual Solutions	36% Domestic / 64% Overseas	Coretronic's Visual Solutions	16% Domestic / 84% Overseas
Coretronic's Energy Saving	73% Domestic / 27% Overseas	Coretronic's Energy Saving	74% Domestic / 26% Overseas
	● Domestic ● Overseas	Champ Vision Display	83% Domestic / 17% Overseas

- The Company holds an annual Green Platform conference to propel the birth of a green supply chain through a face to face discussion and training since 2017. As of now, green procurement accounts for roughly 96% of total procurement. Green Platform also includes –

1. ISP (iSupplier Portal) – a PO, WIP, QF all in one, paperless system for material suppliers and Company procurement team to have a real time, efficient information exchange of orders and deliveries.



2. GPMS (Green Product Management System) – latest green product information broadcast, educational training videos, and Company contacts are on this platform for easier access to promote RoHS 2.0, SVHC and SDS compliance.

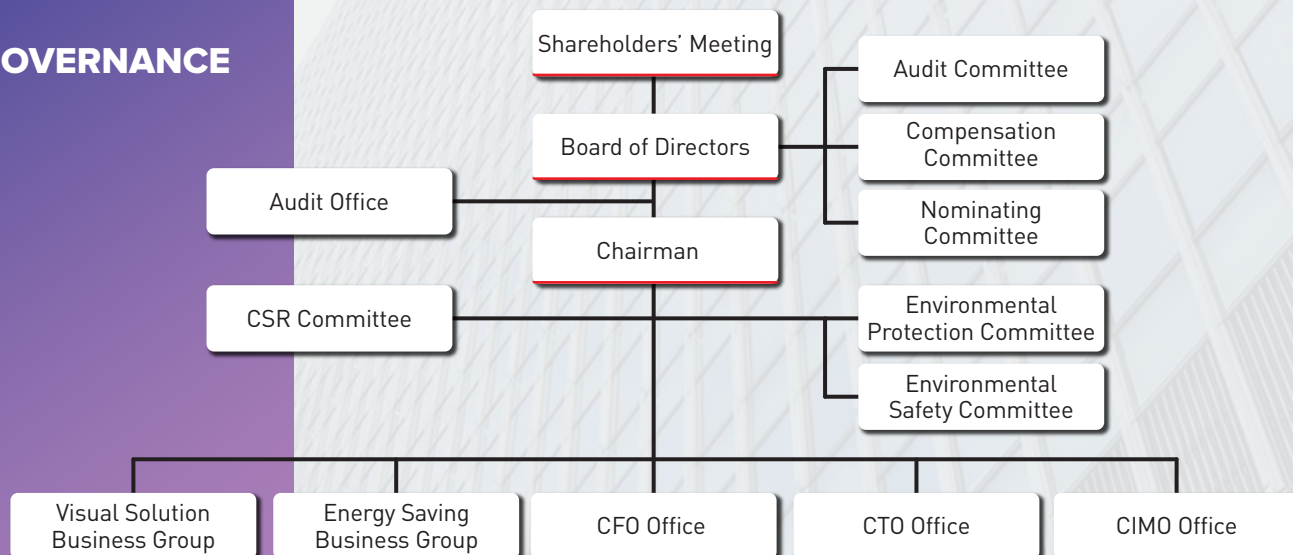
3. Supplier Conference:

Corporation	Coretronic Energy Saving Business Group - Taiwan	Coretronicin Wujiang	Coretronic Visual Solutions Business Group - Taiwan
Session	1	1	1
Total No. of Participants	23 Suppliers	47 Suppliers	17 Suppliers
Main Issues	<ul style="list-style-type: none"> <li>• Regulations and Environmental Policies</li> <li>• Coretronic's ESG Performance</li> <li>• Supply Chain Strategies</li> <li>• CSR Introduction</li> <li>• ISO 50001 Introduction</li> </ul>	<ul style="list-style-type: none"> <li>• Global Environmental Trend</li> <li>• Environmental Regulations in China</li> <li>• Green Supply Chain</li> <li>• GPMS</li> <li>• Excellent Suppliers Experience Sharing</li> <li>• Best Suppliers of Green Actions Award</li> </ul>	<ul style="list-style-type: none"> <li>• Global Environmental Regulations</li> <li>• Green Products Policies</li> </ul>

### Coretronic's Responsible Minerals Procurement Policy

1. Fulfill social environmental responsibility.
2. Ensure that products do not use "conflict minerals" from Congo-King and its neighboring countries and regions.
3. Trace all sources of Au, Ta, Sn, W, and Co contained in all products.
4. Intolerance cannot be done in any way to benefit, encourage, assist or facilitate any party to commit serious human rights violations.
5. It will not tolerate any direct or indirect support from organized armed groups that have been mined, transported, traded, processed or exported through mineral resources.
6. Do not provide, promise, give or demand any bribe and resist bribery or extortion. It will not cover up or falsify the origin of mineral resources, and falsely report the taxes and expenses that mineral resources exploitation, trade, processing, transportation, export and other activities Bribery with royalties will pay to the government.
7. Do not participate or benefit from mining resources on land that does not receive free, prior, informed consent from local and indigenous peoples, including those with legal title, lease, and concession or permitted.
8. This requirement is communicated to its upstream supplier.

## ▶ GOVERNANCE



- Coretronic had a unitary board with CEO and president for the previous term and yet has improved to only re-electing CEO as Chair in 2019.
- CFO Franck Ho appointed as corporate governance director on April 29, 2019 and hence CFO office is responsible for all corporate governance matters, including providing directors with relevant data required to carry out their duties and latest legal developments related to organizational operations to help directors achieve legal compliance.

### Board Overview

#### Independent Directors

Number of Seats **3**

AVG Term of Office **3 Years**

1 in 3<sup>rd</sup> term now, 2 newly elected

#### Directors

Number of Seats **4**

AVG Term of Office **13.3 Years**

## ▶ The Board of Directors

	Title	Name	Professional Field	Independent from Management team
M	Chairman	<b>Wade Chang</b>	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Industrial Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Leading Decision</li> </ul> CEO
M	Director	Hsun Chieh Investment Ltd. Representative: <b>Tai-Shun Ho</b>	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Industrial Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Leading Decision</li> </ul>
M	Director	<b>Ted Tu</b>	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Industrial Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Leading Decision</li> <li>Financial Accounting</li> </ul>
M	Director	<b>Chual-Hsin Teng</b>	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Industrial Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Leading Decision</li> </ul>
M	Independent Director	<b>Houn-Gee Chen</b>	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Innovation Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Leading Decision</li> </ul>
M	Independent Director	<b>Edward H. Chow</b>	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Investment and Entrepreneurial Financial Management</li> </ul>	<ul style="list-style-type: none"> <li>International Finance</li> <li>Financial Accounting</li> <li>Corporate Governance</li> </ul>
M	Independent Director	<b>Yao Chien</b>	<ul style="list-style-type: none"> <li>Operating &amp; Management</li> <li>Leading Decision</li> </ul>	<ul style="list-style-type: none"> <li>Aesthetics and Consumer Behavior</li> </ul>

## ► Performance Evaluation of Board of Directors

The Board of Directors of the Company has stipulated the “Regulations for Performance Assessment of the Board of Directors” in April 2018 and it was published on the website of the Company. The performance of the Board of Directors will be evaluated every year and the assessment results will be reported to the Board of Directors. In addition, an external performance assessment of the Board of Directors will be conducted by an external professional independent institution at least once every three years and the assessment results will be reported to the Board of Directors. The Board of Directors resolved the amendment to the “Regulations for Performance Assessment of the Board of Directors” in October 2019, and the performance assessment of the functional committee had been conducted in 2019 as well. The assessment evaluation of the Board of Directors and the functional committee are expected to be completed and reported to the Board of Directors in the first quarter of 2020.



## ► Functional Committees

Coretronic has fully independent audit and remuneration committees. The Company also has a CSR committee and an Environment Protection Management committee under the Chairman.

### Audit Committee

The Audit Committee consists of three independent directors of the Board, meets at least once every quarter, and is responsible to review the following major matters:

- Establish or revise internal control systems and including related policies and procedures
- Evaluate the performance of the internal control systems
- Procedures for Handling Material Financial and Business Transactions
- Matters bearing on the personal interest of a director
- Material asset or derivatives transactions
- Material lending funds, endorsements or guarantees
- Offering, issuance or private placement of any equity-type securities

Title	Name	Attendance
Convener	<b>Houn-Gee Chen</b>	100%
Member	<b>Edward H. Chow</b>	100%
Member	<b>Yao Chien</b>	100%

- Hiring or dismissal of an attesting CPA, or the compensation given thereto
- Appointment or discharge of financial, accounting, or internal auditing officers
- Financial Reports
- Other important regulations.

### Compensation Committee

The Compensation Committee consists of three independent directors of the Board and meets at least twice a year (or provisional meetings if necessary, and submit recommendations to the Board). The functions of the Compensation Committee of the Company are to professionally and objectively evaluate the policies, systems, and performance for compensation of the directors and managerial officers of the Company which includes:

- Regularly review the “Compensation Committee Charter” and submit recommendations for improvement.
- Develop and regularly review the long-term performance goals and the policies, systems, criteria, and structure for compensation of the directors and managerial officers of the Company.
- Regularly review how well the directors and managerial officers achieve their goals, and develop their respective compensation content and amount.

Title	Name	Attendance
Convener	<b>Houn-Gee Chen</b>	100%
Member	<b>Edward H. Chow</b>	100%
Member	<b>Yao Chien</b>	100%

### Nominating Committee

The Nominating Committee was established in 2020, which consists of three independent directors, and meets when it is necessary. The functions of the Nominating Committee are the following major matters:

- Establish the suitable candidates for directors and executive managers.
- Regularly review the Performance Evaluation of the board of directors, committees and directors, and submit recommendations to the Board of Directors for report or discussion.

Title	Name
Convener	<b>Houn-Gee Chen</b>
Member	<b>Edward H. Chow</b>
Member	<b>Yao Chien</b>

## ▶ Corporate Governance Team

The Board of Directors resolved the appointment of chief financial officer Franck Ho as the corporate governance director on April 29, 2019, to safeguard shareholders' rights and benefits and enhance the functional capability of the Board of Directors; in addition, the office of the chief financial officer will also be responsible for matters regarding corporate governance.

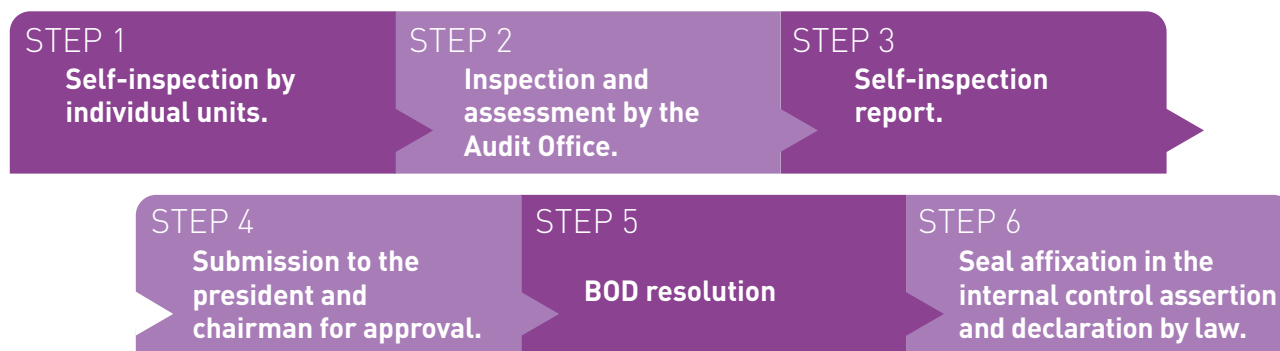
### Key facets of the Corporate Governance Team:

1. Assist directors in carrying out their duties, provide directors with the required data, and arrange extended education for directors.
2. Assist functional committees, the board of directors and the annual general meeting of shareholders in establishing the rules of procedure and fulfilling legal compliance.
3. Maintaining investor relations

## ▶ Internal Audit

Coretronic's Internal Audit function is an independent unit that reports directly to the Board of Directors. Besides reporting the schedule and outcome of the audit every month, it briefs the Board of Directors during its ordinary meetings. An internal audit system is planned and designed with reference to the internal control system of individual departments. Based on this internal audit system, the internal control of each process is reviewed, and the suitability of the design, practice, effectiveness, and efficiency of such control are reported. In accordance with regulatory requirements, an internal audit shall be implemented every year to review the self-inspection of the internal control system of individual departments.

Apart from the audit description, indication of materiality levels, and proposal of recommendations, a responsible unit will be requested to submit an action plan with an estimated date of improvement completion in the audit report. After the date of improvement completion is due, the improvement will be traced with reference to the action plan.



Self-inspection Procedures of Internal Control

## ▶ Integrity and Ethics

At Coretronic, we uphold and implement business integrity and request all employees to maintain integrity and honesty so as to maintain the assets, rights and interests, and image of Coretronic and protect the rights and interests of Coretronic and all stakeholders.

### Internal rules to facilitate integrity and ethical behaviors include:

- Corporate Governance Best Practice Principles
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct
- Codes of Ethical Conduct
- RBA® Code of Conduct Management Manual
- Regulations Governing the Avoidance of Conflicts of Interest for Suppliers
- Coretronic Supplier Integrity Commitment
- Bylaws to Report Cases of Illegal and Unethical Conduct

Apart from serving as a reference for ethics compliance of directors, managers, employees, and suppliers, these principles, codes, and regulations strictly prohibit the collection improper advantages (including banquets, kickbacks, bribes, and other improper treatments) or committing of any acts that may affect the image and competitiveness of the company by taking advantage of duty.