

# 2020 NAM LIONG GLOBAL CORPORATION ESG REPORT



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## About This Report

In this Report, Nam Liong Global Corporation (hereinafter referred to as Nam Liong Global, Nam Liong, or the Company) makes systematic disclosure of the Company's efforts in economic, environmental, and social aspects. This year, the concept of ESG (Environmental, Social and Governance) is integrated into the SDGs (Sustainable Development Goals) as the structure and framework of the chapters in this Report, disclosing to all stakeholders Nam Liong's efforts and results in sustainability with specific practices in the aspects of Corporate Governance, Environmental Protection, Employee Care, and Social Welfare that respond to the SDGs.

The compilation of this Report was based on the guidelines set forth in the Global Reporting Initiative and the Core Option of the GRI Standards, and the AA1000 Accountability Principles of Materiality, Inclusivity, Responsiveness, and Impact were also referred to. Transparent disclosure of the performance of various Management Approaches (MA), responses and actions concerning material sustainability topics are made. This Report also referred to the UN's SDGs (see Appendix 2) as the reporting principles.

## Boundary of the Organization and Scope of Disclosure

The scope of disclosure in this Report is mainly Nam Liong Global Corp. in Taiwan, and the factories of Nam Liong include the followings.

- Head Office: 6F, No. 349, Yangguang St., Neihu Dist., Taipei City
- Tainan Branch: NO. 10, Lane 41, Chou-Wei Street, Yen-Chou Li, Yung-Kang Dist., Tainan City
- Niao Song Factory: NO. 127, Zhengbei 5th Rd., Yung-Kang Dist., Tainan City
- Ren Ai Factory: NO. 357, Ren Ai St., Yongkang Dist., Tainan City

The statistical data disclosed in this Report all came from Nam Liong's internal statistics and survey. The financial data were all calculated in NT dollars and were audited and verified by CAP firms. Part of the data disclosed were from the publicly released information on the websites of government agencies and were presented in the most common way of description. Notes are given when there are needs for conversion. The General Manager's Office collected and organized relevant information of the Company for the compilation of the Report, which was issued after approved by the General Manager. The reporting period was from January 1 to December 31, 2020. This is the first publication of Nam Liong's ESG Report. Our ESG Reports will be published on an irregular basis. Excerpts will also be available on the Company's official Website.

There were no major changes in the organization and supply chain during the reporting period compared to the previous year.

Current edition: Published in December, 2021

Previous edition: This is the first publication

## **Editing, Auditing, and Assurance of the Report**

The ESG Report Editing Team is in charge of the overall planning, communication & integration, data compilation and editing and revision of this 2020 NAM LIONG GLOBAL CORPORATION ESG REPORT. The members of each department in the Editing Team reviewed and revised relevant contents and data before approval for finalization from the head of each department. The statistical data in this Report were from the publicly released information on the websites of government agencies (including Environmental Protection Administration, Ministry of Labor, Bureau of Energy, etc.) and presented in the most common way of description. This Report has not been verified by an external third-party, yet the stringent internal control and verification mechanisms have ensured the accuracy of all the data in the financial, environmental, and social aspects.

## **Contact Information**

Please contact us for any suggestions or questions about this Report.

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## Message from the Chairman

Since 2016, the corporate vision of Nam Liong Global has been to become a global benchmark producer of composite materials with the fundamental principles of green, innovation, and smart manufacturing, sharing results with society and employees with sustainable operation. Therefore, over the years, under the guidance of this vision, we have continuously responded proactively.

In 2021, Nam Liong Global declared green sustainable development as the foundation of our strategy, focusing on the research and development of green materials in three aspects: using recycled and sustainable materials, a symbiotic relationship between by-products and industry, and remanufacturing.

In 2022, our strategy will be focused on promoting Environmental, Social, and Corporate Governance (ESG) as the Enterprise's value proposition of corporate sustainability. Nam Liong Global, with more systematic planning, annual promotion and improvement, hopes to make good use of our accumulated energy base to move toward a position in sync with international trends and even that of leadership.

Facing the challenges of market fluctuations, Nam Liong Global shall uphold continuous learning, transformation, beating challenges, and integrating all available resources to give full play to economies of scale, and enjoy a common prosperity with shareholders, employees, and society based on a spirit of entrepreneurship and innovation, while constantly assembling our unique competitiveness and distinction to usher in a new era of rebirth.



A handwritten signature in black ink, reading "蕭登波" (Hsiao Teng-Po).

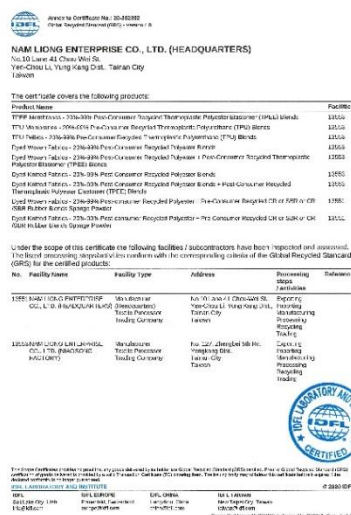
南良集團總裁

Hsiao Teng-Po  
Chairman

# Performance of Sustainability Management in 2020

## Sustainability Achievement

- Tainan Branch and Niao Song Factory were firstly certified with GRS in May, 2020.
- Ren Ai Factory passed ISO 13485 Medical devices quality management systems standards for the first time in November, 2020.



## E-Environment

- We are dedicated to the R&D and innovation of eco-friendly materials and passed the **Oeko-Tex® Standard 100 certification**.
- The output of waste reduced by **4%** in 2020, and the recycling mechanism has been implemented.
- The use of heavy oil reduced to **Zero Use** in 2020.
- In terms of the implementation of waste reduction and recycling, the waste generated from manufacturing of sponge products reduced by 24 tonnes in 2019 and **60 tonnes** in 2020.

## S-Social

- There were no major fines or compensations due to legal violations in 2020.
- The average turnover rate is low, and the average turnover rate has to be lower than 20% as the target.
- There were **no** discrimination cases in 2020.
- There were **no** violations of forced labor in 2020.
- There were **no** cases of occupational diseases, **nor** were there major occupational accidents and deaths.
- Despite the impact of COVID-19, the implementation rate of education and training in 2020 still reached **75%**.
- There were **240 participants** in the annual firefighting training in 2020.

## G- Governance


- In 2020, there were **no** incidents of integrity or ethics violations.






- In 2020, there were **no** incidents of corruption.
- We have long-term cooperation with most of our business partners. Important management and relevant full-time personnel participate in the business negotiation as a team with our important partners to facilitate and confirm operations in a fair and open manner to maintain a long-term and stable cooperative relationship.
- We attained ISO27001 Information security management system, which was in line with the target of our short-term goal. Management of it will continue in the future.
- The material consumption ratio dropped annually. The material consumption rate dropped to **54.63%** in 2020. (Material consumption ratio: the amount of materials in Cost of Goods Sold ÷ Net sales)




## Responding to Sustainable Development Goals (SDGs)


Nam Liong attaches great importance to sustainable development and continues to pay attention to trends and issues concerning global sustainability and corporate social responsibility. After the UN announced the UN Sustainable Development Goals (SDGs) in 2016, the Company reviewed its internal momentum for sustainable development and decided to actively respond to eight of SDGs, including Gender Equality, Decent Work & Economy Growth, Sustainable City & Communities, Responsible Consumption & Production, Climate Action, Life on Land, Peace & Justice Strong Institutions, and Partnerships for the Goals.

Aspect	Corresponding SDGs		Implementation practices of SDGs
G- Governance	 Peace & Justice Strong Institutions	16.5 Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> <li>● To establish a corporate culture of integrity management, the board of directors and managers of Nam Liong have set up an internal control system to ensure the effectiveness and efficiency of operations through continuous and effective management process. The Company has established Corporate Governance Best Practice Principles, Codes of Ethical Conduct of Insiders, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management, Regulations Governing Regulatory Compliance, and other management measures, which are available on the Company's intranet and extranet as a window for communication, reporting channels and handling procedures for our stakeholders of various units. In the monthly training and education for new recruits, the regulations concerning anti-corruptions, related punishments and rewards as well as work rules are also publicized. There were no cases of corruption in Nam Liong in 2020.</li> </ul>



	 <p>Partnerships for the Goals</p>	<p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<ul style="list-style-type: none"> <li>In terms of child labor prohibition, we require relevant personnel in all units in charge of conveying the Company's social responsibility policies and related requirement to our partners, suppliers, and other interested parties to jointly comply with.</li> </ul>
E-Environment	 <p>Responsible Consumption &amp; Production</p>	<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<ul style="list-style-type: none"> <li>Our Sponge Department has reached the goals of "making use of recycled &amp; sustainable materials", "by-products and industrial symbiosis", and "re-manufacturing". These three models all have opportunities for deep cultivation. For instance, alternatives with lower environmental impact would be chosen for development, waste from other industries can also be used as the raw materials, and the recycling rate is increased without scarifying the physical performance. In the future, we will even consider helping with the handling of waste sponge materials in the industry. As of 2020, the Company has successfully launched two Eco-family products.</li> <li>The average annual industrial waste of Nam Liong before 2018 was as much as 900 tonnes, of which waste generated from sponge production accounted for one-third. In addition to occupying space, the waste disposal cost was also high. Therefore, starting from 2019, we have started the waste recycling and reuse plan, and waste materials like the edging strips, waste leather and laminate edging strips that are not easy to be directly recycled are used for research and development of new products, reducing 24 tonnes of waste in 2019 and 60 tonnes in 2020.</li> </ul>
	 <p>Climate Action</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.3 Improve education,</p>	<ul style="list-style-type: none"> <li>We started the adoption of TCFD (Task Force on Climate-related Financial Disclosures) framework in 2020 to demonstrate our responsibility and vision on climate issues.</li> </ul>

		awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	
	 Life on Land	15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development	<ul style="list-style-type: none"> <li>Nam Liong attaches great importance to the environmental protection area in the community and neighboring areas. We adopt and maintain the historical monument for Zheng Cheng-Kung and the Five Banyan Garden to contribute to the environment and society.</li> </ul>
S- Society	 Gender Equality	5.a. Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws	<ul style="list-style-type: none"> <li>Our employees enjoy various benefits. In addition to the vacations and retirement prescribed in relevant labor laws and regulations, when our associates have to take a long time off for taking care of the baby or serving in the military, they can also apply for leave without pay and reinstatement after the expiration of the period. The Company has set up relevant regulations concerning parental pay and leave without pay in the employee handbook based on the Act of Gender Equality in Employment and Regulations for Implementing Unpaid Parental Leave for Raising Children proclaimed by competent agencies.</li> </ul>
	 Decent Work & Economy Growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<ul style="list-style-type: none"> <li>Based on the competency of each job defined by the Human Resource Information System, we established a standardized education and training process to be applied to training development, performance appraisal and promotion selection. Highly competitive salaries, benefits and education &amp; training opportunities are also provided to enable local employees to grow with the Company. We also work in line with the government decree and hired a total of 5 people with disabilities as of the end of December, 2020, meeting the prescribed reserved</li> </ul>

		8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	<p>quota.</p> <ul style="list-style-type: none"> <li>Nam Liong strictly abides by Labor Standards Act and corporate social responsibility standards and established the "Procedures for prohibition of child labor, minors and remedial management for misuse". We convey the insistence of no employment of child labor and underage workers to all employees and other stakeholders. We also require relevant personnel of each unit to inform our partners, suppliers and other stakeholders of the Company's social responsibility policy and related requirements for us to jointly abide by.</li> </ul>
	 <p>Sustainable City &amp; Communities</p>	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<ul style="list-style-type: none"> <li>The Sponge Department started the replacement of the original heavy oil steam boilers with natural gas ones from October, 2019. The steam system is of a closed design, and the hot water and steam at the end of the process will return to the beginning of the process. The returned water vapor is still at high temperature, reducing the time and energy consumed for heating. We also reduce the use of heavy oil and have not used it so far.</li> </ul>

# Special Column: Impacts and Corresponding Strategies in the Face of COVID-19

At the end of 2019, a black swan broke out in Wuhan brought a tremendous change in the world all of a sudden. Due to the spread of epidemic, the stagnation of consumption is the current situation faced by major brands, and related industries of the Group are also impacted. The major industries of Nam Liong Group include sports and leisure, outdoor activities and safety protection. In areas with severe epidemic, the revenues have dropped by as much as 80%. Despite the stable sales online, about 5%-20% drop can also be observed on some e-commerce platforms.

## ● Corresponding Strategies

After knowing the current situation of the industrial operations impacted by the epidemic, Nam Liong Group elaborates the corresponding strategies of each business entity from five main axes.

(1) Human Resources Administration: Corporate management is related to human resources administration and is human-oriented. Almost all business entities mentioned about enhancement, improvement and adjustment of manpower and human resources administration in the face of such a severe impact of epidemic.

Nam Liong's Corresponding Measures:

When faced with the epidemic of COVID-19, Nam Liong cooperated with the government's epidemic prevention policy, focusing on taking care of the safety of our employees, and actively implemented various corresponding measures during the epidemic prevention period. For instance, we made full use of face recognition system for employees to clock in and take temperature to reduce risks of contacts. In addition, employees were allowed to apply for work-from-home, epidemic prevention and children care leave, and vaccination leave or sick leave based on individual needs. For our employees on a business trip or assigned abroad, the Company would provide paid official leave for epidemic prevention during quarantine period, and all the costs needed for testing, traffic, accommodation, and others were covered by the Company. Furthermore, during the epidemic prevention period, the Company also planned to stagger employees shifts in different zones to properly dispatch manpower and adjust production process to avoid impacts on the normal operations of the Company. It is hoped that through the joint efforts of all our employees, we can go through this epidemic successfully.

### 1. Coming to the office:

Every day, employees have to wear masks at all times, take temperature and disinfect hands with alcohol before entering the factory. When the forehead temperature exceeds 37.5°C, the person will be asked to return home, seek medical

treatment, and start self-health management.

2. Access control:

The guards on duty in all factories should make sure that all external personnel (such as delivery drivers and appliance crew) wear masks at all times, take temperature, apply alcohol disinfection, and implement real-name registration. During Level 3 Alert Period, unnecessary visits from clients and suppliers were reduced. Discussions are made through video conference when necessary.

3. Dining in the company canteen:

We set up acrylic desk dividers in the company canteen to maintain a distance of more than 1.5 meters when dining. We also stagger mealtime to avoid risks of gathering in groups. In addition, we also send out announcements to urge our associates to reduce the frequency of dining out to lower the risks of infection during meals.

4. Anti-epidemic materials in the factories:

Each factory is equipped with anti-epidemic materials (including alcohol, masks, safety goggles, rapid screening reagents, forehead thermometers, and bleach) for our employees to use when necessary. The factory also has 100 pieces of medical protective clothing for emergencies.

(2) Supply Chain: The integration of resources in the supply chain has always been one of the competitiveness for the growth of Nam Liong. Our various business entities also take corresponding measures and deployment in response to the epidemic.

- Nam Liong's corresponding measures: We proposed production and operations management to grasp information of supply chain and control material preparation to reduce waste.

(3) Marketing: Promotion of relevant protective materials and finished products and grasping opportunities on the official website and e-commerce platforms

- Nam Liong's corresponding measures: Continue to optimize the SEO quality on our international website and cooperate with various e-commerce channels and platforms for TV shopping. Introduce a fabric simulation system to accelerate the speed for customers to develop proofing. We also increase the frequency of video conferences with our customers to strengthen and maintain customer relationships. We rapidly grasp external changes and cooperate with R&D and production units to satisfy various needs for protective products of different customers in a timely manner during epidemic.

(4) Financial & accounting tasks and functions: Corresponding financial measures were also made in the face of not so optimistic estimates of the revenues in the second half of the year.




- Nam Liong's corresponding measures: To ensure incomes to avoid bad debts, strictly control expenses, suspend unnecessary expenses, and conduct financial stress test for the establishment of a corresponding financial model.

(5) Innovative R&D: Our business entities all agreed that momentum for innovative research and development is what we have to insist under the influence of the epidemic. Only by doing so can we lead the enterprise to respond rapidly to the rebound in orders when the epidemic is over.

- Nam Liong's corresponding measures: Nam Liong proposed to accelerate the promotion of special medical care materials and supplies, special protection as well as military defense products and applications during this period of time.

In the post-epidemic era, there will be changes in the world trends. There are also changes in the industries Nam Liong Group is in, from the brand customers to consumers. We will pay close attention to the changes and set up layout and seek new business opportunities in an attempt to go through the epidemic and find a response mode with the least impacts and risks.

# Chapter 1 Commitments and Communication

Corresponding Material Topics	Sustainable Development Strategies
Corresponding SDGs	  
Major Reasons and Purposes	<ul style="list-style-type: none"> <li>● Dedicated to passing on the experience and continuation of corporate spirit, constantly pursuing innovation and transformation to be able to satisfy customer needs with macroscopic attempts and youthful vitality, working on stable development and sustainable management.</li> <li>● Striving for rooting in Taiwan, exploring the world, stable development and sustainable management.</li> </ul>
Policies	<ul style="list-style-type: none"> <li>● The core value is to “respect life and cherish the environment”. Nam Liong’s Tainan Branch has incorporated the elements of “Green”, “Innovation”, “Smart Manufacturing”, and “Sharing Results with Employees” into the corporate visions since 2015.</li> </ul>
Commitments and Goals	<p><b>Short-term Goals (within 3 years):</b> To establish an energy-saving and highly efficient environmental supply chain with 4Rs, including Reduce, Reuse, Recycle, and Renewable.</p> <p><b>Mid- and Long-term Goals (3~7 years):</b> To implement “people-oriented” education in accordance with our environmental and green strategies and shape a corporate culture with sustainable development and green concept with our core values and visions.</p>
Responsible Unit	<ul style="list-style-type: none"> <li>● General Manager’s Office</li> </ul>
Resources Invested	Applied for funding and entrusted ESG Team of National Cheng Kung University (NCKU) to carry out relevant counseling.
Management Assessment Mechanism	Obtained ISO 9001 Quality and ISO 14001 Environmental Management System Certification
Actions and Performance	<ul style="list-style-type: none"> <li>● We are dedicated to the R&amp;D and innovation of green and eco-friendly materials and have passed Oeko-Tex® Standard 100 certification. We cooperate with internationally renowned brands like NIKE, TIMBERLAND, RIP CURL, ADIDAS, and SAMSONITE for the development of the latest cutting-edge products.</li> <li>● In the future, we will not only continue our rooting on both sides of the strait but also explore the world. Internally, we will also be dedicated to passing on the experience and the continuation of the corporate spirits of “Green”, “Innovation”, “Smart Manufacturing”, and “Sharing Results with Employees &amp; the society”, keeping pursuing innovation and transformation, establishing an efficient management model and creating the future with our strategic partners and employees for stable development and sustainable management.</li> </ul>



## 1.1 Commitment and Promotion of Sustainable Development of ESG

### ● Sustainable Development Policies and Commitments

To fulfill our corporate social responsibility and facilitate economic, environmental, and social progress to reach the goal of sustainable development, Nam Liong referred to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and submitted to the board of directors on May 24, 2011 for the approval of Corporate Social Responsibility Best Practice Principles for Nam Liong Global Corporation. On August 9, 2017, it was submitted to the board of directors for the first time for the approval of the revision. Based on the consideration of the CSR development trends at home and abroad and their correlation with our corporate core business, the impact on the company itself and the impact of the Group's overall operations on our stakeholders, we set up CSR policies, systems, and related management approaches as well as specific promotions plans. We implement various ESG-related measures in accordance with the practice principles to fulfill the corporate social responsibility in terms of economic promotion, social and environmental & ecological balance, and sustainable development.

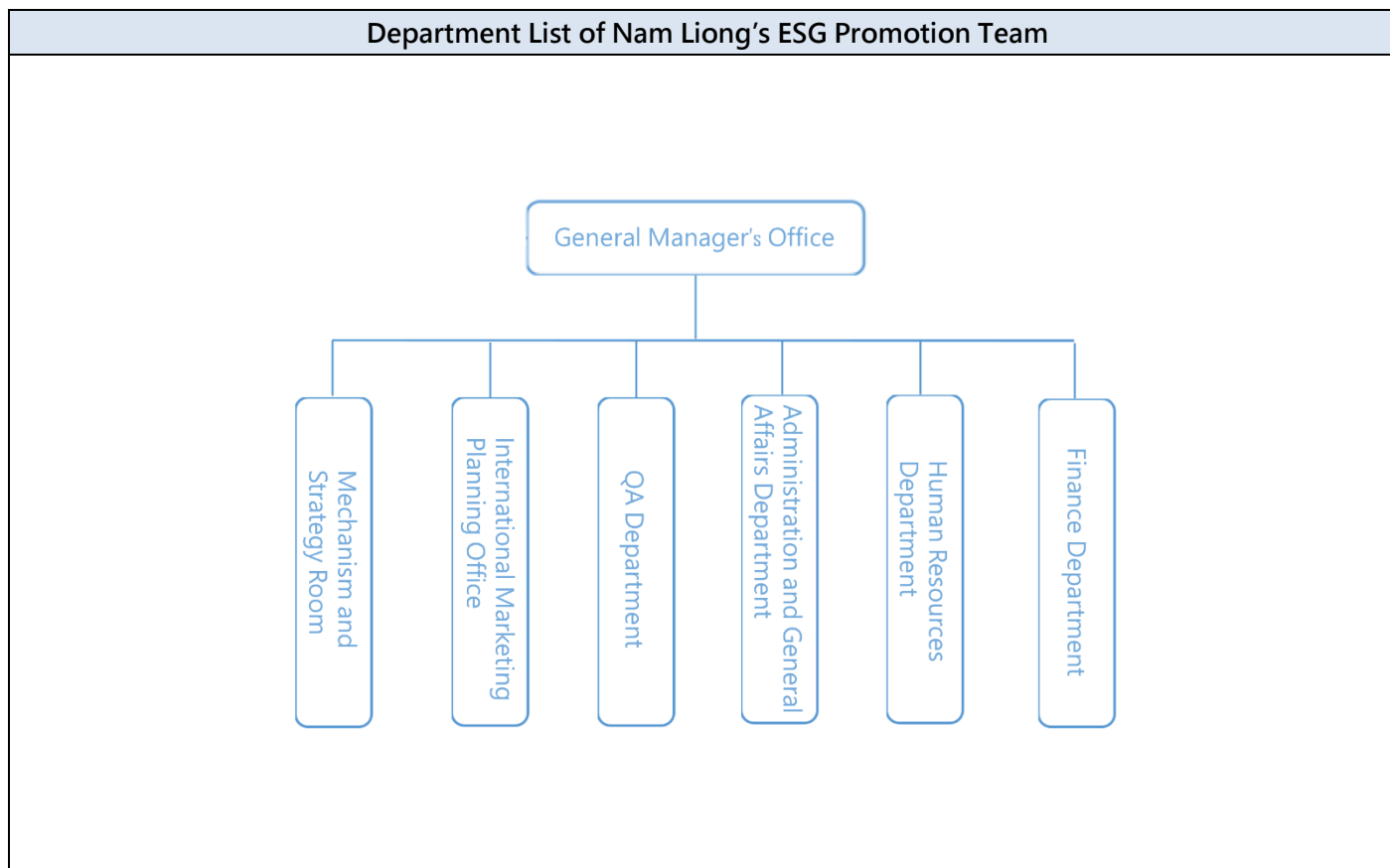
The corporate core value of Nam Liong is to "respect life and cherish the environment". Nam Liong's Tainan Branch has incorporated the elements of "Green", "Innovation", "Smart Manufacturing", and "Sharing Results with Employees & the society" into the corporate visions since 2015. In the future, we will not only continue our rooting on both sides of the strait but also explore the world. Internally, we will also be dedicated to passing on the experience and the continuation of the corporate spirits, keeping pursuing innovation and transformation to be able to satisfy customer needs with macroscopic attempts and youthful vitality, working on stable development and sustainable management.

Green industry will be the most critical focus of industrial transformation for the next two decades in Taiwan. While moving toward sustainable management, Nam Liong implements "people-oriented" education in accordance with our environmental and green strategies and shape a corporate culture with sustainable development and green concept with our core values and visions. For the sustainable management and development of the corporation, we sincerely and openly communicate with our stakeholders to maintain good relationships. In addition to complying with our Corporate Social Responsibility Best Practice Principles, we also expect our partners to jointly support our commitments to corporate social responsibility.

### ● Sustainable Development Team

Currently, the ESG Promotion Team of the Company is composed of various departments within the Company. The core departments consist of the General Manager's Office, Mechanism and Strategy Room, International Marketing Planning Office, QA

Department, Administration and General Affairs Department, Human Resources Department, and Finance Department, which are responsible for the promotion of CSR-related affairs and collection of relevant information. The senior management of the Company serve as the leader of the promotion team to jointly pay attention to the pulses externally and the development trend of new issues, responding to our endeavor in ESG in a transparent and open manner to create greater value for all our stakeholders.



## 1.2 Communication with Stakeholders and Material Topics

### 1.2.1 Stakeholder Identification and Communication

#### ➤ Identification of Stakeholders

Stakeholder identification and communication are the foundations for an enterprise to implement sustainable development. Nam Liong attaches great importance to the trust and communication with our stakeholders. Based on the GRI Standards and AA1000 (Stakeholder Engagement Standards, SES), coupled with the joint discussions among the ESG Report Editing Team and relevant departments and by referring to the stakeholder groups identified in the same industry, a total of six categories of stakeholders are identified in accordance with the principles of Dependency, Responsibility, Influence, Diverse Perspectives, and Tension. The 6 categories of stakeholders identified include Customers, Employees,

Suppliers/ Contractors, Shareholders/ Investors/ Financial Institutions, Government Agencies, and Insurance Companies.

### ➤ Stakeholder Communication

We believe that an enterprise has to actively understand the stakeholders' needs and to continuously respond to topics of stakeholders' concern. We make use of channels like our international official website, relevant meetings, annual reports, ESG questionnaires, customer service hotline, and emails to understand topics our stakeholders concern about.

Stakeholders	Issues of Concern	Communication Channels	Frequency
Customers	<ul style="list-style-type: none"> <li>➤ Customer Service Management</li> <li>➤ Innovative Products and Technologies</li> <li>➤ Customer Health and Safety</li> <li>➤ Child Labor</li> <li>➤ Forced and Compulsory Labor</li> </ul>	<ul style="list-style-type: none"> <li>➤ ESG topic questionnaire survey</li> <li>➤ Customer visits</li> <li>➤ Business meetings</li> <li>➤ Customer service hotline/ Email</li> <li>➤ Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annually</li> <li>➤ Bi-weekly/ Monthly (Domestic customers)</li> <li>➤ Every 6 months/ Annually (Foreign customers)</li> <li>➤ Monthly</li> <li>➤ Immediately</li> <li>➤ Annually</li> </ul>
Employees	<ul style="list-style-type: none"> <li>➤ Occupational Health and Safety</li> <li>➤ Training and Education</li> <li>➤ Innovative Products and Technologies</li> <li>➤ Sustainable Development Strategy</li> <li>➤ Socio-economic Compliance</li> </ul>	<ul style="list-style-type: none"> <li>➤ ESG topic questionnaire survey</li> <li>➤ Labor-management meeting</li> <li>➤ Employee Welfare Committee</li> <li>➤ Intranet/e-Newsletter</li> <li>➤ Employee opinion survey</li> <li>➤ Company-wide morning meeting</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annually</li> <li>➤ Quarterly</li> <li>➤ Immediately</li> <li>➤ Immediately</li> <li>➤ Monthly</li> </ul>
Suppliers/ Contractors	<ul style="list-style-type: none"> <li>➤ Procurement Practices</li> <li>➤ Innovative Products and Technologies</li> <li>➤ Sustainable Development Strategy</li> <li>➤ Customer Health and Safety</li> <li>➤ Customer Service Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ ESG topic questionnaire survey</li> <li>➤ Contractor engineering conference</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annually</li> <li>➤ On demand</li> </ul>
Shareholders/ Investors/ Financial Institutions	<ul style="list-style-type: none"> <li>➤ Corporate Governance</li> <li>➤ Integrity Management</li> <li>➤ Risk Management</li> <li>➤ Innovative Products and Technologies</li> <li>➤ Environmental</li> </ul>	<ul style="list-style-type: none"> <li>➤ ESG topic questionnaire survey</li> <li>➤ Shareholders' meeting</li> <li>➤ Legal person briefing/forum</li> <li>➤ Announcement of</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annually</li> <li>➤ Immediately</li> <li>➤ On demand</li> <li>➤ On demand</li> <li>➤ On demand</li> </ul>

Stakeholders	Issues of Concern	Communication Channels	Frequency
	Compliance	operational performance ➤ Website announcement ➤ Investor contact hotline /mailbox ➤ Telephone/ visit	
Government Agencies	<ul style="list-style-type: none"> <li>➤ Integrity Management</li> <li>➤ Sustainable Development Strategy</li> <li>➤ Labor Management Relations</li> <li>➤ Occupational Health and Safety</li> <li>➤ Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ ESG topic questionnaire survey</li> <li>➤ Seminars organized by the competent authorities</li> <li>➤ Visits by government agencies</li> <li>➤ Meetings/ exchange of official documents</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annually</li> <li>➤ On demand</li> <li>➤ On demand</li> <li>➤ Immediately</li> </ul>
Insurance Companies	<ul style="list-style-type: none"> <li>➤ Integrity Management</li> <li>➤ Economic Performance</li> <li>➤ Sustainable Development Strategy</li> <li>➤ Risk Management</li> <li>➤ Customer Service Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ ESG topic questionnaire survey</li> <li>➤ Telephone/ visit</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annually</li> <li>➤ On demand</li> </ul>

#### ➤ Stakeholder Contact

For any questions and opinions from our stakeholders, please contact us through the contact window.

Contact person: Ms. Su Meng-Hsu

Tel: +886 2-26591588

## 1.2.2 Sustainable Development of Material Topics

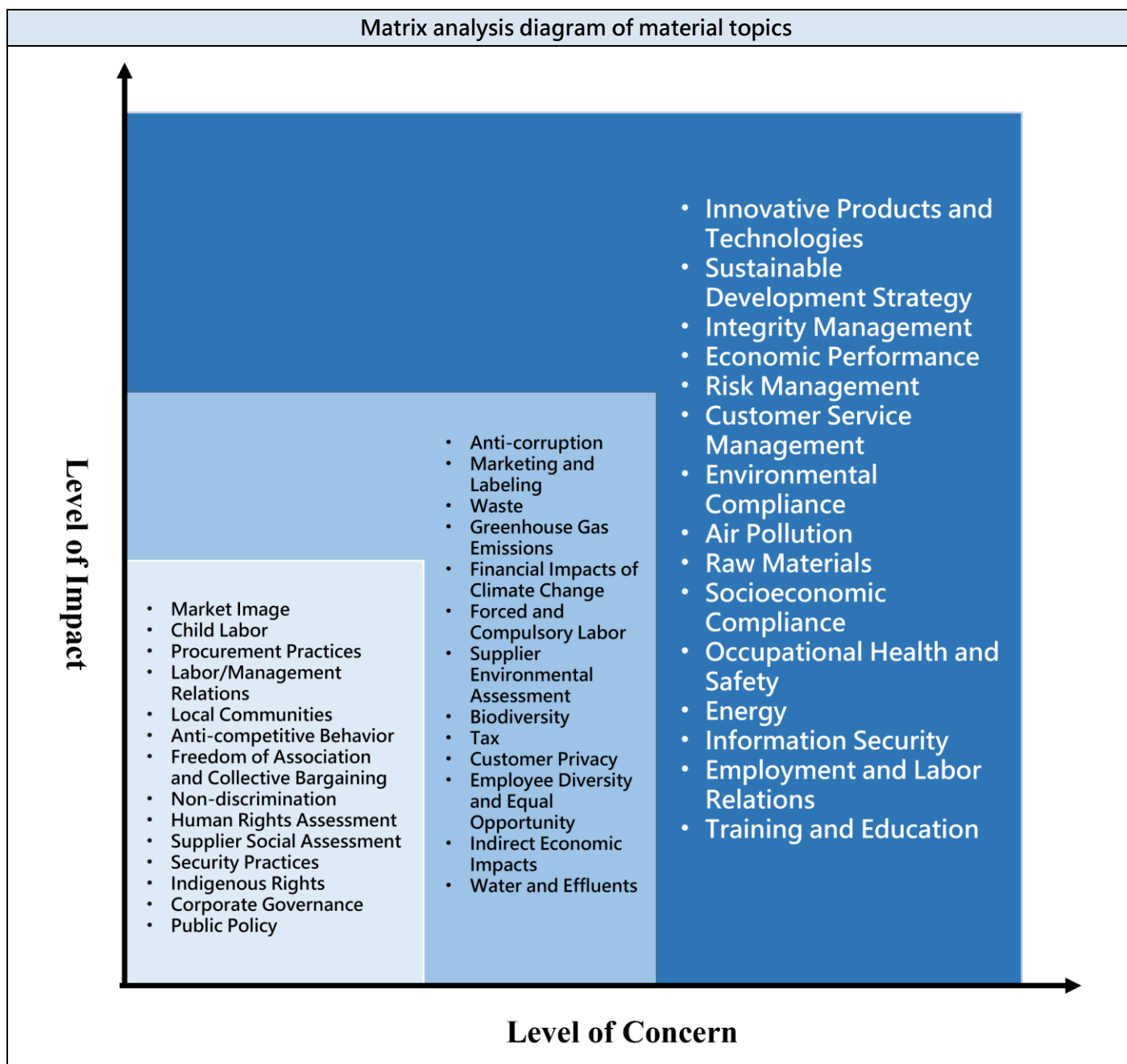
### ➤ Identification of Material Topics

To enable the information disclosed in this ESG Report to meet the needs of stakeholders, Nam Liong follows the PDCA (Plan-Do-Check-Act) management model to determine the material sustainable topics based on the five steps of "Identification of Stakeholders", "Collection of Topics", "Analysis of Topics", "Identification of Materiality", and "Review and Discussion".

1	Through internal discussion and by referring to the stakeholder groups identified in the same trade, the six categories of stakeholders were identified based on AA1000 SES (Stakeholder Engagement Standards).
2	Considering the context of sustainability, topics collection was based on GRI Standards and SDGs, and a total of 44 topics were organized in questionnaire designing, covering topics in the aspects of corporate governance, economy, environmental and society.
3	We adopted questionnaire survey on the stakeholders' issues of concern (with impacts on stakeholders' evaluation and decision making) and the level of impact on sustainable management (significant impact on economy, environment, and society) as the reference for prioritization of material topics. A total of 263 copies of questionnaires were returned.
4	Through questionnaire analysis and discussions, a total of 16 material topics were identified and their management approaches were also disclosed.
5	The value chain serves as the boundary analysis element of the material topics, and relevant information is disclosed in this Report.

### ➤ Results of Material Topics Identification

The sustainability topics of this year were identified through analysis of stakeholder questionnaire and internal identification and discussions, and a total of 16 material topics were identified.



Prioritization of Material Topics				
1 Innovative Products and Technologies	10 Socio-economic Compliance	19 Greenhouse Gas Emissions	28 Water and Effluents	37 Human Rights Assessments
2 Sustainable Development Strategy	11 Occupational Health and Safety	20 Financial Impacts of Climate Change	29 Market Image	38 Supplier Social Assessment
3 Integrity Management	12 Energy	21 Forced and Compulsory Labor	30 Child Labor	39 Security Practices
4 Economic Performance	13 Information Security	22 Supplier Environmental Assessment	31 Procurement Practices	40 Indigenous Rights

Prioritization of Material Topics				
5 Risk Management	14 Employment and Labor Relations	23 Biodiversity	32 Labor Management Relations	41 Corporate Governance
6 Customer Service Management	15 Training and Education	24 Tax	33 Local Communities	42 Public Policy
7 Environmental Compliance	16 Anti-corruption	25 Customer Privacy	34 Anti-competitive Behavior	
8 Air Pollution	17 Marketing and Labeling	26 Employee Diversity and Equal Opportunity	35 Freedom of Association and Collective Bargaining	
9 Raw Materials	18 Waste	27 Indirect Economic Impacts	36 Non-discrimination	

#### ➤ Value-chain Boundary of Material Topics

After analysis, the material topics of this Report are summarized into five aspects, including "Commitments and Communication", "Nam Liong, Equivalent to Quality", "Integrity Governance", "Green Environment", and "Workplace and Social Consensus". In addition, the value chain also serves as the boundary analysis element for discussions of material topics in economic, social, and environmental aspects, goal attainment situation of each unit, and setting of future directions. Relevant information of results concerning the achievement and the discussions with stakeholders as well as ESG suggestions will all be disclosed in this ESG Report.

The General Manager chaired the ESG kick-off meeting on June 16, 2021 and fully participated in the discussions on the identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities, having a comprehensive understanding of the material topics and impacts of stakeholders on the Company.


Sustainability Aspect (Corresponding chapters)	Corresponding GRI Standards/ Custom topics	Value Chain Impact Boundary				
		Nam Liong Global Corp.	Subsidiaries of Nam Liong Global Corp.	Customers/ Distributors	Suppliers/ Contractors	Community residents
Commitments and	Sustainable Development Strategy	■	■	□	□	-



Sustainability Aspect (Corresponding chapters)	Corresponding GRI Standards/ Custom topics	Value Chain Impact Boundary				
		Nam Liong Global Corp.	Subsidiaries of Nam Liong Global Corp.	Customers/ Distributors	Suppliers/ Contractors	Community residents
Communication (Chapter 1)						
Nam Liong, Equivalent to Quality (Chapter 2)	Innovative Products and Technologies, Economic Performance (GRI 201), Customer Service Management	■	■	□	□	-
Integrity Governance (Chapter 3)	Integrity Management, Risk Management, Socio-economic Compliance (GRI 419), Information Security	■	■	□	□	-
Green Environment (Chapter 4)	Environmental Compliance (GRI 307), Air Pollution (GRI 305), Raw Materials (GRI 301), Energy (GRI 302), Waste (GRI 306)	■	■	□	□	-
Workplace and Social Consensus (Chapter 5)	Employment and Labor Relations (GRI 401), Training and Education (GRI 404), Occupational Health and Safety (GRI 403)	■	□	□	□	◎

■: Direct impact; □: Business impact; ◎: Contributing impact

## Chapter 2 Nam Liong, Equivalent to Quality

<b>Corresponding Material Topics</b>	Innovative Products and Technologies, Economic Performance, Customer Service Management	
<b>Corresponding SDGs</b>	  	
<b>Major Reasons and Purposes</b>	<ul style="list-style-type: none"> <li>To integrate external partners' products and technologies, continue developing domestic markets for diverse application, and actively expand international brand markets and distributors overseas to improve the overall business performance of the Company. Meanwhile, we also focus on the operations of invested businesses and strengthen our core competitiveness through resource integration.</li> <li>To effectively manage risks of climate change and environmental laws and regulations, Nam Liong conducts GHG and emission management. If management is not conducted, we may be imposed fines or penalties in the future. Responsible emission management can reduce our cost risks while at the same time enhance the products' competitiveness on sustainability issues.</li> <li>In order to effectively satisfy customer needs for the management of our customer satisfaction, we make analysis of the level of concern and level of impact through communication with our stakeholders. When customer needs are not satisfied, there are risks of short-term losses of orders and long-term losses of competitiveness. Customer satisfaction is also one of the core spirits of the Company's ISO 9001, which include customer satisfaction, accurate delivery, excellent quality, and reasonable prices.</li> </ul>	
<b>Policies</b>	<ul style="list-style-type: none"> <li>Expand the post-epidemic market, develop green sustainability, and advance digital transformation.</li> <li>The emission policies of the Company are "Social responsibility, sustainable development and aligning with international trends".</li> <li>The policies of the Company's quality management are "Excellent quality, reasonable prices, accurate delivery, and continuance of improvement".</li> </ul>	
<b>Commitments and Goals</b>	<p><b>Short-term Goals (within 3 years):</b></p> <ul style="list-style-type: none"> <li>Customer satisfaction reaches 80% and above.</li> <li>Expand post-epidemic market, keep close to customer needs, and increase revenue momentum.</li> </ul> <p><b>Mid- and Long-term Goals (3~7 years):</b></p> <ul style="list-style-type: none"> <li>Development of green sustainability, fulfillment of social responsibility, and striving to win brand customers.</li> <li>Advancement of digital transformation, management of scientific data, and real-time information for decision-making.</li> </ul>	
<b>Responsible Units</b>	<ul style="list-style-type: none"> <li>Forward-looking Innovation Team</li> <li>General Manager's Office</li> <li>Marketing Planning Office</li> <li>GHG Inventory Promotion Team</li> <li>QA Department</li> </ul>	
<b>Resources Invested</b>	The general manager convenes the management meeting every Monday and the business review meeting every month for regular review of the operational performance. Participating members include department heads, support staff supervisors, and financial directors. An external unit is also entrusted to conduct	

	corporate governance evaluations.
<b>Grievance Mechanism</b>	Community residents can file complaints through interviews, phone calls and emails.
<b>Management Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>● Regular reviews are conducted based on the annual indicators the Company sets in the aspects of finance, customers, internal process, and learning growth.</li> <li>● The Company makes annual evaluation of the effectiveness of PDCA for the emission management in accordance with the ISO 14001 internal management review process.</li> <li>● Nam Liong's ISO 9001: 2015 continues to conduct PDCA reviews and improvement on product and environmental issues based on the quarterly quality and environmental control meeting and the annual management review meeting at the end of each year.</li> </ul>
<b>Actions and Performance</b>	<ul style="list-style-type: none"> <li>● An additional review meeting will be convened quarterly for units with poor operating performance.</li> <li>● The operating performance and figures are disclosed in the Shareholder Report. Summaries of the annual business plans and important production &amp; sales policies are also announced as the basis for adjustment.</li> <li>● To effectively manage emissions, the Company has successively introduced ISO 14001 international management system.</li> <li>● Customer satisfaction reaches 80% and above.</li> </ul>

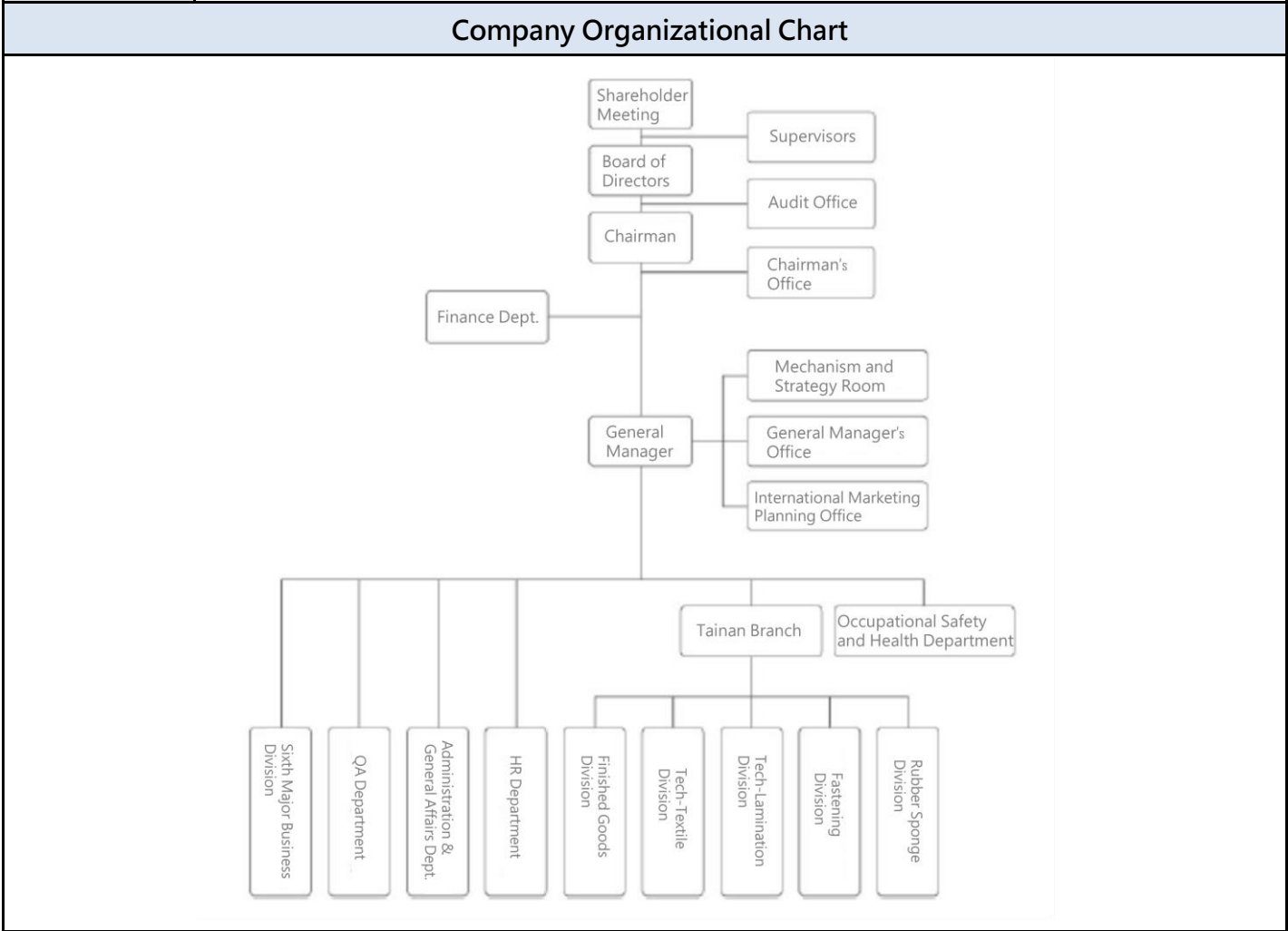
## 2.1 Company Overview

### 2.1.1 Company Profile

Nam Liong Enterprise Co., Ltd. was established in 1972. Since its establishment, with the joint efforts of all the employees, it has gradually built its reputation in the industry for its high-tech and functional textile materials, various polymer materials, and polymeric foam. Nam Liong Global Corporation was established in 1989, and on December 31, 2020, it merged with its wholly-owned subsidiary, Nam Liong Enterprise Co., Ltd. (whose stocks has been listed on the Taipei Exchange since Aug. 22, 2000, stock code: 5450), with the head office located in Taipei. The corporate core responsibilities and values of “respect for life and care for the environment” of Nam Liong Group are continuously passed on while the Company is moving toward multi-development.

Profile of Nam Liong Global Corporation			
Company Name	Nam Liong Global Corporation	Date of Establishment	August 11, 1989
Stock Listing	Listed on TPEx in August, 2000	Stock Code	5450
Paid-in Capital	NTD 1,223,922,500	Number of Employees	818 (including global branches)
Chairperson	Teng-Po, Hsiao	General Manager	Shun Ching, Chang
Head Office	6F, No.349, Yang-Kuang St., Neihu District, Taipei City (The head office will be relocated to Nangang District, Taipei City in 2022)		
Operating bases	The head office is located in Neihu District in Taipei City and will be relocated to Nangang District, Taipei City in 2022. We have also set up our Tainan Branch (Main Factory), Niao Song Factory, and Ren Ai Factory in Yongkang District in Tainan City. In addition, we also set up overseas subsidiaries, including JiaXing NanXiong Polymer in Jiaying, China, Dongguan Nam De Rubber & Plastics Manufacturers Co., Ltd. in Dongguan, China, and Nam Liong Enterprise Co., Ltd. in Vietnam.		

Main business	<p>The main products at Nam Liong Global Corp. are high-tech and functional products, supplemented by various special and functional materials which are used in shoes, bags, clothes, sports medical equipments, and special materials, making Nam Liong an all-round material supplier. We continue the R&amp;D of high-tech, functional, and eco-friendly textile materials, various polymer materials, and polymeric foam. Meanwhile, we hold a number of patents and have become an important leading material manufacturer globally. The international trend of “green and sustainable environmental protection” is incorporated in the main axis of our thinking and planning, and we devote ourselves to providing the best design solutions for various industries.</p>
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- **Introduction of Company Operations**
- Nam Liong markets globally with its private brands, such as SEAMATE®, Bio II™, i-Foam™, ECoreBond™, and X-SlipTex™ for polymeric foam; UREAMAX®, ENPROTEX®, and ECOMATE® for functional membrane & laminated fabric; ARMORTEX® and ZEROMELTS®

(flame resistant fabric) for technical textiles. In addition, an IAC-certified laboratory for functional and specialty chemicals was set up in Chiayi, a textile material R&D center was established in Tainan, and the productions plants are located in Tainan, Taiwan, China, and Vietnam. Various departments continue to invest in smart materials, renewable materials, and green process technologies, developing innovative processes from materials to products while establishing various environmental verification specifications and evaluation technologies, stepping toward three directions of smart textile, green textile, and digital textile. All units of the business divisions should make joint efforts to develop high value-added and innovative textile technologies and products and deepen material application aspects to enhance the industrial value and overall competitiveness.

➤ **Invested Businesses**

To respond to the mainstream trend in the world and the economic policies of the government, Nam Liong's investment strategies focus on environmental protection and green energy industries and forward-looking technology products to reach the goal of rooting in Taiwan, advancing into Asia-Pacific region, and exploring the global market to create revenues and increase profits. Currently, the investment projects of the Company include Greenchem Industrial Co., Ltd, Elementech International Co., Ltd., JiaXing NanXiong Polymer Co., Ltd., Dong Guan Nam De Rubber & Plastic Manufactures Co., Ltd., and Nam Liong Enterprise Co., Ltd. (Vietnam).

Name of Subsidiary	Nature of Business	Shareholding
Greenchem Industrial Co., Ltd.	The man products are polymer and eco-friendly antibacterial products, mainly used in special textiles and leather.	100%
Prolink International (Hong Kong) Co., Ltd.	Investment holding	100%
Elementech International Co., Ltd.	The main products are switch power supply (SPS) marketed in the global market.	100%
Elementech (Hong Kong) Limited	Investment holding	100%
Namliong International Investment & Holding Corp.	Investment holding	100%
Speedbest International Limited	Investment holding	100%
Nam Liong Enterprise Co., Ltd. (Vietnam)	Mainly focus on the slicing and laminating foam materials to shorten the lead time for customers, with the goal of expanding the market.	100%

GreenChem International (Shanghai)	Production and sale of anti-mildew antibacterial agents, natural anti-mite agents, and long-acting silver ion antibacterial agents for textiles.	100%
Suzhou Greatsun Electronics & Communications Co., Ltd.	In charge of manufacturing of power products. The company works in line with the parent company's quality requirements for products with 6-level energy efficiency and continues the measures to optimize the processes, material control and production line improvement to increase production capacity and production efficiency step by step.	100%
JiaXing NanXiong Polymer Co., Ltd. (Fire Retardant Textile Factory)	Production and sale of waterproof and moisture-permeable membranes, wear-resistant fabrics, and anti-cutting fabrics. It is planned to transform the marketing methods to create a one-to-many sales platform and integrate resources in the future.	100%
Dong Guan Nam De Rubber & Plastic Manufactures Co., Ltd.	Production of foam sheets, special processed foam materials and processing of OEM finished goods. Currently, the major plan is to increase differentiated products, develop new markets and brand customers, and provide products with stable quality at reasonable prices to the customers.	100%

Date of data: May 20, 2021

➤ **Major Organization Participation**

<b>Name of Organization</b>	<b>Position</b>
<b>Taiwan Rubber &amp; Elastomer Industries Association</b>	General member
<b>Tainan City General Industrial Association</b>	General member
<b>Taiwan Smart Textile Association</b>	General member
<b>Chinese Professional Management Association</b>	General member
<b>Cross-Strait CEO Summit</b>	General member
<b>Southern Taiwan Textile Research Alliance</b>	General member

## 2.1.2 Financial Performance

The main products at Nam Liong Global Corp. are high-tech and functional products, supplemented by various special and functional materials which are used in shoes, bags, clothes, sports medical equipment, and special materials, making Nam Liong an all-round material supplier. The corporate core responsibilities and values of "respect for life and care



for the environment” of Nam Liong Group are continuously passed on while moving toward multi-development. In addition, we also develop integrated planning and comprehensive solutions for intelligent management system industry, IoT, and energy management.

In terms of the operating performance, the consolidated revenue of Nam Liong Global Corp. in 2020 amounted to NTD 2.675 bn, and 8.19% decrease compared with 2019. Due to the outbreak of COVID-19 in 2020 and the uncertainty of global economic trends, the Company has actively stepped into and expanded the trilateral markets of OLC (Outdoor Light Casual), SMP (Special Medical Protection) and NDI (National Defense Industry) to open up new areas to reduce direct impacts for short-term elastic strains while mid- and long-term strategic adjustments are also made to cope with the coming challenges in the future.

<b>Financial Statement of Nam Liong Global Corp.</b>		
Unit: NTD 1,000 and NTD for EPS		
Item/ Year	2019	2020
Operating income	1,736,874	1,580,760
Operating margin	471,527	420,898
Operating income (loss)	93,467	68,310
Non-operating income and expenditure	4,667	3,965
Profit before tax	98,134	72,275
Net profit (loss)	70,931	66,465
Other comprehensive income (loss) for the year (net of tax)	-36,682	15,951
Total comprehensive income (loss) for the year	34,249	82,416
Earnings per share (basic/diluted)	0.58	0.54
Employee benefits	425,200	384,558
Dividends paid to shareholders	0	0
Government tax paid	31,478	21,445

Sales territory	Ratio in sales turnover	
America	35%	
Europe	22%	
Asia	23.32%	
China (including Hong Kong)	14%	

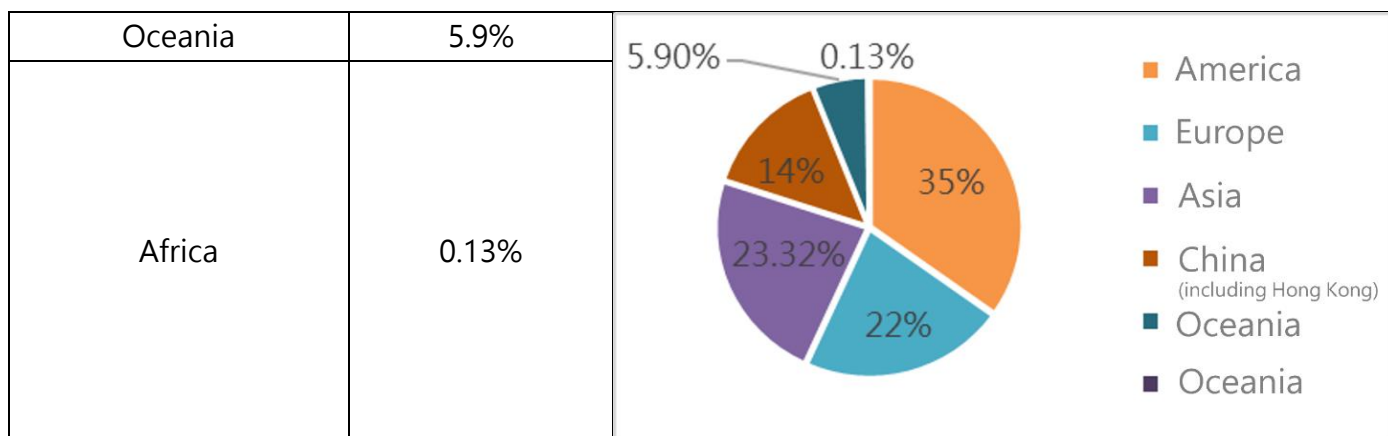


Table of Sales Quantity/Value				
Unit: NTD 1,000				
Major products \ Year	2019		2020	
	Domestic	Export	Domestic	Export
Electronic products	64,045	276,871	53,456	238,818
Chemical products	37,497	121,009	40,638	125,704
Textile downstream products	691,677	1,665,519	613,199	1,564,221
Other products	53,171	4,637	38,198	1,355
Total	846,390	2,068,036	745,491	1,930,098
Note: The unit of measurement of the product categories are different, and there is no consistent statistics of quantities. Therefore, it is expressed based on the sales values of the product categories.				

#### ➤ Dividend Policy

The dividend policy of the Company depends on the current and future investment environment, capital needs, domestic and foreign competition status, capital expenditure needs, and sound financial planning of the Company for sustainable development. In accordance with our Articles of Incorporation, when the board of directors drafts a shareholder dividend distribution plan, the ratio of cash dividends and stock dividends is determined by taking into account the operating needs of the Company. In addition, the ratio of cash dividends shall not be lower than 10% of the total amount of shareholder dividends. It is prescribed in the Articles of Incorporation that before allocating the surplus profits, an amount of no more than 2% of the annual profit shall be allocated as the remuneration of directors and supervisors while 2% to 20% as the remuneration of the employees. However, when there are still accumulated losses, the compensation amount shall be reserved in advance before allocating the aforesaid ratio to the employees and directors & supervisors as remunerations. The aforesaid employee remuneration is also distributed to employees of affiliated companies in stocks or cash. Provided there are changes in the amounts of remunerations to employees and to directors and supervisors decided by the board of directors at the end of the year, such changes in amount shall be

handled in accordance with changes in accounting estimates and the adjusted entries are recorded in the annual shareholder meeting.

Government subsidies received in 2020		Unit: NTD
Government agency	Amount of subsidy	
Taiwan Textile Federation	120,000	
Chiayi Motor Vehicles Office	4,000	
Taiwan Textile Federation	428,571	
Taiwan Textile Federation	428,571	
Taiwan Small & Medium Enterprise Counseling Foundation	1,245,643	

For the financial reports, annual report of shareholder meetings, and the corporate governance information of Nam Liong Global Corp., please refer to the "General Shareholders Meeting" and "Financials Information" in the Investors Section on our website at <http://www.namliong-global.com/zh-TW/page/financial-business-info.html>



## 2.2 Brands, Products and Services

### 2.2.1 Introduction of Product Services

Nam Liong Global Corp. is devoted to high-tech and functional products, supplemented by various special and functional materials which are used in shoes, bags, clothes, sports medical equipment, and special materials, making Nam Liong an all-round material supplier. In addition, we also develop integrated planning and comprehensive solutions for intelligent management system industry, IoT, and energy management. With the high-tech, functional, and eco-friendly textile materials, various polymer materials, and polymeric foam, and by holding various patents, we consolidate our leading position in the market with technologies and innovative products. Meanwhile, we also continue to construct and integrate a complete supply chain system that gives priority to solving customers' pain points, providing excellent product quality and rapid and great customer service to enhance Nam Liong's reputation in the global market.

Polymeric Foam

We specialize in the R&D of various polymeric foam. We are committed to using natural resources, renewable biomass materials and recycled raw materials to replace the petrochemical raw materials as much as possible to reach 3Rs, namely Renewable, Reduce, and Recycle. Our products are approved by Oeko-Tex Standard 100, USDA BioPreferred program, Global Recycle Standard (GRS), etc.

Based on different industrial purposes, rubber materials with different physical and chemical properties, such as NR, neoprene, SBR, EPDM, TPE, EVA, NBR, and so on have good performance of heat insulation, waterproof and buffer effect. The sliced foam can be laminated with various fabrics for the consumer finished products or can be die-cut for industrial use. Our production facilities are located in Taiwan, Dongguan, China, and Binh Duong, Vietnam.



### Hook and Loop

As a professional manufacturer with over 30 years of experience and technologies in manufacturing hook and loop fasteners, Nam Liong provides diverse production combination of hook and loop fasteners. In recent years, we have actively expanded horizontally for diversification of products and deepened the finished goods vertically to meet customer needs for one-time purchase of multiple items with small quantity.

Hook and loop fastener products include standard hook and loop fasteners, functional hook and loop fastener tape, back-to-back hook and loop, brushed fabric, plastic hook fastener tape, knitted loop tape, and other processed tape. The ability to process finished goods can meet various processing methods of printing, gilding, branding, rounding, flattening, sewing, ultrasonic bonding, pasting silicone and so on, and can also be produced into various small D.I.Y packaging (such as OPP self-adhesive tape, tags, color boxes, and blisters). The quality of products is constantly improving. We passed the OEKO-TEX® Standard 100 in 2018.



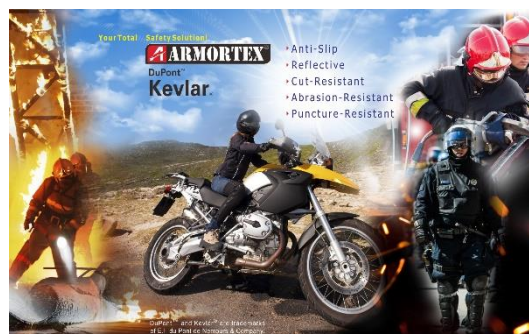
### Functional Membrane & Laminated Fabric

From the professional production of various functional films to various lamination processes – such as PUR, oily and coated (or extruded) ones, we can provide our customers with complete, professional, and comprehensive total solutions to shorten the lead time, reaching a mutual beneficial and prosperous industrial structure with our customers. To embody the spirit of 2016 Paris Agreement, we have promoted the use of renewable energy (installed solar panels) in the factories to fulfill our social responsibility for environmental protection.



## Technical Textiles

Special fibers or additives are combined with textile materials and technologies to manufacture protective products to ensure safety of individuals and in the workplace by using the characteristics of their remarkable durability, high strength, and good protection. Based on the materials used, manufacturing technologies, and the end-use application, the product development is divided into 9 major categories, including wear-resistant fabric, cut-resistant fabric, puncture-resistant fabric, anti-slip fabric, elastic fabric, reflective fiber, fireproof fiber, multifunctional fibers and functional yarns products. We have established two major brands, ARMORTEX® and ZEROMELTS® (flame resistant fabric) and completed trademark registration to improve our market visibility.



## 2.2.2 Product Compliance Information Disclosure

Nam Liong pays close attention to and observes regulatory trends at home and abroad at all times to ensure that all our operating bases comply with the local laws and regulations of the countries where they are located. There were two minor penalties for violations of the Pharmaceutical Affairs Act in 2020, and we have made immediate improvement and reported the results to the competent authorities. In the future, we will continue to strengthen the education and training of our personnel and the implementation of protection measures to avoid similar incidents from happening again. Other than that, there were no complaints of customer privacy infringement or loss of customer information, nor were there any incidents of violations of laws and voluntary standards in terms of the health and safety impact of products and services during their life cycles.

Date of violation	Laws and regulations violated	Amount of fine	Description	Improvement and preventive measures
Aug. 17, 2020	Violation of Article 40-1 of Pharmaceutical Affairs Act	NTD 30,000	On Dec. 25, 2019, Nam Liong shipped the products for China International Import Expo. Among them, the declared product names of three products did not match the medical device registration review, violating the prescription of Article 40-1 of Pharmaceutical Affairs Act that pharmaceutical firms shall supply relevant information in the application for manufacturing or importing medicaments to Health Authority.	Relevant legal training and education are provided to relevant personnel, and the procedures for sales of medical device products and import and export data review are strengthened.
Dec. 11, 2020	Violation of Article 40-1 of Pharmaceutical Affairs Act	NTD 30,000	The content of the medical orthopedic insoles advertisement on MedFirst Website failed to comply with the prescription of Article 27-1 of Pharmaceutical Affairs Act	The supervision of medical device products is strengthened after they are launched in the market. After the review and approval from the Health Authority, the complete

			that the advertisement content shall completely conform to the approval content of such advertisement.	information of advertisement content shall be provided to relevant distributors. In addition, corresponding sales personnel should regularly check whether the information on the internet is complete and correct.
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### 2.2.3 Product Quality Certification

Nam Liong has certifications of ISO 9001 Quality Management, ISO 13485 Medical Devices Quality Management, ISO 14001 Environmental Management System and international environmental protection certifications like Oeko-Tex® Standard 100 certification, Bluesign® standard, and GRS (Global Recycled Standard). Our products and the raw materials all meet international and regional environmental laws and regulations (RoHS, REACH, etc.) and environmental requirements of local governments (EU RoHS and so on). In addition, all the products, such as the high-tech, functional, and eco-friendly textile materials, various polymer materials and polymeric foam are ensured to be 100% compliant with the requirements of Oeko-Tex Standard 100. The marketing and labeling of products and services also abide by related laws and international standards, such as the safety certificate of OEKO-TEX®. For our sold products, we will issue a declaration based on customer needs, including declaration of compliance with Oeko-Tex Standard 100, NIKE RSL, ADIDAS A-01, RoHS, CPSIA, SS-00259, PAHs, REACH and TUV (OK biobased), USDA BioPreferred program and so on. We have to consider quality assurance and reduced environmental impacts in the activities in the product life cycle to actively construct a green environmental protection system in terms of environmental protection and sustainable management.

The following shows each certificate we hold. We are also certified with environmental related certifications, including ISO 14001: 2015, BLUESIGH, Oeko-Tex (polymeric foam), Oeko-Tex (functional membrane & laminated fabric), Oeko-Tex (technical textiles), Oeko-Tex (hook and loop), USDA BioPreferred program certification (Certificate Number: 421529534074103291), which are detailed in Chapter 4.





ISO 9001 Certificate



GRS Certificate to Jiaxing Nanxiong Polymer Co., Ltd



GRS certificate to Nam Liong Global Corp.



"OK Biobased" Conformity Mark- TÜV

Name of Certificate	Scope of Certification (Department)	Certified Items	Proportion of the whole company
ISO 9001: 2015	Main Factory, Niao Song Factory, Ren Ai Factory	System certification (all products)	75%

Name of Certificate	Scope of Certification (Department)	Certified Items	Proportion of the whole company
ISO 14001: 2015	Niao Song Factory	System certification (all products)	25%
GRS	Main Factory, Niao Song Factory	Rubber Sponge Division: laminated fabric Tech-Lamination Division: TPU Membrane	50%
OEKO-TEX	Main Factory (Rubber Sponge Division, Fastening Division)	Rubber Sponge Division: laminated fabric Fastening Division: Hook and Loop	75%
	Niao Song Factory (Tech- Lamination Division, Tech-Textile Division)	Tech-Lamination Division: TPU Membrane Tech-Textile Division: Fabrics	
	Ren Ai Factory (Fastening Division)	Hook and Loop	
Bluesign	Niao Song Factory (Tech- Lamination Division- Jiaxing Nanxiong)	System certification (TPU Membrane)	25%
ISO 13485	Ren Ai Factory (Health Care Department)	Medical protective gear in sports	25%
CNS 27001	Main Factory, Niao Song Factory, Ren Ai Factory	Information System Security Certification	75%
USDA BioPreferred program certification	Main Factory (Rubber Sponge Division)	Bio-based rubber sponge	50%
	Niao Song Factory (Tech- Lamination Division)	Bio-based membrane	
TUV (OK biobased)	Niao Song Factory (Tech- Lamination Division)	Bio-based membrane	25%

- **Restriction of Hazardous Substances Management**

The Company has formulated management procedures for restricted substances in eco-friendly products. It is also clarified that the purchases of materials, production and processing, and the service process provided to the Company have to comply with relevant laws and regulations on banned/restricted substances. In addition, the Company also conducts quarterly assessment of the effectiveness of PDCA for quality and environmental protection and convenes monthly business review meetings to regularly review whether relevant profit and loss and the consumption ratio meet the control standards.

The Company will make use of the existing scientific research, suppliers and customers feedback, and international agreements, conventions, and regulations for the assessment of the materials and substances that are known to or may cause impacts on human body or the environment and pre-exclude such materials and substances in the design stage. In addition, for the materials in the products or used in the manufacturing process that are likely to cause harm or threat to human body will be regulated and managed by Nam Liong even if there are no specific scientific proof or legal requirements yet. We also actively cooperate with the product safety and environmental policies of various countries, establish a complete safety control mechanism and actively obtain product safety certifications and Restriction of Hazardous Substances Directive to ensure that our products comply with the safety, environmental and relevant technical requirements from product development to mass production stage to ensure product safety.

## 2.2.4 Management of Intellectual Property

Nam Liong attaches great importance to IPRs (intellectual property rights) issues. There are still ongoing applications for new innovation patents for new materials and products, aiming at gradual construction of sound IPR protection to ensure our R&D results and active use. The goal of all the achievements of the Company is based on the protection of the IPR, product layout and creating the maximum value for our customers. We hold approximately 40 patents, including “elastic rubber structure with added biological calcium”, “aerogel-based hollow fiber structure”, “improved structure of polymer membranes”, “multilayer waterproof fabric”, “improved structure of medical isolation cloth”, “high-performance polyethylene cut-resistant core-spun yarn”, “multi-functional cut-resistant fabric”, “manufacturing of high-performance polyethylene cut-resistant composite yarn”, “puncture-resistance composite material” and so on, with the patent areas covering countries like Taiwan, Japan, and China. The technical fields include biomass materials, foam materials, composite materials, polymer membrane, high-performance composite yarns, and protective gear.

## 2.2.5 R&D and Innovation Results

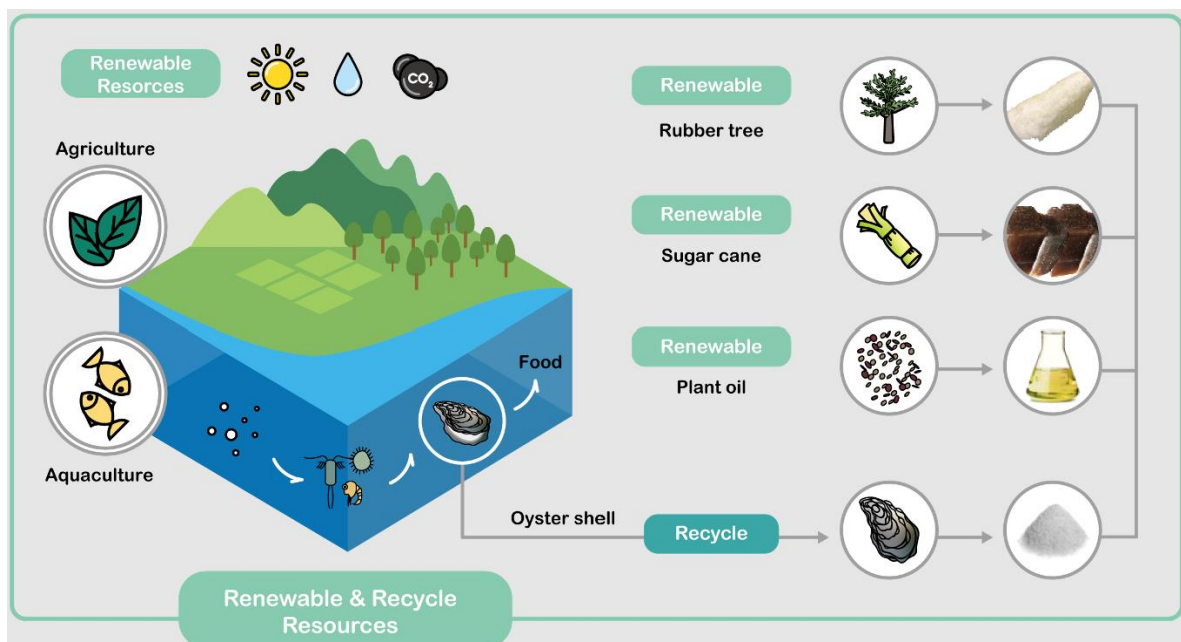
Circular Economy has been the most commonly used term in the environmental protection initiatives globally in recent years. In addition to the clear declaration of and cooperation with the policies, it can also be observed that concept of green circular economy continuously to thrive in various industries and brands among governments around the world. The establishment of circular economy cannot be accomplished in one step. It has to be gradually established from the aspects of various industries, supply and demand, manufacturing, raw materials, systems and markets. In the international exhibitions in the recent years, we can observe the trend of stepping toward circular economy for all industries. Now circular economy is no longer a slogan among world-renowned brands, actual actions have been taken to shoulder the responsibility and make contributions to the environment. However, on the basis of circular economy, there is a need to combine more innovative elements to bring more differentiated and diversified products to the brands.

The corporate core value of Nam Liong is to “respect for life and care for the environment”. This spirit is passed on, and green and sustainable environmental protection is incorporated in the main axis of our thinking and planning, aiming at stable development and sustainable management. Based on the circular economy business model presented by Carbon Trust, there are 7 possible operating modes in total from the production stage to the use stage and the end-of-life stage. In terms of the Polymeric Foam, three modes that are already applied include “Circular sourcing”, “Co-product recovery”, and “Re-make”, which all have opportunities for further cultivation. For example, selecting alternatives with lower environmental impacts for development, using industrial waste as the raw materials, and

increasing the recycling rate without sacrificing the physical properties. There is also possibility that we will help manufacturers in the same industry dispose waste sponge materials in the future. As of 2020, the Company has successfully launched two products in the Eco-family series.

- **Bio II**

Based on sustainable circulation, we take the environment into account when developing raw materials. We started with plant oil, coffee beans, sugar cane, and others in agriculture, natural oak, bamboo and others in forestry, oyster shells, and seashells and so on in fishing, and limestone, kaolin, and others in mining, choosing materials with minor impact on the environment. Bio II Rubber Sponge adopts rubber certified by Forest Stewardship Council (FSC), the source of which is from the products under limited development and use restrictions, meeting the needs of sustainable survival of the forests and the local ethnic groups. In addition, we make use of the oyster shells produced by the fisheries in Taiwan, which not only avoids carbon emissions generated from long-distance transport but also recycles and reuses waste. For the matching fabric, we have established a recycled and water-free dyeing series, including the commonly used nylon and polyester systems, to allow our customers to choose the eco-friendly fabrics based on their needs.





In addition to external raw materials, the Company also recycles scraps generated from the production process and developed BIO-EVA35R of recycled EVA. Rubber sponges and laminated products that cannot be recycled are converted to GRS-certified eco-friendly recycled wear-resistant anti-slip fabric and WSR series products.



BIO-II series currently have obtained priority sales contracts from brand customers in many countries, such as the American "H" brand of diving equipment, the Australian "R" brand of surf gear, and the American "L" brand of protective gear. The developed French brand of outdoor products has also stepped into pilot production stage.

- **WSR**

Based on the statistical data, the average annual industrial waste of Nam Liong before 2018 was as high as 900 tonnes, which not only occupied space but also cost great amount of disposal fees. Therefore, the waste recycling and reuse project has been carried out since 2019. The waste materials like the edging strips, waste leather and laminate edging strips that are not easy to be directly recycled are combined with different raw materials in different processing methods for development. The products are applied in rubber such as the soles for vulcanized shoes, and cushioning materials are also developed, making it possible to make adjustment for development based on customer needs for multiple application.



At the initial stage of development, a total of 24 tonnes of waste was reduced in 2019 and 60 tonnes in 2020. The products have been used in famous gyms. Many newly established gyms have used our WSR recycled rubber pads as the buffer pad. Another well-known international sports brand intends to promote WSR in the home workout mat market.

## 2.3 Customer Satisfaction

Nam Liong attaches great importance to customers' satisfaction in terms of various service indicators, brand image, value, and perceived service quality. We not only conduct annual customer satisfaction in the aspects of marketing, production, development, and quality, but also are devoted to providing complete product solutions and development of various innovative application of products. We value customer rights and privacy and have established a sound management system and measures for complaints and personal data protection to safeguard customer rights. Nam Liong provides customer-oriented products and services that satisfy customer needs at their expected costs. When handling customer complaints, we will classify customer feedback gathered from different channels based on the severity and pass it to relevant departments in accordance with the nature of problems. We respond to our customers in a prudent and timely manner to take care of the problems rapidly.

### ➤ Customer Satisfaction Survey

The annual customer satisfaction survey is conducted among customers accounting for the top 80% of our overall turnover from November in the previous year to October this year. The subjects include our direct customers, distributors, sales representatives, domestic customers, and affiliated enterprises. After the survey, the reasons for the dissatisfied items will be investigated, and relevant units are responsible for establishing improvement plans. We aim at improving satisfaction of our major customers at home and abroad to continue creating a triple-win situation for the Company, the cooperative manufacturers, and the customers.

### ➤ Evaluation Methods of Satisfaction Survey

To hear the true voice of our customers, Nam Liong continues to improve the method and content of the investigation. We also set up units in charge of business marketing, production management, engineering R&D, product quality, and overall satisfaction. Meanwhile, these responsible units are also in charge of setting satisfaction indicators and goals, carrying out the monitoring of satisfaction, and providing services in the shortest time possible. The customer satisfaction survey is divided into domestic customer satisfaction survey, export customer satisfaction survey, and satisfaction of affiliated enterprises. The two items not meeting the standards in the 2020 satisfaction survey are as follows.

1. The satisfaction of affiliated enterprises of Tech-Textile Division with the engineering research and development;
2. The satisfaction of export customers of Tech-Lamination Division with the production management

The responsible units have to propose improvement plans and solutions and respond to customers for the reasons for the unsatisfaction. Meanwhile, they also pay visits to customers on a regular basis for after-sale service. These responsible units are constantly asked to actively

implement the strategies to improve customer satisfaction and submit reports in the executive meetings, aiming at improving customer satisfaction to the maximum.

## 2020 Customer Satisfaction Survey

Item Dept.		Satisfaction 80 ↑	Business marketing 34 ↑	Production managemen t 13 ↑	Engineering R&D 20 ↑	Product quality 13 ↑
Rubber Sponge Division	Domestic customers	83.5	36.4	13.4	20.2	13.5
	Affiliated enterprises	85.0	36.3	14.0	20.7	14.0
	Export customers	90.3	39.8	14.5	22.0	14.0
Fastening Division	Domestic customers	87.3	37.2	14.2	21.5	14.4
	Export customers	93.8	39.9	15.5	22.6	15.8
Tech- Textile Division	Domestic customers	87.9	37.3	14.4	21.7	14.5
	Affiliated enterprises	84.2	36.7	14.2	18.3	15.0
	Export customers	87.2	37.0	14.0	21.5	14.7
Tech- Laminatio n Division	Domestic customers	83.9	34.5	14.6	20.9	13.9
	Export customers	85.5	38.3	12.8	20.0	14.4
Internatio nal Trade Division	-----	83.9	37.8	13.1	20.0	13.0


### ● Customer Privacy

We care more about safeguarding customer privacy and IPRs when we improve customer service quality. We sign NDAs (non-disclosure agreement) with our customers to ensure that our associates make good protection of confidentiality during business execution. At the same time, we also provide relevant internal education and training and have the project team introduce and establish relevant management procedures and legal compliance mechanism to enhance information security management for the fulfillment of our corporate social



responsibility of personal data protection. The Company prudently and carefully protects customer privacy and information. There were no incidents of customer privacy infringement or loss of customer data during the reporting period.

## Chapter 3 Integrity Governance

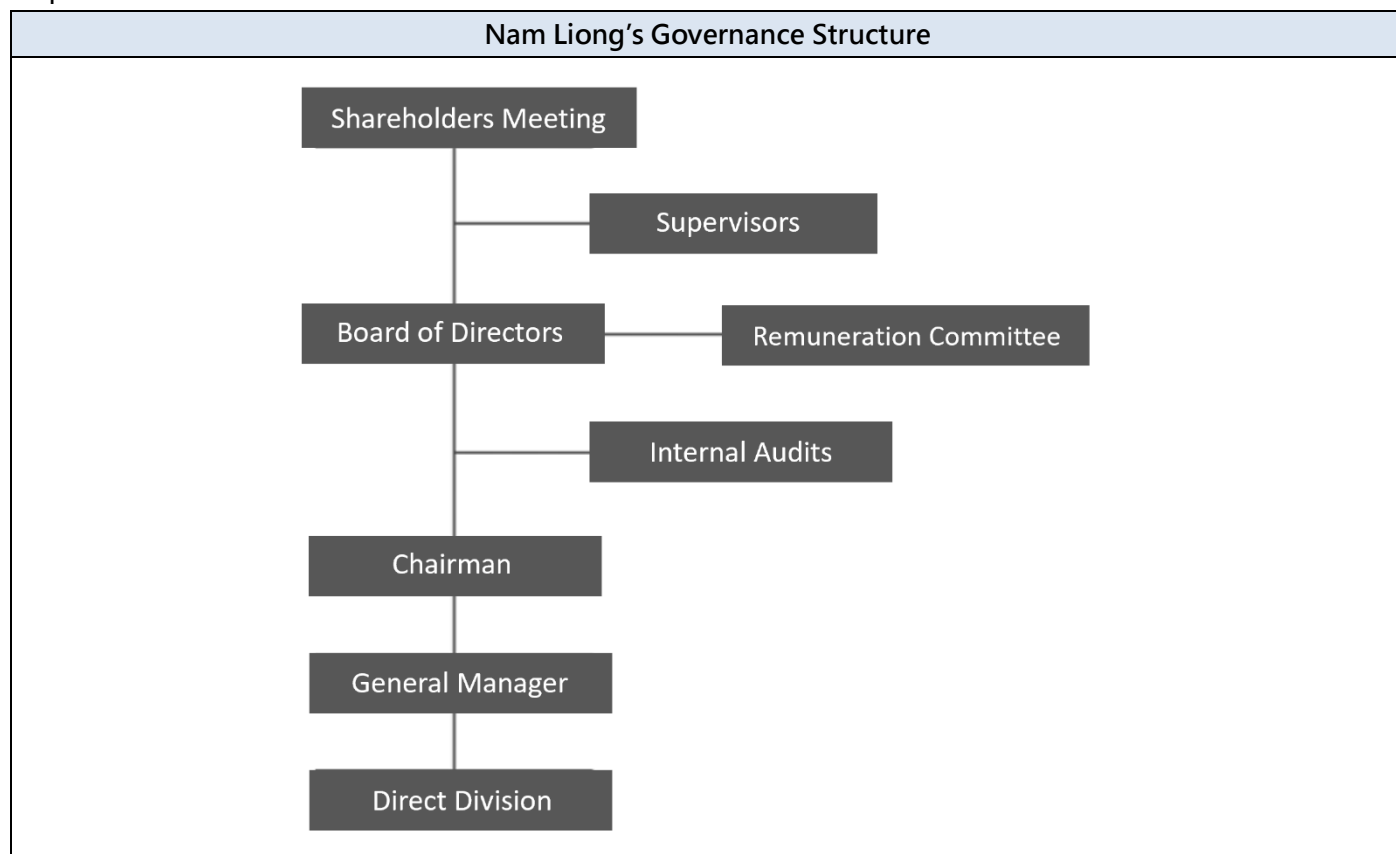
Corresponding Material Topics	Integrity Management, Risk Management, Socio-economic Compliance, Information Security	
Corresponding SDGs	  	
Major Reasons and Purposes	<ul style="list-style-type: none"> <li>Nam Liong and its subsidiaries take integrity as the foundation. All our employees are required to uphold integrity spirit, be responsible to our investors, users, and even the society. We strengthen corporate governance and risk management and establish a corporate culture of integrity to ensure robust business management.</li> <li>Integrity is one of the fundamental elements of our corporate culture, and it is also our obligation as well as responsibility when facing our employees, shareholders, the public, and our stakeholders. Violations of relevant regulatory provisions will bring penalties in accordance with relevant laws, and it would even impact the normal operation of an enterprise. Therefore, regulatory compliance is the crucial factor for the sustainable management of a company.</li> <li>With the booming development of computer use and internet, it is essential to protect information assets from risks of leakage, destruction, or loss due to external threats or improper management of internal personnel to reduce the damage on the Company's business and image caused by information security incidents. If not, the Company may face transaction losses due to the poor results in the evaluation by the stakeholders. When the information security management system works effectively and continues to protect and maintain the confidentiality, integrity, and availability of the Company's important information system, the Company's operational goals can therefore be reached.</li> </ul>	
Policies	<ul style="list-style-type: none"> <li>The Company, its subsidiaries, and its business partners all follow the principle of integrity management. We have established the Ethical Corporate Management Best Practice Principles approved by the board of directors. The board of directors and the management level also make a commitment to actively implement such policy in internal management and external business activities.</li> <li>The information security policy of the Company is to "Enhance information security consensus, strengthen safety control" and "Improve information security protection to ensure continuity of operations".</li> </ul>	
Commitments and Goals	<p><b>Short-term Goals (within 3 years):</b></p> <ul style="list-style-type: none"> <li>To comply with socio-economic regulations and other requirements to ensure the Company is not involved in illegal matters</li> </ul> <p><b>Mid- and Long-term Goals (3~7 years):</b></p> <ul style="list-style-type: none"> <li>To strengthen network and information security mechanism and improve quality of service of the internet</li> <li>To maintain proper system data and information equipment and improve information service efficiency</li> <li>To establish an information management mechanism to ensure information security and the privacy of the Company, employees, customers, data and the manufacturers</li> </ul>	
Responsible Units	<ul style="list-style-type: none"> <li>General Manager's Office</li> </ul>	<ul style="list-style-type: none"> <li>Administration and General Affairs</li> </ul>

	<ul style="list-style-type: none"> <li>● Mechanism and Strategy Room</li> <li>● Department</li> <li>● QA Department</li> </ul>
<b>Resources Invested</b>	<ul style="list-style-type: none"> <li>● Organize relevant education and training courses and propagandize the philosophy of integrity management and regulatory compliance policy through morning meetings, posters and so on to enhance the implementation of integrity and construct a basis for regulatory compliance for our associates.</li> <li>● This year, the Company invested NTD 400,000 in total in information security equipment and anti-virus software.</li> </ul>
<b>Grievance Mechanism</b>	Stakeholders can give us their feedback or opinions through telephone, email, and other channels.
<b>Management Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>● Nam Liong and its subsidiaries continue to promote the integrity management policies and related regulations through various meetings and regular education and training.</li> <li>● All units make regular self-assessment of the performance of corporate governance while at the same time cooperate with the review conducted by the internal Audit Office and external audit units.</li> <li>● The Audit Office makes regular reports to the board of directors concerning the integrity management policy, the prevention programs, and the implementation status. Meanwhile, it also continues to track the improvement situations of all units.</li> <li>● We make PDCA effectiveness evaluation for the information security management annually in accordance with ISO 27001 internal management review process.</li> </ul>
<b>Actions and Performance</b>	<ul style="list-style-type: none"> <li>● In case of any violations of integrity management regulations, internal employees can report any relevant dishonest behavior not only to the heads of the departments they belong to but also to the members of the management. After accepting the report, the management unit would report the case to the chairperson, who will then appoint investigators for independent investigation.</li> <li>● We have long-term cooperation with most of our business partners. Important management and relevant full-time personnel participate in the business negotiation as a team with our important partners to facilitate and confirm operations in a fair and open manner to maintain a long-term and stable cooperative relationship.</li> <li>● In 2020, there were no incidents of integrity or ethics violations.</li> <li>● At the end of every year, the Company summarizes the annual goals and the key business indicators of each unit through the business plans submitted by each business unit and supporting unit in accordance with the P-SO-001 Regulations Governing Business Plans. Also, through various review meetings, the key business indicators are reviewed as the management control of the Company's overall performance and adjustment of the management guidelines.</li> <li>● To make effective management of information security, Nam Liong has introduced ISO 27001 international management system and replaced the old information and internet equipments in the Company. The commercial anti-virus software is gradually introduced, and our employees are provided with constant information and education of information security.</li> </ul>

## 3.1 Operations Management

### 3.1.1 Organization of the Board of Directors

The board of director is the highest governance body of the Company, responsible for overseeing the overall operational responsibility of the Company and supervising the policy implementation results of the management level. Nam Liong implements its philosophy of corporate governance from top to bottom, and all the important management policies are implemented after the resolution of the board of directors.



The election of directors and supervisors of Nam Liong Global Corp. is conducted in accordance with the procedures of the candidate nomination system stipulated in Article 192-1 of the Company Act. The Regulations for Election of Directors and Supervisors were amended on June 22, 2020. For detailed information, please refer to the "Corporate Regulation" under the "Corporate Governance" Section on our official website. The board of directors of Nam Liong Global Corp. is composed of seven directors (including two independent directors) and two supervisors elected among competent persons in the shareholders meeting, with a term of three years. Members of the board of directors exercise their powers in accordance with laws and regulations, Articles of Incorporation, and the resolution of the shareholders meeting. The chairman of the Company does not concurrently hold other positions.

POSITION	NAME	GENDER	NAME OF LEGAL PERSON REPRESENTED	EDUCATION	MAJOR EXPERIENCE
Chairman	Teng-Po Hsiao	Male	Zi Liong Industrial Corporation	Honorary Doctorate of Chaoyang University of Technology	Chairman of the Company  Chairman of Nam Liong Enterprise Co., Ltd.
Director	Chung Hu Hsiao	Male	Zi Liong Industrial Corporation	Chia Nan Vocational High School	Chairman of Elementech International Co., Ltd  Chairman of Greenchem International Co., Ltd.
Director	Chuan-Cheng Wang	Male	Chang Yan Investment Co., Ltd.	The Affiliated Senior Industrial Vocational Continuing Education High School of National Cheng Kung University	Vice Chairman of Nam Liong Enterprise Co., Ltd
Director	Yu-Chiao Hsiao	Female	-	Pacific Lutheran University General Business Administration	Assistant Manager of the Company
Director	Jing-Jen Pai	Male	-	Department of Accountancy and Graduate Institute of Finance, NCKU	CFO of the Company  Executive Assistant Manager of Nam Liong Enterprise Co., Ltd
Independent Director	Chung-Hui Huang	Male	-	Bachelor of Accounting, NCKU	CPA of Diwan & Company
Independent Director	Wen-Ming Huang	Male	-	MA in Management, NCJU	Manager of Bank of Taiwan
Supervisor	Chun-Chi Hong	Male	Hong Li Textile Co., Ltd.	San-Tian Elementary School	Chairman of Hong Li Textile Co., Ltd.
Supervisor	Cheng-Hsing Hsu	Male	-	Executive Master of Business Administration (EMBA), CJKU	Supervisor of Elementech International Co., Ltd

POSITION	NAME	GENDER	NAME OF LEGAL PERSON REPRESENTED	EDUCATION	MAJOR EXPERIENCE
Note: In terms of age distribution, 1 person is in 40-49 Age Group, 2 in 50-59 Age Group, 3 in 60-69 Age Group, and 3 in 70-79 Age Group					

➤ **Continuing Education for Directors**

To enhance corporate governance and facilitate the sound development of the composition and structure of the board of directors, all the board members have honest business ethics and abundant experience in related fields, and they are all equipped with the knowledge, skills, and capacity needed for them to perform their duties.

Position	Name	Date of Continuing Education		Organizer	Name of the Course	Hours
		From	To			
Chairman	Teng-Po Hsiao	109/03/16	109/03/16	Taiwan Listed Company Association	On Environmental Protection in Taiwan	2
Director	Chung Hu Hsiao	109/10/27	109/10/27	Accounting Research and Development Foundation	Competent Authority's Policy Analysis and Internal Control Management Practices to Assist Companies to Improve Their Capabilities of Preparing Financial Reports	6
Director	Jing-Jen Pai	109/04/28	109/04/28	Accounting Research and Development Foundation	Common Deficiencies and Compliance-based Audit Practices for Corporations in the Preparation of IFRS Financial Reports	6
		109/06/18	109/06/18	Accounting Research and Development Foundation	Analysis of Explanatory Examples of IFRS 16, "Leases"	3
Director	Shun-Ching Chang	109/07/09	109/07/09	Accounting Research and Development Foundation	Practical Analysis of the Latest Development Trends of CSR Reporting and Related Corporate Governance	3
		109/07/09	109/07/09	Accounting Research and Development Foundation	Practices of Financial Accounting and Evaluation of Enterprise Mergers and Acquisitions	3
Director	Yu-Chiao Hsiao	109/02/07	109/02/07	Taiwan Corporate Governance Association	Corporate Governance Personnel's Perspectives on Corporate Governance and	3

					the Board of Directors' Perspectives on Logistics	
		109/12/08	109/12/08	Taiwan Corporate Governance Association	Fraud Red Flags of Fraudulent Financial Reporting	3
Supervisor	Chun-Chi Hong	109/05/07	109/05/07	Accounting Research and Development Foundation	Competent Authority's Policy Analysis and Internal Control Management Practices to Assist Companies to Improve Their Capabilities of Preparing Financial Reports	6
Supervisor	Cheng-Hsing Hsu	109/04/28	109/04/28	Accounting Research and Development Foundation	Common Deficiencies and Compliance-based Audit Practices for Corporations in the Preparation of IFRS Financial Reports	6
Independent Director	Chung-Hui Huang	109/06/05	109/06/05	Taiwan Institute of Directors	The Challenges and Survival Opportunities for Corporate Governance Under Drastic Changes	6
Independent Director	Wen-Ming Huang	109/05/07	109/05/07	Accounting Research and Development Foundation	Competent Authority's Policy Analysis and Internal Control Management Practices to Assist Companies to Improve Their Capabilities of Preparing Financial Reports	6

➤ **Avoidance of Conflicts of Interest**

Nam Liong has set the Ethical Corporate Management Best Practice Principles, stipulating that "When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. Directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall not take advantage of their positions or influence in the Companies to obtain improper benefits for themselves, their spouses, parents, children or any other person so as to effectively protect the interests of the Company."

Name of Director	Content of Proposal	Reason for Avoidance of Conflict of Interest and Voting Situation
Chuan-Cheng Wang	The Company's appointment of managers	In accordance with Second Paragraph of Article 206 of the Company Act, except the directors having personal interest in the matter under discussion at a board meeting who should recuse himself or herself, other directors in attendance approved the proposal as proposed.
Chuan-Cheng Wang	Lift on the non-competition restriction for the managers of the Company	
Jing-Jen Pai	The Company's appointment of managers	
Jing-Jen Pai	Lift on the non-competition restriction for the managers of the Company	
Teng-Po Hsiao, Chuan-Cheng Wang, Jing-Jen Pai	The remuneration and compensation of the Company's directors and managers	

#### ● Functional Committees

Nam Liong attaches great importance to operational transparency and corporate governance. The Company has established its corporate governance structure and implemented practices in accordance with the Company Act and other relevant laws and regulations in Taiwan. Nam Liong continues to improve its management performance to protect the rights and interests of its investors and stakeholders. The Codes of Ethical Conduct was amended in 2018 and Ethical Corporate Management Best Practice Principles in 2019. In addition, the Remuneration Committee was also established under the board of directors.

##### ➤ Remuneration Committee

The Remuneration Committee of Nam Liong was established in December, 2011 in accordance with Article 5 of the Remuneration Committee Charter of the Company, which stipulated that the Committee shall consist of at least 3 members. Nam Liong's Remuneration Committee is composed of 2 independent directors and 1 committee member, an external independent public accountant (IPA) appointed by the resolution of the board of directors. A member of the Committee shall be elected as the convener whose main responsibility is to formulate proposals for the following matters.

1. Periodically reviewing this Charter and making recommendations for amendments.
2. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managerial officers of this Corporation, and disclose the contents of the performance assessment standards in the annual report.



3. Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of this Corporation have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards. The annual report shall disclose the results of the individual performance assessments of the directors, supervisors and managerial officers and the connection between and reasonableness of the contents and amounts of their individual compensation and performance assessment results, and making a report at a shareholders' meeting.

The Remuneration Committee meets at least twice a year in accordance with the Remuneration Committee Charter of the Company. The Committee has played its due functions in terms of the operational efficiency and effectiveness and complied with relevant laws and regulations.

	
Important internal regulations	Information of shareholder s meeting

### 3.1.2 Performance Evaluation of Board of Directors

To implement corporate governance, enhance the functions of the board of directors, and establish objectives of performance to strengthen the operational efficiency of the board of directors, the Company carries out its responsibility of supervision in accordance with the norms of corporate governance to have proper discussion and communication, reach the most correct resolutions, and fulfill the responsibilities of the board of directors. All board members (including independent directors) give positive and excellent comments on the efficiency and effectiveness of the board operation.

#### ➤ Performance Evaluation of Board of Directors

Evaluation frequency	Evaluation period	Scope of evaluation	Evaluation method	Content of evaluation
Once a year	From Jan. 1 to December 31, 2020	Overall board of directors	Internal self-evaluation of the board of directors	Participation in the operation of the company, the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, and internal control

Evaluation frequency	Evaluation period	Scope of evaluation	Evaluation method	Content of evaluation
		Individual directors	Self-evaluation by the board members	Alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control
		Functional Committees	Internal self-evaluation of the Functional Committee	Remuneration Committee Participation in the operation of the company, awareness of the duties of the Committee, improvement of quality of decisions made by the Committee, makeup of the functional committee and election of its members, and internal control

➤ **The Linkage Between Performance and Remuneration**

The remuneration policies, standards, and packages, and the procedures for determining remuneration of directors are all compliant with the provisions of the Articles of Incorporation. Before the distributions of surplus, the Company shall allocate no more than 2% of the annual profits of the current year as the remuneration of the directors and supervisors and 2%-20% as the compensation of the employees. However, the Company's accumulated losses shall be covered before distributing the compensation to employees and remunerations to directors and supervisors in accordance with the proceeding ratio of profit. The profits distributable as employees' compensation are distributed in the form of shares or in cash, and the employees also include those of affiliated companies who meet certain qualification requirements.

The basis for estimating the amount of employee, director, and supervisor compensation for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: After the end of the year, if there is any discrepancy between the amount of the estimated figure for the fiscal year and the employee compensation and directors and supervisor remuneration distributed, the annual adjustments are accounted for at the resolutions of the shareholders meeting. This does not affect the recognized financial report.

➤ **Information of the remuneration distribution approved by the board of directors**

1. The board of directors of the Company approved not to distribute 2020 employee compensation and remuneration for directors and supervisors in the form of cash or shares.

2. Not applicable to The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation.

3. Not applicable to The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the shares distributed, monetary amount, and stock price) and if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

## 3.2 Internal Control

### 3.2.1 Internal Control Management

Nam Liong shall establish an effective accounting system and an internal control system for business activities with higher risks of dishonest conduct, and shall not have external accounts or keep secret accounts, which shall be constantly reviewed to ensure the design and implementation of the systems remain effective. The internal audit unit of the Company shall draw up relevant audit plans based on the assessment results of dishonest conduct risks, whose content shall include audit subjects, scope, items, frequency and so on. In addition, the compliance of prevention plans shall be inspected by entrusted IPAs or professionals when necessary. The aforementioned inspection results shall be reported to the senior management and the unit in charge of integrity management, and an audit report shall be prepared and submitted to the board of directors.

#### ➤ Report and Grievance Mechanism

To protect the rights and interests of our employees to facilitate labor-management harmony and strengthen communications, Nam Liong accepts reports, grievances, and suggestions from our employees. To ensure the whistleblower's rights to report, the identity of the whistleblower shall be kept confidential, and the investigation should be conducted at once. If the content of the report is proved to be true, the Company will give appropriate rewards to the whistleblower to protect his/her legitimate rights and interests. If a major violation of regulations is found after investigation, or when the Company is in danger of great damage, a report should be made immediately to notify our independent directors or supervisors in writing to maintain our business ethics and social responsibility.

When receiving a report, we will handle it in accordance with the following procedures internally.

- i. To enable the effective operation of the system, the Company shall not discriminate or punish the whistleblower, and should protect his/her identity from leakage.
- ii. When a grievance case is accepted, an investigation team should be established within 3 business days. The investigation team should consist at least one supervisor of the appellant and other necessary personnel. The head of the HR Department serves as the convener of the team and assign the person in charge of the case, who should handle the case as soon as possible in a fair, pragmatic, and honest manner.
- iii. During the appeal process, the appellant, unit concerned, or any other related parties shall notify the HR Department if they take a civil, criminal, or administrative action related to the appeal case or other matters involved that the appeal will be suspended until the end of the litigation.
- iv. The investigation team shall notify the appellant in writing within a week that he/she should appear to state the facts. The investigate team may conduct investigations based on the actual facts. Those who are likely to be biased in the case should withdraw from the investigation team. The case should be closed within one month after the investigation is established, and the length can be

extended by one month in case of special cases.

Internal grievance email	<a href="mailto:tomas@namliong.com.tw">tomas@namliong.com.tw</a> , <a href="mailto:scarf@namliong.com.tw">scarf@namliong.com.tw</a> 、 <a href="mailto:cho@namliong.com.tw">cho@namliong.com.tw</a>
Internal grievance hotline	06-2534161, ext. 1188, 1225, 1227
External grievance telephone	06-2996922 (Labor Affairs Bureau of Tainan City Governance)

➤ **Disclosure of Compliance Information**

To ensure that the Company and its employees comply with laws and regulations of different countries when conducting business, it is required that all employees should follow work rules and sign the Employee Code of Ethics Commitment and Commitment of Confidentiality. In addition, to implement the Company's Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management is used to encourage reports of any illegal conducts and violations of Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles to strengthen the internal reporting channels, reporting procedures, whistleblower protection, and the avoidance system of investigation. If the Company discovers any corruption incidents, necessary legal actions will be taken based on the severity of the circumstances and the specific case to protect the rights and interests of the Company. There were no incidents of major fines or compensations due to violations of laws and regulations in 2020.

➤ **Anti-Corruption**

To establish a corporate culture of integrity management, the board of directors and managers of Nam Liong have set up an internal control system to ensure the effectiveness and efficiency of operations through continuous and effective management process. The Company has established Corporate Governance Best Practice Principles, Codes of Ethical Conduct of Insiders, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management, Regulations Governing Regulatory Compliance, and other management measures, which are available on the Company's intranet and extranet as a window for communication, reporting channels and handling procedures for our stakeholders of various units. In the monthly training and education for new recruits, the regulations concerning anti-corruptions, related punishments, and rewards as well as work rules are also publicized. No cases of corruption were reported in Nam Liong in 2020.

### 3.2.2 Risk Management

To reach the goal of sustainable development, effectively reduce the risk of business operations, and identify and further control risks of various aspects, the management of various operational risks is in the charge of the relevant management units based on the nature of the business. The Audit Office is in charge of drawing up annual audit plans for the various operational risks.

➤ **Responsibilities of the Management Units of Various Risks**

Unit	Responsibilities
Technical Unit	Responsible for the identification and evaluation of possible risk factors in product design and development and the establishment as well as the implementation of the control measures for risk factors.
Production Management Unit	Responsible for searching qualified manufacturers and objects, evaluating possible risk factors for material procurement and inventory management, and implementing control measures for risk factors.
Production Unit	Responsible for collecting information of specific activities in the production process, evaluating possible risk factors, and implementing control measures for risk factors.
Quality Assurance Unit	Evaluate possible risk factors for product quality and implement control measures for risk factors.
Management Representative	Responsible for providing resources for major risk control, product safety identification, as well as the organization and leadership of product safety identification and evaluation, and confirming the control measures and approvals.

The first-level risk control unit of Nam Liong is the department responsible for the work, and the highest decision-making and control unit is the board of directors. There is a Remuneration Committee to assist the board of directors to conduct identification and evaluation of the risks of the product the Company can control and expects to exert influence on. The risks of major products are also evaluated and set as key control points for control, reducing possible risks of the products.

➤ **Risk Management Issues and Corresponding Measures**

Risk Category	Risk Identification	Methods of Response
Financial Risk	Interest and exchange rate fluctuations and changes in the inflation rate	<ul style="list-style-type: none"> <li>➤ The transactions for sales and purchases in foreign currency the consolidated company is engaged in due to the company merger may bring risk of exchange fluctuations. To avoid the decrease in the value of foreign currency assets and fluctuations in future cash flow caused by exchange rate changes, the consolidated company mainly offsets the impact of exchange rate fluctuations with foreign currency assets and liabilities to reduce the impact of exchange rate fluctuations to avoid related risks.</li> <li>➤ To reduce related financial risks, the consolidated company is committed to identifying, evaluating, and avoiding uncertainties in the market to reduce the potential adverse effects of market changes on the financial performance of the Company. The financial operation of the consolidated company mainly focuses on the pursuit of long-term and stable cash flow. In addition, the managerial level of the consolidated company regularly monitors the fluctuations of the market interest rates and adjust the allocation of financial assets of fixed and variable rates in accordance with the market conditions and capital needs to reach</li> </ul>

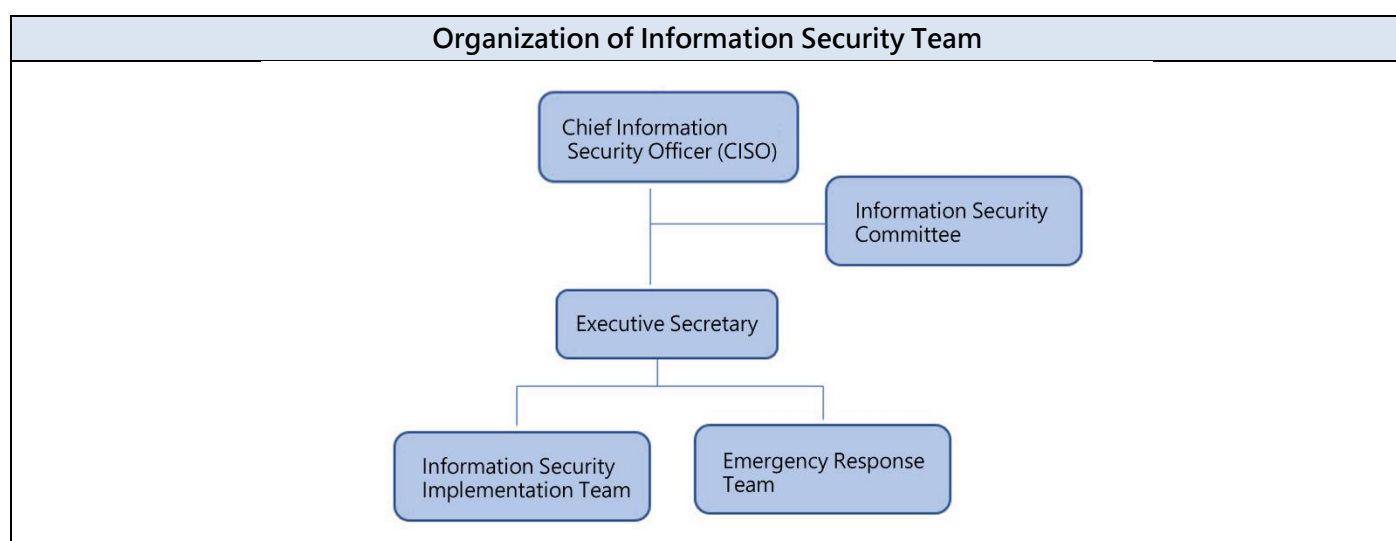
		the financial management targets. The Company does not trade financial instruments (including derivative financial instruments) for investment purposes.
	The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions	<ul style="list-style-type: none"> <li>➤ From the most recent fiscal year to the date of publication of the annual report, the Company was not engaged in high-risk investments, highly leveraged investments, and derivatives transactions. The loans to other parties and endorsement, guarantees are cautiously implemented in accordance with Operational Procedures for Lending Funds to Others and Measures for Endorsement Guarantees, the contents of which are announced in accordance with regulations of the competent authorities and disclosed in financial reports.</li> </ul>
Natural Hazard Risk	Emergency response to Covid-19	<ul style="list-style-type: none"> <li>➤ To cope with Covid-19, we established the Emergency Response Team at the beginning of 2020. Each team is composed of the commander, staff subgroup, financial subgroup, administration and general affair subgroup, information subgroup, marketing subgroup, HR subgroup, legal subgroup, and the business division operation subgroup. Each subgroup drafts relevant emergency decision-making and simulation operations based on its responsibilities.</li> <li>➤ The epidemic alert is divided into 4 levels, and the corresponding procedures for anti-epidemic mechanism activation, the anti-epidemic mechanism for each level, and the preparation work for continuous corporate operation are drawn up. Meanwhile, the Company also follows the instructions and instructions of Central Epidemic Command Center (CECC) to reduce the risks of losses to the minimum.</li> <li>➤ Expand and strengthen various epidemic prevention mechanisms.</li> </ul>
Market Risk	Expected benefits and possible risks associated with any plant expansion	<ul style="list-style-type: none"> <li>➤ In response to the expansion of China market and to enhance our global competitiveness, we plan to expand and build a second-phase new plant in JiaXing NanXiong Polymer in Jiaying. The plant is scheduled to be completed in August, 2020 and will be put into production in June, 2021. It is expected to increase the supply capacity of high-tech textiles and composite polymer materials in China, Europe and America markets.</li> <li>➤ The Sino-US trade war has triggered great turmoil and tariff issues in the global market, causing delayed orders from customers or wait-and-see mentality or even switching orders, impacting the export market in China. In the face of such risk, the production capacity adjustment after the plant expansion requires more flexibility. Active development of green and eco-friendly materials as well as improvement and replacement of old equipment should</li> </ul>

		continue to face a future with uncertainty.
Information Security Risk	Risk assessment of information security	<ul style="list-style-type: none"> <li>➤ For the control and maintenance of important functions for corporate operation, such as the operation, sales and production, R&amp;D, and financial accounting, the Company has established a set of complete network firewall and computer security protection system to protect its safety.</li> <li>➤ For important systems, a high-availability (HA) architecture and a data backup mechanism are in place to ensure uninterrupted services and data loss protection. In addition to the HA architecture used in the host, tape backup is also used to store data for remote backup to ensure the normal operation and data preservation of important information systems, which can reduce risks of interruption of systems caused by unwarned natural disasters and human error.</li> <li>➤ A drill should be carried for the HA architecture at least once a year to verify whether the contingency plan is effective and workable. In the future, it will continue to be refined and updated to enhance the operation capabilities.</li> </ul>



### 3.2.3 Information Security

To maintain the confidentiality, integrity, and availability of the important information system of the Company and to ensure the maximum value of the Company's information to reduce the damage of information security incidents to our business and image so as to reach the goal of sustainable management, the Company introduced ISO 27001 international information security standard in November, 2020 to enhance the management of information security. An information security team is established to formulate information security policies, supervise, and educate all staff to implement information security work. We obtained certification in 2020 and has established the concept of "Information security is everyone's responsibility". We continuously carry out information security advocacy annually to improve the awareness of information security.



Physical and environmental safety management	Information security responsibility and division of labor
Implement access control and environmental monitoring of the computer room to ensure the equipment can continue operation in a normal environment. Regular data backup is also conducted for remote storage.	Establish the procedures for information security organization and determine the responsibilities of relevant units to ensure effective and continuous implementation of the information security management system.
Information asset management	Access control management
The information assets are sorted, classified, and labeled, and the risk assessment and inventory of the information assets is conducted annually.	The information system of the Company clearly regulates the application of accounts, passwords, and access right to ensure proper authorization and maintenance to prevent improper access.
Password management	Operation security management

Our associates keep and make proper use of the accounts, passwords, and access rights they have. The password is changed every three months, and the system administrator checks and reviews the authority of the personnel on a regular basis.	We carry out relevant training for users to make use of the system, and appropriate records of access behavior are kept for follow-up tracking and evidence search for audits by relevant units.
<b>Information system development and maintenance management</b>	<b>Network management</b>
The development, testing, and acceptance of the system are implemented in accordance with the control measures. Changes related to the system are recorded in detail.	Set up firewalls for internal and external network control, improve the safety of the host for external access service, reduce the risks of exposure, and restrict external connections.
<b>Supplier management</b>	
The service providers or the external personnel related to each project shall obtain approval as prescribed, and an additional Affidavit of Nondisclosure shall be signed.	

## 3.3 Supply Chain Management

### 3.3.1 Procurement Management

There were 287 raw material suppliers for Nam Liong's factories in Taiwan in 2020. Among them, domestic suppliers accounted for 262, and the percentage of procurement value is shown in the following.

Region	Taiwan factories
Domestic	80.88%
Overseas	19.12%

#### ➤ Procurement Policy

Since Nam Liong has production and operation bases in Taiwan, China, Vietnam, and other places, procurement units of different departments will set separate evaluation standards based on different types of cases in response to different laws and regulations in different places. In addition, relevant terms are also set forth in contracts to ensure that the suppliers are compliant with requirements (such as ISO, JIS, DIN, and EN). Nam Liong upholds the philosophy of sustainable management. In addition to enhancing our competitiveness, we also adhere to corporate ethics, promote various measures for environmental protection and fulfill our social responsibilities.

Type of contract	Region	2020	
		Number of suppliers	The proportion of the total purchase value (%)
Labor (contracted services)	Domestic	80	6.7
	Overseas	0	0
Property (raw materials)	Domestic	262	76.13
	Overseas	25	12.65
Project (construction and equipment)	Domestic	42	4.11
	Overseas	4	0.41
Total		413	100%
Note: Domestic region refers to Taiwan while overseas region refers to regions outside Taiwan (such as China, USA, and Vietnam).			

### 3.3.2 Supplier Evaluation

Our suppliers are important partners for the growth of Nam Liong Global Corp. The efforts and support of our suppliers are an indispensable part when we work on the enhancement of our sustainable competitiveness. Regular supplier evaluation also includes suppliers we have cooperated with. Evaluation items include price changes, stability of delivery, the ability to coordinate and cooperate with after-sales service and quality-related issues, etc. Information of evaluated suppliers are archived and managed by different levels.

#### ➤ Screening for New Suppliers

To maintain reasonable procurement, we make comparison of new suppliers based on the market condition, delivery status, prices, and quality to eliminate the situation of relying on one single supplier. We conduct evaluation of new and qualified suppliers and score them in terms of quality, delivery schedules, prices, and coordination. Those passing the preliminary evaluation are listed as “qualified manufacturers” and procurement from them will start. The evaluation results are divided into Level A, B, and C. Suppliers ranked as Level A are prioritized for procurement, and orders can be increased under the procurement permit. Procurement from Level-B suppliers are reduced or maintained at the current procurement volume as appropriate, and suppliers of this level are asked to make improvement. Procurement from Level-C suppliers should be reduced, and quality control is strengthened during production and acceptance. Those ranked as unqualified suppliers will be given a certain period of time for improvement, and appraisal will be conducted again when necessary.

2020 annual supplier evaluation table and analysis								
Division	Number of suppliers	Level			Ratio			Number of suppliers who signed Restriction on Hazardous Substances (RoHS) Commitment
		A	B	C	A	B	C	
Rubber Sponge Division	78	78	0	0	100.0%	0.0%	0.0%	26
Fastening Division	96	96	0	0	100.0%	0.0%	0.0%	15
Tech-Lamination Division	104	96	8	0	92.3%	7.7%	0.0%	7
Tech-Textile Division	75	72	2	1	96.0%	2.7%	1.3%	13
Health & Happiness Division	16	16	0	0	100.0%	0.0%	0.0%	0




Total	369	358	10	1	97.0%	2.7%	0.3%	61
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➤ **Green Supply Chain**

The scope of corporate social responsibility and environmental protection is not merely related to the corporation itself, but closely related to the entire supply chain. Corporate social responsibility (CSR) has become a common pressure all the players in the supply chain has to face. Therefore, for Nam Liong, the promotion of CSR is not limited to the Company internally, the participation of the overall supply chain should also be put into consideration. Therefore, we have established management mechanisms, including Supplier Selection and Assessment”, “Procurement Management”, and “Outsourcing Processing Operations” for supplier management. In addition to requiring the existing quality and delivery schedules, we also require enhanced compliance of regulations concerning industrial safety, environmental protection, and human rights, aiming at calling on all our suppliers to attach importance to and promote their corporate social responsibility.

Based on the GRS tracking and tracing principles of certified finished products, we further require our partners in the supply chain to fulfill their environmental and social responsibility and continue to promote green procurement to influence our suppliers and encourage their transformation into green business models. The items of a green business model include products, services, logistics management, outer packaging, raw materials, and energy. We invite our suppliers to jointly step into a sustainable supply chain with us together.

## Chapter 4 Green Environment

Corresponding Material Topics	Environmental Compliance, Air Pollution, Raw Materials, Energy, Waste
Corresponding SDGs	  
Major Reasons and Purposes	<ul style="list-style-type: none"> <li>Long-term management is the foundation to maintain the sustainable development of Nam Liong. The measures for water and energy conservation, green footprint disclosure, beach clean-up, carbon and waste reduction and so on are just the basic steps toward environmental protection. Current practices of environmental sustainability have been leveled up to the way to incorporate the "Green" concept into operations.</li> <li>Nam Liong's corporate visions have always been "Green", "Innovation", and "Smart Manufacturing", and green economy has already become an irreversible trend for the sustainable development for an enterprise. To meet the world trend and the requirements for brands, we have always been working on the development of sustainable energy and materials.</li> <li>In response to the increasingly serious climate change and air pollution issues, it has become one of the issues we face to reduce energy use, GHG and emissions of air pollutants. Taking these issues seriously helps us stay on the right track of regulatory compliance and control operating costs effectively.</li> </ul>
Policies	<ul style="list-style-type: none"> <li>The development of eco-friendly materials and finished products is based on the premises of "respect for life" and "care for the environment", and we are also dedicated to increasing the added value of our products. Through the global strategic layout, the Company can market its products to the world and fulfill its commitment to the environment as well as its responsibility as a global citizen.</li> <li>Nam Liong's corporate visions are "Green", "Innovation", and "Smart Manufacturing", and under the core values of "respect for life" and "care for the environment", we are devoted to the development of eco-friendly materials and finished products, actively expand the biomedical industry, and promote green and pollution-free industries to pay back to society with practical actions and fulfill our social responsibility as a global citizen.</li> <li>The Company has established management procedures for restricted substances in eco-friendly products. It is clearly stated that the procurement of materials, production and processing, and service process shall be compliant with various laws and regulations on prohibited/restricted substances. When there are discrepancies in the requirements of customer orders and the regulations in the regions where the products are sold, it has to be handled in accordance with the requirements of customers.</li> </ul>
Commitments and Goals	<p><b>Short-term Goals (within 3 years):</b></p> <ul style="list-style-type: none"> <li>To comply with environmental regulations and other requirements to ensure that the Company does not violate laws and regulations.</li> <li>To reduce the actual consumption of materials year by year.</li> <li>Our employees prepare their own tableware for meals to reduce the use of disposable plates and tableware for environmental protection.</li> </ul>

	<ul style="list-style-type: none"> <li>The output of waste of the Rubber Sponge Division to be reduced to lower than 400 tonnes (the output in 2020 was 384 tonnes, a 4% reduction), and water reduction and recycling are also implemented.</li> </ul> <p><b>Mid- and Long-term Goals (3~7 years):</b></p> <ul style="list-style-type: none"> <li>To install air pollution prevention equipment in Niao Song Factory and obtain the operation permit.</li> <li>To reduce the generation of in-plant air pollution and waste to achieve the goal of environmental protection and sustainable operation of the corporation.</li> <li>To introduce the ISO 50001 management system to reduce energy costs and GHG emissions.</li> </ul>
<b>Responsible Units</b>	General manager
<b>Resources Invested</b>	In the quarterly operation review meetings, management of each unit failing to meet the goals will be reviewed, and the goals will be adjusted as needed to cope with the rapidly changing market and production conditions.
<b>Grievance Mechanism</b>	The stakeholders can consult relevant information or provide feedback via phones, emails and other channels.
<b>Management Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>The Company conducts PDCA effectiveness assessment in terms of quality and environmental protection in accordance with the internal management review procedures of ISO 9001 and ISO 14001.</li> <li>A monthly business review meeting is convened to make regular discussions on relevant profits and losses and whether the material consumption ratio meets the control standards.</li> </ul>
<b>Actions and Performance</b>	<ul style="list-style-type: none"> <li>The environmental protection issues continue to be focused and the management approaches will be adjusted based on the current conditions.</li> <li>The material consumption ratio for 2019 was 54.79% and 54.63% for 2020. The reason for the slight difference was that since the beginning of 2020, the COVID-19 pandemic greatly impacted the raw material prices and orders globally, causing the inability to achieve the goal of reducing material consumption as expected.</li> <li>The Company's environmental performance for 2020 met the short-term goals set for the Company, and we will continue to pay close attention to environmental issues in the future.</li> </ul>

## 4. 1 Green Quality and Commitments

### 4.1.1 Green Quality Management

Nam Liong has set its core corporate visions of "green, innovation and smart manufacturing" for the coming five years. Among them, "Green" is set as the first indicator, indicating that the whole Company has recognized the importance of the environmental protection to the development of the Company from top to bottom.

In the process for Nam Liong to gradually implement its vision to be a green corporation, all the business divisions have been working on introducing environmental management in the design and process of green products, which is combined with the supply chain partnership management, to reduce possible negative impacts on aspects of the environment and ecology while stepping toward the direction of sustainable management.

In recent years, Nam Liong has actively constructed a green environmental protection system for environmental protection and sustainable management. The biomass materials all business divisions have been developing and the reduction of industrial waste have gradually won related certification and also the recognition from international brand customers. The environmental protection system certifications Nam Liong has obtained are detailed as follows.

- **ISO14001: 2015 International Environmental Management System Verification**

Due to the increasing problems derived from the relationship between human beings and the environment, the national and international environmental protection laws and regulations have also become more meticulous. In addition to requiring organizations to prove their commitments to the environment, the regulations also require that organizations reduce as much environmental pollution as possible. To comply with legal regulations and to meet these expectations, our Niao Song Factory started from the identification of environmental impacts and environmental considerations and introduced the entire ISO 14001: 2015 environmental management system that has passed the verification (certification number: 20001995 UM15), enabling more cost-effective and responsible management of the environment to ensure the Company's continuous improvement and sustainable development.

- **Bluesign® Standard**

The Bluesign® Standard is a new generation of ecological standards for environmental protection set up by academia, industry, environmental protection, and consumer organizations in the EU. This standard was announced on Oct. 17, 2000 in Hanover, Germany by Bluesign Technologies AG, a company based in St. Gallen, Switzerland. Bluesign-approved textile brands and products, meaning the processes and products align ecologically with Environment, Health and Safety (EHS), are the latest global environmental protection standard and ensure consumer safety when using. Our Company (manufacturing plant: JiaXing NanXiong Polymer Co., Ltd.) has passed the Bluesign standard certification (certificate number: 023.388.003).





## ● OEKO-TEX® Certification

Oeko-Tex is an association that formulates testing methods and standards for harmful substances called Oeko-Tex Standard 100 for human health and ecology, whose contents include general regulations and testing methods, procedures, and quality control requirements for all textiles. Textiles are divided into the following four classes: Class 1 includes products for babies; Class 2 includes products with skin contact; Class 3 includes products that have no or minimal contact with the skin; and Class 4 includes decoration materials. Oeko-Tex Standard 100 lists related hazardous substances and the maximum allowable concentration for different categories of products. To provide clothing that end consumers can feel safe wearing, all our business divisions have successively obtained Oeko-Tex Standard 100 certification since 2006.

- (1) The polymeric form of the Rubber Sponge Division passed the OEKO-TEX® Class II certification (certificate number: TPAO 040585).
- (2) The More-Tex™ Hooks and Loops of the Fastening Division passed the OEKO-TEX® Class I certification (certificate number: TPAO 048622).
- (3) The UREMAX® and ECOMATE® TPU Membrane of the Tech-Lamination Division passed the OEKO-TEX® Class I certification (certificate number: TP001 159432).
- (4) The UREMAX®, ECOMATE® 100% TPU Membrane, and PU Membrane passed the OEKO-TEX® Class I certification (certificate number: 19.HCN.84408).


 <p>OEKO-TEX® Class II Certificate (Rubber polymeric form)</p>	 <p>OEKO-TEX® Class I Certificate (More-Tex™ Hooks and Loops)</p>
 <p>OEKO-TEX® Class I Certificate (UREMAX® and ECOMATE® TPU Membrane)</p>	 <p>OEKO-TEX® Class I Certificate (UREMAX®, ECOMATE® 100% TPU Membrane and PU TPU Membrane)</p>

## ● Global Recycled Standard (GRS)

To pass the GRS verification, there must be at least 20% of raw materials composed of recycled fibers, which have to be 100% free of pollution. Clear statements of the recycled materials indicating whether they are pre-consumer waste or post-consumer waste have to be made, as well as the proportion of both in the recycled materials. In addition to the regulations on raw materials, those on corporate social responsibility, pollution prevention and treatment during the production process, and chemical restrictions are also strengthened. Nam Liong is dedicated to the reduction of industrial waste so as to lower the ecological impact on the environment. We have successively obtained the GRS certification since 2019.

- (1) Products passing the certification in Taiwan Company include plastics, membrane, woven fabrics, knitted fabrics, woven anti-slip fabric, knitted anti-slip fabric and so on (certification number: IDFL 20-302392).
- (2) Products passing the certification in our overseas factory, Jiaying Nanxiong Polymer Co., Ltd. include

plastic pellets, membranes and so on (certification number: IDFL 19-295175).

 **CERTIFICATE OF COMPLIANCE**  
(SCOPE CERTIFICATE)  
IDFL Project No. 006601

IDFL declares that  
**NAM LIONG ENTERPRISE CO., LTD. (HEADQUARTERS)**  
No.10 Lane 41 Chou-Wei St.  
Yen-Chou Li, Yung Kang Dist., Tainan City  
Taiwan

has been inspected and assessed according to the  
**Global Recycled Standard (GRS)**  
- Version 4.0 -

and that products and processes as mentioned below (and further specified in the annex)  
comply with this standard.



Certificate No: IDFL 20-302392  
Valid Until: 07 May, 2021

The certificate covers the following products:

**Product Name**

TPEE Membranes - 20%+99% Post-Consumer Recycled Thermoplastic Polyester Elastomer (TPEE) Blends  
TPU Membranes - 20%+99% Pre-Consumer Recycled Thermoplastic Polyurethane (TPU) Blends  
TPU Pellets - 20%+99% Pre-Consumer Recycled Thermoplastic Polyurethane (TPU) Blends  
Dyed Woven Fabrics - 20%+99% Post-Consumer Recycled Polyester Blends  
Dyed Woven Fabrics - 20%+99% Post-Consumer Recycled Polyester + Post-Consumer Recycled Thermoplastic Polyester Elastomer (TPEE) Blends  
Dyed Knitted Fabrics - 20%+99% Post-Consumer Recycled Polyester Blends  
Dyed Knitted Fabrics - 20%+99% Post-Consumer Recycled Polyester Blends + Post-Consumer Recycled Thermoplastic Polyester Elastomer (TPEE) Blends  
Dyed Woven Fabrics - 20%+99% Post-Consumer Recycled Polyester + Pre-Consumer Recycled CR or SBR or CR /SBR Rubber Blends Sponge Powder  
Dyed Knitted Fabrics - 20%+99% Post-Consumer Recycled Polyester + Pre-Consumer Recycled CR or SBR or CR /SBR Rubber Blends Sponge Powder

Place and Date of Issue:  
Taipei, 07 May 2020

Certifier:  
IDFL Laboratory and Institute  
4F, No. 153 Wun Hua Rd, Sec. 2  
Banqiao District, New Taipei City  
Taiwan

Willard K. Lieber, CEO  
IDFL Laboratory and Institute  
IDFL License No. GRS-IDFL-19

This Scope Certificate provides no proof that any goods delivered by its holder are Global Recycled Standard (GRS) certified. Proof of Global Recycled Standard (GRS) certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them. The issuing body may withdraw this certificate before it expires if the declared conformity is no longer guaranteed.

GRS Certificate  
(Products of plastics, membrane, woven fabrics,  
knitted fabrics, woven anti-slip fabric, knitted anti-  
slip fabric and so on)

 **IDFL LABORATORY AND INSTITUTE**

**SCOPE CERTIFICATE**  
Scope Certificate Number: 20-319916

IDFL declares that  
**Jiaxing Nanxiong Polymer Co., Ltd.**  
LICENCE NUMBER 006399  
No. 216 Ya'O Road,  
Southlake Economic Development Zone,  
Jiaxing, Zhejiang 314100  
China

has been inspected and assessed according to the  
**Global Recycled Standard (GRS)**  
- Version 4.0 -

and that products of the categories as mentioned below (and further specified in the appendix) conform with this  
standard.

Product Categories:

**Functional Accessories (PC0017)**

Processing steps / activities carried out under the responsibility of the above-mentioned company for the certified  
products:

**Manufacturing (PR0016), Concentrating (PR0006), Mechanical Recycling (PR0017)**

This Certificate is valid until: 01 Feb. 2022

Place and Date of Issue  
Hangzhou, 01 Feb. 2021

Stamp of Issuing Body  
IDFL License No: GRS-IDFL-19

Willard Lieber, CEO  
IDFL Laboratory and Institute  
4F, No. 153 Wun Hua Rd, Sec. 2  
Banqiao District, New Taipei City

This Certificate of Compliance provides no proof that any goods delivered by its holder are Global Recycled Standard (GRS) certified. Proof of Global Recycled Standard (GRS) certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them. The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

This electronically issued document is the valid original version.  
Scan QR Code to verify certificate.

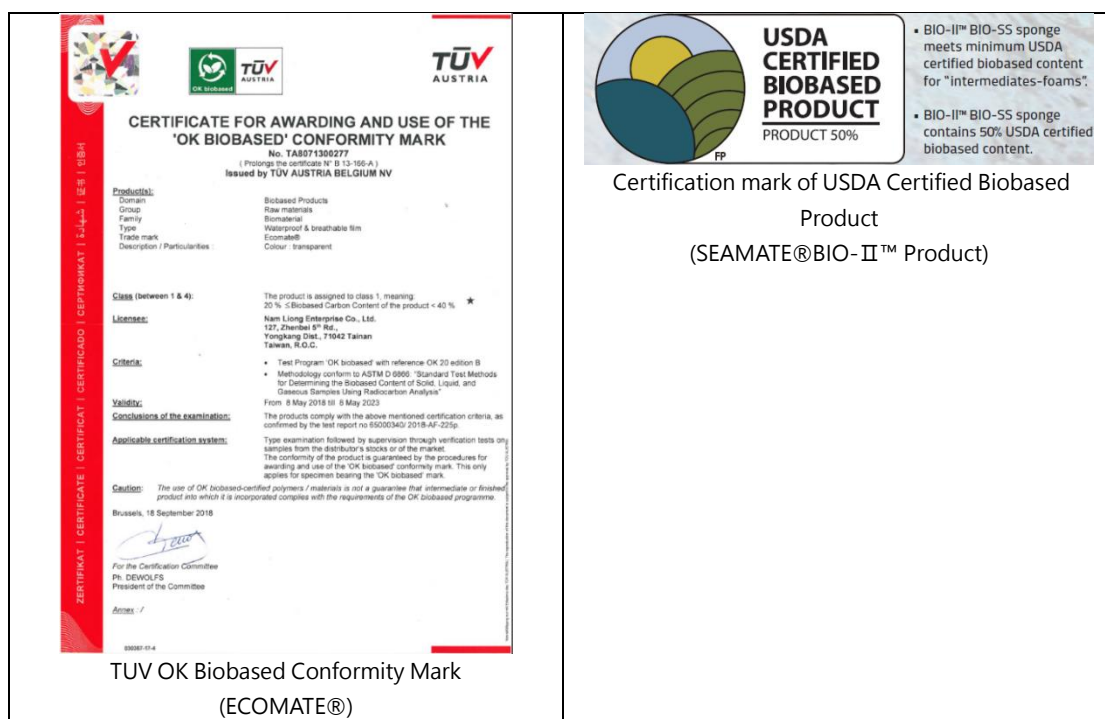


GRS Certificate  
(Products of plastic pellets, membranes, and so on)

- **International Biobased Material Conformity Mark**

The development of materials has faced a turning point under the rising sustainability awareness and its promotion. In the past, importance was only attached to the efficiency, nature, and costs of materials. Now the considerations of materials also include the aspect of life cycle and its impacts on the environment. Therefore, the development and application of biomass materials have emerged. Biomass materials use renewable resources, such as organisms of animals, plants, and microorganisms which are characterized with their sustainable use. Our Company fulfills its responsibility as a global citizen. Under the consideration of reducing the consumption of petrochemical raw materials, we have successively obtained the certification of biobased materials conformity marks.

- (1) The bio-based TPU film (ECOMATE®) of the Tech-Lamination Division passed the OK biobased certification (Certificate number: TA8071300277).
- (2) The SEAMATE®BIO-II™ Products of the Rubber Sponge Division obtained the certification mark of USDA Certified Biobased Product (Certificate number: 421529534074103291).



The development of eco-friendly materials and finished products is based on the premises of "respect for life" and "care for the environment", and we are also dedicated to increasing the added value of our products. Through the global strategic layout, the Company markets its products to the world and fulfill its commitment to the environment as well as its responsibility as a global citizen. Nam Liong abides by various legal requirements and has successively introduced international management systems such as ISO 90001 and ISO 14001 to ensure the implementation of quality and environmental policies. Nam Liong complies with relevant environmental regulations and other legal requirements and reduces emissions of air pollutants to reduce environmental pollution.

#### 4.1.2 Green Products

Since Nam Liong's establishment in 1972, we have experienced nearly 50 years of refinement. To fulfill Nam Liong Group's responsibility of "respect for life and care for the environment", we have been working on development in multiple directions. In addition, we have developed intelligent management system industries, IoT, and energy management for the comprehensive solutions with integrated planning. The eco-friendly products and business divisions of the Company are as follows.

- **Technical Textiles (Industrial Textiles)**

Made of environmentally-friendly materials, our anti-slip fabrics are soft, highly slip resistant, and can be offered in various embossments and colors. Depending on the end application and customer requirements, extra features such as flame retardant, cut resistant, or puncture resistant can be developed.

- **Functional Membrane & Laminated Fabric**

Susterra ® is the new green material that contains Dupont Tate & Lyle Bio Products, GRS certified membrane. The 1,3-Propanediol is from a sustainable & renewable dextrose source. 100% bio-base Susterra ® is petroleum-free and derived from fermentation engineering.

- **Polymeric Foam**

We are committed to using the natural, renewable, or recycled raw materials to replace the petrochemical contents as much as possible for lowering the environmental impact to the earth, reaching the goal of 3Rs, namely Renewable, Reuse, and Recycle. Our products are approved by Oeko Tex Standard 100, USDA BioPreferred program, Global Recycle Standard (GRS), etc.

Based on different industrial purposes, rubber materials with different physical and chemical properties, such as NR, neoprene, SBR, EPDM, TPE, EVA, NBR, and so on have good performance of heat insulation, waterproof and buffer effect. The sliced foam can be laminated with various fabrics for the consumer finished products or can be die-cut for industrial use.

**Applications:**

- Consumer-use applications: Wetsuit, drysuit, swimwear, neoprene fitness suit, medical supports, sports supports, shoes, bags and so on.
- Industrial-use applications: Gasket or seal for heat insulation, shock-absorption in machine, automobile, or ship.
- Recycled Rubber Sponge: In the manufacturing process of sponge materials and related products, scraps will be generated. We actively seek opportunities for the reuse of the sponge waste.
- Eco-friendly Textile with Rubber Sponge (Recycled Fabric Laminate, Dope Dyed Fabric Laminate) includes the following series.

(1) Recycled fabrics: Recycled fabrics (such as scraps generated in the manufacturing process or recycled PET bottles) are made into polyester or nylon fabric laminate.

(2) Dope Dyed fabric laminate: The color master batch has been added during the yarn-making process. No water will be needed to dye the fabric, making it more eco-friendly by reducing the water resource usage and lessening the pollution.

## ● SSI Service

The main products cover four major areas, providing enterprise-level project planning, integration and application services, and also highly flexible customized services based on different fields and needs.

Smart Agriculture provides two solutions, including smart farming and smart planting.

- 、Smart farming projects integrate big data analysis and artificial intelligence algorithms through IoT equipment to help owners significantly reduce the risk of die-off.
- 二 、Smart planting projects integrate soil with environmental monitoring, supplemented by professional data analysis, providing farmers with the most appropriate suggestions for cultivation, and cultivation and planting do not rely only on experience anymore.

Long-term management is the foundation to maintain the sustainable development of Nam Liong. The measures for water and energy conservation, green footprint disclosure, beach clean-up, carbon and waste reduction and so on are just the basic steps toward environmental protection. Current practices of environmental sustainability have leveled up to incorporating "Green" concept into operations. Nam Liong's corporate visions have always been "Green", "Innovation", and "Smart Manufacturing", and green economy has already become an irreversible trend for the sustainable development for an enterprise. To meet the world trend and the brand requirements, we have always been working on the development of sustainable energy and materials.

In the future, we will not only continue our rooting on both sides of the strait but also explore the world. Internally, we will also be dedicated to passing on the experience and the continuation of the corporate spirits of "Green", "Innovation", "Smart Manufacturing", and "Sharing Results with Employees", keeping pursuing innovation and transformation, establishing an efficient management model and creating the future with our strategic partners and employees for stable development and sustainable management.



## 4.2 Climate Action

The impact of climate change has been more severe year by year. We understand that if enterprises do not respond actively and conduct energy management, they may face increasing expenditures costs and will cause negative environmental impacts. The Company has regarded our environmental responsibility as one of the most important corporate tasks, so an eco-friendly design incorporated with our core business and operations has been put into consideration as early as in the product development stage.

Nam Liong refers to the TCFD (Task Force on Climate-related Financial Disclosures) framework and makes early identification and clarification of related uncertain factors (including risks and opportunities) that could cause possible positive and negative impacts on enterprises under the influence of climate change risks. We start from disclosing information related to our own business. By using the existing programs and policies, we make adaptation and mitigation measures, and further formulate climate strategies to grasp opportunities. In the future, we can even strengthen organizational resilience and expand brand new business opportunities based on various scenarios simulation and modular solutions. We will make steady steps toward the issues of sustainable management of natural resources management by upholding the sustainable goals of risk management and value creation.

TCFD Framework	
<p>Figure 2 Core Elements of Task Force on Climate-related Financial Disclosures</p> <p><b>Governance</b> The organization's governance of climate-related risks and opportunities</p> <p><b>Strategy</b> The actual and potential impacts of climate-related risks and opportunities on the business, strategies, and financial planning of an organization</p> <p><b>Risk management</b> Process of identification, assessment, and management of climate-related risks of an organization</p> <p><b>Indicators and objectives</b> Indicators and objectives used for assessment and management of climate-related risks and opportunities</p>	
Task Force on Climate-related Financial Disclosures (TCFD)	
Governance	The TCFD Team is in charge of the management and assessment of corresponding behavior concerning climate change issues and will report the identification results in the discussion meeting to the general manager to brief the current situations of current risk and opportunity management situations related to climate change.
Strategy	After assessment of the actual and potential impact of climate risks on the Company's operation/financial planning, corresponding strategies are discussed. By referring to the TCFD framework, it is found that the market risk in the transition risk is to meet GRS certification requirements, which further influences the change of customer behavior, leading to the risk of losing some orders. The impact of global warming and greenhouse effect is for sure an important issue for policy and regulatory risks. To stay in line with local laws and regulations in Tainan City, we have installed solar panels in

	various factories and introduced the ISO 14064 GHG management system, which helps the Company emphasize the concept of climate change and sustainable development. The change in the average rainfall is the factor causing long-term risks. The prolonged water rationing period will lead to insufficient water for the process, which will further have impacts on the Company's operations.
Risk management	The TCFD Team convenes meetings and identifies the potential risks and opportunities for future operation for the Company by referring to the TCFD risk analysis framework. In the future, we will follow the Company's evaluation process to sort the intensity of potential risks through the impact process and the risk matrix analysis method and define significant risk sources from it to improve the level of climate change risk and gradually incorporate the risk factors of climate change into the risk guidelines of the Company.
Indicators and objectives	The development of eco-friendly materials and finished products is based on the premises of "respect for life" and "care for the environment", and we are also dedicated to increasing the added value of our products. Through the global strategic layout, the Company can market its products to the world and fulfill its commitment to the environment as well as its responsibility as a global citizen. Nam Liong's corporate visions are "Green", "Innovation", and "Smart Manufacturing", and under the core values of "respect for life" and "care for the environment", we are devoted to the development of eco-friendly materials and finished products, actively expand the biomedical industry, and promote green and pollution-free industries to pay back to society with practical actions and fulfill our social responsibility as a global citizen.

Market Risk- Customer Behavior Change			
Risk location	Operation	Risk type	Transition risk
Type of financial impact	Regulation- increase of direct cost <ul style="list-style-type: none"> <li>● EIA meets the standards</li> <li>● The third-party testing report of waste reaches ZDHC requirements</li> </ul>		
Risk descriptions	There are four parts for GRS certification: product regeneration component, social responsibility part, environmental part, and chemical part. <ul style="list-style-type: none"> <li>● Product regeneration part:               <ol style="list-style-type: none"> <li>1. Recycle products with a content of 20% or more.</li> <li>2. The declared recycled materials shall follow a complete and verified chain of custody from the input to the final product.</li> </ol> </li> <li>● Social responsibility part:               <ol style="list-style-type: none"> <li>1. Workers employed by companies involved in the production of GRS products are protected by strong social responsibility policies.</li> <li>2. The GRS social requirements are based on the principles of the Global Social Responsibility Compliance Program. In all cases, international labour standards,</li> </ol> </li> </ul>		



	<p>national and/or local legislation or the most stringent GRS requirements should not be applied in accordance with applicable law.</p> <ul style="list-style-type: none"> <li>● Environmental part: <ol style="list-style-type: none"> <li>1. Companies involved in the production of GRS products should be highly environmentally conscious.</li> <li>2. The environmental requirements of the GRS apply to all businesses within the certification organization. In all cases, the most stringent national and/or local regulations or GRS requirements apply.</li> </ol> </li> </ul> <p>Risk assessment: There is risk of losing some orders in the future.</p>				
<b>Time range</b>	Mid-term	<b>Likelihood</b>	Possible	<b>Impact level</b>	Medium
<b>Potential financial impact</b>	NTD 10,000,000/ year				
<b>Risk response measure</b>	The Company has successively introduced air pollution and wastewater control systems.				
<b>Cost of risk response</b>	NTD 1,500,000 / year, 20-year amortization				

Regulatory Risk: Mandatory Reporting					
Risk location	Operation		Risk type		Transition risk
Type of financial impact	Regulation- increase of direct cost				
Risk descriptions	<p>In response to the impacts of global warming and GHG, major changes have been made in resources use, production, and economic activities. The original issue of climate change has gradually changed from a simple environmental disaster to one of the risks that have to be put into consideration for business operations and resource utilization. If an enterprise fails to carry out autonomous inventory, monitoring, and reduction of GHG, it will invisibly cause the reoccurrence of global warming problems.</p> <p>It has already been a trend for all the countries and organizations in the world to conduct control over the supply and demand of carbon emissions. With the formulation of relevant international regulations, it will have impacts on the company operations to some degree.</p>				
Time range	Medium and long-term	Likelihood	Very likely	Impact level	Medium
Potential financial impact	NTD 500,000				

<b>Financial impact</b>	NTD 500,000
<b>Risk response measure</b>	Introduce the verification of the ISO 14064 GHG management system that will help the Company emphasize the concept of climate change and sustainable development.
<b>Cost of risk response</b>	NTD 500,000

Regulatory Risk: Renewable Energy Regulations					
Risk location	Operation		Risk type		Transition risk
Type of financial impact	Regulation- increase of direct cost				
Risk descriptions	1. It is prescribed in Article 23 of the Tainan City Self-Government Ordinance for a Low-Carbon City that "A user with a power usage contract capacity of 800 kilowatts or above, as designated by the City Government in a public announcement, shall select a suitable site in the City to set up a solar photovoltaic system to generate at least ten percent of the contract capacity and energy storage equipment, or purchase a specified amount of renewable electricity and renewable energy certificates. Those failing to comply with the preceding requirements shall make a substitute payment, to be used exclusively for renewable energy development." 2. It is handled in accordance with the Measures for the Installation of Solar Power Facilities on the Roofs of Buildings in Tainan City and Renewable Energy Development Act.				
Time range	Medium and long-term	likelihood	Very likely	Impact level	Medium
Potential financial impact	The solar panel installation cost of each factory is as follows. 1. Ren Ai Factory: approximately NTD 3,731,713. 2. Niao Song Factory: approximately NTD 18,188,400. 3. Main Factory: No installation of solar panels.				
Financial impact	A fine of NTD 6,000 to NTD 30,000 will be imposed and improvement shall be made within a time limit. Those who fail to complete the improvement will be fined consecutively per violation.				
Risk response measure	In the event of failing to install solar PV systems within the time limit or to apply for an extension within the time limit, a fine of NTD 6,000 to NTD 30,000 will be imposed and improvement shall be made within a time limit in accordance with Article of the Tainan City Self-Government Ordinance for a Low-Carbon City; those failing to complete the improvement will be fined consecutively per violation.				
Cost of risk response	A fine of NTD 6,000 to NTD 30,000 will be imposed and improvement shall be made within a time limit. Those who fail to complete the improvement will be fined consecutively per violation.				

Long-term Risk: Change in Average Rainfall					
Risk location	Operation		Risk type	Transition risk	
Type of financial impact	Regulation- increase of direct cost				
Risk descriptions	Rainfall is very scarce in winter and spring in Taiwan every year, resulting in insufficient water storage in the reservoirs in southern Taiwan, and regional water rationing could occur. Once the length of water rationing becomes longer, there will be insufficient process water, having impacts on the operation of the Company.				
Time range	Medium and long-term	likelihood	Very likely	Impact level	Medium
Potential financial impact	NTD 1,444,800				
Financial impact	NTD 1,444,800				
Risk response measure	Calculation is made based on the weekly amount of water consumption during water rationing period, and the estimated amount needed is 4,800 tonnes (Main Factory/ Niao Song Factory/ Ren Ai Factory). 1. It is estimated that every water tanker can carry 28 tonnes of water, and the cost is NTD 300/tonne, with a total cost of NTD 8,400. 2. If water rationing is conducted for a week, the demand for the number of water tankers will be 172, with an estimated cost of NTD 1,444,800.				
Cost of risk response	NTD 1,444,800				

## 4.3 Energy Resource Management

### 4.3.1 Energy Resource Management and Energy Conservation Measures

The main energy used in all the factories is non-renewable energy, including electricity and natural gas. Each factory is committed to improving the energy efficiency of product production and continuing to promote energy conservation and carbon reduction actions. Based on our corporate social responsibility and the goal of green production for sustainable management, international energy management systems are introduced in all the factories to provide a necessary process structure through the establishment of management guidelines and measures so that the Company can have something to abide by. The Company's energy efficiency can be improved to the best condition without affecting the current operation.

Nam Liong's energy intensity for 2020 was a 58% decrease compared with 2019, and the main reason for this was that the Rubber Sponge Division has gradually replaced the original heavy oil steam boilers with natural gas steam boilers since October, 2019.

Item	Unit	2019	2020
Electricity consumption	kWh/year	8,331,600	7,232,700
Electricity consumption (KJ)	KJ/year	29,993,760,000	26,037,720,000
Heavy oil consumption	L/year	999,000	0
Heavy oil consumption (KJ)	KJ/year	40,126,233,600	0
Liquefied natural gas (LNG) consumption	m3/year	117,565	681,080
Liquefied natural gas (LNG) consumption (KJ)	KJ/year	3,594,798,512	2,116,923,282
Total energy consumption	KJ	73,714,792,112	28,154,643,282
Energy intensity	KJ/ year	43.82	18.26

Note:

1. Each kilowatt-hour of electricity = 1 kWh = 3.6 million joules (MJ).
2. The denominator of energy intensity is Nam Liong's annual turnover of the current year (NTD 1,682,058 thousand in 2019 and NTD 1,542,080 thousand in 2020).
3. This table shows the consolidated data of two factories (Main Factory and Niao Song Factory).

To reduce the impact of energy use on global warming, the Company has formulated energy conservation and carbon reduction measures and managed to save energy through engineering and administrative improvement to reach the goal of reducing GHG emissions, enabling more facilities for sustainability through usual measures.

Two units of 30 HP rotary screw air compressors were purchased in the Headquarters in 2017, which can save 25~40% of energy compared to traditional air compressors. The

electricity saved annually is 46,114 kWh, approximately NTD 160,000, reaching the goal of energy conservation and cost reduction.

The Rubber Sponge Division has started to gradually replace the original heavy oil steam boilers with natural gas ones since October, 2019. The steam boiler system adopts a closed design, and the hot water and steam at the end process will return to the beginning of the process. Since the water vapor is still at a high temperature, it can reduce the time and energy needed for reheating. The use of heavy oil is reduced, and it has not been used so far. We make every possible effort in environmental protection. The original 1,100 liters of heavy oil in the Main Factory has been unused, and our new Ren Ai Factory does not use heavy oil, either.

Energy conservation measures and estimated savings				
Item	Continuous operation for 24 hours	Electricity bill for 300-day operation	Annual saving by using inverter ones	Saving rate
2 units of 30 HP rotary screw air compressor	384.2kWh	115285.7 kWh	46114 kWh	Averagely saving 40%
Calculation condition: Voltage 220V/ empty-loaded ratio 1:1/ Industrial electricity price NTD 3.5/kWh (average value)				

Total heavy oil emissions (liters)		
Factory	2019	2020
Tainan Branch (Main Factory)	943	Unused
Niao Song Factory	56	Unused
Ren Ai Factory	Unused	Unused

### 4.3.2 Water Consumption and Water Saving Measures

Water resource management is conducted to maintain life and business operations due to the increasing dependence on and needs for water resources. However, the problems and risks caused by insufficient water resources also increase year by year. The water resource mainly used at Nam Liong is tap water for domestic water use in the office and some air-conditioning equipment, such as restrooms, showers, and cooling waters.

Owing to that water resources are an important mechanism for global sustainable development, the water resource pressure in Taiwan is Low-Medium. However, due to Taiwan's special geographic and climate conditions, despite the abundant rainfall, the uneven rainfall time and the allocation and management of water resources are also important issues for sustainable management. Therefore, Nam Liong implements a comprehensive water resource management. When we planned the reduction of domestic water consumption, we focused on the maintenance and improvement of infrastructure. Water saving devices have been installed on the faucets in the restrooms and pantry rooms, and environmental education on water conservation is continuously introduced for the implementation of water conservation, lowering the impact on water resources and environment.

- **Discharge of Wastewater**

The wastewater of Nam Liong mainly comes from production needs, and part of it is general sewage from the office, leaving minor impact on the water body. In accordance with the government regulations, it is discharged to the sewer system and processed in the back-end wastewater treatment stations before being discharged. There is no direct discharge to the natural water body, and it does not affect the characteristics, area, protection status, and biodiversity value of the receiving water body and related habitats.

Item	2019	2020
Water withdrawal (million liters)	101.18	104.02
Water discharge (million liters)	69.92	76.58
Water consumption (million liters)	30.26	27.44
In-plant consumption of recycled water (million liters)	0	0
Water recycling rate (%)	0	0
Organizational metric unit (million)	1,682	1,542
Intensity of water withdrawal (million liters of water consumption/million in revenue)	0.0601	0.0674
Note: The denominator of water withdrawal intensity is Nam Liong's annual turnover of the current year (NTD 1,682,058 thousand in 2019 and NTD 1,542,080 thousand in 2020).		

The management of wastewater complies with the government's discharge requirements. There were two violations this year, and the Company continues to make improvement to prevent violations from occurring and reduce the amount of wastewater. The Main Factory

installed new wastewater treatment equipment on May 31 to lower the occurrence of abnormal wastewater quality and ensure that the discharged water meet the environmental regulations and requirements.

Statistics of Environmental/ Occupational Safety Violations in 2020		
Factory	Main Factory	Main Factory
Date of violation	Aug. 15	Nov. 12
Laws violated	Violated Paragraph 1 of Article 7 of the Water Pollution Act and Article 2 and Paragraph 1 of Article 40 of the Effluent Standards	Violated Paragraph 1 of Article 7 of the Water Pollution Act and Article 2 and Paragraph 1 of Article 40 of the Effluent Standards
Amount of Fine	NTD 135,000	NTD 159,600
Description	The discharged wastewater does not meet the effluent standards. (The standard values: COD: 160mg/L, BOD: 30mg/L, SS: 30mg/L)	The discharged wastewater does not meet the effluent standards. (The standard values: COD: 160mg/L, BOD: 30mg/L, SS: 30mg/L)
Improvement measure	On 2021/05/31, the new wastewater treatment equipment was installed, and currently, the wastewater discharge meets the effluent standards.	On 2021/05/31, the new wastewater treatment equipment was installed, and currently, the wastewater discharge meets the effluent standards.

Water quality of effluent (Unit: mg/L)			
Factory/Test items		Main Factory	
		2019	2020
Chemical oxygen demand (COD)	1 <sup>st</sup> half	24	77.5
	2 <sup>nd</sup> half	32.6	84.5
Biochemical oxygen demand (BOD)	1 <sup>st</sup> half	10.4	25.3
	2 <sup>nd</sup> half	3.7	15.5
Suspended solids (SS)	1 <sup>st</sup> half	7.5	7.5
	2 <sup>nd</sup> half	8.8	13.3
Note: 1. Standard values of COD ≤160mg/L; BOD≤30mg/L; SS≤30mg/L 2. Niao Song Factory and Ren Ai Factory only discharge domestic sewage.			

### 4.3.3 Air Pollution and GHG Management

- Greenhouse Gas Management

GHG emissions are the major reason for global warming. To respond to this issue and fulfill our responsibility as a corporate citizen, although GHG inventory has not yet been introduced in the Company, we are making efforts in this aspect and hope to implement GHG emission



inventory measures as soon as possible. In addition, to fulfill our responsibility as a corporate citizen, we will continue to promote the GHG reduction policy in the Company and in the supply chain. Meanwhile, practical energy conservation, carbon reduction, and water saving measures are implemented to achieve our goal of reducing GHG emissions by 2% year by year.

Although the Company has not yet introduced GHG inventory, methods used for calculation of electricity and natural gas are used for the calculation of GHG emissions and emission intensity. Since the emission source is owned or controlled by other companies, the Company cannot control its activities and GHG emissions, identification of emission source in the GHG emission inventory can only be carried out instead of quantified (Scope 3 is not included in this Report).

Unit: Kg-CO<sub>2</sub>e

Item	2019	2020
Scope 1: Direct GHG emissions	3,320,040.0557	118,954.9561
Scope 2: Indirect GHG emissions	1,864,930.6990	1,622,164.1670
Total emissions=Scope 1+ Scope 2	5,184,970.7547	1,741,119.1231
GHG emission intensity	0.0031	0.0011

Note:

1. Types of emission sources include stationary combustion emissions, mobile combustion emissions, process emissions, fugitive emissions, and energy input.
2. Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization.
3. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, or heat.
4. The denominator of GHG emission intensity is Nam Liong's annual turnover of the current year (NTD 1,682,058 thousand in 2019 and NTD 1,542,080 thousand in 2020).

#### ● Air Pollution Management

To comply with government laws and regulations to prevent air pollution and maintain the living environment and public health, the Company declares air pollutant emissions in accordance with Air Pollution Control Act. We attach great importance to sustainable management and ecological protection, aiming at developing better products and gradually improving the production process for less air pollution. Furthermore, we also make certain assessment of the internal control and manufacturing to evaluate the harm caused by air pollution.

In terms of sulfur oxides, we have improved the process to zero emissions, and the total suspended particulates (TSP) have also been reduced by nearly 90%. We make continuous efforts in this aspect to reduce air pollution. The test results of air pollution emissions of the past two years are shown below.

Air pollution emissions- Main Factory						
Type	2019			2020		
	Emissions (ton)	Emission standard (ppm)	Annual average monitoring value (ppm)	Emissions (ton)	Emission standard (ppm)	Annual average monitoring value (ppm)
Volatile Organic Compounds (VOCs)	32.33	--	9.57	38.77	--	Not detected
Total suspended particulates (TSP)	0.83	100	18.83	0.03	30	1.73
Sulfur oxides (SOx)	5.97	300	107.8	0	50	0.73
Nitrogen oxides (NOx)	4.34	250	117	0.26	100	49.08
Odor pollutants	--	1000	83.14	--	1000	Not detected

Air pollution emissions- Niao Song Factory						
Type	2019			2020		
	Emissions (ton)	Emission standard (ppm)	Annual average monitoring value (ppm)	Emissions (ton)	Emission standard (ppm)	Annual average monitoring value (ppm)
Volatile Organic Compounds (VOCs)	8.98	--	Not detected	8.62	--	Not detected
Total suspended particulates (TSP)	0.054	100	Not detected	0.003	30	Not detected
Sulfur oxides (SOx)	0.532	300	Not detected	0	50	Not detected
Nitrogen oxides (NOx)	0.57	250	Not detected	0.097	100	Not detected
Odor pollutants	--	1000	Not detected	--	1000	Not detected

#### 4.4 Management of Materials and Waste

Nam Liong has diverse products, including polymeric foam, functional membranes, hook and loop fasteners, technical textiles, and other composite materials with the main raw materials being rubber (SBR, CR, etc.), yarns (nylon, polyester, PP, etc.), and thermoplastic polyurethane (TPU), which were non-renewable materials that accounted for about 50% of the purchase amount of all raw materials in 2020. We will make continuous efforts in this part to use larger proportion of recycled materials to make contributions to the environment.

We have launched a waste recycling and reuse project since 2019, reducing 24 metric tons of waste in that year. In 2020, we reduced waste by 60 metric tons, and the goal for this year is to reduce 90 metric tons of waste. Many newly established gyms have used the products developed in this project as the buffer pad. Another well-known international sports brand intends to promote them in the home workout mat market.

- **Waste Management**

Waste is divided into different types and is entrusted to qualified waste disposal service providers and recycling service providers for reuse by the management committee. Hazardous waste like Toluene is regenerated and reused without harming the environment, reaching the effect of circular economy.

To pursue sustainable management, the Company improves the manufacturing process and resource recycling to lower costs and reduce pollution, reaching a win-win for lowering environmental pollution and effective use of resources. The factories also attach great importance to environmental protection. The main axis of supply chain management is from the production management and based on the spirit of making the most of the materials, all the energy and resources are recycled and reused. Waste is sorted for treatment based on its characteristics and is all handled by qualified service providers. This year, there is approximately 5 tons of hazardous waste, which will be regenerated and reused, and will not cause environmental damage. General industrial waste is mainly domestic waste of the employees. Materials that can be reused is properly recycled, and those that cannot be recycled are incinerated or sent to landfill.

Non-hazardous waste				
Waste composition	On-site		Off-site	
Item	Generation of waste (ton)	Handling method	Generation of waste	Generation of waste
D-1801Domestic waste	0.00	Temporarily stored in the factory	414.28	Incineration (excluding energy recovery)

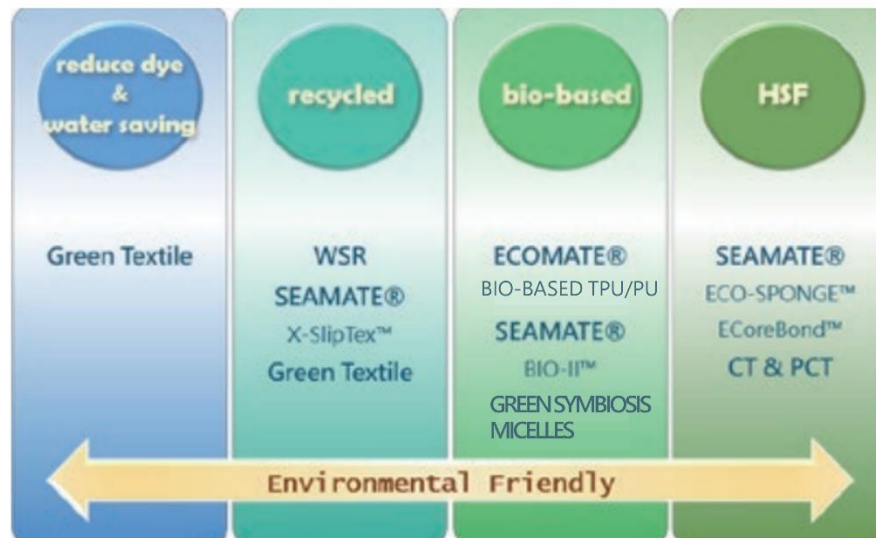
D-0399 Waste rubber mixture (Non-recyclable)	0.00	Temporarily stored in the factory	42.45	Incineration (excluding energy recovery)
D-0299 Waste plastic mixture	0.00	Temporarily stored in the factory	26.30	Incineration (excluding energy recovery)
D-0899 Mixtures of waste fiber, cotton, or cloths	0.00	Temporarily stored in the factory	18.30	Incineration (excluding energy recovery)
D-1102 Heavy oil bottom ash	0.00	Temporarily stored in the factory	0.30	Other disposal operations
D-1099 Non-hazardous collected dust or its mixtures	1.18	Regeneration and reuse	0.00	-
D-0901 Organic sludge	0.00	Temporarily stored in the factory	35.39	Other disposal operations
D-0399 Waste rubber mixture (Recyclable)	5.00	Regeneration and reuse	0.00	-

Hazardous waste				
Waste composition	On-site		Off-site	
Item	Generation of waste (ton)	Handling method	Generation of waste	Generation of waste
C-0399 Toluene	5.01	Regeneration and reuse	0.00	Regeneration and reuse

Waste composition	Hazardous waste (tons)		Non-hazardous waste (tons)		Total (tons)
Disposal method	On-site	Off-site	On-site	Off-site	
Transfer during disposal	0	5.01	0	1.18	6.19
	5.01		1.18		
Direct disposal	0	0	0	530.55	530.55
	0		530.55		
Total waste	5.01		531.73		536.74
Temporarily stored in the factory	543.21				

## Special Column: Green Circular Economy

Circular Economy has been the most popular term in the global environment initiatives in recent years. In addition to clear declarations to cooperate with various policies among governments, the green circular economy continues to develop in various industries and brands. The aim of circular economy is to abandon the traditional linear economic model of mining, manufacturing, and discarding, and 2 Rs, namely "Redefine" and "Redesign" are further added in the traditional 3Rs of Reduce, Recycle and Reuse. The new 2 Rs not only highlight the restart of the products but also include the redefinition and redesign of the social system and thinking.



Namiong ECO Family Products





### ➤ ISO Certification

Green economy is also the major development direction for Nam Liong. In terms of green system management, Niao Song Factory has obtained ISO 14001:2015 certification. As for the development of materials and products, in addition to the innovation of product functionality and applicability, we also devote ourselves in the development of biologically and environmentally friendly products.

Reducing the use of petroleum-based raw materials and non-renewable energy and lowering the environmental impacts has been one of the important development directions for the development of eco-friendly products. Bio-based materials are used for production based on the perspective of recycling and their endless growth. Nam Liong got the idea from the plants in nature and combined the natural plant fibers with traditional plastic materials for the development of green symbiosis micelles, certified by USDA as Biobased Product in 2019, reducing the consumption of non-renewable resources like petrochemical raw materials and minerals while lowering environmental impact.

The issue of circular economy will still go on for several decades. Major global brands also continue pursuing various breakthroughs and innovations. The direction of development of future materials and products focuses not only on deep-rooted sustainable environmental solutions but also on versatility, biodegradability, mixtures of natural and synthetic materials, digital intelligence and multiple functions. Nam Liong will uphold this spirit and continue to develop sustainable, green, and eco-friendly products.

## Chapter 5 Workplace and Social Integration

Corresponding Material Topics	Occupational Safety and Health, Employment and Labor Relations, Training and Education
Corresponding SDGs	   
Major Reasons and Purposes	<ul style="list-style-type: none"> <li>● To implement the Company's business philosophy of "Respect for life and care for the environment", enhance the employees' awareness of safety and health, eliminate potential hazards, and promote the employees' safety and health to reach the goal of zero accident.</li> <li>● Employees are the most important assets of an enterprise, and harmonious labor-management relations are the foundation for an enterprise to have stable operation and development. Therefore, the company must attach importance to and take care of its employees and let the employees have good career development so that they will have cohesion and centripetal force and will be willing to stay in the company for long-term efforts and dedication, which can facilitate the growth and sustainable development of the company.</li> <li>● We stimulate the learning motivation of our employees for the enhancement of their professional knowledge and competency, narrow the gap between strategic goals and current manpower quality and thereby improve the overall corporate competitiveness to step toward sustainable development. If there is no planned education and training in place, the manpower quality of the Company cannot be effectively improved, and the cultivation of talent for the future cannot be implemented, which will have great adverse impact on the competitiveness and sustainable development of the Company.</li> </ul>
Policies	<ul style="list-style-type: none"> <li>● The Company's policy for labor-management relations is "Working together for shared results".</li> <li>● The Company's policy for education and training is "Being pragmatic and diligent, providing carefully selected quality training".</li> <li>● The Company's business philosophy is "Respect for life and care for the environment".</li> </ul>
Commitments and Goals	<p><b>Short-term Goals (within 3 years):</b></p> <ul style="list-style-type: none"> <li>● Regularly carry out occupational safety and health education and training to strengthen employees' awareness of safety and disaster prevention.</li> <li>● To establish the ISO 45001 management system and continue to strengthen the occupational safety and health work through the PDCA mechanism.</li> <li>● The Company abides by local labor-related laws and regulations and the human rights requirements of the GRS system. The monthly turnover rate target is set at 2% or less.</li> <li>● Set the management indicator in terms of the annual education and training and the annual training implementation rate is set at 100%.</li> </ul> <p><b>Mid- and Long-term Goals (3~7 years):</b></p> <ul style="list-style-type: none"> <li>● To be compliant with local occupational safety and health laws and other requirements to ensure the Company does not violate any legal requirements.</li> <li>● To pursue the goal of zero accident and reduce the occurrence of industrial safety</li> </ul>

	<p>incidents in the factories.</p> <ul style="list-style-type: none"> <li>To improve the employees' overall competency and build the echelon of successors for the future of the Company.</li> </ul>
<b>Responsible Units</b>	<ul style="list-style-type: none"> <li>Human Resources Department</li> <li>Administration and General Affairs Department</li> <li>General Manager</li> </ul>
<b>Resources Invested</b>	<ul style="list-style-type: none"> <li>The fire fighting training is held annually. A total of 240 people participated in the training in 2020 to strengthen the knowledge of disaster prevention and evacuation.</li> <li>Education and training is held every month for new employees to introduce the Company, inform them of new personnel instructions, provide them with information of environmental safety and health education and training and related management regulations. There were 32 participants in total in 2020.</li> <li>The Safety and Health Committee is convened quarterly, with the heads of all departments, occupational safety personnel, and labor representatives participating in the meeting to review the performance of occupational safety and health management.</li> <li>The ISO 45001 management system is scheduled to be introduced in 2022 to ensure the implementation of occupational safety and health work.</li> <li>The Personnel Appraisal Committee was established to select outstanding talents for appointment and promotion.</li> <li>The budget allocated for the annual education and training is approximately NTD 500,000.</li> </ul>
<b>Grievance Mechanism</b>	<ul style="list-style-type: none"> <li>Stakeholders can give us their feedback or opinions through telephone, email, and other channels.</li> <li>The Company has established regulations governing reports and grievance. The employees can raise a grievance to the Human Resources Department in writing or through telephone, email, and other channels.</li> </ul>
<b>Management Assessment Mechanism</b>	<ul style="list-style-type: none"> <li>Every quarter, through the Occupational Safety and Health Committee, the improvement progress tracking and effect evaluation can be conducted to review the performance of occupational safety and health management.</li> <li>Through the monthly "support review meeting" and "management review meeting", the status of employee management is analyzed and discussed.</li> <li>The Company conducts PDCA effectiveness evaluation for the education and training every year in accordance with the internal management review procedures of ISO9001.</li> </ul>
<b>Actions and Performance</b>	<ul style="list-style-type: none"> <li>We will continue to pay attention to occupational safety and health issues in the future and adjust the management approaches in accordance with the current conditions.</li> <li>The average turnover rate is set to be lower than 20% as the target, and the labor-employment relations will continue to be maintained in the future.</li> <li>Despite the impact of COVID-19 pandemic, the implementation rate of education and training in 2020 still reached 75%.</li> <li>To effectively manage the education and training, the Company has successfully introduced international certification systems of ISO9001, ISO14001, ISO13485, ISO27001 and GRS.</li> </ul>





## 5.1 Staff Profile

### 5.1.1 Manpower Recruitment and Composition

In Nam Liong's people-oriented corporate culture, employees are the most important assets and the driving forces for the growth of the Company. We aim at establishing a harmonious labor-management relation for the employees to have loyalty and cohesion and centripetal force to the Company and to work and grow with the Company. After analyzing the level of concern and level of impact through the communication with our stakeholders, it was found that labor-management relation is relatively important. People are the most important assets of an enterprise, and a harmonious labor-management relation serves as the foundation for an enterprise to operate and develop stably. The shortest notice period is 30 days before the Company implements major operational changes that may seriously affect the employees' rights. The Company must pay attention to and take care of its employees and let them have good career development so that they will have cohesion and centripetal force for the Company and be willing to stay in the Company for long-term efforts and dedication, and thereby facilitating the growth and sustainable development of the Company.

Based on the corporate culture and the business philosophy of the Company, coupled with the interviews with senior executives, we have developed core functions, management functions and functional functions of Nam Liong. To effectively improve manpower quality, the competency of each job position defined by the Human Resource Information System is used to set up a standardized education and training process and to be applied to training development, performance appraisal, and promotion selection, and highly competitive salaries and benefits as well as great opportunities for training and education are provided, enabling local employees to grow with the Company. There are a total of 514 employees at Nam Liong, and there are no temporary or part-time employees. The majority of employees are between 30 and 50 years old, accounting for 58% of all the employees. Supervisors are mainly Taiwanese while employees are mainly local residents. Between January and December of 2020, a total of 61 new employees reported to the Company, with 27 females and 34 males. In addition, the Company cooperates with the decree and has hired 5 people with disabilities as of the end of December, 2020, employing sufficient number of disabled people as required.

Statistics of employees in 2020														
Item/ Gender		Female						Male						Total
Factory	Contract Type	Full-time			Temporary			Full-time			Temporary			
	Age	Und	30-	50	Und	30-	50	Und	30-	50	Und	30-	50	

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Tainan	Full-time	42	104	36	0	0	0	52	182	77	0	0	0	493
	Part-time	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	42	104	36	0	0	0	52	182	77	0	0	0	493
Taipei	Full-time	3	7	0	0	0	0	1	7	3	0	0	0	21
	Part-time	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	3	7	0	0	0	0	1	7	3	0	0	0	21

Turnover rate								
Year	2019				2020			
Gender	Male		Female		Male		Female	
Age	Number of people	Turnover rate	Number of people	Turnover rate	Number of people	Turnover rate	Number of people	Turnover rate
Under 30	15	25.9%	12	27.9%	22	41.5%	12	26.7%
30-50	26	13.1%	15	13.8%	29	16.4%	11	9.9%
50 and above	14	15.4%	4	9.3%	21	26.3%	3	8.3%
Total number of people leaving the company	86				98			
Total number of employees	540				514			
Total turnover rate	15.9%				19.4%			

Note:

1. The turnover rates in the past two years were both lower than the target of 20% set by the Company.
2. The increase in turnover rate in 2020 was mainly because of the increased number of retirements in that year.
3. Turnover rate (%)= the number of people leaving in the category of the year/ the total number of employees in the category at the end of the year

4. The number of employees who left includes those who voluntarily resigned, were laid off, retired, or died on the job.

Employment rate								
Year	2019				2020			
Gender	Male		Female		Male		Female	
Age	Number of people	Employment rate (%)	Number of people	Employment rate (%)	Number of people	Employment rate (%)	Number of people	Employment rate (%)
Under 30	24	41.4%	11	25.6%	13	24.5%	12	26.7%
30-50	28	14.3%	26	23.9%	20	10.6%	15	13.5%
50 and above	1	1.1%	1	2.3%	1	1.3%	0	0%
Total number of new recruits	91				61			
Total number of employees	540				514			
Total employment rate (%)	16.9%				11.9%			

Note:

Employment rate (%) = the number of new recruits in the category of the year / the total number of employees in the category at the end of the year

The number of new recruits does not exclude those who left midway.

The number of new recruits does not include those who left and reinstated.

The total number of employees at the end of the year includes those who leave on 12/31.

Year	Item/ Gender	Manager-level management and higher position holders						Total
		Male			Female			
	Age	Under 30	30-50	51 and above	Under 30	30-50	51 and above	
2020	Number of people	0	16	22	0	8	3	49

In terms of the occupational safety and health, it is compliant with the Taiwanese and international laws and regulations and in terms of labor compliance, it is compliant with local labor standards laws and regulations. There are no incidents of employment discrimination or violation of human rights of local employees. To protect the employees' human rights, courses about human rights and labor-related laws and regulations are provided in the training of new recruits. In addition, various occupational safety and health control measures are also implemented to prevent the occurrence of disasters. Furthermore, emergency response procedures are also formulated in accordance with the level of risk to strengthen the safety and health of the workplace.

Year	Item/ Gender	Foreign workers					
		Male			Female		
	Age	Under 30	30-50	51 and above	Under 30	30-50	51 and above
2020	Number of people	32	46	1	16	7	0

Year	Item/ Gender	Aborigines					
		Male			Female		
	Age	Under 30	30-50	51 and above	Under 30	30-50	51 and above
2020	Number of people	0	1	0	0	0	0

Year	Item/ Gender	People with disabilities					
		Male			Female		
	Age	Under 30	30-50	51 and above	Under 30	30-50	51 and above
2020	Number of people	0	2* Note	0	0	1	0

Note: 2 persons are severely disabled, and thus are recognized as 4 persons.

### 5.1.2 Compensation and Compliance with Labor Laws

Nam Liong has been upholding the philosophy of “Employees are the most important assets of the company” and “Taking into account the rights and interests of the employees and shareholders”, providing competitive salaries overall to reward the employees for performance creation and long-term efforts to attract and retain the best talents.

The overall compensation includes the monthly salary and bonuses. The compensation is decided based on the employees’ professional knowledge and capabilities, job responsibilities, performance, and long-term dedication, coupled with the Company’s operational goals. The compensation system is also designed to meet local salary systems based on the local governments’ laws and regulations as well as the status of the talent markets.

Year	2019		2020	
Position	Gender	Ratio	Gender	Ratio
Management	Male	1.34	Male	1.23
	Female	1	Female	1
General staff	Male	1.07	Male	1.08
	Female	1	Female	1
Note: Male management positions include the chairman, vice chairman, and general manager, thus the proportion is higher.				

Item/Gender	Male	Female
Statutory minimum salary	23800	23800
Company minimum salary	23800	23800
Ratio	1:1	1:1

Item/Year	2019	2020
The ratio of the annual total compensation of the highest paid individual to the median annual total compensation of the organization	12.03:1	16.04:1

- **Compliance with Labor Laws**

The human rights policy of the Company is to comply with the regulatory human rights standards and treat all employees, contract and temporary personnel and interns equally with dignity and respect them regardless of gender, age, race, nationality, religion, marital status or political affiliation. In addition, we also follow the following guidelines when implementing the human rights policy of Nam Liong, striving to construct a healthy and safety operating environment. To ensure the implementation of the labor rights, we also conduct inspections on the implementation of issues such as child labor and underage labor, forced labor, sexual harassment, labor-management communication, freedom of expression and so on to meet customers’ needs. In 2020, there were no reported cases of discrimination, child labor, forced

labor, human rights violations, violations of freedom of association, collective bargaining rights, or discrimination in the operating bases and suppliers.

➤ **Prohibition of Child Labor**

Nam Liong is committed to strictly implementing the Labor Standards Act and corporate social responsibility standards, and has established the “Procedures for the Prohibition of Child Labor and Underage Labor and Misuse Remedy Management”. Child labor and underage labor shall never be recruited or hired, and this message is also conveyed to all the employees and other stakeholders. Relevant personnel of each unit are required to conveying the Company’s social responsibility policy and other relevant requirements for our partners, suppliers and other stakeholders and interested parties to jointly comply with.

➤ **Compliance with Local Labor Regulations**

Nam Liong promises not to use any form of human trafficking or coercion or slavery to force its employees to perform involuntary labor. In addition to the standard work contract, the Company will not use financial or other means to restrict the employment relationship between the employees and Nam Liong, including withholding deposits or identification documents. Our employees are entitled to the right to freely terminate the labor contract in accordance with the laws and regulations. In 2020, there were no reported cases of forced and compulsory labor.

➤ **GRS Certification**

Nam Liong has passed the GRS certification and is audited by socially required items. Workers employed by enterprises involved in the production of GRS products are protected by the strong social responsibility policy. The items include various labor safety and human rights inspections. Our Main Factory and Niao Song Factory have been certified with GRS, accounting for 50% of all the factories.

## 5.2 Manpower Development and Training

Nam Liong prepares annual education and training plans to assist its employees in lifelong learning, improving their professionalism and expertise for their job. Different types of extension courses are provided through the application of a teaching platform and software. Employee education and training can be categorized into new employee training, professional competence training, and hierarchical management training, which are divided into training for functional functions, core functions, and management functions. Training is combined with orientation training, individual training, and self-inspiration to improve behavior patterns, strengthen technical levels and improve the overall quality of our employees.

### ● Employee Training and Educational Results

The planning of education and training of the Company is combined with personal growth, department needs, and the Company's operational strategies while taking into account personal learning growth and professional technical capabilities which are also combine with the internal promotion and rotation mechanism. By integrating education and training with internal management systems of promotion and rotation, training is provided to personnel at all levels step by step to improve the quality of management cadres.

The training hours in 2020 decreased mainly because of the impact of COVID-19 pandemic, making it impossible to carry out education and training courses. After calculation, the total employee training hours amounted to 1,917 hours in 2020, with an average of 3.8 hours per capita. The Company attaches great importance to all employees' competence development and life-long learning. At the initial stage, the focus of the education lies in the "quantity". After the cultivation of autonomous learning, the improvement of "quality" is then put into consideration. The goal that we continue to work for is to improve the quality of the courses and the ways to measure the effectiveness of the courses.

Categories and gender of trainees and the average training hours							
Year		2019			2020		
Item/ Gender		Total number of people	Total training hours	Average training hours	Total number of people	Total training hours	Average training hours
Management	Male	66	1052	15.5	68	524	7.7
	Female	19	230	12.1	17	115	6.8
Full-time	Male	279	1120	3.9	254	710	2.8
	Female	176	879	4.99	175	568	3.3
Part-time	Male	0	0	0	0	0	0.0
	Female	0	0	0	0	0	0.0



Note:

1. The training hours in 2020 decreased mainly because of the impact of COVID-19 pandemic, making it impossible to carry out education and training courses.
2. Calculation formula: The average training hours for male employees in the year= Total training hours for male employees in the year/ Total number of male employees in the year
3. Calculation formula: The average training hours for female employees in the year= Total training hours for female employees in the year/ Total number of female employees in the year

Average training hours and costs				
Year	2019		2020	
Item	Total training cost (NTD 1,000)	Average training cost (NTD 1,000)	Total training cost (NTD 1,000)	Average training cost (NTD 1,000)
Male	532025	1542.1	615117	1910.3
Female	183944	943.3	563117	2932.9

Note:

1. Calculation formula: The average training cost for male employees= Total training cost for male employees in the year/ Total number of male employees in the year
2. Calculation formula: The average training cost for female employees= Total training cost for female employees in the year/ Total number of female employees in the year

The Human Resources Department is in charge of organizing education and training. Supervisors at all levels that are involved in the training decision include supervisors of the HR Department, supervisors in the business divisions, directors in the General Manager's Office and the general manager. The training is implemented in a bottom-up model. The assessment methods for the education and training include the review on the course, tests, and actual operation, and the trainees are also reviewed by supervisors at all levels to implement performance evaluation and make up the employees' competency gap.

After the training, the unit supervisor can ask the trainee(s) to conduct internal training and help train other associates at an appropriate timing if necessary, and the PDDRO model is followed for performance improvement and execution feedback to double the effectiveness of education and training. The improvement of the employees' personal professional skills and spiritual growth can help with the reconstruction of the enterprise, which can further strengthen the current and future competitiveness of the Company in the future.

Expected benefits of the training programs	
1. Meet the employee training needs and expand the learning efficiency of the employees	5. Establish a management team for the future
2. Shape a good organizational learning culture and environment	6. Expand market share
3. Improve the quality of human resources of the Company	7. Improve business performance

4. Improve the growth and professional and technical competence of the employees	8. Strengthen the overall competitiveness of the enterprise
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- **Performance Management and Development**

The employee evaluation is conducted regularly every year to serve as the basis for salary adjustment, promotion, bonus distribution, and education and training arrangement. The content of the evaluation is divided into the performance target assessment and core function assessment. In 2020, the proportion of male employees receiving the evaluation was 93.8% while that of female employees was 95.3%. Moreover, middle and senior managers (deputy manager or higher position holders) were not included in the evaluation.

Item	2020
The proportion of male employees receiving the evaluation	93.8%
The proportion of female employees receiving the evaluation	95.3%
Note: 1. Middle and senior managers (deputy manager or higher position holders) were not included in the evaluation 2. The evaluation was completed on 2020/12/31	

- **Human Rights Education and Training**

To implement our commitment to human rights equality and to attach importance to the human rights of our employees, we have established human rights policy and employee code of conduct, and promoted education and training related to human rights internally. During the reporting period, the Company arranged the employees to participate relevant human rights policy training, requiring all the new employees receive human rights policy education and training. There were 49 new employees in 2020, and all of them (100%) completed their human rights policy education and training, with the total of 147 hours of human rights training. The securities at Nam Liong are the employees of the Company, and are not externally hired or outsourced, and all of them have received relevant professional training.

## 5.3 Employee Care and Safety

### 5.3.1 Planning of Comprehensive Benefits

- Comprehensive Benefits Package

Both the employees and the Company should pay attention to the issue of work-life balance. A Company has to think of a way to create a comfortable working atmosphere and smooth communication channels to create a friendly workplace that enables proper physical and mental relaxation when needed which can also help strengthen the cohesion among employees.

The Company provides its employees with standard benefits, such as labor and health insurance and contribution of pension (accounting for 6% of the salary) in accordance with the Labor Standards Act. Moreover, there are also bonuses on three major festivals, employee health examination, staff travel, and fellowship campaigns. In addition to the labor insurance and health insurance required by the government, all the employees are also provided with the group insurance plan that covers diseases and accidents to safeguard their lives.

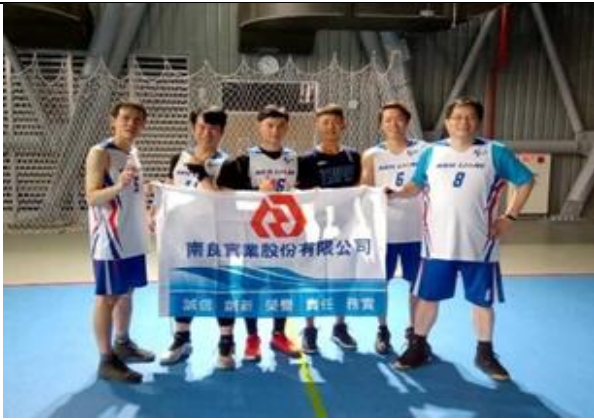
Category of benefits	Description
Staff travel	Staff travel on a regular basis
Year-end dinner	Year-end dinner and the lucky draw lottery
Bonuses on three major festivals	Bonuses for the Dragon Boat Festival, Mid-Autumn Festival, and the year-end bonuses
Health examination	Employee health examination is provided in accordance with age
Group insurance	Insurance for all employees covering diseases and accidents
Grants from the Welfare Committee	Grants for birthdays, births, funerals, children's education and so on
Grants to clubs	We encourage our employees to establish clubs and provide quarterly grants.
Fellowship campaigns	Fellowship campaigns for employees are held from time to time .

#### Clubs of Nam Liong Global Corp.

##### Basketball Club







Softball Club



Badminton Club







Qigong Club



Road Running Club







### Fitness Club



### • Unpaid Parental Leave

Nam Lionog's employees enjoy all the benefits of the Company. In addition to the leave and retirement provided in accordance with the local labor-related laws and regulations, the employees can also apply for leave without pay when they have needs for longer leave for the purposes of childcare, serving the military service and others, and when the applied period expires, they can also apply for reinstatement. Relevant regulations concerning "unpaid parental leave" was established in accordance with the Act of Gender Equality in Employment and Regulations for Implementing Unpaid Parental Leave for Raising Children proclaimed by the competent authority that are detailed in the Employee Manual. There were a total of 3 people applying for unpaid parental leave in 2020 (3 female and 0 male employees). The regulations concerning applying for unpaid parental leave are compliant with government regulations.

Nam Liong's Statistics of Unpaid Parental Leave in the Past Two Years						
Year	2019			2020		
Gender/Total	Male	Female	Total	Male	Female	Total
The number of employees eligible to apply for unpaid parental leave A	4	7	11	1	6	7
The number of employees who actually applied for unpaid parental leave B	0	2	2	0	3	3
The number of employees expected to be reinstated after the unpaid parental leave of the year C	0	3	3	0	3	3
The number of employees who were actually reinstated of the year D	0	1	1	0	3	3
The number of employees who were actually reinstated in the previous year E	0	1	1	0	1	1
The number of employees who were reinstated in the previous year and have been reinstated for 12 months F	0	1	1	0	1	1
Reinstatement rate of unpaid parental leave of the year %(D/C)	0	33.3%	33.3%	0	100.0%	100.0%
Retention rate of unpaid parental leave of the year %(F/E)	0	100.0%	100.0%	0	100.0%	100.0%

### 5.3.2 Occupational Safety and Health System

Nam Liong has been upholding the philosophy of providing the employees with a safe and sound working environment. Currently, we are working on the verification of the international occupational safety and health management system, ISO 45001, to prevent the occurrence of occupational accidents and diseases through the implementation of the safety and health management system, providing the employees, non-employees, and workers whose workplace is controlled with a stable, safe, and healthy working environment. The current planned schedule is as follows.

Time	Items for Implementation
2021/08~110/12	Building the documentation of ISO 45001 system
2021/12~2022/01	ISO 45001 Internal Audit (including responses to audit deficiencies)
2022/02~2022/03	ISO 45001 Management Review
2022/03	ISO 45001 External Audit (Third-party Verification)
2022/06	Obtain ISO 45001 certificate (scheduled)

- **Occupational Safety and Health Management**



To maintain an equal and safe workplace, we have established the Occupational Safety and Health Committee composed of heads of all departments, occupational safety personnel, and labor representatives. The Committee is convened every three months discussing issues

concerning occupational safety and health, health management issues, and evaluation of the safety and health management performance. We value information from our employees from communication and will ensure that no employee will be subject to retaliation or punishment. Nam Liong regularly convenes meetings to discuss occupational safety related issues in accordance with the ISO 45001 occupational safety and health management system to facilitate communication and consultation among all internal departments, employees at all levels, and external organizations to ensure the safety of the working environment.

Content of Discussion in the Occupational Safety and Health Committee	
1. Propose suggestions for the occupational safety and health policy set by the employer.	7. Review the autonomous inspections and safety and health audits of business units.
2. Coordinate and recommend occupational safety and health management plans.	8. Review preventive measures for machinery, equipment, or hazards of raw materials and materials.
3. Review the implementation plans of the safety and health education and training.	9. Review the occupational accident survey reports.
4. Review the operating environment monitoring plan, monitoring results, and measures taken.	10. Evaluate the performance of on-site safety and health management.
5. Review health management, prevention of occupational diseases, and health promotion matters.	11. Review the safety and health management matters of the contracted business.
6. Review all safety and health proposals.	12. Other matters related to occupational safety and health management.

- **Emergency Response Management**

Nam Liong provides new employees with occupational safety and health education and training every quarter in accordance with the occupational safety and health education and training rules and related regulations. Moreover, the Company also organizes related safety and health education and training courses, fire fighting training, first-aid personnel training, and emergency response training. We attach great importance to fire safety and regularly hold fire drills to enhance fire prevention concepts needed. Education and training of the Company is provided during working hours, and there are no unfavorable punishments like salary deduction, reduced salary, or deduction of leave due to their participation in relevant training.

Practice of fire extinguisher operation	Emergency evacuation to the assembly point
	



- **Hazard Identification and Risk Assessment**

The Company implements the hazard identification and risk assessment operation. After the designated personnel and qualified personnel perform hazard identification, the hazard factors are quantified for risk assessment, which is reviewed by the safety and health management unit for the determination of the risk level. The control and improvement goals of the operations with risks are also set before they are included in the management record for regular follow-up to continuously eliminate potential occupational hazards in the workplace. When performing the operation or when there is any emergency incident, the employees have to decide whether to stop the operation or take necessary protective measures and leave the workplace for evacuation based on the on-site hazard level.

- **Investigation of Accidents**

We have set up Regulations of Accident Notification and Investigation Management for any kind of industrial safety incidents to carry out the investigation and follow-up of accidents. Damage status and public injury identification are determined in accordance with the content of the accidents. After the investigation of accidents, the survey report has to be made and verified and improvement plans have to be implemented. The safety and health management unit will continue the supervision and tracking to prevent similar situations from reoccurring.

- **Prevention of Occupational Diseases and Injuries**

We have set up the P-SH-003 Occupational Safety and Health Management Plan to identify, evaluate, and control the on-site working environment or operational hazards. The Company has actively created an excellent working environment to prevent the occurrence of occupational diseases and injuries and promote the physical and mental health of our associates.

- **Statistics of Occupational Accidents and Injuries**

The statistics of occupational accidents and injuries at Nam Liong over the past two years are as follows. There were no occupational injuries reported among non-employee workers.

➤ **Employees**

Category	Item	2019	2020
Total working hours	Total working hours of females	350,288	349,056
	Total working hours of males	658,184	640,175
	Total person-work hours	1,008,472	989,231
Number of work-related death	Number of work-related death among females	0	0
	Number of work-related death among males	0	0
	Total number of work-related death	0	0
Number of severe occupational injuries (excluding deaths)	Total number of severe occupational injuries among females	0	0
	Total number of severe occupational injuries among males	0	0

	Total number of severe occupational injuries	0	0
Recordable number of occupational injury (including deaths and severe occupational injuries)	Total number of occupational injuries among females	0	0
	Total number of occupational injuries among males	1	0
	Total number of occupational injuries	1	0
Work-related fatality ratio	Work-related fatality ratio among females	0	0
	Work-related fatality ratio among males	0	0
	Total work-related fatality ratio	0	0
Severity ratio of occupational injuries (excluding deaths)	Severity ratio of occupational injuries among females	0	0
	Severity ratio of occupational injuries among males	1.5193	0
	Total severity ratio of occupational injuries	0.9916	0
Recordable occupational injury rate (including deaths and severe occupational injuries)	Total occupational injury rate among females	0	0
	Total occupational injury rate among males	0	0
	Total occupational injury rate	0	0
Specify types of occupational injuries (such as fractures, cuts, and contusions)	Specify types of occupational injuries	One case of cut/incision/bruises	None

Note:

1. Work-related fatality rate= number of death caused by occupational injuries/ working hours \*1,000,000
2. Severity ratio of occupational injuries = severe occupational injuries (excluding deaths) / working hours \*1,000,000
3. Recordable occupational injury rate= recordable occupational injury rate (including deaths and severe occupational injuries) / working hours \*1,000,000
4. Severe occupational injury refers to an injury that leads to disability or cannot restore to the state of health before the injury due to occupational injury.

### ● Occupational Health Services

In terms of health management measures, to reach the purpose of protecting the health of our employees, Nam Liong has cooperated with Excelsior Medical Co., Ltd since January 1, 2021, and invited medical staff to provide on-site health services to understand the health status of our employees and prevent the occurrence of occupational injuries so as to effectively control the health of our employees. There were no confirmed cases of occupational diseases in 2020. The service frequency provided is as follows.

Factory	Total labor force	Physician	Nurses
Main Factory	283	6 times/year	6 times/year
Niao Song Factory	117	4 times/year	4 times/year

In addition, special health examinations are carried out regularly for workers with high incidence of occupational diseases and high risks. If a worker is found to be unable to adapt to his/her original job due to occupational diseases, in addition to providing the medical treatment, measures such as changing the job position, changing the workplace and others will be taken. After the special health examination, if the physician decides that there is a need for a reexamination, the health follow-up examination of such worker shall be carried out as the physician advises. Nam Liong's employee health examination in 2020 (Main Factory/Niao Song Factory/Ren Ai Factory), the number of people receiving special health examination and the hierarchical management are shown in the following table.

Category of environmental test	Factory	First-level management	Second-level management	Third-level management	Fourth-level management	Total
Noise	Main Factory	16	3	0	0	19
	Niao Song Factory	10	2	0	0	12
Dimethylformamide (DMF)	Main Factory	21	6	0	0	27
	Niao Song Factory	14	3	0	0	17
Dust	Main Factory	14	2	0	0	16
	Niao Song Factory	3	0	0	0	3
※There are no operations with special hazards in Ren Ai Factory.						

### 5.3.3 Promotion of Employee Health

Nam Liong is dedicated to creating a healthy workplace. We employ full-time nurses to provide monthly on-site health services to take care of our employees' health. The occupational nurses are responsible for implementing respiratory protection plans, filing and analyzing the health examination reports of new employees and foreign workers.

Due to the impact of COVID-19 pandemic, the health consultation activities are currently suspended to reduce contacts among physicians, nurses, and employees. Despite the suspension, we still carry out the Prevention Plan of Overwork Related Illness and Prevention Plan of Ergonomic Hazards in accordance with the Occupational Safety and Health Act, requesting our employees to fill in the electronic questionnaire online, which will be provided to the occupational nurses for the analysis of the employees' health status and the provision of health and wellness coaching.

Nam Liong takes comprehensive care of the physical and mental health of its employees. In addition to holding health examination on a regular basis, we also hire professional nurses to provide monthly on-site health services. The Company provides subsidies to support and encourage its employees to set up clubs, form the habit of exercising, cultivate interests, and refine their mind. Various health promotion activities are held regularly to encourage all employees to exercise and maintain the optimal health.

**2021 Walking activity at Yingxi Lake in STSP**




## 5.4 Care for the Community and Minority

- Zi Liong Charity Foundation

Hsiao Teng-Po, the chairman of Nam Liong Group, is from Budai Township, Chiayi County. After having a successful business, Mr. Hsiao wanted to give back to his hometown, and he established Zi Liong Charity Foundation in 2001 to provide long-term assistance to poor families and people in poverty. Since the 2017 school year, the foundation has started providing subsidies to five schools, including Budai Junior High School, Budai Elementary School, Buxin Elementary School, Shin-Tsen Primary School, and Jingshan Elementary School for the Art Rooting Projects and excellent students from poor families, providing funds for the wind band, Taiko Drum, recorders, and children's orchestra, helping the schools to hire professional music teachers and purchase musical instruments.

In recent years, the Foundation has also funded many projects, including assisting in the repairing and maintenance of the trails of Xinhua Forest Station and donating stone tables and chairs; building the ecological pond in Budai Elementary School and donating yacca trees; sponsoring the Taekwondo team of Budai Junior High School for competitions; repairing and renovating the stage of Jingshan Elementary School; and supporting the Rooting in Budai Project by donating picture books about marine conservation.

Activity	Description	Photo
2020/06/11 Donation of cool pillows	Nam Liong donated 300 units of cool pillows to the Fourth Office, Friends of the of National Highway Police Association.	

Activity	Description	Photo
<p>2021/06/18</p> <p>Donation of protective clothing</p>	<p>Nam Liong donated 700 pieces of protective clothing to the Gueiren District Office and Gueiren Precinct.</p>	 

## Appendix I : Global Reporting Initiative (GRI) Index

The following content has been verified by an independent third-party and the result is published in the independent assurance report in Appendix I.

"\*" indicates major aspects while "●" indicates external verification.

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
GRI102 General disclosure 2016:Core	102-1	Name of the organization	2.1.1 Company Profile	27	
	102-2	Activities, brands, products, and services	2.2.1 Introduction of Product Services	33	
	102-3	Location of headquarters	2.1.1 Company Profile	27	
	102-4	Location of operations	2.1.1 Company Profile	27	
	102-5	Ownership and legal form	2.1.1 Company Profile	27	
	102-6	Markets served	2.1.1 Company Profile	27	
	102-7	Scale of the organization	2.1.1 Company Profile	27	
	102-8	Information on employees and other workers	2.1.1 Company Profile	27	
	102-9	Supply chain	5.1.1 Manpower Recruitment and Composition	97	
	102-10	Significant changes to the organization and its supply chain	3.3 Supply Chain Management	63	
	102-11	Precautionary Principle or approach	3.3.2 Supplier Evaluation	64	
	102-12	External initiatives	3.2.2 Risk Management	57	
	102-13	Membership of associations	2.1.1 Company Profile	27	
GRI102 General disclosure 2016:Core	102-14	Statement from senior decision-maker	Message from the Chairman	6	
GRI102 General disclosure 2016:Comprehensive	102-15	Key impacts, risks, and opportunities	3.2.2 Risk Management	57	
GRI102 General disclosure 2016:Core	102-16	Values, principles, standards, and norms of behavior	3.1 Operations Management	49	
GRI102 General disclosure 2016:Comprehensive	102-17	Mechanisms for advice and concerns about ethics	3.2.1 Internal Control Management	56	
GRI102 General disclosure 2016:Core	102-18	Governance structure	3.1.1 Organization of the Board of Directors	49	
GRI102 General disclosure 2016:Comprehensive	102-19	Delegating authority	3.1.1 Organization of the Board of Directors	49	
	102-20	Executive-level responsibility for economic, environmental, and social topics	3.1.1 Organization of the Board of Directors	49	
	102-21	Consulting stakeholders on economic, environmental, and social topics	3.1.1 Organization of the Board of Directors	49	
	102-22	Composition of the highest governance body and its committees	3.1.1 Organization of the Board of Directors	49	
	102-23	Chair of the highest governance body	3.1.1 Organization of the Board of Directors	49	
	102-24	Nominating and selecting the highest governance body	3.1.1 Organization of the Board of Directors	49	
	102-25	Conflicts of interest	3.1.1 Organization of the Board of Directors	49	
	102-26	Role of highest governance body in setting purpose, values, and strategy	3.1.1 Organization of the Board of Directors	49	



GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
	102-27	Collective knowledge of highest governance body	3.1.1 Organization of the Board of Directors	49	
	102-28	Evaluating the highest governance body's performance	3.1.1 Organization of the Board of Directors	49	
	102-29	Identifying and managing economic, environmental, and social impacts	3.1.2 Performance Evaluation of Board of Directors	54	
	102-30	Effectiveness of risk management processes	3.2.1 Internal Control Management	56	
	102-32	Highest governance body's role in sustainability reporting	1.1 Commitment and Promotion of Sustainable Development of ESG	17	
	102-35	Remuneration policies	3.1.2 Performance Evaluation of Board of Directors	54	
	102-36	Process for determining remuneration	3.1.2 Performance Evaluation of Board of Directors	54	
	102-38	Annual total compensation ratio	5.1.2 Compensation and Compliance with Labor Laws	101	
GRI102 General disclosure 2016:Core	102-40	List of stakeholder groups	1.2.1 Stakeholder Identification and Communication	18	
	102-41	Collective bargaining agreements	1.2.1 Stakeholder Identification and Communication	18	
	102-42	Identifying and selecting stakeholders	1.2.1 Stakeholder Identification and Communication	18	
	102-43	Approach to stakeholder engagement	1.2.1 Stakeholder Identification and Communication	18	
	102-44	Key topics and concerns raised	1.2.1 Stakeholder Identification and Communication	18	
GRI102 General disclosure 2016:Core	102-45	Entities included in the consolidated financial statements	2.1.1 Company Profile	27	
	102-46	Defining report content and topic Boundaries	1.2.2 Sustainable Development of Material Topics	21	
	102-47	List of material topics	1.2.2 Sustainable Development of Material Topics	21	
	102-48	Restatements of information	About This Report	4	
	102-49	Changes in reporting	About This Report	4	



GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
	102-50	Reporting period	About This Report	4	
	102-51	Date of most recent report	About This Report	4	
	102-52	Reporting cycle	About This Report	4	
	102-53	Contact point for questions regarding the report	About This Report	4	
	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	4	
	102-55	GRI content index	Appendix I	119	
	102-56	External assurance	About This Report	4	
GRI 103 Management approach of Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material Topics Chapter 2 Nam Liong, Equivalent to Quality	21 、 25	
	103-2	The management approach and its components	Chapter 2 Nam Liong, Equivalent to Quality	25	
	103-3	Evaluation of the management approach	Chapter 2 Nam Liong, Equivalent to Quality	25	
GRI 201 Disclosure of Economic Performance 2016	201-1	Direct economic value generated and distributed	2.1.2 Financial Performance	30	
	201-2	Financial implications and other risks and opportunities due to climate change	4.2 Climate Action	76	
	201-3	Defined benefit plan obligations and other retirement plans	5.3.1 Planning of Comprehensive Benefits	106	
	201-4	Financial assistance received from government	2.1.2 Financial Performance	30	
GRI 202 Disclosure of Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1.2 Compensation and Compliance with Labor Laws	101	
	202-2	Proportion of senior management hired from the local community	5.1.1 Manpower Recruitment and Composition	97	
GRI 203 Disclosure of Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	5.4 Care for the Community and Minority	117	
GRI 204 Disclosure of Procurement Practices 2016	204-1	Proportion of spending on local suppliers	3.3.1 Procurement Management	63	
GRI 205 Disclosure of Anti- corruption 2016	205-2	Communication and training about anticorruption policies and procedures	3.2.1 Internal Control Management	56	
	205-3	Confirmed incidents of corruption and actions taken	3.2.1 Internal Control Management	56	
GRI 103	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material	21 、 66	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
Management approach of Materials 2016			Topics Chapter 4 Green Environment		
	103-2	The management approach and its components	Chapter 4 Green Environment	66	
	103-3	Evaluation of the management approach	Chapter 4 Green Environment	66	
GRI 301 Disclosure of Materials 2016	301-1	Materials used by weight or volume	4.4 Management of Materials and Waste	89	
	301-2	Recycled input materials used	4.4 Management of Materials and Waste	89	
	301-3	Reclaimed products and their packaging materials	4.4 Management of Materials and Waste	89	
GRI 103 Management approach of Energy 2016	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material Topics Chapter 4 Green Environment	21 、 66	
	103-2	The management approach and its components	Chapter 4 Green Environment	66	
	103-3	Evaluation of the management approach	Chapter 4 Green Environment	66	
GRI 302 Disclosure of Energy 2016	302-1	Energy consumption within the organization	4.3.1 Energy Resource Management and Energy Conservation Measures	82	
	302-3	Energy intensity	4.3.1 Energy Resource Management and Energy Conservation Measures	82	
	302-4	Reduction of energy consumption	4.3.1 Energy Resource Management and Energy Conservation Measures	82	
	302-5	Reductions in energy requirements of products and services	4.3.1 Energy Resource Management and Energy Conservation Measures	82	
	303-1	Interactions with water as a shared resource	4.3.2 Water Consumption and Water Saving Measures	84	
	303-2	Management of water discharge-related impacts	4.3.2 Water Consumption and Water Saving Measures	84	
GRI 303 Disclosure of Water and Effluents 2018	303-3	Water withdrawal	4.3.2 Water Consumption and Water Saving Measures	84	
	303-4	Water discharge	4.3.2 Water Consumption and Water Saving Measures	84	
	303-5	Water consumption	4.3.2 Water Consumption and Water Saving Measures	84	
GRI 305 Disclosure of Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3.3 Air Pollution and GHG Management	86	
	305-2	Energy indirect (Scope 2) GHG emissions	4.3.3 Air Pollution and GHG Management	86	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
	305-4	GHG emissions intensity	4.3.3 Air Pollution and GHG Management	86	
	305-5	Reduction of GHG emissions	4.3.3 Air Pollution and GHG Management	86	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.3.3 Air Pollution and GHG Management	86	
GRI 103 Management approach of Effluents and Waste 2020	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material Topics Chapter 4 Green Environment	21 、 66	
	103-2	The management approach and its components	Chapter 4 Green Environment	66	
	103-3	Evaluation of the management approach	Chapter 4 Green Environment	66	
	306-1	Waste generation and significant waste-related impac	Chapter 4 Green Environment	66	
	306-2	Management of significant waste-related impacts	Chapter 4 Green Environment	66	
GRI 306 Disclosure of Effluents and Waste 2020	306-3	Waste generated	4.4 Management of Materials and Waste	89	
	306-4	Waste diverted from disposal	4.4 Management of Materials and Waste	89	
	306-5	Waste directed to disposal	4.4 Management of Materials and Waste	89	
GRI 103 Management approach of Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material Topics Chapter 4 Green Environment	21 、 66	
	103-2	The management approach and its components	Chapter 4 Green Environment	66	
	103-3	Evaluation of the management approach	Chapter 4 Green Environment	66	
GRI 307 Disclosure of Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	4.3.2 Water Consumption and Water Saving Measures	84	
GRI 308 Disclosure of Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.3.2 Supplier Evaluation	64	
	308-2	Negative environmental impacts in the supply chain and actions taken	3.3.2 Supplier Evaluation	64	
GRI 103	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material	21 、 94	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
Management approach of Employment 2016			Topics Chapter 5 Workplace and Social Integration		
	103-2	The management approach and its components	Chapter 5 Workplace and Social Integration	94	
	103-3	Evaluation of the management approach	Chapter 5 Workplace and Social Integration	94	
GRI 401 Disclosure of Employment 2016	401-1	New employee hires and employee turnover	5.1.1 Manpower Recruitment and Composition	94	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3.1 Planning of Comprehensive Benefits	106	
	401-3	Parental leave	5.3.1 Planning of Comprehensive Benefits	106	
GRI 402 Disclosure of Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.1.1 Manpower Recruitment and Composition	97	
GRI 103 Management approach of Occupational Health and Safety 2018	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material Topics Chapter 5 Workplace and Social Integration	21 、 94	
	103-2	The management approach and its components	Chapter 5 Workplace and Social Integration	94	
	103-3	Evaluation of the management approach	Chapter 5 Workplace and Social Integration	94	
	403-1	Occupational health and safety management system	Chapter 5 Workplace and Social Integration	94	
	403-2	Hazard identification, risk assessment, and incident investigation	Chapter 5 Workplace and Social Integration	94	
	403-3	Occupational health services	Chapter 5 Workplace and Social Integration	94	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Chapter 5 Workplace and Social Integration	94	
	403-5	Worker training on occupational health and safety	Chapter 5 Workplace and Social Integration	94	
	403-6	Promotion of worker health	Chapter 5 Workplace and Social Integration	94	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter 5 Workplace and Social Integration	94	
GRI 403 Disclosure of Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	5.2 Manpower Development and Training	103	
	403-9	Work-related injuries	5.2 Manpower Development and Training	103	
	403-10	Work-related ill health	5.2 Manpower Development and Training	103	
GRI 103 Management approach of Training and Education 2016	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material Topics Chapter 5 Workplace and Social Integration	21 、 94	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
	103-2	The management approach and its components	Chapter 5 Workplace and Social Integration	94	
	103-3	Evaluation of the management approach	Chapter 5 Workplace and Social Integration	94	
GRI 404 Disclosure of Training and Education 2016	404-1	Average hours of training per year per employee	5.2 Manpower Development and Training	103	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Manpower Development and Training	103	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Manpower Development and Training	103	
GRI 405 Disclosure of Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.1.1 Manpower Recruitment and Composition	97	
	405-2	Ratio of basic salary and remuneration of women to men	5.1.2 Compensation and Compliance with Labor Laws	101	
GRI 406 Disclosure of Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.1.2 Compensation and Compliance with Labor Laws	101	
GRI 407 Disclosure of Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.1.2 Compensation and Compliance with Labor Laws	101	
GRI 408 Disclosure of Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.1.2 Compensation and Compliance with Labor Laws	101	
GRI 409 Disclosure of Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.1.2 Compensation and Compliance with Labor Laws	101	
GRI 410 Disclosure of Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	5.2 Manpower Development and Training	103	
GRI 411 Disclosure of Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	5.1.2 Compensation and Compliance with Labor Laws	101	
GRI 412 Disclosure of Rights of Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	5.1.2 Compensation and Compliance with Labor Laws	101	
	412-2	Employee training on human rights policies or procedures	5.2 Manpower Development and Training	103	
GRI 413 Disclosure of Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	5.4 Care for the Community and Minority	117	
	413-2	Operations with significant actual and potential negative impacts on local communities	5.4 Care for the Community and Minority	117	
GRI 414 Disclosure of Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.3.2 Supplier Evaluation	64	
	414-2	Negative social impacts in the supply chain and actions taken	3.3.2 Supplier Evaluation	64	
GRI 415 Disclosure of Public Policy 2016	415-1	Political contributions			No Political contributions
GRI 418 Disclosure of Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.3 Customer Satisfactio	44	
GRI 103	103-1	Explanation of the material topic and its Boundary	1.2.2 Sustainable Development of Material	21 46	

GRI Category/ Material Aspects	No.	GRI Index	Chapter and Section	Page	Omit/ remark
Management approach of Socioeconomic Compliance 2016			Topics Chapter 3 Integrity Governance		
	103-2	The management approach and its components	Chapter 3 Integrity Governance	46	
	103-3	Evaluation of the management approach	Chapter 3 Integrity Governance	46	
GRI 419 Disclosure of Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	3.2.1 Internal Control Management	56	

## Appendix II:Sustainable Development Goals (SDGs) Index

Item	Sustainable Development Goals	Chapter and Section	Page
Goal 5	Achieve gender equality and empower all women and girls	5.3.1 Planning of Comprehensive Benefits	106
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	5.1.1 Manpower Recruitment and Composition 5.1.2 Compensation and Compliance with Labor Laws	97 101
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable.	4.3.1 Energy Resource Management and Energy Conservation Measures	82
Goal 12	Ensure sustainable consumption and production patterns.	2.2.5 R&D and Innovation Results	41
Goal 13	Take urgent action to combat climate change and its impacts.	<b>4.2 Climate Action</b>	106
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	Responding to Sustainable Development Goals (SDGs)	9
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	3.2.1 Internal Control Management	56
Goal 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	5.1.2 Compensation and Compliance with Labor Laws	101