



2018 Corporate Social Responsibility Report

CoreMax CoreMax Corporation
Corporate Social Responsibility Report

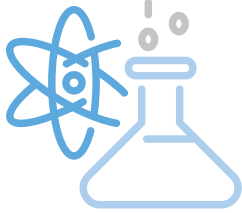
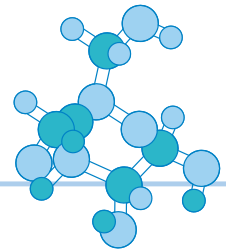


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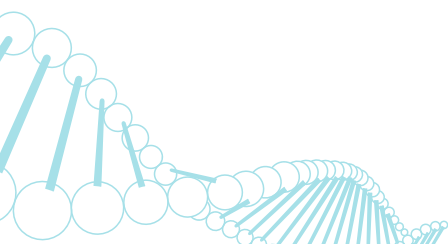
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Message from the chairman



This year marks the fifth year since CoreMax Corporation issued its first Corporate Social Responsibility (CSR) report.

Over the years, Coremax has been committed to steady and sustainable development rooted in economic growth, environmental awareness, and workplace safety & health. By incorporating these values into the workplace, the company aims to achieve products without defect, an environment without pollution, and an absence of mishap or disaster in the workplace.

To achieve economic success, CoreMax continuously improves its products and technologies to achieve higher profitability, and consistently adheres to customer-oriented business principles in its operations. With respect to social responsibilities, the company highly values effective communication and interaction with the stakeholders. The company strives to obtain customer satisfaction and recognition with integrity and transparency in its management. Environmentally, the company continues to pursue low rates of pollution and low risk in its environmental impact, with the aim of making contribution to environ-

mental protection. CoreMax has not only maximized the value to the shareholders but has also been following its business principles of integrity and morality and has striven to fulfill its corporate and social responsibility.

Since its establishment, CoreMax has been diversifying its products to meet the market needs through research and development, manufacturing, and production management. The company's business department has been actively developing domestic and international markets to increase its market share. By continuously providing products and services with excellent quality, the company has gained long-term customer loyalty in the market.

CoreMax has been fairly successful in maximizing its shareholder's return. Looking into the future, the company is determined to take further action in achieving sustainable development in all aspects of its business operation. In terms of operating performance, the company will effectively maintain the stable production capacity of electronic grade sulfuric acid to meet the standard of the semiconductor industry. In its recycling business, waste sulfuric acid will be added to the company's business portfolio to endorse its efforts in environmental protection. Stable production of power battery material will be ensured to meet customer needs and new product will be promptly developed to meet the needs of the changing market. In its business development, the company will actively seek new customers in its business segments including traditional catalyst, advanced materials, electronic materials as well as by expanding into other markets. The company will prioritize sustainable operations, not only in accordance with the requirements of the competent authority, but also by establishing these business principles with the entire group. The concept of sustainable operation will be deeply rooted in these three principles: corporate governance, environmental care, and social responsibility. By doing so, the company meets the expectations of the employees, the customers, the community, the shareholders and other stakeholders.

The chairman of the board



Editorial policy

About this report

This report is the fifth CSR report issued by CoreMax Corporation (hereinafter referred to as "CoreMax Materials", "CoreMax", "the company", or "we"). Over the years, CoreMax Materials has been committed to its main businesses and providing customers with quality products. In the future, we will continue to uphold the spirit of social citizenship and fulfill our social responsibilities. We will achieve sustainable coexistence and harmony with our society and environment.

The purpose of this report is to disclose, to the public and the stakeholders, CoreMax' s engagement in sustainable development, fulfillment of social responsibilities, and its business performance for the year of 2018. This covers the aspects of business operation, corporate governance, product responsibility, environmental sustainability, employee care and welfare, safety in the workplace, and social involvement, etc. This report mainly consists of the following parts: "about CoreMax", "corporate governance", "supplier management, products and services", "green commitment", "safe and happy workplace", and "workplace safety", detailing the company' s efforts and achievements in the sustainable development of its economic, environmental, and social aspects. Additionally, it shows our determination to fulfill our corporate social responsibility and pursue sustainable business operation.

Contents of the report and sources of the statistics

This report covers CoreMax' s efforts in pushing forward the policy of sustainable development and its achievements in the aspects of business performance, corporate governance, product responsibility, sustainable environment, employee care and welfare, safe workplace and social involvement, etc. from January 1st, 2018, to December 31st 2018. The majority of the data collected was taken from the Hsinchu and Toufen factories of CoreMax Materials, and therefore reveals the performance of these factories. On the other hand, the economic data mainly reveals the performance of the entities in the brief statement including the company and its subsidiaries. The statistical data disclosed in this report are derived from the results of the self-statistics and investigation of CoreMax Materials and are presented in the form of international indicators. Notes will be made on the estimated data in the relevant chapters. The financial data, reported in New Taiwan Dollars, are taken from the disclosed financial reports verified and certified by KPMG in accordance with the International Financial Reporting Standards (IFRS). In addition, the company' s management systems regularly undergo internal audits, among which the ISO9001 Quality Management System and ISO 14001 Environmental Management System are both certified by third-party certification bodies. If there is any reiteration of data from previous years in this (2018) report compared with the "2017 CSR report", it will be noted in the context of this report.

Reporting policy and guidelines

The 2018 CoreMax CSR report is compiled in accordance with the framework and guidelines established by the Standard version of the Global Reporting Initiative (GRI). The report fulfills the disclosure requirements for the "core option" and covers the "sustainability" subjects, corresponding strategies, objectives, measures and results. The report identifies and prioritizes the sustainability concerns of stakeholders as a basis for information disclosure through a systematic analytical model. The "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" issued by TWSE has been used as a reference in this report, and the GRI content index is added in Appendix 2.



Report compilation and verification

The company has established the CSR management team which is responsible for the CSR management. The organizational structure of the CSR management team has been submitted to and approved by the board of directors. The task of the CSR management team is to assist the board of directors and managers to understand and supervise the fulfillment of the CSR in the company. Led by the finance department, all relevant departments and units of CoreMax participated in the compilation of this CSR report. In addition, opinions from stakeholders (including employees, customers, shareholders/investment institutions, suppliers, financial institutions and government/competent authorities) have been collected for the compilation of this report. After the completion of this report, it was verified and signed by the department heads and sent to the board of directors for approval before the issuance.

KPMG has performed limited assurance procedures on the information of this report in accordance with the "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", No. 01 of the Statements of Assurance Standards, issued by Accounting Research and Development Foundation. The declaration of assurance is attached in Appendix 1.

Publication time

The CSR reports are published on a regular basis every year and are also available to the public on CoreMax's global information website.

Last version: released in June 2018
Current version: released in May 2019

Contacts

You can download the full report from the global information website of CoreMax. If you have any questions or suggestions about this report, please contact us. The contact information is as follows:

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Global Information Website of CoreMax: <http://www.coremaxcorp.com>



Communication with stakeholders

📌 Identifying the stakeholders

CoreMax understands that communication with stakeholders plays a vital role in fulfilling its corporate social responsibility and in achieving sustainable development. In order to listen to the diverse voices of stakeholders, CoreMax has established multi-channels for effective communication. Therefore, through the identification of the stakeholders and effective communication with them, the company is able to accurately understand the stakeholders' concerns on these three aspects: economy, environment and society. These concerns are the key factors taken into consideration when developing CoreMax' s management policy.

CoreMax, based on the AA1000 SES (Stakeholder Engagement Standards), identifies its important stakeholders of each year through questionnaires considering the relevance of the work, different departments, and the stakeholder groups selected in the industry. This year, after the discussion and review by the members of the CSR compilation team, the groups of stakeholders have remained the same since 2017, which includes shareholders/investors, employees, government/competent authorities, suppliers, customers, and financial institutions. The company has been executing effective interactions with its stakeholders and listening to their input on the company' s economic, environmental, and social aspects through diverse and clear communication channels. The valuable opinions of the stakeholders are collected and studied for making the company' s management policies and adjusting its existing measures when appropriate.



📌 Stakeholder' s subjects of concern and communication channels

While continuing to grow, CoreMax values the voices and advice of all its stakeholders. In order to effectively communicate with the stakeholders, the company keeps an open mind to absorb diverse opinions and suggestions from various parties, and to understand the needs and thoughts of the stakeholders to resolve unnecessary misunderstandings and disputes. Through these practices, the company is able to identify and control the risks and the management blind spots that the company may encounter, so that the company can adjust its business strategies and make countermeasures at any time, ultimately achieving sustainable business operation with the joint effort of the company and its stakeholders.



Stakeholder' s subjects of concern and communication channels

Object	Concerned subject	Communication channel
 Employee	Industrial relations, employee-employer relations, occupational safety and health, sewage, and waste Environmental compliance	<ol style="list-style-type: none"> 1. Employees can express their opinions or complaints to the unit supervisor or the human resources department in writing, or by mail (E-mail), verbally or by phone. They can report any issue at any time to protect their rights and interests and express their opinions, so that the issues can be solved promptly and effectively. 2. Labor-management conferences are held (quarterly) to establish a good communication channel. 3. The human resources department regularly reviews the salary system and welfare measures and adjusts them in response to the amendments of labor laws and regulations (irregularly). 4. Establishing and implementing employee bonus system (annually). 5. Employees' participation in cash investment to become shareholders (irregularly).
 Shareholder/ investor	Environmental compliance, sewage and waste, Industrial relations Anti – corruption, customer privacy Socio-economic compliance	<ol style="list-style-type: none"> 1. Legal person's visit, phone interviews, regular publication of business operation information (monthly). 2. General meeting of shareholders (annually): prepare annual financial report in accordance with regulations. 3. Establishing special page for investors on the official website (irregularly): Shareholders can view the operating, finance, loan, and shareholder column (disclosing information about dividend, share price, share affairs). 4. Set up the shareholder contact window and mailbox. 5. A spokesperson has been appointed and a contact window for legal person & shareholders is established. 6. Electronic communication platform (irregularly). 7. Visits paid as needed by the correspondent bank, reviewing credit information.
 Customer	Anti – corruption, compelled and forced labor, child labor Human rights assessment, Environmental compliance	<ol style="list-style-type: none"> 1. The business departments visit customers (irregularly). 2. Online mailbox of customer service (irregularly). 3. Customer satisfaction survey (annually). 4. Email and telephone communication (irregularly). 5. Participating in related product exhibition, obtaining immediate understanding of the customers and market development (irregularly). 6. Visits paid as needed by customers (irregularly).
 Supplier	Sewage and waste, Environmental compliance, Marketing and labeling, Socio-economic compliance, Supplier environmental assessment	<ol style="list-style-type: none"> 1. Email and telephone communication (irregularly). 2. Supplier auditing (irregularly). 3. Suppliers conduct on-site visits to the plant (irregularly). 4. Questionnaire survey (annually).
 Government/ competent authority	Occupational safety and health, child labor, sewage and waste, training and education	<ol style="list-style-type: none"> 1. Official correspondence (irregularly). 2. Participation in meetings (irregularly).
 Financial institution	Supplier environmental assessment, environmental compliance, sewage and waste, economic performance, socio-economic compliance	<ol style="list-style-type: none"> 1. Telephone calls (irregularly). 2. E-mail (irregularly). 3. Visits in person (irregularly).

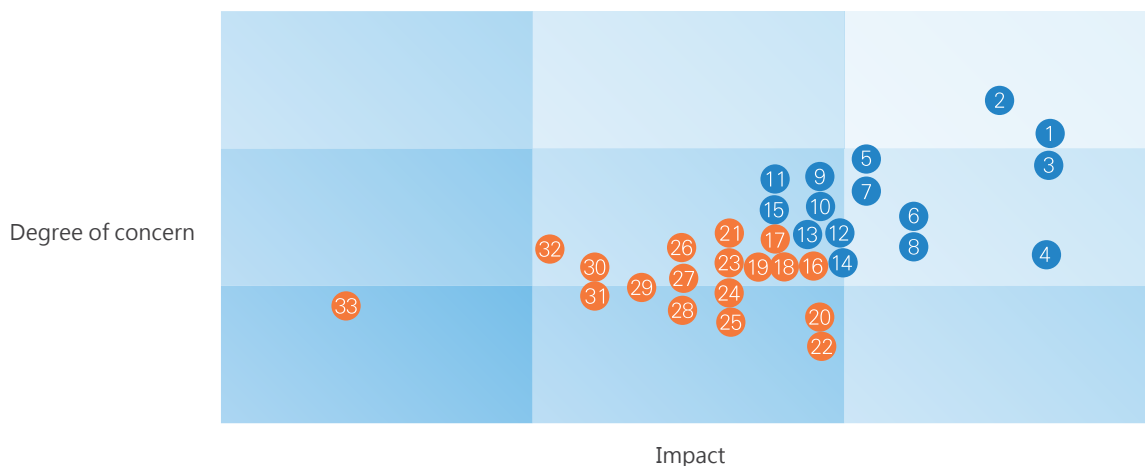


Key subject analysis

Stakeholders' concerned subjects of sustainability are determined through a systematic analytical model in CoreMax' s 2018 CSR report and used as the basis of the disclosed information for effective communication with the stakeholders. This report addresses major subjects of sustainability through the following five steps.

1	Identifying stakeholders	CoreMax, based on the AA1000 SES, identifies its important stakeholders of each year in the form of questionnaires, and considers the relevance of the work of different departments and the stakeholder groups selected in the industry. This year, after the discussion and review by the members of the CSR compilation team, the groups of stakeholders have remained the same since 2017, which includes 6 groups of stakeholders namely shareholders/investors, employees, government/competent authorities, suppliers, customers, and financial institutions.
2	Summary of sustainability subjects	The CSR report has determined 33 subjects of sustainability. It has taken the GRI Standards of the sustainability report issued by the Global Reporting Initiative as the guideline for the collection of subjects, and has considered the opinions given by the stakeholders through various channels.
3	Subject analysis	CoreMax distributed questionnaires on the stakeholders' degree of concern about the subjects and determined the weight of evaluation criteria based on the analytical results of the returned questionnaires. In 2018, 72 questionnaires on stakeholder' s degrees of concern and 6 impact questionnaires (filled by senior managers of CoreMax) were collected, and a total of 78 valid questionnaires were statistically analyzed.
4	Ranking of key subjects	Based on the statistical analyses and results of the questionnaire, 15 key subjects were identified after the discussion by the members of the CSR compilation team. The key subjects were collectively revealed through 9 management policies, and for each of the subjects an effective management policy was established.
5	Review and discussion	In the future, CoreMax will continue to strengthen its management and reveal relevant information about the ranking of key subjects, the countermeasures and the boundary analysis in its CSR reports.

The distribution map of the 2018 CoreMax key subjects



Ranking of the 2018 CoreMax key subjects

1.Sewage and waste	9.Occupational safety & health	16.Compelled and forced labor	25.Nondiscrimination
2.Environmental compliance	10.Anti- Corruption	17.Child labor	26.Procurement practices
3.Socio-economic compliance	11.Supplier social assessment	18.Anti-competition practices	27.Employee diversity and equal opportunity
4.Customer privacy	12.Energy	19.Materials	28.Indirect economic shock
5.Supplier environmental assessment	13.Economic performance	20.Customer' s health and safety	29.Security practices
6.Industrial relations	14.Employee-employer relations	21.Water	30.Freedom of association and group consultation
7.Discharge	15.Local community	22.Market position	31.Indigenous rights
8.Training and education		23.Marketing and labelling	32.Biological diversity
		24.Human rights assessment	33.Public policy

Remark : ■ Key subject



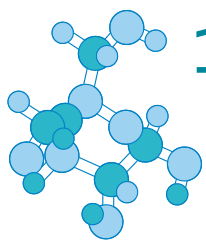
Scope and boundary of the key subjects

Management Policy	GRI Standards subject	Boundary of the subjects	Corresponding chapters	Page number
Economic performance	Economic performance	Entities in the consolidated statement of CoreMax	1.About CoreMax	9
Business operation with integrity	Anti-Corruption	CoreMax, subsidiaries	2.2Business operations with integrity	31
Regulatory compliance	Environmental compliance	CoreMax, subsidiaries	2.4Regulatory compliance	36
	Socio-economic compliance			
Supplier social responsibility	Supplier environmental assessment	CoreMax, suppliers	3.Supplier management, products and services	38
	Supplier social assessment			
Customer privacy	Customer privacy	CoreMax, customers	3.2Product responsibility and customer service	44
Environmental protection	Discharge	CoreMax, subsidiaries	4.Green commitment	47
	Sewage and waste			
	Energy			
Good industrial relations	Employee-employer relations	CoreMax	5.Safe and happy workplace	57
	Industrial relations			
Training and education	Training and education	CoreMax	5.3Employee education and training	69
Health, safety and disaster prevention	Occupational safety and health	CoreMax, contractors, suppliers	6.Workplace safety and disaster prevention management	75
	Local community			

Plan and feedback

CoreMax values the opinions and suggestions of all its stakeholders. Apart from questionnaire surveys, the company has been continuously collecting feedback from its stakeholders through multiple channels to promptly and precisely understand their expectations of the company. The company highly values the communications with its stakeholders. Therefore, the company has appointed a special spokesperson who looks after the establishment of communication channels with the stakeholders through the column "Stakeholders" in the CSR section of the company's official website as well as through email (related_party@coremaxcorp.com), telephone and fax. The important and prioritized issues will be incorporated in the company's annual work plan or in its objectives as the targets or indicators that CoreMax will strive to achieve in all aspects of its CSR operations.

	Information about the spokesperson	Information about the acting spokesperson
Spokesperson	WENG, CHIH-HSIEN	YANG, KUO-YI
Position	Chief financial officer	
Telephone	03598-3101#320	03-598-3101#332
mailbox	Dennis.weng@coremaxcorp.com	Eagle.yang@coremaxcorp.com



1.About CoreMax

- 1.1 Company Profile
- 1.2 Product and Service
- 1.3 Company Overview
- 1.4 Participation in Organizations and Certifications



Project	Economic performance Management policy (Key subject: economic performance)
Major reasons	Economic performance is one of the key factors for the sustainable operation of an enterprise. If the economic performance of CoreMax was continuously poor, its survival would be questionable. Therefore, the company must study how to strengthen the competitiveness and maximize the economic benefit of the company to acquire long-term operating capacity. CoreMax will continue to pursue economic growth with stable business performance. The company will strive to enhance product reliability, ensure employee stability, and to gain customers' cooperation and suppliers' trust so that all stakeholders can work together and jointly face the challenges and threats in the changing external environment.
Boundary of the subjects	The subject "economic performance" covers the entities in the consolidated statement.
Limitation on the disclosure of the subject contents	This CSR annual report only discloses relevant information about the "economic performance" of CoreMax and its subsidiaries.
The objective of the management	To effectively manage the company's operational performance and operating risks.
Policy	Our policy is to make greater efforts in improving the company's production process to improve its product quality by continuously developing new products and new applications to strengthen the company's competitiveness and striving to create value for shareholders while fulfilling the company's corporate social responsibility.
Commitments and goals	<ol style="list-style-type: none"> 1.Strengthening employee education and training. 2.Making greater efforts in improving the production process for the purpose of bettering the product quality. 3.Customer service enhancement. 4.Quality control on materials from suppliers. 5.Strengthen the organization of security and environmental personnel.
Resource	<ol style="list-style-type: none"> 1.The newly established third battery material production line begins mass production 2.The company has been continuously investing in product research and development, with a total investment of NT\$ 22.059 million in 2018.
Complaints mechanism	Stakeholders may provide feedback through telephone, e-mail, the company's website, and the CSR complaints window.
Corresponding measures	<ol style="list-style-type: none"> 1.Senior business operation managers of the company hold management meetings regularly. 2.Regular board meetings are held to report operating performance to the directors and supervisors. 3.Annual business performance discussions are held by the company. 4.Tracking of the monthly business performance of the re-investment businesses. 5.The audit committee meets at least once a quarter and makes its operations and performance evaluation methods public. 6.In order to meet the requirements of customers' quality policy, the establishment and implementation of ISO 50001/ ISO 45001 framework started in Q4, 2018. 7.Carrying out upgrades of the productivity efficiency and reconstruction of the battery material production line.
Management evaluation mechanism	<ol style="list-style-type: none"> 1.Holding regular management meetings. 2.Holding regular board meetings to report operating performance to the directors. 3.Holding annual business performance discussions. 4.Tracking monthly business performance of the re-investment businesses.
Performance and adjustment	<ol style="list-style-type: none"> 1.The newly established third battery material production line begins mass production. 2.The net profit attributable to the shareholders of the parent company was NT\$393.022 million, with an earnings per share of NT\$4.63. 3.Spending on product development in 2018 was up 45.7% from 2017. 4.Salary and welfare expenses for employees in 2018: NT\$317.295 million (consolidated)



1.1Company profile

During the establishment

Established in 1992, CoreMax Corporation was a joint venture between SMC AG of and Uranus Chemicals Company Limited of Taiwan under the name of "Chempro Uranus Limited" . In 1999, shareholders in Taiwan bought out all the shares of the company from those of Switzerland, and changed the name to "CoreMax Corporation" .

In 1992, CoreMax Corporation established the first production line to manufacture a series of oxidation catalysts required for producing PTA/DMT/ IPA/TMA. In 1994, we built a catalyst recovery plan to provide regeneration service of waste catalyst for PTA/DMT/I-PA/TMA customers, minimizing customer cost and actualize the ideal of environmental protection.



Expansion of operation

In response to the demands of the catalyst market, CoreMax began to expand and build factories to serve overseas customers: In 2001, CoreMax established the first catalyst overseas manufacturing plant in Kuantan, Malaysia to serve customers in South East Asia. Later, in November 2015, as the customers evacuated their factories and with shrinking operations, the plant ceased to operate. In November 2001, the second overseas catalyst production base was established in Zhuhai City, Guangdong Province, China to serve local customers. In 2004, the third overseas catalyst plant was built in Ningbo City, China to serve our massive customer in Ningbo and east China area. In October 2008, CoreMax Ningbo plant received the ISO9001 certificate issued by the International Organization for Standardization. In 2009, the fourth catalyst production base was built in Rayong Province, Thailand to provide catalyst products to customers in South East Asia. In August 2009, the headquarters in Taiwan received the ISO14001 certificate issued by the International Organization for Standardization. In 2011, the fifth overseas catalyst plant was constructed in Gulei Peninsular, Zhangzhou City, Fujian to serve PTA customers in surrounding area.

In order to expand product domain, CoreMax Corporation, in 1999, established the advanced materials and battery materials production line in the Hsinchu plant. The next year, it was awarded government funding of "Development Project of New Leading Products" by the Industrial Development Bureau of the Ministry of Economy Affairs of the R.O.C. to cooperate with "Material and Chemical Research Laboratories, Industrial Technology Research Institute" to develop high performance battery materials, engaging officially in the research and development in the discipline of battery materials. It specialized in producing cobalt hydroxide and cobalt oxide battery materials to export to North East Asia market. In 2008, it began to engage in the development of ternary cathode materials and set up a production plant in the following year. In 2010, a production line of nickel sulfate was set up in Toufen plant to supply materials for the electric vehicle markets.

Product expansion

Considering the goal of long-term development and expansion of product items, in August 2009, CoreMax invested in Heng-I Chemical to engage in the domains of fertilizer and semiconductor chemical materials. In 2014, we invested on URANUS CHEMICALS CO., LTD. to augment the production line in TFT LCD chemical materials, such as oxalic acid, etching solution, and more. In January 2016, it obtained 100% of the share-holdings.

With different development plans implemented in different stages, the group has deployed three production bases in Taiwan: Hsinchu, Toufen, and Taichung. In the Mainland China, there are four production bases: Zhuhai, Ningbo, Jiangxi Tienjiang, and Zhangzhou. In Thailand, there is a catalyst plant in Rayong Province.

The stock goes to the market

After years of development in its operation, CoreMax Corporation was listed on the stock market in 2010, to attract capital from the market and recruit talent to participate in the deployment and investment framework of related products. On December 1, 2011, it was listed over-the-counter officially. Later, with the development of equity, the scale of the corporation grew gradually. In 2017, it applied for a transfer to listed transactions. On September 8 in the same year, it was publically listed on the Taiwan Stock Exchange Corporation.



Information of CoreMax Corporation

Item	Content
Company' s name	CoreMax Corporation
Date of establishment	June 16, 1992
Date of OTC listing	December 1, 2011
Date of listing	September 8, 2017
Stock symbol	4739
Industrial classification	chemical industry
Company' s address	No.11, Wenhua Rd., Hsinchu Industrial Park, Hsinchu County
Chairman of the board/ President	Ho Chicheng
Main business	Research and development, manufacturing and marketing of basic metal, specialty chemicals, electronic materials and battery material. Manufacturing the most reliable products to the customers.
Main products	Specialty chemicals and electronic materials made by metallic compound (cobalt, manganese and nickel)
Paid-in capital	NT\$ 928,452,000
Number of employees	160 employees (Hsinchu Plant and Toufen Plant), 134 employees (Heng I Chemical Co., Ltd.), 70 employees (Uranus Chemicals Co., Ltd.), 8 employees (CoreMax Zhuhai Chemical Co., Ltd.), 15 employees (CoreMax Ningbo Chemical Co., Ltd.), 5 employees (Coremax(Thailand)), 25 employees (CoreMax (Zhangzhou) Chemical Co., Ltd.)

Structure of shareholders

Structure of shareholders of CoreMax Taiwan Corporation in 2018:

Unit : share

	Government authority	Financial institution	Other legal persons	Foreign institution and foreigner	Individual	Total
Number	2	11	50	35	11,938	12,036
Shares held	41,000	4,109,486	28,101,496	3,095,775	57,593,964	92,941,721
Shareholding ratio	0.04%	4.42%	30.24%	3.33%	61.97%	100.00%

Business locations

Taiwan area

Plant' s name	Address	Main business and products
CoreMax Corporation (headquarter)	No.11, Wenhua Rd., Hsinchu Industrial Park, Hsinchu County	Specialty chemicals and electronic materials made by metallic compound (cobalt, manganese and nickel)
CoreMax Corporation (Toufen Plant)	No. 440, Zhonghua Rd., Toufen City, Miaoli County	Battery materials
Heng I Chemical Co., Ltd.	No. 440, Zhonghua Rd., Toufen City, Miaoli County	Organic/ chemical fertilizer
Uranus Chemicals Co., Ltd.	No.11, Wenhua Rd., Hsinchu Industrial Park, Hsinchu County	ITO etchant/oxalate/rare earth



Overseas area

There are three business areas of CoreMax Corporation: Taiwan, China and Thailand; the main business locations in China are in Ningbo, Zhuhai, Zhangzhou and Jiangxi.

Business name	Address	Main business and products
Coremax(BVI) Corporation	British Virgin Islands	Investment of several businesses
CoreMax Zhuhai Chemical Co., Ltd	Langwan Road, Nanshui Chemical Industrial Zone, Nanshui Town, Zhuhai City, Guangdong, China 519050	Oxidation catalysts
CoreMax Ningbo Chemical Co., Ltd.	789 Fengming Road, Xiepu Town, Zhenhai District, Ningbo City, China 315204	Oxidation catalysts
CoreMax (Zhangzhou) Chemical Co., Ltd.	Kangpu Road Gulei Economic Zone, Zhangzhou City Fujian Province, China 363216	Oxidation catalysts
Coremax(Thailand) Co.Ltd.	Eastern Seaboard Industrial Estate (Rayong), 64/62, Moo 4, Tambol Pluakdaeng, Amphur Pluakdaeng, Rayong 21140 Thailand.	Oxidation catalysts
Jiangxi Tianjiang Materials Co., Ltd	Neighborhood 336400, Shanggao Train Station, Shanggao County, Jiangxi Province, People's Republic of China	Oxalate



CoreMax Zhuhai Chemical Co., Ltd



CoreMax Ningbo Chemical Co., Ltd.



Coremax(Thailand) Co.Ltd.

Brief history of the company

Time		Description
2018	September	Carrying out upgrades of the productivity efficiency and reconstruction of the battery material production line
2017	June	CoreMax Corporation applied for listing on Taiwan Stock Exchange Corporation
	August	Certified by board of directors of Taiwan Stock Exchange Corporation and was listed in September
2017	October	The newly established third battery material production line begins mass production
2016	December	Established third battery material production line in Toufen Area, Taiwan
2013	March	Hengi Chemical Co. Ltd established Eighth Sulfuric Acid Plant
2011	July	CoreMax Corporation cooperated with strategic investor ITOCHU Corporation and raised cash of NT\$30,000,000 through private placement. The paid-in capital was raised to NT\$444,999,000. CoreMax Corporation established CoreMax (Zhangzhou) Chemical Co., Ltd., the fifth overseas catalyst production base in Gulei peninsula, Zhangzhou City, Fujian Province.
	December	CoreMax' s stock was officially listed and had capital increased by cash of NT\$41,300,000. The paid-in capital was raised to NT\$486,299,000.



Time	Event	
2010	March	The company's fourth overseas oxidation catalyst production line in the Thailand plant began mass production.
	June	The company's Taiwan Toufen plant expanded its battery material production line.
	October	The company's battery material production line in Toufen plant began mass production.
	November	The company expanded to Xinggui.
2009	March	The company established Coremax (Thailand) Co., Ltd. in Thailand and constructed the fourth overseas oxidation catalyst production line.
	August	Our company obtained ISO 14001 certification.
	November	The company's Taiwan plant expanded the power battery production line.
2004	September	Coremax Ningbo Chemical Co., Ltd. was established in Ningbo City, Zhejiang Province, China, and the third overseas oxidation catalyst production line was established.
2003	October	The company expanded its battery material production line.
2002	March	The company's Kuantan plant in Malaysia began mass production and delivery.
	October	The company's Zhuhai plant in China started mass production and delivery.
2001	April	The company established Coremax Malaysia Sdn. Bhd. in Kuantan, Malaysia and constructed the first overseas oxidation catalyst production line.
	July	Hengi Chemical Co. Ltd established automatic packaging compound fertilizer plant.
	November	CoreMax Zhuhai Chemical Co., Ltd was established in Zhuhai City, Guangdong Province, China, and the second overseas oxidation catalyst production line was constructed.
2000	July	The company entered a contract with the Material and Chemical Research Laboratories of the Industrial Technology Research Institute to develop anode materials for high-performance lithium batteries.
	December	The company obtained the "Leading New Product Development Grant" for the "Development Project of High Performance Lithium Battery Cathode Material" from the Industrial Development Bureau of the Ministry of Economy Affairs.
		The company's shareholders in Taiwan purchased all the shares held by SMC Pneumatik AG Switzerland, and renamed the company as CoreMax Corporation.
1999	July	The company built a production line for advanced materials and electronic materials.
1998	January	The company obtained the license for recycling and reusing deactivated catalysts issued by the Environmental Protection Department of the Executive Yuan.
1997	March	The company finished the construction of the second production line for deactivated catalyst recycling.
1996	September	The company was renamed as Taiwan CoreMax Chemical Co., Ltd.
	October	The company passed the ISO 9001 certification inspection.
1994	December	The company completed the construction of the first production line for deactivated catalyst recycling, which provided customers with deactivated catalyst regeneration service.
1992	June	June Uranus Chemicals Co., Ltd, Taiwan and CHEMPRO SA, Switzerland established CHEMPRO TAIWAN CO., LTD, a joint-venture plant in Hsinchu Industrial Park site for the production of cobalt acetate catalyst. The registered capital for the establishment was NT\$ 5 million.
1975	July	URANUS CHEMICALS CO., LTD. was established, the registered capital was NT\$ 3 million.
1961	May	Hengi Chemical Co. Ltd was established in Taipei, and the registered capital was NT\$ 0.1 million.



Operation philosophy

The company follows the established strategy of “whole-process product management” and strives to cultivate outstanding talents and innovative technology production, to provide high-quality products and services to meet customers' needs and improve the company' s business performance. The company is committed to continuous improvements on all aspects of its operations and to create a common vision between colleagues.



Business policy

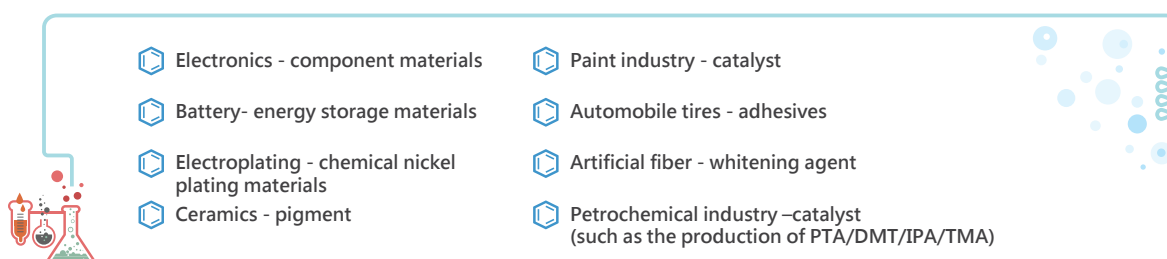
- 1.Strengthening the management capability, improving the efficiency of operation process and reducing the operating cost.
- 2.Prioritizing personnel training, strengthening human capital and improving employee loyalty and satisfaction.
- 3.Expanding overseas businesses, increasing market share, improving service quality and maintaining good customer relation.
- 4.Strengthening R&D capabilities, diversifying products and improving the marketability of the products.
- 5.Effectively implementing the internal control system, internal audit and risk control system to ensure the financial and information security of the company.

1.2Products and services

CoreMax fully understands its responsibility to provide quality products that meet customer needs. The company believes that the key factor which contributes to the exceptional quality of its products is its talents. Therefore, the company has been following the quality policy as “providing high quality products to satisfy customers’ needs, and relying on outstanding talents to ensure continuous improvement,” and striving to cultivate professional talents and innovate its production technology. Through these efforts, the company is able to continuously provide high quality products to satisfy its customers and improve its business performance.

Product and applications

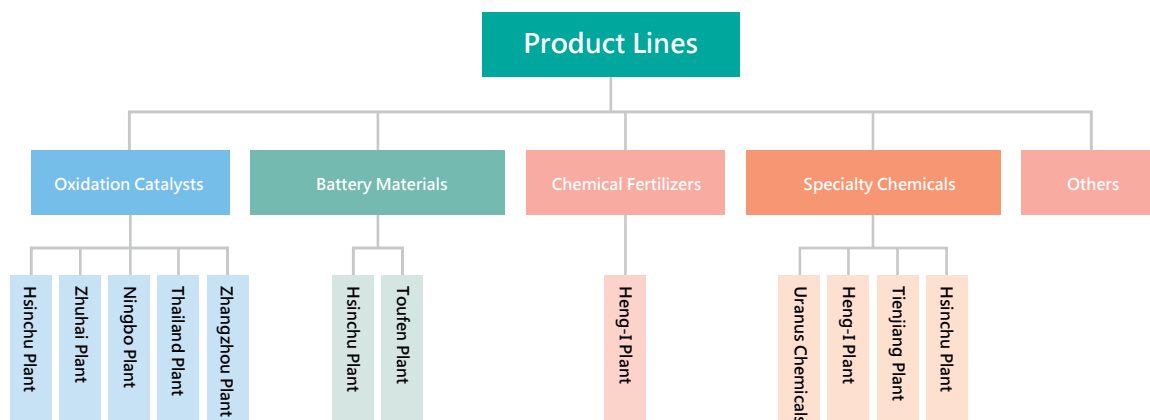
The main market segments and fields of application of CoreMax’ s products:





Market	Product	Application
Catalyst	Cobalt acetate manganese acetate cobalt bromide solution manganese bromide solution Cobalt-manganese acetate solution Cobalt-manganese acetate bromine solution	As a catalyst for oxidation process, such as: the production of adipic acid, caprolactam, dimethyl terephthalate, terephthalic acid, isophthalic acid, and trimellitic anhydride.
	Cobalt oxide Cobalt hydroxide	Catalysts used for preparing recombination and other petrochemicals.
Color/ pigment/ paint drier	Cobalt acetate	Pigment and fiber dyestuff, paint and varnish catalyst.
	manganese acetate	Pigment and fiber dyestuff, paint and varnish catalyst, Leather auxiliaries.
	Cobalt oxide	As pigment for glass, ceramics, and enamel. As trace additives in animal and livestock feed.
	Cobalt hydroxide	As pigment and paint catalyst for ceramics and enamel.
	Cobalt-manganese oxide	As pigment for ceramics and enamel.
Chemical fiber	Cobalt acetate	Whitener
	manganese acetate	Catalyst for polymerization
Battery/ electronics	Cobalt oxide Cobalt hydroxide Mixed metal hydroxide cobalt sulfate	As a raw material for battery and electronic industry, such as rheostat, magnet, etc.
	Nickel sulfate	Raw materials for batteries and electroplating
Tire/rubber	Cobalt hydroxide	Tire adhesive Promoter

The structure of CoreMax Group' s Product Lines





Category of product		Main products	Main applications
Oxidation catalysts		Liquid form (cobalt acetate, manganese acetate)	Catalyzer for PTA oxidation reaction Whitening agent for PET polyester catalyzer for PTA oxidation reaction
Battery materials		Crystal form (cobalt acetate, manganese acetate) powder form (cobalt compound)	Lithium secondary battery anode material
Chemical fertilizers		Fertilizer	Plant nutrient
Specialty chemicals	Advanced materials	Powder form (cobalt compound)	Paint drier, tire adhesive Promoter
	Chemical materials	Sulfuric acid	Synthetic Chemicals
	Oxalic acid	Oxalic acid, potassium oxalate, potassium tetroxalate	For wash, marble stone grinding
	Oxide	Cerium oxide, lanthanum oxide, etc.	Fluorescent agent (powder) LED
	Electronic chemicals	Ammonium nitrate cerium, sulfuric acid	Panel etching, clean and etch wafer
	Ceramics	Powder form (cobalt compound)	Glaze and Pigment of ceramics
Others		Trading of raw materials (cobalt, manganese, etc.)	It depends on the customer' s need

Sales regions

With years of conscientious business operation, CoreMax' s products have successfully entered the Taiwan market as well as the regions outside Taiwan including Ningbo, Zhuhai, Zhangzhou and Thailand. The company has been improving its business operation through continuous improvements on product quality and constant innovation in its technology. Today the company' s major export market is in Asia, where Japan accounts for the highest proportion of its sales, which was 41.18% in 2018, with an increase of 9.55% compared to 37.59% in 2017.

Summary of the annual sales for the last three years

Monetary Unit: NT\$ thousand

Item		2016		2017		2018	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
Domestic		2,354,197	59%	2,653,476	53%	3,070,075	48%
Overseas	Asia	1,456,219	36%	2,155,435	43%	3,130,629	50%
	Europe, America	183,265	5%	171,912	4%	109,933	2%
Total operating revenue		3,993,681	100%	4,980,823	100%	6,310,637	100%



📌 Sales status of the main products

Business proportion of the main products

Monetary unit : NT\$ thousand

Year Product items	2018	
	Net operating revenue	Ratio (%)
Oxidation catalysts	1,278,566	20%
Battery materials	2,641,228	42%
Fertilizers	864,536	14%
Specialty Chemicals	964,219	15%
Others	562,088	9%
Total	6,310,637	100%

📌 Research and development

CoreMax is committed to its research and development with regular and continuous investments every year. In 2018, a total of NT\$22.059 million was invested in R&D projects, and the achievements of these projects are in line with the schedule and requirements of the company. Currently the R&D projects are still progressing in accordance with the plan made in previous phases.

- Development of battery materials: Developing transition metals and transition metallic oxide materials for new applications, with vertical and horizontal integration.
- Development of the recycling process for related metals in PTA production, to improve recycling capacity, efficiency, and quality.
- Improving the disposal efficiency and capacity of waste recycling business.
- Increasing the capacity of fertilizer production line.

The research and development results in 2018 are as follows:

- Developed nitrate (cobalt/manganese/nickel/lithium) for anode materials required by battery customers.
- Adjusted the process of new production line to reduce defectiveness and rework in subsequent production.
- Precipitation was adopted to reduce heavy metal in wastewater so as to avoid environmental pollution.

Research and development expenses for the past two years

Monetary unit: NT\$ thousand; %

Year	2017	2018
Research and development expenses	15,141	22,059
Proportion in total revenue	0.30%	0.35%

📌 Plan for future research

Short-term planning

- 1.To improve the quality of existing products according to customers' requirements.
- 2.To improve the existing production process to make products with different physical properties and specifications.



Medium-term and long-term plans

- 1.Development of new generation secondary lithium battery raw materials
- 2.Development of new technology for cobalt, nickel, lithium recycling and new process for waste battery recycling, so as to improve the capacity, efficiency and quality of the recycling.

1.3 Business operation

CoreMax is an upstream supplier of raw metal materials, which does not directly face the end-consumers, so economic fluctuations in the market usually do not have direct impact on CoreMax' s revenue. Benefiting from its appropriate product lines and the adjustment on the business proportion of individual products, the company has successfully avoided excessive concentration of its revenue which can cause related operating risks. Although the company is operating in a competitive market, it can still maintain profits and contribute to its shareholders with its scientific and innovative business planning. In September 2017, the company was officially listed on the Taiwan Stock Exchange.

In 2018, the company's financial performance continued to grow steadily. Externally, the financial growth was due to the increase in demand for oxidation catalysts from customers of overseas subsidiaries. also It can also be attributed to the increase in demand for power batteries driven by global environmental issues. Internally, the company' s has been adhering to its "Quality First" principles and providing products with stable quality to its downstream customers.

In 2018, the consolidated operating revenue of CoreMax was NT\$ 6,310.637 million and the operating gross profit was NT\$ 780.810 million a better performance than that of 2017 which was mainly due to the growth of the company' s operation scale. In 2018, the after-tax net profit was NT\$ 429.430 million with an earnings per share of NT\$ 4.63.

Condensed consolidated statement of profit and loss for the last three years

Monetary unit : NT\$ thousand

Item	Year	2016	2017	2018
Operating Revenue		3,993,681	4,980,823	6,310,637
Operating Profit Margin		346,467	762,320	780,810
Operating income(loss)		133,009	531,739	555,640
Non-Operating Income/ Expenses		136,772	(2,641)	(17,717)
Income Before Tax		269,781	529,098	537,923
Income from Continuing Operation		234,902	441,251	429,430
Loss from discontinued operation		0	0	0
Net Income (Loss)		234,902	441,251	429,430
Other Consolidated Income (Loss) (Income After Tax)		(29,206)	5,454	(3,667)
Total Consolidated Income (Loss)		205,696	446,705	425,763
Net Profit Attributable to the Owner of the Parent Company		216,661	411,530	393,022
Net Profit Attributable to Non-controlling Interests		18,241	29,721	36,408
The Consolidated Income (Loss) is Attributable to the Owner of the Parent Company.		188,492	415,687	388,176
The Consolidated Income (Loss) Is Attributable to Non-Controlling Interests.		17,204	31,018	37,587
Earnings Per Share (NT\$)		3.01	5.40	4.63



CoreMax' s (the sole entity' s) employee wages & benefits and payments to the government for the last three years

Monetary unit: NT\$ thousand

Item	Year	2016	2017	2018
Employee wages and benefits		97,175	124,846	129,332
Payments to the government (Corporate income tax)		7,182	24,083	Not declared
Payments to the government (penalties and fines)		N/A	N/A	N/A
Community investments		30	0	300
Dividend payments to shareholders		118,343	204,459	261,065

Notes: Payments to the government are provided when major standards are met.

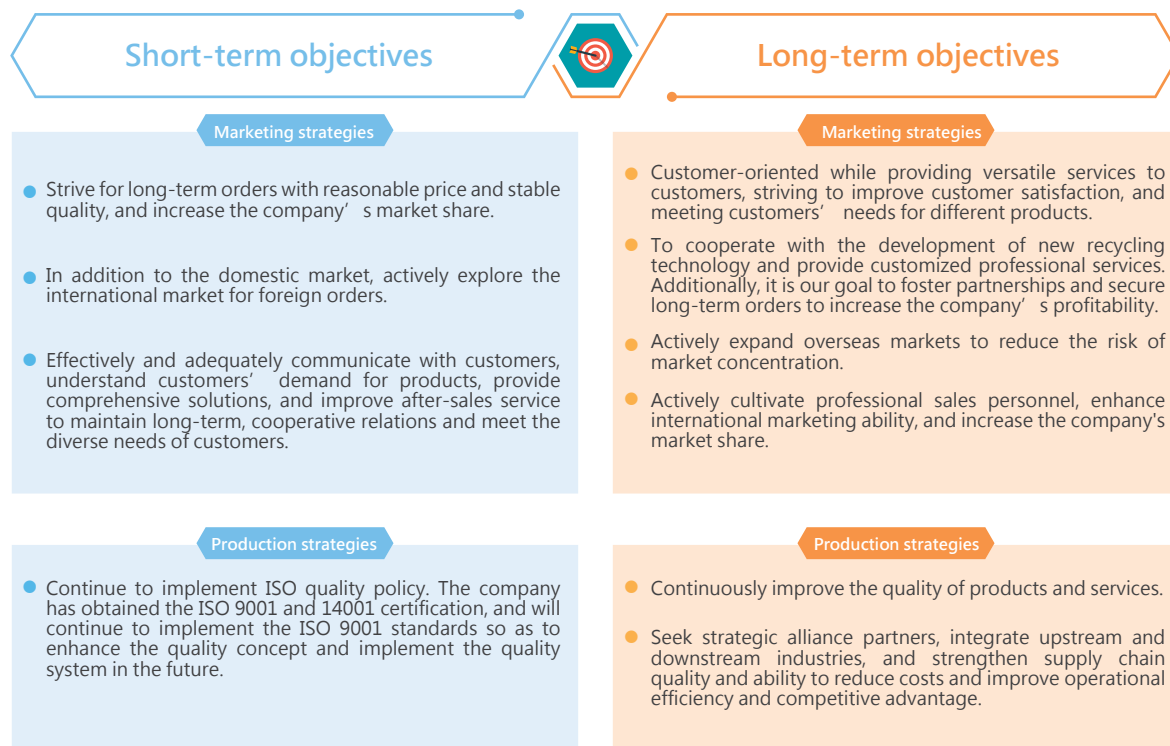
Government financial subsidies for the past three years

Monetary unit: NT\$ thousand

Item of subsidiary	Year	2016	2017	2018
Corporate income tax deduction due to wage bonus		186	617(Not assessed)	Not applied
Subsidy for industrial talent investment program		0	18	7
Deduction in accordance with Statute for Upgrading Industry		2,507	5,339(Not assessed)	Not applied

Note: The amount of financial subsidies received from the government in recent years has been reconfirmed and presented in this report.

CoreMax' s economic objectives and vision



**Production strategies**

- Actively improve production capacity and production process to achieve rationality, systematism, and standardization in the company' s production. By shortening the production cycle, improving the yielding rate, and strengthening education and training we can improve the quality of performance from our employees.
- Reduce production cost and eliminate possible waste by manpower planning, resource sharing, job division, and process simplification. Adopt ERP systems to optimize purchasing cost and inventory cost.
- Cooperate with customers by setting up overseas production base and expanding production capacity so that the company can carry out production, shipment and delivery promptly and optimizes customer satisfaction. By doing so, the company can increase its market share and maintain a stable business growth.
- To meet the requirements of the customers' quality policy, the company started the establishment and implementation of ISO 50001/ ISO 45001 framework in Q4 of 2018.

Production strategies

- Actively seek cooperation with internationally known factories and develop emerging markets with plans. Strive for orders from internationally known factories to enhance market reputation as well as to increase the company' s market share.
- Grasp the future development of chemical fiber industry and secondary lithium battery market, focusing on the research and development of upstream raw materials of related products. Establish the technical self-reliance ability and enhance the company' s image of a market leader with professional and innovative products and technologies.

Financial planning

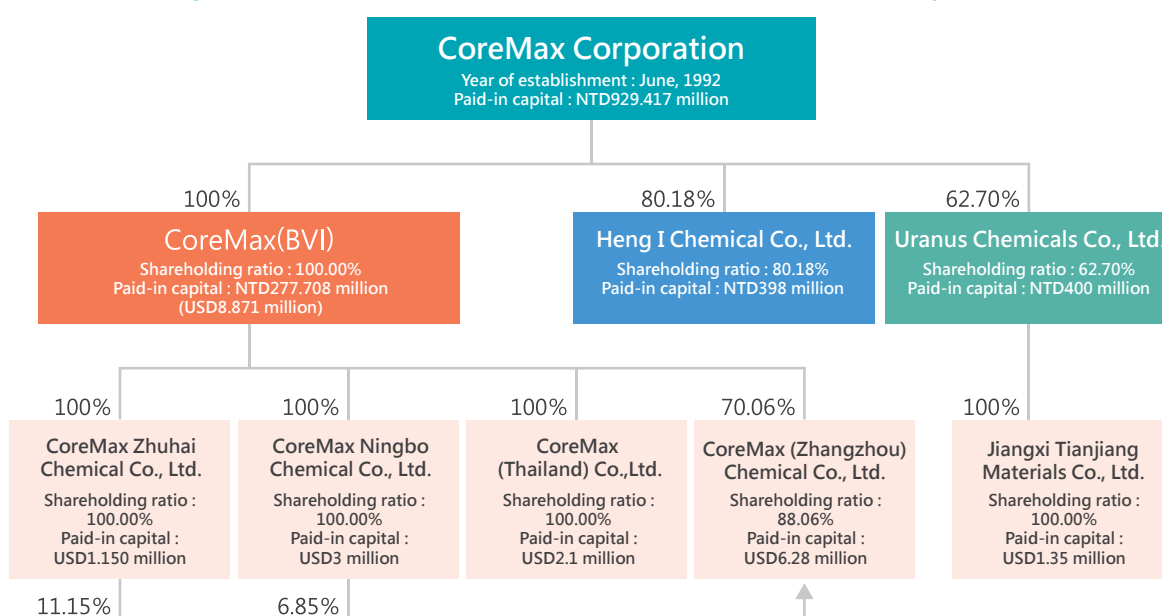
- Keep close contact with banks and establish good relationship with them to strengthen the ability of fund procurement.
- Seek low interest rate loans, such as strategic low interest rate loans, to reduce the cost of capital for the company.
- Strengthen the ability of capital management and risk control to reduce the risk of company' s operation.

Financial planning

- Drive the company to enter the capital market so as to increase the company's financing channels and to obtain a diversified source of funds.
- Enhance international financing capacity in line with the expansion of operation scale and the establishment of overseas bases.

CoreMax' s Affiliated Enterprises

Organizational Structure of CoreMax' s Affiliated Enterprises





Name of the investment company	CoreMax Corporation			
Name of the subsidiary	Nature of business	Percentage of equity held		
		2016	2017	2018
COREMAX (BVI) CORPORATION	Investment Company	100%	100%	100%
Heng I Chemical Co., Ltd.	Production and sales of chemical fertilizer, chemical raw materials, organic manure and organic fertilizers, and the export and import trade of the aforesaid business, and the recycling and regeneration of solvents and detergents.	80.18%	80.18%	80.18%
Uranus Chemicals Co., Ltd.	Production and sales of oxalic acid, organic acid, inorganic acid and their salt rare earth group compounds and their crystals.	100%	83.60%	62.70%

Name of the investment company	Coremax(BVI) Corporation			
Name of the subsidiary	Nature of business	Percentage of equity held		
		2016	2017	2018
CoreMax Zhuhai Chemical Co., Ltd	Production and sales of the series products of oxidation catalyst, sodium carbonate solution, wastewater treatment agent, exhaust gas absorber and cobalt compounds.	100%	100%	100%
CoreMax Ningbo Chemical Co., Ltd.	Production and processing of the series products of pure terephthalic acid oxidation catalyst, sodium carbonate solution, wastewater treatment agent, exhaust gas absorber and cobalt compounds.	100%	100%	100%
COREMAX (THAILAND) CO., LTD.	Production and processing of the series of products of pure terephthalic acid oxidation catalyst, sodium carbonate solution, wastewater treatment agent, exhaust gas absorber and cobalt compounds.	100%	100%	100%
CoreMax (Zhangzhou) Chemical Co., Ltd.	Production, processing, and wholesale of the series of products of pure terephthalic acid oxidation catalyst, sodium carbonate solution, wastewater treatment agent, exhaust gas absorber and cobalt compounds. Regeneration treatment of deactivated oxidation catalyst.	70.06%	70.06%	70.06%

Name of the investment company	Uranus Chemicals Co., Ltd			
Name of the subsidiary	Nature of business	Percentage of equity held		
		2016	2017	2018
Jiangxi Tianjiang Materials Co., Ltd	Production and sales of oxalic acid, organic acid, inorganic acid and their salt rare earth group compounds and their crystals.	100%	100%	100%



1.4Memberships and certifications

Membership

In 2018, CoreMax successively joined, as a general member, the Manufacturers' Association of Hsinchu Industrial Park, the External Public Association of Hsinchu County Industrial Association, the Taiwan Battery Association, and the Chinese Human Resource Management Association.

Title of association	Position held	Contact unit
Taiwan Battery Association	General member	Marketing and Sale Division
Chinese Human Resource Management Association	General member	Management Division
Manufacturers' Association of Hsinchu Industrial Park	General member	Management Division
Hsinchu County Industrial Association	General member	Management Division

Certifications obtained

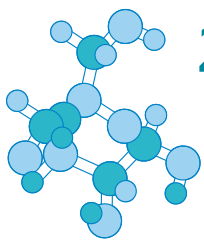
In September 2016, CoreMax' s renewal applications for the ISO 9001 Quality Management System Certification and the ISO 14001 Environmental Management System Certification were approved, which proved the company' s implementation of product quality management and environmental quality systems in its operations. To meet the requirements of customers' quality policy, the company also introduced ISO 50001 Energy Management System and ISO 45001 Occupational Safety and Health Management System in 2018, and relevant certifications are expected to be obtained in 2019 as well. Through the introduction of these systems, the company will be able to further improve its system of operation.



ISO 9001



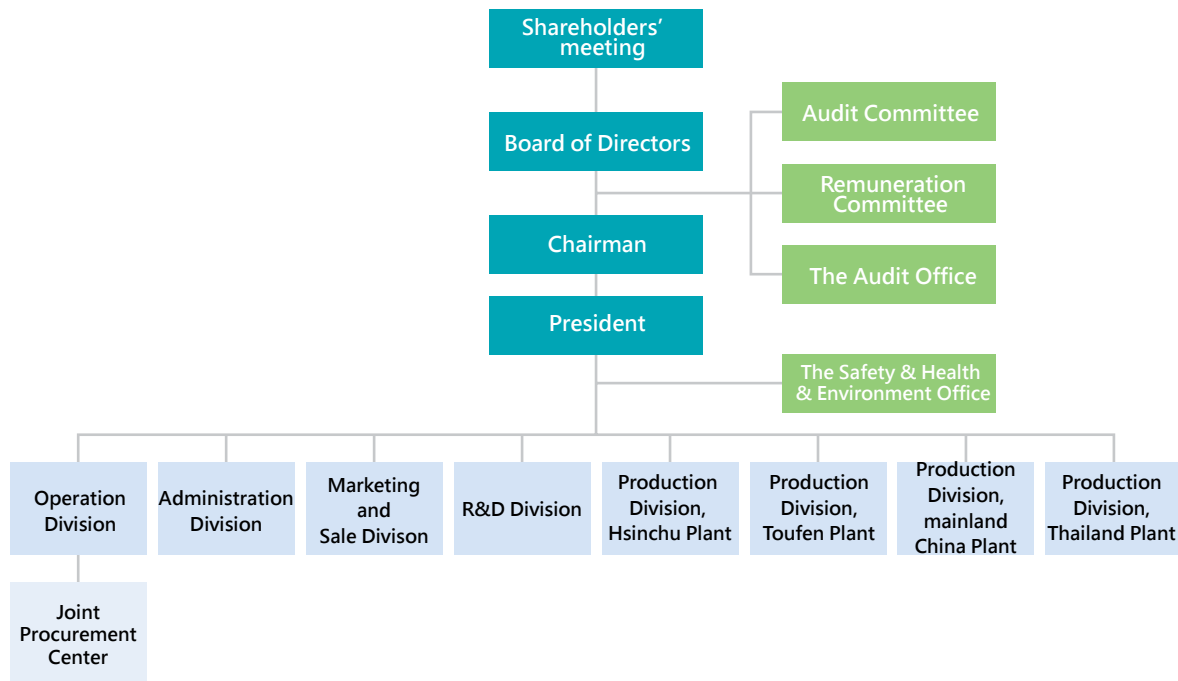
ISO 14001



2. Corporate Governance

- 2.1 Corporate Governance Structure
- 2.2 Business Operations with Integrity
- 2.3 Risk Management
- 2.4 Regulatory Compliance

2.1 Structure of corporate governance



Functions and responsibilities of CoreMax' s main departments

Department	Functions and Responsibilities
Marketing & Sales Division	<ul style="list-style-type: none"> Responsible for new market developments and product sales, including product positioning, pricing, and establishment of marketing channels.
Production Division	<ul style="list-style-type: none"> Mainly responsible for product manufacturing, packaging and other related matters. Responsible for new product trial and mass production, process designing and organization. Responsible for coordinating the operation of quality control, material management, and manufacturing to ensure the quality of the product, production capacity, and logistics such as ensuring that delivery times meet the customers' requirements. Coordinating the resources of quality control, material management and manufacturing, and ensuring the effective use of the resources. Planning production and managing manpower, equipment, and materials in line with the company' s annual plan.
R&D Division	<ul style="list-style-type: none"> Responsible for new product development and design, planning and implementation, product development and coordinating production transfer, establishment and execution of other development processes and systems. Specific project execution and follow-up. Evaluation and introduction of new technologies and products. Assisting manufacturing department to solve product problems, improve product yield and reduce cost. Establishing and implementing product design control procedures methods. Developing outstanding R&D and technical ability in line with the company' s business growth. Strengthening the competitiveness of the company.
Administration Division	<ul style="list-style-type: none"> Planning and implementing the functions of human resources management, such as employee selection, development, and retention. General affairs, administrative affairs, support and management. Responsible for the planning, management, application and maintenance of company's information system. Responsible for external legal affairs and document review.



Department	Functions and responsibilities
Finance Department	<ul style="list-style-type: none">• Responsible for the management of the company's funds, budget, preparation of accounting data, cost settlements, taxes, and the establishment and execution of the accounting system.• Responsible for stock affairs.• Responsible for external affairs and public relations.
Head office of operations	<ul style="list-style-type: none">• Responsible for material management, including material purchasing, inventory and product delivery.• Responsible for the inquiry, price comparison, bargaining, and purchasing of raw materials and equipment.• Collects and analyzes supply & demand of raw materials and market conditions.
The audit office	<ul style="list-style-type: none">• Plans, implements, and revises the internal control system.• Establishes and implements the annual audit plan.• Establishes and implements the self-inspection plans for all units and subsidiaries.• Other matters to be implemented in accordance with laws and regulations.

The governance unit

The regulations governing the company's board meetings stipulate that the board meetings should be held at least once every quarter. Through these meetings the board directors of the company can communicate with the financial and internal audit managers to understand the company's internal risk control, major litigation risk assessment, and internal audit report, etc. In addition, the management of the company can, through the review of the annual audit plans and financial statements submitted by internal (audit office) and external (accountant) functions, conduct ongoing supervision on the company's compliance with related laws and regulations governing listed companies and financial accounting standards as well as the progress in achieving the company's goals. A total of 6 board meetings were held in 2018, during which the financial accounting and auditing units were arranged to report to the board. Through these meetings, the company established a complete control system, reviewed the business performance and discussed important issues requiring the use of strategy with the purpose of maintaining the continuous growth of the company and meeting the market demand. The subjects of the meetings included economics (International Financial Reporting Standards (IFRS) and investment expansion), environmental protection (RoHS, GP) and corporate social responsibility, etc. To better fulfill its responsibility of supervision, the board of directors has established the audit, compliance and risk management mechanisms to accompany the company's existing internal auditing system.

The current CoreMax board directors were elected on May 26th, 2017 in accordance with laws and regulations. Two more directors were elected on June 1st, 2018 for their outstanding professional qualifications, social experience, and moral standards. The board of directors consists of nine members with professional background and technical experience, including three independent directors who form the audit committee (the audit committee was established after the board meeting, and the former supervisor stepped down). All the independent directors have more than five years of working experience required by the company's business or have the qualifications of university or college lecturer or above from the relevant academic departments required by the company's business. These independent directors, in the spirit of detached independence, provide professional consultancy in operational, technical and financial aspects of the company, and share the responsibility for the company's strategies, operations and supervision. The company's election of independent directors adopts candidate nomination systems, through which the candidates are submitted to the shareholders' meeting for election after the examination of the qualifications of the candidates. Mr. He Jicheng, chairman of the board of directors of the company, also serves as the general manager of the company. He holds the overall responsibility for leading the operation and development of the company.

Board members and positions of 2018

Position	Name	Sex	Education and Experience	Position(s) held concurrently in the company and/or in any other company,	Attendance rate in 2018
Chairman and President	Ho Chicheng	Male	<p>Education : Dept. of History, Soochow Univ. MBA, Missouri State University, USA</p> <p>Experience : VP, RTA. USA VP, Uranus Chemicals Co., Ltd.</p>	<p>Chairman and President, CoreMax Corporation Chairman, Chang Xing Corp. Chairman, Cheng Rui Industrial Co., Ltd. Director, Heng I Chemical Co., Ltd. Director, Shih Her Technologies Inc. Chairman, Coremax (BVI) Corp. Chairman, CoreMax Zhuhai Chemical Co., Ltd. Chairman, CoreMax Ningbo Chemical Co., Ltd. Chairman, Coremax (Thailand) Co., Ltd. Chairman, CoreMax (Zhangzhou) Chemical Co., Ltd. Chairman, Uranus Chemicals Co., Ltd. Chairman, Jiangxi Tianjiang Materials Co., Ltd.</p>	100%
Director	Ho Chichao Representative of Chang Xing Corp.	Male	<p>Education : Dept. of Accounting, Hsing Wu University</p> <p>Experience : Chairman of Orgchem Technologies, Inc.</p>	<p>Chairman, Heng I Chemical Co., Ltd. Director, Chang Xing Corp. Director, Cheng Rui Industrial Co., Ltd. Supervisor, Uranus Chemicals Co., Ltd. Director, Orgchem Technologies, Inc. Director, CoreMax Ningbo Chemical Co., Ltd.</p>	100%
Director	Sakurai, Hiroyuki Representative of ITOCHU Corporation	Male	<p>Education : Kwansei Gakuin University</p> <p>Experience : Chief, Orgchem Section, ITOCHU Corporation</p>	Chief, Chemicals Division, ITOCHU Corporation	67%
Director	Cheng Chih-Fa	Male	<p>Dept. of Accounting, National Ching Hsing University</p> <p>Experience : CPA, GLK Financial Consulting Ltd.</p>	<p>CPA, Ching Hsing United Accountants Office Director, Golden Point Asset Management Co., Ltd. Director, Yuan Futai Development Co., Ltd. Chairman, Semberg Investment Co., Ltd. Director, Shin Zu Shing Co., Ltd. Director, Advanced Analog Technology, Inc. Director, Shih Her Technologies Inc. Independent Director, Hong Yi Fiber Ind. Co., Ltd. Director, Kaibo Enterprise Co., Ltd. Director, Ezfly International Travel Agent Co., Ltd. Supervisor, Integrity Travel Agency Co., Ltd. Director, Jiapin Travel Agency Co., Ltd. Supervisor, Yi Shun Co., Ltd. Director, Yifeixiang Investment Co., Ltd. Director, Travel To Buy Co., Ltd. Director and Supervisor, KKday International Travel Service Co., Ltd. Director, Flying Dragon Home Co., Ltd.</p>	100%



Position	Name	Sex	Education and Experience	Position(s) held concurrently in the company and/or in any other company,	Attendance rate in 2018
				Director, Kaibo Enterprice Co., Ltd. Director, GSD Technologies Co., Ltd Director, Uranus Chemicals Co., Ltd. Chairman, Yu Xing Management Consulting Co., Ltd.	100%
Director	Ho Chichou (Note 1)	Male	Education : EMBA, National Chiao Tung Univ. Experience : Business VP, CoreMax Corporation	Director, Cheng Rui Industrial Co., Ltd. Director, Uranus Chemicals Co., Ltd. Director, Changyu Technology Co., Ltd.	100%
Director	Lai-Ching-Yuan (Note 2)	Male	Education : Dept. of Chemistry, National Cheng Kung Unvi. Experience : VP, Heng I Chemical Co., Ltd. Plant Manager, Xinchang Chemical Corporation Assistant Vice President, CAPCO	Director and President, Heng I Chemical Co., Ltd.	100%
Independent Director	Hsu, I-Ping	Male	Education : Dept. of Aerospace Engineering, Tamkang Univ. Doctoral Program, Department of Mechanical Engineering, University of Wisconsin-Milwaukee Experience : President, Hsinchu Transportation Co., Ltd.	Chairman, Hsinchu Transportation Co., Ltd. Chairman, Hsinchu Transportation Co., Ltd. Director, Dingwei Research and Development Co., Ltd. Chairman, E-Money Holding Co., Ltd.	100%
Independent Director	Wang Wen Tsung	Male	Education : Dept. of Accounting, Feng Chia Univ. Experience : Senior Auditor, KPMG Partner CPA, Huimin United Accountants Office	Partner CPA, Bing-Cheng United Accountants Office Independent Director, SYSAGE Technology Co., Ltd. Supervisor, Emax Tech Co., Ltd. Director, Tian Ai Art Hall Co., Ltd.	100%
Independent Director	Chang Yuan Lung	Male	Education : Dept. of Accounting, Tamkang Univ. Experience : CPA, Diligence United Accountants Office	CPA, Diligence United Accountants Office Independent Director, Kaibo Enterprice Co., Ltd. Independent Director, GSD Technologies Co., Ltd.	100%

Note 1 : Co-opted director; former supervisor was dismissed on June 1, 2018.

Note 2: Co-opted director on June 1, 2018.

Board directors and supervisors' attendance in further studies

To encourage the directors to pursue further studies, the company occasionally provides information on courses offered by the stock exchange or trading centers to directors and arranges suitable courses for further education. The company also arranges suitable study courses covering all aspects of corporate social responsibility such as economics, environmental care, social obligations, human rights, etc. according to the directors' individual schedule. Relevant information and arrangements regarding directors' further studies for 2018 are provided below:

Position	Name	Dates	Organizer	Name of Course	Hours
Director	Ho Chicheng	4/11/2018 5/4/2018	Taiwan Academy of Banking and Finance Securities and Futures Institute	Corporate Governance Forum - Family Business Succession Education of Preventing Insider Trading in 2018	6
Director	Ho Chichao	5/4/2018	Securities and Futures Institute	Education of Preventing Insider Trading in 2018	3
Director	Sakurai Hiroyuki	7/24/2018	Securities and Futures Institute	Education of Insider Trading Law and Compliance for TWSE/TPEX Listed Companies	3
Director	Cheng Chihfa	--	--	--	0
Director	Ho Chichou	7/17/2018	Securities and Futures Institute	Education of Insider Trading Law and Compliance for TWSE/TPEX Listed Companies	3
Director	Lai Chingyuan	7/17/2018	Securities and Futures Institute	Education of Insider Trading Law and Compliance for TWSE/TPEX Listed Companies	3
Independent Director	Hsu Iping	5/4/2018	Securities and Futures Institute	Education of Preventing Insider Trading in 2018	3
Independent Director	Wang Wetsung	5/4/2018	Securities and Futures Institute	Education of Preventing Insider Trading in 2018	3
Independent Director	Chang Yuanlung	3/22-3/23/2018	Securities and Futures Institute	Corporate Governance and Practices of Board of Directors; How to use financial information to make business decisions; Corporate governance, and regulation of securities; A study on the legal liability of financial statement fraud and risk control	12

Manager' s further studies

Position	Name	Dates	Organizer	Name of Course	Hours
Financial Chief	Weng Zhixian	9/6-9/7/2018	Accounting Research and Development Foundation	Continuing education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12



📌 Remuneration Committee

The Remuneration committee was established under CoreMax' s board of directors. In accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" (hereinafter referred to as the "Regulations governing the power of the remuneration committee"), the board of directors should select independent professionals, in accordance with the provisions of Article 5 and Article 6 of the regulations governing the power of the remuneration committee, to plan and evaluate the remuneration policies and systems for the company's directors, supervisors and managers in a professional and objective manner, and to make proposals to the board of directors. Until now, an independent and professional remuneration committee has been appointed to regularly review and evaluate the performance appraisals and remuneration policies, systems, standards and structures of the company's top governance members (directors and supervisors) and senior managers. The compensation of the top management members and senior managers is determined according to the company's business performance, the standards of the industry, and with the principle of safeguarding the rights and interests of the stakeholders. The company's remuneration committee consists of 3 members, including Xu Yiping, Wang Wencong and Zhang Yuanlong. Two regular meetings were held by the remuneration committee in 2018. During the meetings, relevant policies, systems, standards and structures regarding the directors and supervisors' remuneration, distribution of employee profit sharing, employee salary adjustments, and employee performance bonuses were discussed. After the meetings, the resolutions were made into a meeting report and submitted to the board of directors.

The operation of the remuneration committee

Position	Name	Sex	Attendance rate in 2018 (%)
Member	Hsu, Iping	Male	100%
Member	Wang Wentsung	Male	100%
Member	Chang Yuanlung	Male	100%

📌 Audit committee

To improve the functions of the board of directors and strengthen the management mechanism, in 2017, we established an audit committee and fully disclosed the operation and performance evaluation methods of the committee to the public information observatory and the company website for reference. The audit committee is composed of three independent directors, whose term of office is three years. The audit committee should meet at least once a quarter, and may hold meetings at any time as required, and invite managers of relevant departments, internal auditors, accountants, legal advisers or other personnel to attend the meetings and provide necessary information. The primary purpose of the committee is to ensure the proper presentation of the company's financial statements, the selection and appointment (discharge) of certified accountants and their independence and performance, the effective implementation of the company's internal control, the company' s compliance with relevant laws and regulations, and the control of the company's existing or potential risks.

📌 The audit office

The audit office is an independent unit subordinate to the board of directors. Its main functions include planning, implementation and revision of the internal control system, the composing and implementation of the annual audit plan, the composing and implementation of the self-inspection plan of the units and subsidiaries, and other matters in accordance with the provisions of the laws and regulations. The audit committee provides management with a channel through which the management can understand the existing or potential defects in a timely manner. Apart from the reporting at the regular board meetings, the audit committee may report to the chairman or the general manager on a monthly basis or as necessary.

📌 Information transparency


CoreMax regularly and irregularly discloses its financial information at the open information observatory and provides services to investors on the company's website. A spokesman system is in place according to the regulations, and special personnel are appointed to be responsible for the collection and disclosure of company information. For the equity issues, a professional equity agency has been appointed to take responsibility for matters related to the equity, and to make monthly reports regarding the changes in the insider's equity.

Accounting and internal control

For business activities with a high risk of dishonesty and unethical behaviors, the company has established effective accounting systems and internal control systems, which require that no external accounts or secret accounts are maintained. Additionally, reviews should be conducted upon occasion to ensure the effectiveness of the design and implementation of the system. The internal auditors should regularly check the compliance with the foregoing regulations and prepare audit reports to be submitted to the board of directors.

The company has established an internal system of control, internal auditing system and various management measures. The implementation of these measures is checked by the auditors and external professionals (security traders, accountants) from time to time, which can fully reduce the risk of related personnel to the company and protect the rights and interests of investors. In 2018, CoreMax had no penalty for violation of laws and no punishment for breaking the regulations of internal control system since there were no major defects or necessary actions to solve such issues identified in the year.

2.2 Management with integrity

	Project	Management with integrity Management policy (Key subject: Anti-corruption)
Major reasons	Integrity is one of the most important factors in the sustainable development of an enterprise. Therefore, anti-corruption is one of the key aspects of management for the operation of an enterprise. We should always be alert to our behaviors, and carry out business activities with integrity to avoid the risk of unethical actions, because if anti-corruption is not performed sufficiently, corruption can cause not only economic loss in CoreMax' s business operations, but also a negative corporate image of the company, which will, in turn, negatively influence the investors and other stakeholders' impression on the company and their investment intentions.	
Boundary of the subjects	The subject "anti-corruption" covers CoreMax and its subsidiaries.	
Limitation on the disclosure of the subject contents	The "anti-corruption" subject of this CSR annual report only discloses relevant information about CoreMax' s (Hsinchu and Toufen plants) anti-corruption policies and actions.	
Management objectives	To effectively manage and implement CoreMax' s anti-corruption related requirements and prevent corruption.	
Policy	CoreMax' s philosophy values honesty, transparency, and accountability. The company has established its business policies with integrity. The company aims to create a sustainable business environment through the establishment of good corporate governance and risk control mechanisms.	
Objectives and targets	Based on the CoreMax' s philosophy -- "honesty, transparency, and accountability" , the company has established good corporate governance and risk control mechanisms to avoid corruption.	
Resources	1.The company has established the "plant working rules," the "employee handbook," the "employee rewards and punishment regulations," and related publicity documents. 2.The company has an audit department.	
Complaints mechanism	CoreMax' s stakeholders may provide feedback by telephone, email, or the CSR complaint window. Internally, the company has a reporting (whistleblowing) mechanism. The company is able to inform colleagues of the channel of reporting through the annual employee interview mechanism where employees' views are heard as the company' s reference for improvement.	
	<ul style="list-style-type: none"> ● Head of the Administration Department and Human Resources Department (hr@coremaxcorp.com) ● Immediate supervisor ● Auditors ● The president' s email address. 	



Project	Business with integrity Management policies (Key subject: anti-corruption)
Complaints mechanism	Externally, the company provides an anonymous whistleblower “feedback email” (info@coremax-corp.com) on the official website. If any wrongdoing is found in the management of the company, the whistleblower can directly report it to the company. The human resources unit, led by the management, will carry out investigation and provide corrective measures and punishment resolution according to the working rules.
Special actions	<ol style="list-style-type: none"> 1. Provide staff education and training. 2. Special telephone lines and mail boxes for consultation, complaint, and whistleblowing have been established. 3. The company's external donations or sponsorship are all handled in accordance with relevant laws and internal regulations of the company to prevent bribery and illegal political donations.
Management evaluation mechanism	An audit department is in place to ensure that all units carry out their business in compliance with relevant laws and regulations, such as the Company Act, the Securities and Exchange Act, the rules and regulations related to TWSE/GTSM listed companies, or other laws and regulations related to business practices, which is the prerequisite of ethical business management.
Performance and adjustment	<ol style="list-style-type: none"> 1. In 2015, the company experienced theft and selling of precious metal raw materials by internal staff. In 2017, the case was judged and has been put into civil claims. Meanwhile, the person who received the stolen items is being pursued. 2. In 2018, there was no corruption, bribery, extortion or other wrongdoings committed by the employees of CoreMax.

Valuing morality and honesty

CoreMax complies with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and the rules and regulations related to TWSE/GTSM listed companies, or other laws and regulations related to business practices. The company believes that the compliance of these laws and regulation is the prerequisite of ethical business management.

In order to enhance ethical business management and meet the expectations of the investors and other stakeholders, the board of directors of CoreMax formally approved the “Code of Business Integrity” and the “Code of Ethical Conduct” in 2011. Trainings were also provided to employees at all business branches. The company has established detailed operation procedures, an employee behaviors guide, and a reward and punishment system, and has ensured that all employees understand the importance of business integrity and professional ethics and are implementing them in their work. CoreMax arranges professional training for the directors every year in accordance with the regulations. The course contents include the functions of the board of directors and the performance evaluation of the board of directors, as well as corporate ethics and various publicity matters. In addition, CoreMax expects to carry out performance appraisal of the board in 2019.

The “Code of Business Integrity” stipulates that the directors, managers and all employees of CoreMax should not engage in any illegitimate interests or in any illegal or dishonest conduct in business, where the employees of CoreMax are prohibited from bribery, illegal political donations, inappropriate charitable donations or activities, inappropriate gifts or treatment, etc. The code also stipulates that the directors, supervisors and managers should avoid conflicts of interest and establish a sound internal control system for dishonest behaviors or business activities with high potential risks.

The “Code of Ethical Conduct” governs the ethical conduct of the directors, managers and all employees of CoreMax in the performance of their duties. The contents of the code covers the recusal of employees due to conflicts of interest, avoidance of the transmission of illegitimate benefits, prohibition from selfish gain, confidentiality of the company and customers’ information, fair trading and true reporting of transactions, proper use and maintenance of company assets, etc.

In addition, CoreMax has established the “Rules for Staff Rewards and Punishments” and the “Rules for Performance Appraisal”. Apart from work performance, the assessment items also include work attitudes, ethical practices, etc. The “Rules for Staff Rewards and Punishments” specifies the conditions for which awards and punishments are given. The company expects to improve its management through the functions of employee selection, recruitment, cultivation, and retention combined with effective objective management and a performance appraisal system.

Anti-corruption policy and communication procedures

CoreMax’ s business philosophy values honesty, transparency, and accountability. The company has established its business policies with integrity. The company aims to create a sustainable business environment through the establishment of good corporate governance and risk control mechanisms. The board of directors and the management of the company have declared in various public occasions that they will operate the company with integrity. The company has not formally assessed the risk of corruption in each of its operating units, but the “Plant Working Rules,” the “Employee Handbook,” the “Employee Rewards and Punishment Regulations,” and related publicity documents have included the anti-corruption regulations. In addition, the company has established employee training programs to ensure that everyone in the company understands the rules and regulations. Procedures and guidelines for the prevention of dishonest behaviors have also been published in the corporate governance section of the corporate website. CoreMax understands that corruption and unethical practices in business operation can lead to damage of the company’ s reputation and losses suffered by many stakeholders. In order to mitigate the risk of corporate corruption, three codes of conduct have been formulated, namely the procedures and guidelines for the prevention of dishonest behaviors, the “Code of Business Integrity” and the “Code of Ethical Conduct”. Promotion campaigns on integrity and ethical behaviors are conducted regularly and on the orientation day of new employees, so as to form a good corporate culture with integrity. The company requires all its employees and business partners to comply with the code of conduct with the highest standards. Suppliers’ social responsibilities and behavioral norms are published on the company’ s website, which prohibits any supplier from bribing/offering illegitimate benefits to any of the company’ s unit/or employee or relative. If any of the above unethical behaviors are discovered, the supplier will be subject to suspension and legal action in accordance with relevant regulations and laws. In the case of any damage, including but not limited to damage to the reputation of the company, the company will also claim for damages from the supplier involved. The company’ s audit department ensures that all units carry out their businesses in compliance with relevant laws and regulations, such as the Company Act, the Securities and Exchange Act, the rules and regulations related to TWSE/GTSM listed companies, or other laws and regulations related to business practices, which is the prerequisite of ethical business management. The company’s external donations or sponsorship are all handled in accordance with relevant laws and internal regulations of the company to prevent bribery and illegal political donations. In 2015, however, the company experienced theft and the selling of precious raw metal materials by internal staff, which caused a loss of NT\$ 3.3 million. Therefore, the company started to strengthen the staff’s moral integrity, anti-corruption awareness, and relevant education and training, to prevent the recurrence of related incidents. The case has been judged and put into civil claims, meanwhile the person who received the stolen items is also being pursued. In 2018, no public policy lobbying or political donations were made, and there was no corruption, bribery, extortion or other wrongdoings committed by the employees/suppliers of CoreMax.

Recusal of board directors due to conflicts of interest

According to the rules for board meetings, if a board director or officer of the company represented by the director has interests in a specific meeting subject, and due to which the company’ s interests may be harmed, the director may present his views in the meeting, but will be prohibited from participating in relevant discussions and voting, and should recuse himself from site of these proceedings. In addition, the board director should not exercise the voting rights on behalf of other directors. The provisions in paragraph 2 of Article 206 and paragraph 2 of Article 180 of the Company Act should be applied to the directors who are not allowed to exercise their voting rights under the preceding paragraph and the resolution of the board meeting of the company.



To maximize the interests of customers, shareholders, and employees, CoreMax' s board of directors carefully considers every proposal listed in the agenda of the board meetings and accurately assesses the potential risks to the company's operation. The selection and appointment of directors are conducted in accordance with the relevant laws and regulations of the stock exchange. The candidate nomination system is adopted in the process, where the board of directors and the shareholders who meet the requirements of the statutory shareholding ratio nominate the directors, handle the announcement, and review the nomination in accordance with the procedures prescribed by law. To avoid conflicts of interest in the top governance unit (the board), the company follows the following procedures to exercise strict control, including:

1.All new directors are required to sign a letter of consent for being appointed. In the letter of consent, the new directors must declare that they will comply with Article 23 of the Company Act, and faithfully perform their duties and fulfill their obligation of being a qualified member of the management.

2.All directors are required to sign a declaration stating that they have ascertained the contents regarding the recusal in relation to the exercise of voting rights under Article 206 of the Company Act and the legal consequence of the breach.

3.A system for the recusal of board directors due to conflicts of interest has been established in accordance with the rules for board meetings. Thanks to the high ethical and self-disciplinary standard of the directors and the use of proper mechanisms, no conflict of interest has occurred since the establishment of the board.

Internal and external advisory on ethics, integrity, and the reporting (whistleblowing) mechanism

The company and its directors, supervisors, managers, staff and beneficial owners, when carrying out business activities, are prohibited from directly or indirectly offering, promising, requesting, or accepting any form of illegitimate benefits. This includes rebates, commissions, and facilitation payments, or, through other means such as offering to or accepting any illegitimate benefits from customers, agents, contractors, suppliers, public servants or other stakeholders. However, if aforesaid behaviors do not breach the laws of the place where the business operates, it should not be subject to the prohibition.

To improve the supervising function of corporate governance, the company has established the internal and external advisory services and the annual employee interview mechanism which facilitates employees' awareness of the advisory and whistleblowing channels. These channels serve as the consultancy for issues about ethics and integrity enquired by employees and stakeholders, and serves as complaint channels when rights and interests are infringed. The establishment of these channels has enhanced the communication of interests between the company and its employees, customers, suppliers and investors.

Internal channels:

- Human resources supervisor: rose.chen@coremaxcorp.com
Telephone: 03-5983101, extension: 316, 333, 385
- Human resources department: hr@coremaxcorp.com

External channels:

Externally CoreMax provides an anonymous whistleblower "feedback email" (info@coremax-corp.com) on its official website. In addition, the company discloses its spokesman' s contact information at the open information observatory for communicating with external investors. If any wrongdoing is found in the management of the company, the whistleblower can directly report it to the company. The human resources unit, led by the management, will carry out investigation and provide corrective measures and punishment resolution according to the working rules. CoreMax has established the internal control mechanism in accordance with the law, through which the audit unit regularly assesses the company's risks and makes audit plans and carries out relevant inspections according to the plans. The audit unit regularly reports the results of the audit to the board of directors to enable the management to understand and improve management effectiveness. CoreMax continuously adheres to its principles of ethical business operation so as to maintain good business integrity and prevent corruption.

2.3Risk Management

To control the major risks that the company may face in its functions including sales and marketing, production and operation, human resources planning, progress of new product development, and financial accounting control, it has established the “Internal Control System” and the “Rules Governing Internal Audit Implementation” and the “Risk Management Regulations.” Any amendment of these rules is subject to the approval of the board of directors. The audit office reports directly to the board of directors and assists the board and management in monitoring internal processes and systems, where it ensures implementation of the annual audit plans, effectiveness of the internal control system, reliability of the financial reports and compliance with related laws and regulations. In addition, the audit office provides timely suggestions for improvement to the management, to effectively manage various internal systems and implement the supervision mechanisms and risk management. The company regularly holds high-level management meetings in one to two months to track and discuss related matters such as personnel, products, and future development of each production line of the group. CoreMax has assessed the risk items and has worked out countermeasures for each of them.

Risks	The impact on the company and countermeasures
<div>  <p>Important policy and legal changes at home and abroad</p> </div>	<p>In addition to compliance with the relevant domestic and international laws and regulations, the company pays considerable attention to the trends of domestic and foreign policy development and the changes in laws and regulations, so that it can fully grasp and respond to the changes in the market environment in its daily operations. Therefore, as of the date of publication of the annual report, changes in domestic and foreign policies and laws had not had a significant impact on the company's financial and business performance.</p>
<div>  <p>Technological change and industrial change</p> </div>	<p>The company constantly pays attention to the technological evolution of the industry in which its businesses are operated and can quickly grasp the trends of the industry. In addition, the company continuously strengthens and improves its own research and developmental ability, and actively expands the application fields of its products and services in the market. Therefore, technological changes and industrial changes have a positive impact on the company.</p>
<div>  <p>Risk assessment on concentrated purchase</p> </div>	<p>Most of the top ten suppliers of our company are well-known foreign suppliers of metal materials, chemical raw materials and fertilizer raw materials. The proportion of purchase from a single supplier is less than 30%, so there is no situation of concentrated purchase. In the aspect of metal materials, the world’ s metal supply is currently an oligopoly, and the world’ s major metal suppliers have established business relationship with the company. The company usually allocates the amount of procurement according to the cost and pays considerable attention to the trends of the raw material market. In addition, the company maintains contact with more than two suppliers for the purchase of major raw materials, and regularly carries out supplier investigation and evaluation to ensure the stability of supply, so the risk of concentrated purchase can be reasonably controlled by the company.</p> <p>Considering the above, the company actively evaluates the market information and market situation, and continuously develops excellent, high-quality suppliers in its purchasing practice, to disperse the risk of concentrated purchase from a single supplier. Therefore the company has no risk of excessive concentrated purchase.</p>
<div>  <p>Risk assessment on concentrated sales</p> </div>	<p>The company’ s main customers are manufacturers of oxidation catalyst, power battery materials, compound fertilizer and chemical materials for special uses. The products of the company are mainly applied in industries such as chemical fiber, secondary lithium battery, agriculture and electronics, etc., and are sold to well-known companies and agents in aforesaid industries. Since the company has a large variety of products and a wide range of downstream applications, so the ratio of a single customer to the net revenue is not higher than 30%, which shows the company's customers are relatively scattered, and there are no concentrated sales. Based on its industrial experience, the company will continue to develop new customers and product applications with its stable product quality, to spread the risk of sales without relying too heavily on a single customer or customer source. The company has stable business relationship with CoreMax’ s customers, and the quality of the products offered by the company can sufficiently satisfy their needs. Therefore, the company is able to have long-term cooperative relationship with well-known domestic and foreign companies.</p>



2.4 Regulatory Compliance

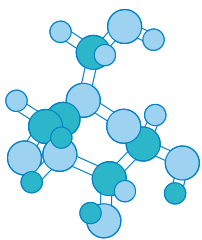
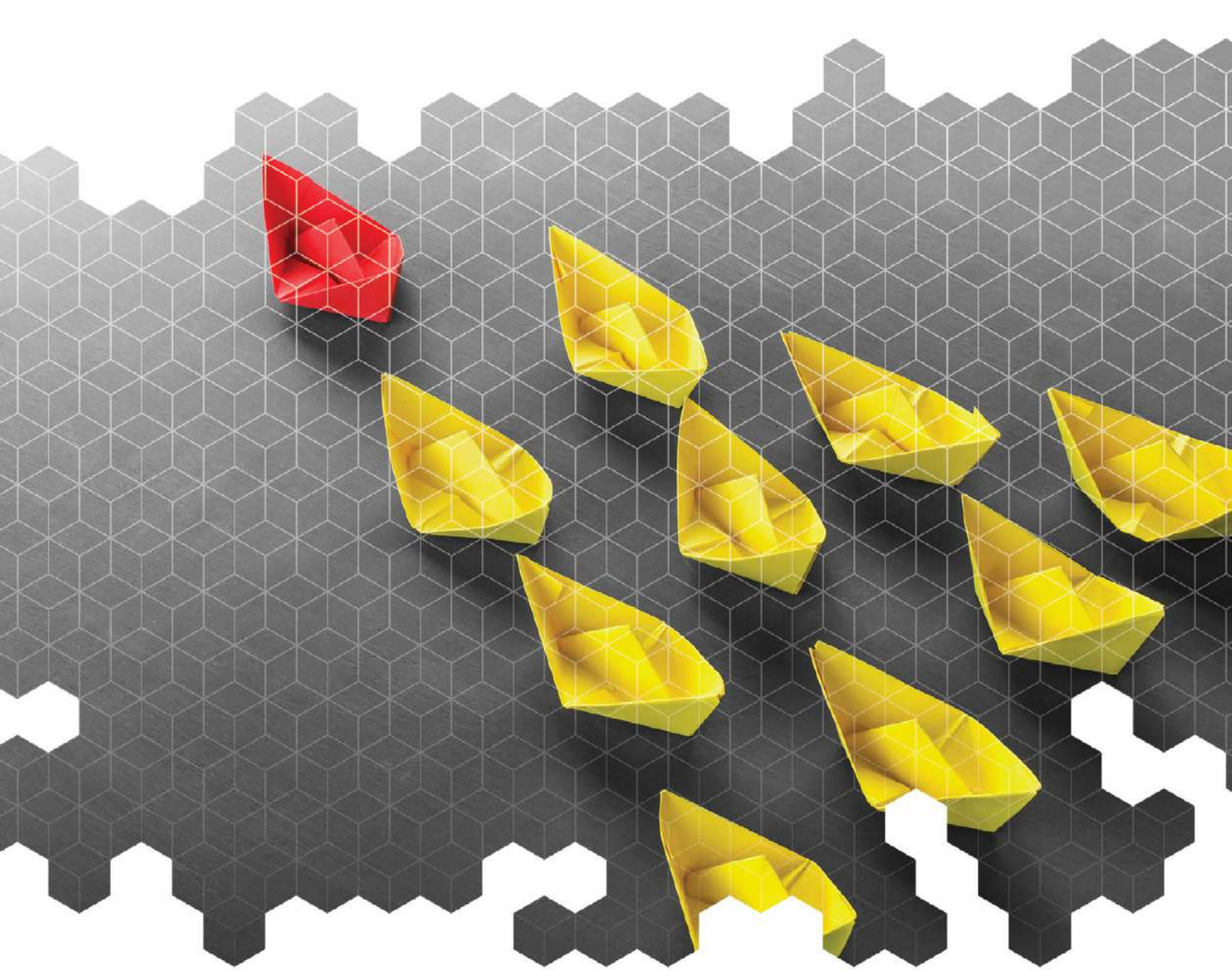
Project	Regulatory compliance Management policies (Key subjects: environmental protection compliance, social and economic compliance)
Major reasons	Enterprises must comply with the environmental, social, economic and other related regulations of the places where they operate. It is the obligation and responsibility of the enterprises to follow laws and regulations without any violation. Failure to comply with environmental regulations may result in penalties (fines/time limits for improvement/ceasing work). This may affect the normal operation of a company. Therefore, compliance with regulations is essential for the operation of the company and its implementation of corporate social responsibility.
Boundary of the subjects	The subject "regulatory compliance" covers CoreMax and its subsidiaries.
Limitation on the disclosure of the subject contents	The "regulatory compliance" subject of this CSR annual report only discloses relevant information about CoreMax' s (Hsinchu and Toufen plants) environmental, social, and economic compliance.
Management objectives of the subjects	Compliance with government regulations, following the company' s principles of business integrity, and fulfilling the company' s corporate social responsibility.
Policy	Compliance with government regulations, updating the company' s regulations from time to time, and verifying whether the company follows regulatory standards.
Objectives and targets	Compliance with the government' s environmental, social and economic laws and regulations, and ensuring the implementation of the laws and policies.
Resources	To implement ethical management, trainings and meetings are organized to strengthen the legal awareness of supervisors and staff at all levels.
Complaints mechanism	Stakeholders may provide feedback through the telephone, e-mail, and CSR complaint window.
Special actions	<ol style="list-style-type: none"> 1. Organizing relevant trainings and meetings to improve legal awareness. 2. To ensure the company' s compliance with relevant laws and regulations and avoid unnecessary penalties, the company always pays close attention to relevant domestic and international policies and laws that may have a significant impact on the company's operation and finance, with the purpose of creating a high-quality industrial and business environment. 3. Compliance with government laws and regulations, such as the Company Act, the Securities and Exchange Act, the rules and regulations related to TWSE/GTSM listed companies or other laws and regulations related to business practices, and environmental and social regulations.
Management evaluation mechanism	In accordance with the internal management review procedures of ISO 9001 and ISO 14001, the company conducts an annual PDCA effectiveness assessment on environmental and internal management to ensure the implementation of quality and environmental policies.
Performance and adjustment	<ol style="list-style-type: none"> 1. In 2018, CoreMax had no events that violated the health and safety regulations for products and services and regulations governing marketing and sales. Meanwhile there was no legal action taken against the company for anti-competitive behavior, anti-trust and monopolistic conduct. 2. In 2018, CoreMax had no violation of customer privacy or data leakage events. 3. As of 2018, there had been no gender or racial discrimination cases, or labor complaints of human rights violations against the company. The company had not violated indigenous rights, or experienced external human rights reviews or any event that may negatively impact the assessment on the company' s performance. In addition, there had not been any complaint about forced labor, child labor, restriction on free association, discrimination and overtime work, etc. against the company.

To ensure that the company is in compliance with all relevant laws and regulations, we will keep a close eye on any domestic or foreign policies and regulations that may have an impact on the company's business and financial performance. CoreMax expects to contribute to the creation of a quality business environment through its efforts on compliance with the laws and regulations.

CoreMax values professional competence when selecting and recruiting employees. The company provides equal employment opportunities to job candidates, regardless of their ethnic groups, gender, age, disability, religion, nation, constellation, blood type or other characteristics that are protected by the law against discrimination. The company attaches great importance to employees' work rights and equality of gender and remuneration for men and women, where equality and anti-discrimination are in the core of the company's employee policy. To fulfill its corporate social responsibility regarding employee treatment, the company integrates social responsibility concepts of equal employment, respect for human rights, diversity of employees, prohibition of child labor, and prohibition of forced labor into its employee selection and recruitment processes. Relevant working conditions are provided in accordance with the relevant provisions of the Labor Standards Act. As of 2018, there have been no gender or racial discrimination cases, or labor complaints of human rights violations against the company. The company has not violated indigenous rights, or experienced external human rights review or any event that may negatively impact the assessment on the company's performance. In addition, there have not been any complaints about forced labor, child labor, restriction on free association, discrimination and overtime work, etc. against the company.

CoreMax complies with the principles of fair, open and appropriate industrial competition. The company prohibits its employees from collaborating with competitors in the industry to conduct joint fixed price, market division, customer division, competitive bidding, agreement connotation, monopolies, or boycotting suppliers or customers. The company's compliance with relevant laws and regulations and its competition in the industry is conducted on a fair and open basis. Therefore, there was no violation of relevant antitrust regulations in 2018. In terms of products and services, CoreMax attaches great importance to the confidentiality and privacy of customer information. In 2018, there were no violations of laws and regulations on information and labeling of products and services, and there were no violations of customer privacy or data leaks.

The company complies with the relevant regulations and norms of occupational safety and health management, strives to achieve the goal of zero injury accidents and zero environmental accidents, and establishes a healthy and safe workplace. In 2018, there were no employee occupational injuries, occupational diseases, occupational disasters or deaths, and no major violation of occupational safety and health regulations. In terms of environmental regulation compliance, the company managed environmental risks and reduced negative impact on the environment effectively through continuous improvement on energy management, emission, pollution prevention and other aspects, with the aim of pursuing sustainable business operation and environment. There were no violations of environmental regulations in 2018.



3. Supplier Management as well as Products and Services

3.1 Supplier management

3.2 Product Responsibility and Customer Service



Project		Supplier social responsibility Management policy (Key subject: supplier environmental assessment and supplier social assessment)
Major reasons		To implement the management of sustainable supply chain, it is necessary to have a better management mechanism to prevent and avoid the environmental and social impacts caused by the enterprise itself and the supply chain in the operation process. In addition, the social and economic assessment of the supply chain has become one of the subjects which are given more and more attention by laws and stakeholders. Therefore, CoreMax needs to actively request and implement supply chain social responsibility management, to establish a sustainable supply chain with a win-win strategy to strengthen the company's sustainable competitiveness.
Boundary of the subjects		The scope of impacts related to the subject of supplier environmental assessment and supplier social assessment mainly only covers CoreMax and its suppliers.
Limitation on the disclosure of the subject contents		Therefore, this subject in the 2018 CSR report only discloses the relevant information of CoreMax and its suppliers.
Management objectives		Implement suppliers' social responsibility management and jointly enhance the sustainable development of the company.
Policy		Strengthen the implementation of supply chain sustainable development, ensure that the suppliers, in the process of providing products and services, comply with the standards and regulations governing energy conservation, environmental protection, labor safety and human rights, and actively fulfill their social responsibilities and continuously make improvements.
Promise		Grow with the suppliers, and work together on sustainability.
Objectives and targets		From 2018, raw material suppliers cooperating with the company are required to sign the "Supplier Social Responsibility and Code of Conduct" (the code), which will be taken as one of the conditions of supplier selection.
Complaints mechanism		CoreMax' s stakeholders may submit their feedback through telephone, e-mail, the company's website and the CSR complaints window.
Special actions		1.From 2018, raw material suppliers cooperating with the company have been required to sign the "Supplier Social Responsibility and Code of Conduct" . 2.From 2018, semiannual evaluations, where the "Supplier Evaluation Form" is used, are conducted on raw material and packaging material suppliers who have had more than 3 transactions with the company.
Management evaluation mechanism		1.Conduct supplier evaluations annually, where the "Supplier Evaluation Form" is used. 2.In 2019, the company will carry out ongoing tracking of the implementation of the supplier quality and environmental management system by questionnaires.
Performance and adjustment		1.In 2018, raw material suppliers cooperating with the company were required to sign the "Supplier Social Responsibility and Code of Conduct." 100% of the domestic suppliers signed the code. 2.A total of 30 suppliers were evaluated, and the evaluation results showed that 100% of the suppliers were qualified.



3.1 Supplier Management

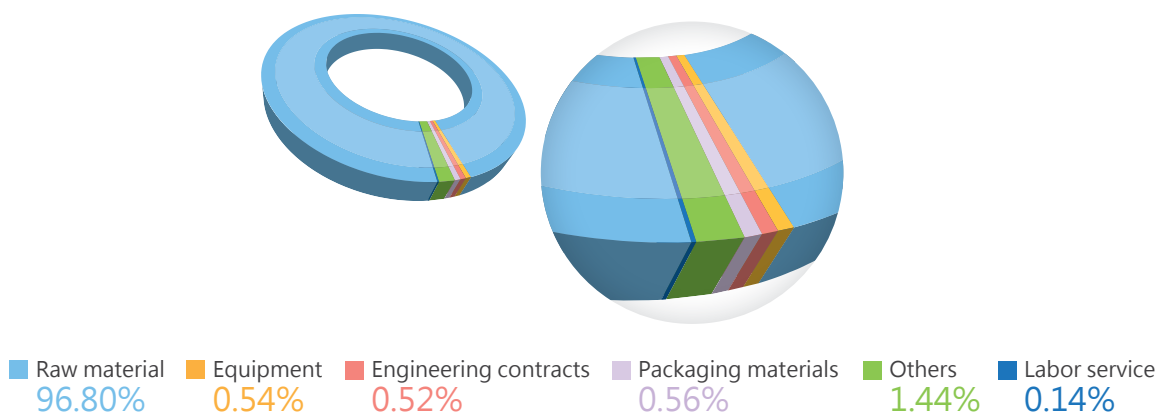
Driven by the development of green energy and environmental protection, CoreMax' s business performance has been improving for years. As one of the key businesses of the company, power battery anode materials have been attached with strategic significance. Due to the fact that the production capacity of power battery materials was close to its full load, the company invested US\$ 6 million and constructed the third power battery material production line at its Toufen plant in 2017, and trial production began at the end the year. In 2018, the output of the production line doubled. However, due to the fact there is no domestic supply of the main materials of the production, the company must completely rely on imports. The raw material prices are vulnerable to price fluctuations in the international market, and in turn, the company' s material costs can be affected. Therefore, in addition to strengthening CoreMax' s own manufacturing and R & D capabilities, the sustainable management of the company' s key suppliers is an important issue for its procurement as well.

An overview of the suppliers

To establish sustainable business operations based on energy conservation, environmental protection, labor safety and human rights, etc., the company is working closely with its suppliers to achieve higher ethical standards, respectful human rights, sustainable environment, better labor rights, and safer and healthier workplaces. The company regards its suppliers as its long-term business partners and hopes to establish a stable and close professional relationship with the suppliers and achieve joint development based on mutual trust. Meanwhile, the company also actively develops new suppliers to avoid monopoly.

The purchase of the raw materials, namely nickel, cobalt, and bromine, constitute the main purchase cost of CoreMax. Since Taiwan has no supply of the related minerals, the company has to rely on foreign imports. However, the company promises that, under the same conditions, purchase localization and employment of domestic labor is prioritized when purchasing other raw materials and equipment, or obtaining engineering contracts, etc. Due to the growth of business and the rise of raw material prices in 2018, the proportion of raw material purchase reached 96.8% over the course of the year.

Proportion of purchase amounts by supplier category in 2018



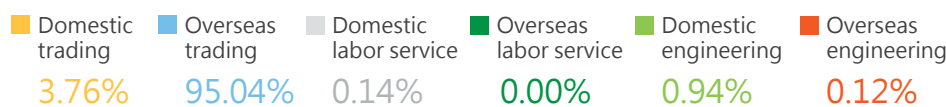
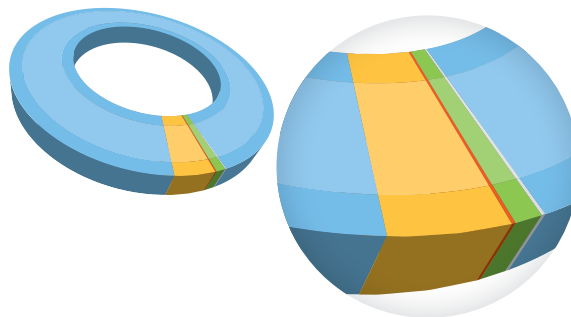
The amount of imported raw materials purchased by the company exceeded 90% due to inadequate supply in Taiwan. In 2018, due to the growth of business and the rise of raw material prices in the international market, the proportion of foreign purchase reached 95.16%, while the proportion of domestic purchase was 4.84%.



2 Proportion of domestic and overseas purchase amounts by category in 2018

Monetary unit : NT\$ thousand

Category of contract	Procurement regions	2018		
		Number of customers	Purchase Amount	Ratio of Purchase Amount
Labor service	Domestic	10	5,443	0.14%
	Overseas	0	-	0.00%
Trading	Domestic	173	141,975	3.76%
	Overseas	24	3,588,888	95.04%
Engineering	Domestic	60	35,337	0.94%
	Overseas	2	4,572	0.12%
Total		269	3,776,215	100.00%



Supplier social responsibility management

In 2018, there were a total of 269 suppliers that had transactions with CoreMax, including 26 foreign manufacturers and 243 domestic manufacturers. The company aims to cultivate long-term business partners to pursue the sustainable operation and mutual growth through close cooperation in operation. Apart from the materials and equipment which are not domestically supplied, the company focuses on domestic suppliers for other materials, which not only ensures better mobility and faster delivery, but also contributes to domestic economic development and employment rates. Moreover, the aforesaid practices can help the company reduce its cost and energy consumption. Additionally, the company and its suppliers are contributing to environmental protection through practices such as the suppliers' recycling and regeneration of resources.

To avoid interruption of material supply caused by shortages or other external causes, CoreMax also actively develops second or third suppliers. The suppliers of raw materials and packaging materials are assessed by the company semiannually based on price, quality, delivery time, etc. The statistical data are used as the basis for determining purchase distribution and subsequent cooperation. The company also occasionally contacts the suppliers through email or telephone interviews to understand the suppliers' status of supply and the international market, to keep up to date on the market conditions.

Signing of the supplier social responsibility and code of conduct

To ensure the implementation of the supplier's corporate social responsibility, the company has formulated the "Supplier Corporate Social Responsibility and Code of Conduct" (the code), which is applicable to all the companies that supply goods or services to CoreMax, its subsidiaries, the joint ventures, or branches. The company requires all the suppliers and relevant companies of the supply chain and their employees to abide by the code.



In 2018, CoreMax required its raw material suppliers to sign the "Supplier Social Responsibility and Code of Conduct" (the code). 100% of domestic suppliers signed the code. Foreign suppliers, due to their large scale and sound system, have generally issued CSR reports in which relevant information is disclosed to a certain extent. Therefore, the CSR reports of foreign suppliers may substitute the signing of the code, or a similar signed document can be provided. Thus far, among the top 10 suppliers, 8 have signed the code while 2 of them have provided their CSR reports, which is a 100% response rate. The code covers seven items as described below:

(1) Responsibilities and obligations of suppliers

1. Suppliers agree to fulfill their corporate social responsibility and implement the code within the enterprise and other upstream and downstream supply chain enterprises. Suppliers must cooperate with the company to carry out field reviews and make improvements and take the corrective measures required by the company.
2. Suppliers must be knowledgeable about the raw materials they use to ensure that the materials are obtained from approved sources in accordance with applicable laws and regulations, including the avoidance of those countries which are economically sanctioned and restricted from imports and exports (Refer to the "United Nations Sanctions Ordinance").

(2) Ethical standards

CoreMax requires all its employees and business partners to comply with the code of conduct with the highest standards. The company prohibits any supplier from bribing/offering illegitimate benefits to any of the company's unit/or employee or relatives. If any of the above unethical behaviors are discovered, the supplier will be subject to suspension and legal action in accordance with relevant regulations and laws. In case of any damage, including but not limited to reputation, the company will also claim for damages from the supplier involved.

(3) Respect for human rights

1. Suppliers must implement the policy of equal rights and freedom for all their employees, and prohibit any discrimination in employee recruitment, promotion, wages or related work rights due to gender, religion, race, class, social status, political party, nationality, belief, age, disability, marital status, gender orientation or other reasons. The suppliers must not have any form of misconduct or violation of laws such as threat, harassment, corporal punishment, mental or physical coercion, verbal violence or other improper or illegal acts.
2. In terms of the prohibition of child labor, suppliers should strictly comply with the International Labor Organization Convention, the United Nations Convention on the Rights of the Child and relevant laws and regulations of the regions where the suppliers operate their businesses. The suppliers must require their upstream and downstream supply chain enterprises to comply with the aforesaid laws and regulations.

(4) Environmental sustainability

1. Suppliers should comply with the relevant environmental laws and regulations of the country in which the suppliers operate their businesses, and actively pursue the goal of a green environment, energy saving and carbon reduction, and continuously implement and improve their plans to fulfill their corporate social responsibility of environmental sustainability.
2. Suppliers must strictly comply with all relevant laws on prohibitions or restrictions on the use of toxic substances, and carry out the operations stipulated in the laws, such as disposal, transport, storage, recycling, and reuse of toxic substances. The suppliers must be committed to reducing the environmental impacts from all forms of pollution including but not limited to water waste, gas waste, noise and other wastes, in accordance with relevant laws and regulations. The suppliers should provide adequate training for the workers who are engaged in this work, and announce the relevant matters needing attention in the workplace.

(5) Privacy and intellectual property rights

Suppliers must use appropriate security measures to protect all the company's information, electronic data, intellectual property and technology to ensure the security of CoreMax and its suppliers' intellectual property. Suppliers can only obtain CoreMax's confidential information under the authorization of the confidentiality agreement and must fulfill their obligations. These obligations include not disclosing the confidential information and not using the information beyond the authorization of the agreement to protect the information from being misused or disclosed without authorization. The suppliers, on the other hand, may also require CoreMax to take security measures to protect confidential information authorized by the suppliers. Suppliers should not use the company's trademark, images or other copyrighted materials, and should not use counterfeits unless expressly authorized.



(6) Workplace health and safety


1. Suppliers should comply with the relevant laws and regulations governing workplace health and safety issued by the country where the suppliers operate their businesses and within the international community and agree to the provisions in the "Workers' Safety and Discipline Commitment Letter," the "Workers' Safety and Health Commitment Letter," and the "Manufacturers' Statement on Safety, Health and Environmental Protection."

2. Suppliers should provide sufficient education and training to ensure that the employees have the knowledge and skills related to labor safety and health, in addition to the personnel with labor safety certificates and licenses as required by laws and regulations.

(7) Sources of DRC conflict-free minerals

1. Suppliers should avoid the use of minerals from the DRC and its neighboring countries and regions, the company will continue to promote reliable mineral sources and expects suppliers to communicate to upstream companies.

2. Suppliers should conduct due diligence on the source of minerals and supervise the supply chain, and provide relevant supporting materials as required by the customers.



Declaration of conflict-free minerals

CoreMax actively responds to the global boycott of conflict minerals, promises not to use conflict minerals, and to not accept original mineral material from DRC and the neighboring countries in conflicts. By doing so, the company can ensure that tin (Sn), tantalum (Ta), tungsten (W), gold (Au), cobalt (Co), palladium (Pd) and other metals are not coming from the mining areas controlled by armed groups in DRC and its neighboring countries.

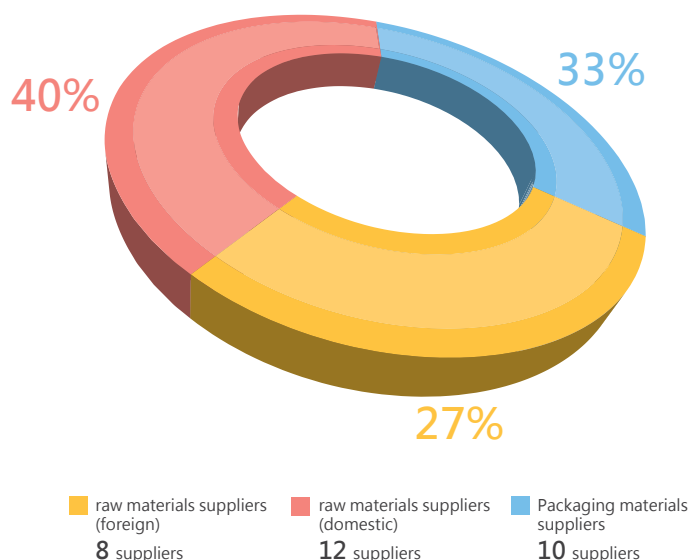
The company guarantees that all metals contained in the products sold to the customers are DRC conflict-free metals.

Supplier evaluation

In addition to requiring suppliers to sign the "Supplier Social Responsibility and Code of Conduct", CoreMax also evaluated raw material and packaging material suppliers with more than three transactions every six months by using the company's 2018 "Supplier Evaluation Form". The evaluations covered price, quality, delivery time, and other items. 20 raw material suppliers and 10 packaging material suppliers were included in the evaluations, and the results showed that 100% of the evaluated suppliers were qualified.

The supplier quality and environmental management system will also be continuously tracked through questionnaires in 2019. For those who have not obtained ISO 9001 and ISO 14001 certificates, moral persuasion or counselling will be conducted. CoreMax hopes to work together with its suppliers in sustainable development.

Number of suppliers evaluated by CoreMax in 2018





3.2 Product responsibility and customer service



Project		Customer privacy Management policy (Key subject: customer privacy)
Major reasons		After the analysis of the degree of attention and impact communicated by the stakeholders, it shows that the subject of customer privacy is relatively important to the company. It can reduce the company's legal risks and better protect customer rights and personal privacy, and enhance the company's good image.
Boundary of the subjects		The impact scope of the subject of customer privacy covers CoreMax and its customers.
Limitation on the disclosure of the subject contents		The subject of customer privacy in this annual report will disclose relevant information about CoreMax.
Management objectives		The company collects personal data for lawful and specific purposes to the extent that it is necessary to do so, and the customer data it has collected will be kept in the company's database to ensure the safety and accuracy of personal data in accordance with the law and the provisions of relevant laws and regulations. The company should also make necessary updates at any time according to the provisions, and complete the establishment of personal data management units and personal data management policies to achieve the purpose of personal data protection.
Policy		To prevent the spread of computer virus, the company installs enterprise antivirus software on all computers and regularly updates the virus database. All computers of the company are equipped with firewall to avoid hacker intrusions. Business data and technical documents are stored in the host computer and backed up regularly to ensure security of the data storage. An access control system is equipped in the computer room. For host or ERP system queries and operations, the system must be logged in with an account name and password to avoid leaks of business data.
Complaints mechanism		Customers may make use of face-to-face interviews, telephones, e-mails and other channels to make complaints to the company.
Special actions		The company conducts an annual "customer satisfaction survey" which is used as a reference for formulating business policies.
Management evaluation mechanism		The company operates its information systems in accordance with ISO 9001 information system management procedures, and regularly reviews and updates these systems. The audit unit conducts an annual audit of the management mechanism to ensure its effectiveness.
Performance and adjustment		<ol style="list-style-type: none">1. In 2018, a total of 15 questionnaires were issued to domestic and foreign customers, among which, domestic customers' satisfaction was scored at 87 points, and foreign customers' satisfaction was scored at 83 points. The company's customer satisfaction has remained positive over the years.2. As of 2018, there have been no complaints about invasion of customer privacy and loss of customer data.

Product responsibility

In order to safeguard the future environment and human health, while at the same time ensuring the functions of the EU internal market and industrial competitiveness, the EU proposed a chemical policy: To encourage the replacement of existing hazardous chemicals with less hazardous chemicals, there are incentives for the development of safe chemicals, and integrating ecological, economic and social development to achieve the goal of sustainable development. However, chemicals are very important to the production processes of most of Taiwan's manufacturing enterprises. The implementation of the EU's new chemical policy will not only impact the trade of chemicals themselves but will also affect the downstream industries that use chemicals in the production processes. CoreMax understands the importance of this policy and its corporate social responsibility. Therefore, CoreMax has strict requirements on its products. The company's product labeling adopts the Globally Harmonized System (GHS) for chemicals, the Safety Data Sheet (SDS) is prepared, and 100% complying with the requirements of GHS for chemicals.



CoreMax' s main products are certified by SGS Taiwan. Proportion of customer demand: 75% Nickel Sulfate, 75% Cobalt Sulfate, 75% Cobalt Oxide. In 2018, there were no violations of regulations governing health and safety of products and services. Additionally, there were no violations of regulations, voluntary norms governing products, or service information and labeling that occurred.



Cobalt oxide test report



Cobalt sulfate test report



Nickel sulfate test report

Customer privacy and confidentiality

For a long time, CoreMax has attached great importance to the customer privacy and intellectual property rights. In addition to signing confidentiality agreements with customers to protect their confidential information, the company has established relevant standards to avoid the occurrence of data leaks in its operations to protect the rights and interests of customers.

Since its establishment in 1992, the company has been adhering to the business philosophy of customer first, expecting stable cooperative relations with customers, and jointly creating social value. Special personnel have been appointed to manage the files with codes for the protection of customer privacy. In addition, a database authority has been set for the internal ISO program QP-63-02-information system management procedure. When the colleagues need to access the database, they need to fill in the application form and get the relevant department to sign it before entering the database. In this way, the best protection is ensured. As of 2018, there have been no complaints about invasion of customer privacy or loss of customer data.

Feedback of customer satisfaction

To ensure that the requirements and expectations of customers are clearly understood by the company, and to achieve customer satisfaction through supervision and measurement, the company has formulated the "customer satisfaction procedures" and the "communication management procedures", which are used to measure the customer feedback and market response related to the quality of the company' s products and services.

The company conducts the customer satisfaction questionnaire survey every November, and the survey items include two sample customers with an annual turnover of NT\$ 5 million to NT\$ 20 million, two sample customers of NT\$ \$20 million to NT\$40 million, two sample customers of NT\$40 million to NT\$60 million, two simple customers of NT\$60 million to NT\$80 million, and all customers with an annual turnover of NT\$80 million and above. In addition, three simple customers are surveyed monthly at the time of shipment and the "email records for after-sales survey" are filled out, or the "customer visit/after-sales service records" are fill out after personal visit, where investigations on quality, price, delivery time, cooperation, and other items are conducted. The data of the survey are collected and analyzed for improvement purposes.

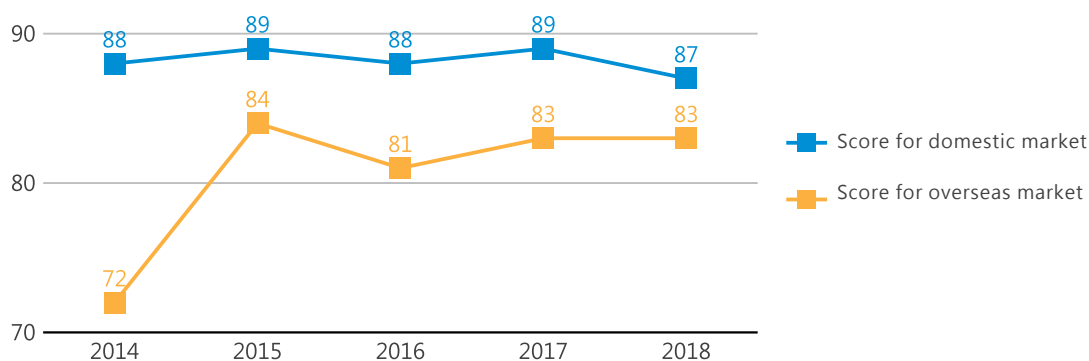


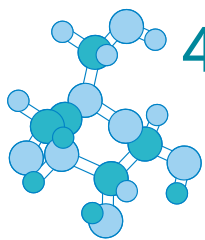
Customer complaints are handled and reported by the marketing and sales department. Complaints (both written and oral) received by any other unit should be handed over to marketing and sales department for unified handling and reporting. The personnel who handle complaints need to log in the "list of customer complaint cases", and to handle customer complaints effectively according to the "customer complaint handling procedures" established by the company. The purpose of handling customer complaints is to meet customers' demand for product quality. The defects reported by customers are dealt with seriously, and effective countermeasures are put toward improvement.

CoreMax conducts an annual "customer satisfaction survey" used as a reference for formulating business policies. In 2018, a total of 15 questionnaires were issued to domestic and foreign customers. Among these, domestic customers' satisfaction was scored at 87 points, and foreign customers' satisfaction was scored at 83 points. The company's customer satisfaction has remained positive over the years.

According to results of the customer satisfaction survey, the items with higher satisfaction perceived by domestic customers are delivery time, staff cooperation, and courtesy of sales personnel on the phone. However, the top three items with higher satisfaction perceived by foreign customers include sales staff cooperation, product after-sales service, and telephone courtesy. The item with the lowest satisfaction perceived by both domestic and foreign customers is product price. The reason may be that the main raw materials for the company's products, namely cobalt, manganese, and nickel metal, have no supply in Taiwan, so the company must rely completely on imports. However, the raw material price is subject to the fluctuation of the international market, which results in the corresponding fluctuation of the product's price.

CoreMax' s customer satisfaction survey scores in recent years





4.Green promise

- 4.1 Energy and greenhouse gas management
- 4.2 Water resource management
- 4.3 Pollution prevention and management
- 4.4 Conservation measures and environmental protection expenditures



CoreMax understands that one of the key factors for sustainable business operations is the proper management and efficient use of energy. Therefore, the company strives to save energy and reduce carbon emissions, and to do its best to fulfill its corporate social responsibilities as well as the obligations to the environment as earth's citizen. The company has complied with relevant laws and regulations to continuously prevent pollution and has improved its work on energy conservation with the aim of building a safe and healthy workplace in a pollution-free environment, to achieve the goal of sustainable development.

Project		Environmental protection Management policy (Key subject: Energy, emission, water waste, and other wastes)
Major reasons		Pollution has caused serious environmental problems. Environmental management of energy conservation, emissions, water waste, and other wastes have been an important subject that confronts enterprises. If proper management of energy conservation, emission, water waste, and other wastes is not implemented, the company may face regulatory penalties in the future. This may affect the sustainable operation of the company. Therefore, the effective management of energy, emission, water waste, and other wastes can reduce the overall cost and risk of the company' s operation and fulfill its corporate social responsibility.
Boundary of the subjects		The impact scope of the subject of environmental protection covers CoreMax and its subsidiaries.
Limitation on the disclosure of the subject contents		In this annual report, the subject regarding energy, emission, water waste, and other wastes will reveal the information about CoreMax' s environmental management.
Management objectives		To manage environmental risks effectively, the company continuously improves the management of energy, emission, pollution prevention, and other such aspects to comply with regulations and mitigate negative environmental impacts. By doing so, the company can pursue the sustainability of its business operation.
Policy		To reduce the impact of sanitary sewage, exhaust gas, wastes, drinking water, chemical raw materials, energy resources and other environmental factors and to effectively control these factors, the company has established the environmental control procedures with a view to implement environmental protection, waste reduction and pollution prevention.
Promise		The company' s environmental management system is established according to the requirements of ISO 14001 and CNS 14001.
Objectives and targets		<ol style="list-style-type: none">1.It is expected to obtain the ISO 50001 Energy Management System certification in 2019.2.It is expected to obtain the verification statement of ISO 14064-1 Greenhouse Gas Inventory Management System in 20193.Prevent pollution, effectively reduce pollution emissions and reduce the cost.4.Mitigate the use of raw materials, energy and other resources at the source, and reduce the production of pollutants and wastes. In this way, both production cost and environmental protection can be managed effectively.5.Number of defects identified by environmental protection unit =06.Work safety incident rate=07.Training hours – firefighting hours ≥8 hours Chemical leakage hours ≥ 2hours Environmental protection hours ≥ 2 hours Work safety hours ≥ 4 hours



Project	Environmental protection Management policy (Key subject: Energy, emission, water waste, and other forms of waste)
Resources	<p>In order to comply with the environmental regulations of the government and fulfill the environmental responsibilities of the company, a total of NT\$ 5.584 million was spent on environmental protection in 2018.</p> <ol style="list-style-type: none"> 1. Air pollution control costs: NT\$0.2 million. 2. Water pollution control costs: NT\$0.8 million. 3. Waste disposal (general waste) costs: NT\$ 4.583 million.
Complaints mechanism	<p>Stakeholders may provide feedback by telephone, e-mail, or through the CSR complaint window.</p>
Special actions	<ol style="list-style-type: none"> 1.ISO 14001 and ISO 9001 International Management System has been introduced. 2.The ISO 50001 Energy Management System was introduced in 2018, and the certification is expected to be obtained in 2019. 3.The announcement/notice of environmental subject: Publicize the company's environmental policy, goals, targets, and plans of environmental management through trainings, meetings, or announcements. 4. In 2018, mercury lamps and ordinary tubes were replaced with LED bulbs and tubes. 5. Any waste is disposed of by qualified companies authorized by CoreMax. The environmental safety office regularly tracks and inspects the waste disposal to ensure compliance and safety.
Management evaluation mechanism	<p>The pollution prevention program has been established on the basis of the ISO 14001 Environmental Management System and is driven by a "Plan-Do-Check-Act" management model to evaluate the effectiveness of the program and continuously improve the environmental management of the company.</p>
Performance and adjustment	<ol style="list-style-type: none"> 1.Energy intensity in 2018 was about 32% lower than that of the previous year. 2.The intensity of greenhouse gas emissions in 2018 was about 29% lower than that of the previous year. 3.The amount of environmental protection expenditure in 2018 increased by NT\$1.343 million compared with that in 2017. 4.There were no hazardous substance leaks in 2018. 5. Both air pollution control and water pollution control management met the emission standards set by the Environmental Protection Administration in 2018.

4.1Energy and greenhouse gas management

The scarcity of energy on the earth has become the most important issue today. However, use of energy will produce carbon dioxide, resulting in the greenhouse effect and global warming. So, the effective management of energy is urgent. CoreMax has always attached great importance to environmental protection issues and established related systems with practical actions. It introduced the ISO 14001 and ISO 9001 International Management System. The ISO 50001 Energy Management System was also introduced in 2018, for which it is expected to obtain the certification in 2019. Through effective management of energy use and improved energy efficiency, the company can reduce energy costs, save energy, reduce carbon emissions, and enhance enterprises' positive environmental image. In September 2016, BSI conducted external certification of ISO 14001 and ISO 9001, the company subsequently obtained ISO 14001 and ISO9001 certifications. We are committed to continuous improvement of our environmental impact, reducing overall operational risks, and fulfilling our corporate social responsibility.

The main energy sources of CoreMax are purchased electricity and steam. To effectively reduce the environmental impact of the greenhouse effect, energy management schemes for office and public areas are also launched to enhance colleagues' awareness of energy conservation. Plant areas of the company carry out effective energy control according to the status of the environmental management system. In addition to internal inspection conducted by the environmental safety office of the plant areas, external inspection institutions are also invited to conduct inspections and put forward suggestions for improvement.



Use of raw materials

The main raw materials of the company are hydrochloric acid, sulfuric acid, etc. These substances are non-renewable raw materials. A total of 21,363 metric tons were used in 2018. The company maintains a good relationship with individual suppliers and signs supply contracts every year to ensure the supply is secure. Any shortage beyond the contract volume can be obtained on the spot market at spot price.

The use of raw materials in the past three years

Unit: metric ton

Raw materials	2016	2017	2018
hydrochloric acid	1,071	1,337	1,205
sulfuric acid	9,632	11,904	7,516
Others	9,762	11,284	12,642
Total	20,465	24,525	21,363

Direct energy use

The energy sources of CoreMax include gasoline, diesel, liquefied petroleum gas (LPG), heavy oil, purchased steam, and electricity. The total energy used in 2018 was 444,506.58 gigajoules, down 32.24% from 2017. This is mainly due to the changes in process, equipment, and operating conditions, as well as the increase in individual business revenues, which resulted in lower energy intensity. The energy use in the past three years is shown in the table below.

Category	Unit	2016	2017	2018
Gas	GJ	215.49	161.46	187.25
Diesel	GJ	551.63	698.58	737.14
Liquefied petroleum gas	GJ	2,679.42	2,109.33	2,053.81
Heavy oil	GJ	15,664.90	50,810.50	94,449.28
Power	GJ	20,697.05	33,120.68	34,307.76
Purchased vapor	GJ	541,764.74	414,508.48	312,771.34
Total energy consumption	GJ	581,573.23	501,409.02	444,506.58
Individual income	Thousand	2,324,578	3,254,621	4,258,258
Energy intensity (Total energy consumption/ Individual income)	GJ/thousand	0.2502	0.1541	0.1044

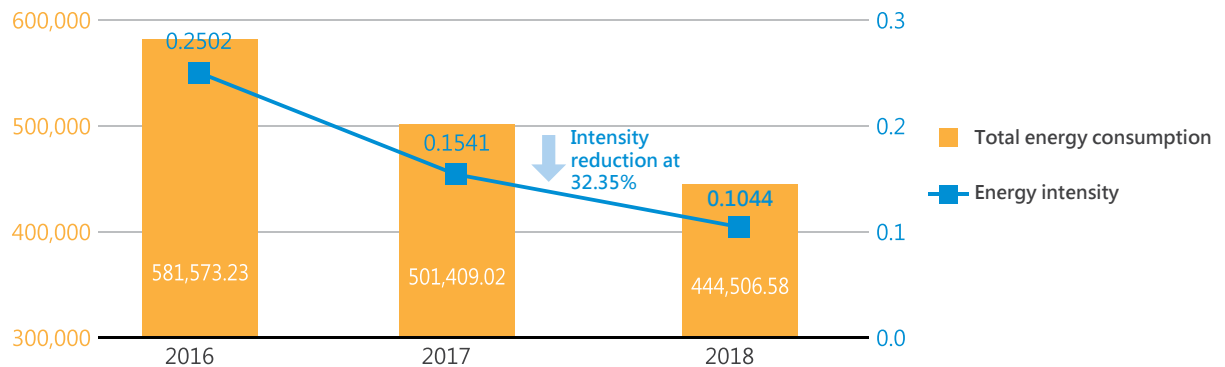
Note 1: For various energy calorific value conversion coefficients, please refer to the 6.0.3 version of the Environmental Protection Administration greenhouse gas emission coefficient management form.
Electricity 1 Kwh = 3,600 KJ, Gasoline 1 L = 7,800 kcal, 1 GJ = 109 joules

Note 2: Source of information: Gasoline use in 2018 = total amount of gasoline divided by average gasoline price. The use of diesel, LPG, heavy oil, and purchased steam are calculated based on the actual purchased quantity. The use of electricity is the total use of the monthly electricity bills of all plants.

Note3: The change of the specific measurement unit of the organization to measurement unit of individual revenue and the simultaneous revision of the data of the previous two years are presented in this report.



Energy usage intensity, EUI in the last three years



Greenhouse gas management

The main fuels with greenhouse potential used by CoreMax in 2018 included Gasoline, diesel, LPG, and heavy oil, which produced a part of the company's greenhouse gas emission. This was 7537.44 metric tons of CO₂e. Another part of the greenhouse gas emission was produced by the purchased electricity and steam, which was 22854.95 metric tons of CO₂e. So, the total greenhouse gas emission was 30,392.39 metric tons of CO₂e. The emission intensity was 0.0071 metric tons CO₂e / NT\$1,000 revenue, about 29% lower than that in 2017.

Carbon dioxide emissions in the last three years

Category	Unit	2016	2017	2018
Gasoline	metric tons of CO ₂ e	15.59	11.68	13.55
Diesel	metric tons of CO ₂ e	41.04	51.98	54.85
LPG	metric tons of CO ₂ e	169.33	133.30	129.79
Heavy oil	metric tons of CO ₂ e	1,217.25	3,948.27	7,339.25
Purchased steam	metric tons of CO ₂ e	30,443.05	23,292.22	17,575.37
Electricity	metric tons of CO ₂ e	3,047.07	5,096.91	5,279.58
Part 1	metric tons of CO ₂ e	1,443.22	4,145.23	7,537.44
Part 2	metric tons of CO ₂ e	33,490.12	28,389.12	22,854.95
Total consumption = Part 1 + Part 2	metric tons of CO ₂ e	34,933.34	32,534.35	30,392.39
Individual income	Thousand	2,324,578	3,254,621	4,258,258
Greenhouse gas emissions intensity (Total consumption/ Individual income)	metric tons of CO ₂ e /thousand	0.0150	0.0100	0.0071

Note 1: Types of greenhouse gas emissions: Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), and sulfur hexafluoride (SF₆).

Note 2: Method for calculating the volume of greenhouse gases: operational control method.

Note 3: The standards applied are ISO/CNS 14064-1 and ISO/CNS 14064-3.

Note 4: Methodology used: Global Warming Potential (GWP) is calculated by using the global warming potential value in the fourth assessment report of IPCC 2007, the emission coefficient method and the mass balance approach.

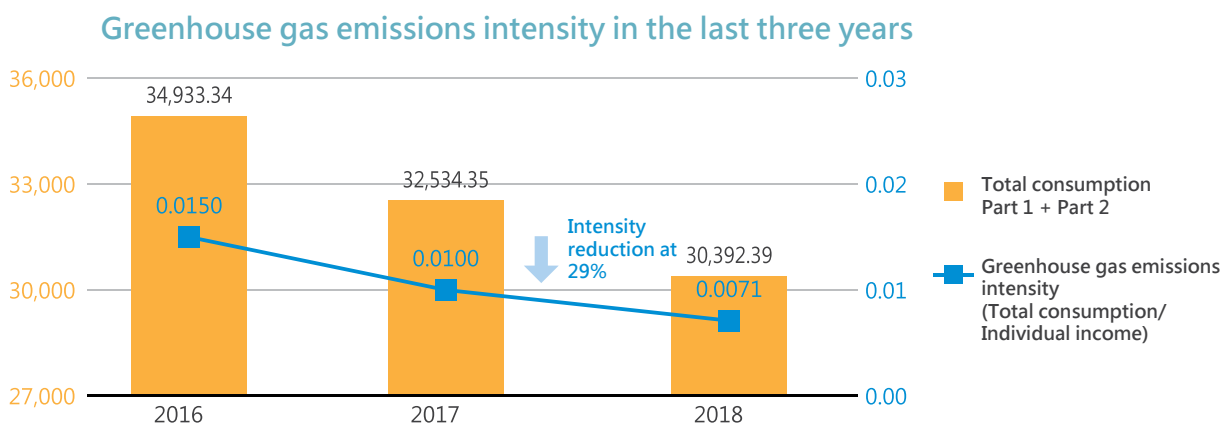
Note 5: Calculation tools used include ISO/CNS 14064-1, ISO/CNS 14064-3 and the "Greenhouse Gas Inventory Record Form" 3.0.0 (Revised)

Note 6: The source of the conversion coefficients used: The latest Greenhouse Gas Emission Coefficient Management Table (Version 6.0.3) released by the Environmental Protection Administration of the Executive Yuan.



Note 7: For greenhouse gas emission caused by purchased electricity, it is calculated by using the power discharge coefficient provided in the annual report released by the Bureau of Energy, Ministry of Economic Affairs. The power discharge coefficient for 2018= 0.554 kg CO₂e, the coefficient was 0.554 for 2017 and 0.530 for 2016.

Note 8: Note 8: The change of the specific measurement unit of the organization to measurement unit of individual revenue and the simultaneous revision of the data of the previous two years are presented in this report.



4.2 Water resource management

Water management also plays a key role in CoreMax' s sustainable development. In the context of the challenges of climate change, water conservation not only reduces the environmental footprint of the company, but also ensures that the company has stronger self-management resilience in an uncertain environment. Therefore, in 2019, CoreMax will start to promote the ISO 14046 product water footprint. The company will actively carry out water consumption investigation and improve assessment and water-saving planning. More water-saving measures will be taken to reduce the use of production water to achieve the company' s water-saving goals.

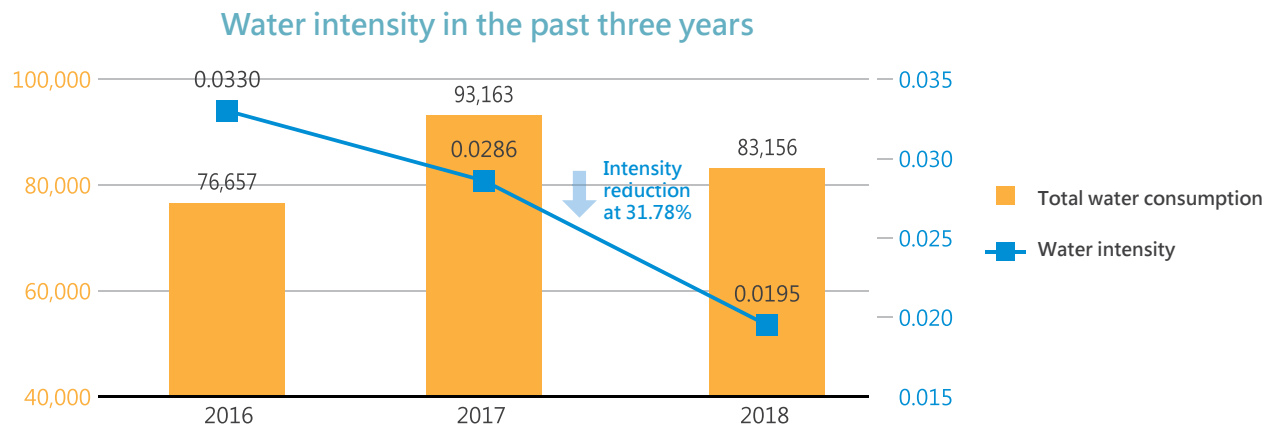
The water used by CoreMax' s Taiwan plants comes entirely from Taiwan Water Corporation. The company has never used underground water sources or water sources from any conservation area, biodiversity area, protected or rehabilitated habitat. So, the company' s use of water will not impact water sources significantly. In 2018, the Hsinchu plant' s water consumption was 36,689 tons while Toufen plant' s consumption was 46,467 tons, totaling 83,156 tons. Since the site of company' s plant is located in the Hsinchu Industrial Zone, and its water supply comes from Inya Water Purification Company and Hsinchu No. 2 Water Purification Company, so it does not have significant impact on water sources. In 2018, the company' s water intensity decreased by about 31.78% compared to 2017.

Water consumption in the past three years

Item	Unit	2016	2017	2018
Total water consumption	Ton	76,657	93,163	83,156
Individual income	Thousand	2,324,578	3,254,621	4,258,258
Water intensity (Total water consumption/ Individual income)	Ton/Thousand	0.0330	0.0286	0.0195

Note 1: The total water consumption in 2016 and 2017 is revised in this report due to the re-confirmation of the data computation interval.

Note 2: The change of the specific measurement unit of the organization to measurement unit of individual revenue is presented in this report.



4.3Pollution prevention and management

CoreMax believes that pollution prevention is one of the important responsibilities of an enterprise in its commitment to environmental sustainability. Therefore the company established the pollution prevention program on the basis of the ISO 14001 Environmental Management System. The program is driven by a “Plan-Do-Check-Act” management model to evaluate its effectiveness and continuously improve the environmental management of the company. The company believes that if it reduces the use of raw materials, energy, and other resources at the source and mitigates the production of pollutants and waste, both production cost and environmental protection can be managed effectively. The environmental regulations established by the Taiwanese government are among the strictest in the world due to Taiwan’s narrow geographical boundaries, large population, and highly concentrated factories. As for the increasingly stringent environmental standards, CoreMax closely monitors the environmental standards issued by the government and evaluates the environmental practices in its plants. If any risk of violation of laws or standards is identified, preventive measures to incite improvement will be taken promptly.

For the prevention of air pollution and water pollution, the company has established and executed relevant prevention and control measures in accordance with the laws and regulations. Through the execution of these measures, the company can enable all its facilities to perform at their maximum efficiency for the prevention of environmental pollution.

Water pollution control

The water used by CoreMax’s plants in Taiwan comes entirely from the Taiwan Water Corporation. Currently, there is no water recycling or measures for reuse in the plants. The Hsinchu plant has established relevant water treatment procedures and applied for the water discharge permit in accordance with the Water Pollution Control Act. The water waste produced by CoreMax can stay within the discharge standards after the treatment in the plant, so there is no significant impact on the local environment. In addition, the company has been actively improving its production process to reduce water consumption and generation of water waste. Water waste discharged in 2018 was 14.25 % lower than that in 2017.

Total volume of water waste discharged in the past three years

Item/Year	2016	2017	2018
Total water consumption (m ³)	30,519	34,229	29,353

Note: The total water consumption in 2016 and 2017 is revised in this report due to the re-confirmation of data computation interval.



Item of water pollution testing	2016		2017		2018	
	Emission standard (ppm)	Monitoring value (ppm)	Emission standard (ppm)	Monitoring value (ppm)	Emission standard (ppm)	Monitoring value (ppm)
Chemical Oxygen Demand COD(mg/L)	480	29~72.2	480	96~208	480	115~339
Biochemical Oxygen Demand BOD(mg/L)	400	5.7~15.8	400	17.3~69.3	400	33.4~67.8
Suspended Solids SS(mg/L)	400	2.8~16.3	400	4.1~10.1	400	11.4~15.9

Air pollution control

In its air pollution emission, only volatile organic compounds (VOCs) are emitted by CoreMax, and no particulate pollutants (Par), sulfur oxides (SOx), nitrogen oxides (NOx), hazardous air pollutants (HAP), particulate matter (PM), or other sources of air pollution are emitted.

Air pollution emissions in the last three years

Item of air pollution testing	2016			2017			2018		
	Emissions (kg)	Emission standard (ppm)	Average annual monitoring value (ppm)	Emissions (kg)	Emission standard (ppm)	Average annual monitoring value (ppm)	Emissions (kg)	Emission standard (ppm)	Average annual monitoring value (ppm)
Volatile organic compounds	2,792.35	≤ 0.674g/s	-	2,738.99	≤ 0.674g/s	-	754.293	≤ 0.674g/s	-

Note : For the annual average monitoring value, please refer to the permit. The monitoring can be conducted one year before the permit is extended. (Permit expiration date : 05/16/2020)

Waste disposal

CoreMax is concerned with the development of the government's environmental policy and the direction of legislative development. The company sends staff to attend all the public hearings and explanatory meetings related to the company's policies and regulations to acquire the latest information. Through ISO 14001 practices and cross-checks by the environmental safety offices in each plant, the company can ensure its compliance with environmental regulations. To achieve its goal of zero environmental defect, the company actively implements the internal inspections and regularly reviews and revises its work standards to strengthen the control at source. During the reporting period, there were no leaks of hazardous substances.

The waste generated by the plants of the company is all general waste including inorganic sludge waste, waste of plastic mixtures, waste of wood mixtures, domestic garbage, refractory material wastes, fiber waste or other cotton cloth mixtures. There is no hazardous waste generated. The total volume of waste in 2018 was 515.12 metric tons, higher than that of 2017. The increase of waste was mainly due to the increase in the company's output, which resulted in a relative increase in the volume of inorganic sludge waste disposal. The increase in the rest of the waste was due to the company's "6S tidy up action". The company is not in breach of Articles 1, 2, 3 or 8 of the annex of Basel Accord, and has no waste transported abroad. There were no major leaks of hazardous substances in 2018.



The company executes waste disposal in accordance with the environmental protection regulations of the competent authorities, mainly by means of outsourcing. The company has signed contracts with qualified waste removal and disposal companies that meet the requirements of relevant laws and regulations. The company tracks the transportation routes and the final disposal sites of the wastes by the vehicle GPS positioning system. Meanwhile, the colleagues of the environmental safety office also accompany the vehicles and confirm the waste disposal sites (at least once a year) to ensure that the outsourced companies properly handle all kinds of waste according to the law. The key points of the company's inspections include checking the flow direction of downstream products and communicating with waste disposal companies about the problems encountered in the disposal process. By discussing and solving problems with the waste disposal companies, CoreMax can improve the efficiency of waste disposal and avoid additional environmental burden and risk of pollution.

The disposal of sludge waste as part of the inorganic sludge waste generated by Hsinchu plant was handed to Longze Engineering Co., Ltd and sent to Changxin Environmental Protection Engineering Co., Ltd. for final treatment in physical form.

Hsinchu plant's general wastes are delivered to Hsinchu municipal waste recycling plant (an incineration plant) for incineration by Qingfeng Environmental Engineering Co., Ltd. Waste refractory material is, as arranged, handed over to Longze Engineering Co., Ltd for removal and disposal. General wastes (plastic mixture, wood mixture, fiber mixture, or cotton cloth mixture, etc.) of the Toufen plant are delivered by Huapin Environmental Engineering Co., Ltd. to Yuding Company for incineration.

Waste disposal in recent three years

Category of waste disposal	Nature	Way of disposal	2016		2017		2018	
			Weight (Ton)	Ratio (%)	Weight (Ton)	Ratio (%)	Weight (Ton)	Ratio (%)
Inorganic sludge waste	Non-hazardous	Physics	199.37	87.46	198.98	76.67	431.09	83.69
Waste plastic mixture	Non-hazardous	Incineration	6.47	2.84	13.31	5.13	20.44	3.97
Waste wood mixture	Non-hazardous	Incineration	6.76	2.96	12.97	5.00	18.43	3.58
Consumer waste	Non-hazardous	Incineration	15.36	6.74	28.94	11.15	32.14	6.24
Waste refractory material	Non-hazardous	Buried	-	-	5.33	2.05	11.64	2.26
Fiber mixture, or cotton cloth mixture, etc.	Non-hazardous	Incineration	-	-	-	-	1.38	0.26
Total weight of waste			227.96	100.00	259.53	100.00	515.12	100.00

Note: The weight of waste is the actual generation of the plants every year, so the data of the previous two years are revised at the same time.



4.4 Measures for energy saving and environmental protection expenditure

The scarcity of energy on the earth has become the most important issue today. However, use of energy will produce carbon dioxide, resulting in the greenhouse effect and global warming, so the effective management of energy is urgent. The main energy sources of CoreMax are purchased electricity and steam. To effectively reduce the environmental impact of the greenhouse effect, energy management schemes for office and public areas are launched to enhance colleagues' awareness of energy conservation.

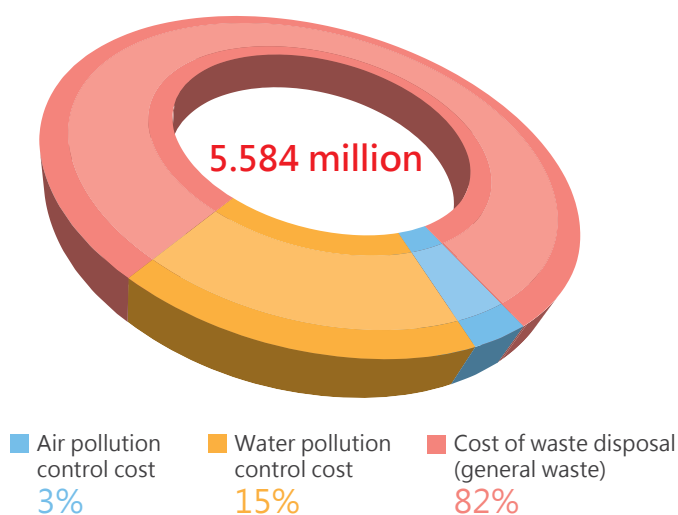
Environmental protection expenditure

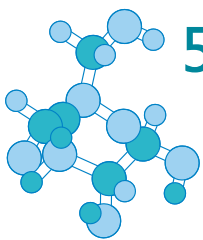
CoreMax presents its expenditure in environmental protection, health and safety, energy savings, carbon reduction, and green activities with objective data. The main expenditures include the cost of work environment tests, the cost of operation and maintenance of pollution prevention equipment, etc. The total expenditure on environmental protection in 2018 was about NT\$ 5,584,000, an increase of 31.67%.

Environmental protection expenditure in the past three years

Unit: NT\$ thousand

Item	2016	2017	2018
Air pollution control cost	151	109	187
Water pollution control cost	1,660	2,726	814
Cost of waste disposal (general waste)	1,294	1,406	4,583
Total	3,105	4,241	5,584





5. Safe and Happy Workplace

5.1 Employees

5.2 Employee' s Right and Benefits

5.3 Employee Education and Training



Project	Quality Labor relations Management policy (Key subject: Employee-employer relations, Labor relations)
Major reasons	CoreMax regards all its employees as important assets for sustainable development. With stable and outstanding employees, the company can have steady and continuous growth. Therefore, it has always been the focus of CoreMax to maintain good communication and provide the proper channels to promote smooth communication with employees. Additionally, the company strives to provide perfect working conditions and employee benefits. The company strives to achieve sustainable development through its human resource functions including employee selection, recruitment, cultivation, and retention.
Boundary of the subjects	The impact scope of the subject of employee-employer relations mainly covers CoreMax.
Limitation on the disclosure of the subject contents	The subject of employee-employer relations and labor relations in this annual report will reveal the relevant information about CoreMax.
Management objectives	Establish a working environment with harmonious labor relations and create a happy and safe environment.
Policy	<ol style="list-style-type: none"> 1. Human rights policy: Implement the norms of personal freedom and non-discrimination, employ the disadvantaged and the disabled, and with no child labor in any of the company's subsidiaries. The management of labor relations such as employee job adjustment is also in line with the labor and security regulations in Taiwan, Mainland China, and elsewhere. 2. Staff welfare policy: Establishment of Staff welfare committee, maximizing employee benefits. 3. Industrial communication policy: In order to listen to the opinions and voices of colleagues, the company holds quarterly labor-management meetings. Through the fair and effective communication mechanisms such as the employee opinion feedback channel, among other such mechanisms, the company can understand the voice of colleagues and promptly deal with these issues to promote a harmonious labor relation and create a win-win situation for the company and its employees. 4. Remuneration policy: CoreMax is committed to the construction of a better work system, and to provide competitive remuneration and transparent and institutionalized performance appraisal and promotion mechanisms. To attract and retain like-minded and outstanding talents to drive the growth of the company, it has established a professional and comprehensive training system for its employees and strives to construct a safe and healthy workplace. 5. The company strictly complies with various labor laws and regulations including the Employment Services Act, Labor Standards Act, Occupational Safety and Health Act, Labor Pension Act, Employee Welfare Fund Act and the Labor Union Act. 6. The company has implemented the regulations governing labor retirement. A labor retirement reserve supervision committee has been established to manage the retirement reserve according to the laws. 7. The company's human resource units provides internal complaint channels for employees. A gender equality complaint handling committee and an investigation team have also been established. 8. CoreMax adheres to its policy of anti-bullying. The company does not allow anyone to force or coerce any unwilling personnel to carry out labor activities. Harassment, physical abuse, or threats are forbidden by the company. 9. Equal pay for equal work: The starting salary of all grassroots employees is 40% higher than the basic salary. There is no pay gap due to gender differences. The ratio of the average pay of male and female employees at all levels and at all operation points is 1:1. 10. Treating everyone equally without any discrimination: Regardless of gender, age, ethnic group, nationality, political or religious beliefs, employee remuneration is based on factors such as job grade, position, education, and work experience as well as work performance.
Promise	The company strictly complies with government laws, corporate regulations, work rules and agreements between the employees and the employer.
Objectives and targets	The company believes that a sound personnel system with multiple communication channels can encourage employees' participation in the company's management including sustainable development and can ultimately achieve a harmonized industrial relationship.
Resources	<ol style="list-style-type: none"> 1. Total staff salary and welfare expenditure in 2018: NT\$ 317.295 million (Consolidated) 2. Full-time employees who do not hold the position of supervisor: For the year 2017: 122 employees in total. The total salary was NT\$ 73.467 million. The average salary was NT\$ 0.6 million and the median was NT\$ 0.5 million. For the year 2018: 142 employees in total. The total salary was NT\$ 91.832 million. The average salary was NT\$ 0.6 million, and the median was NT\$ 0.55 million.



Project

Quality Labor relations Management policy (Key subject: Employee-employer relations, Labor relations)

Complaints mechanism

Stakeholders may make comments or complaints through telephone, email (hr@coremaxcorp.com), the company's website, or the CSR complaint window.

Special actions

1. All employees need to undergo a semiannual performance appraisal which considers both the "Results" and the "Process". The results of the appraisals are used as the basis for the consideration of promotions, salary adjustment, bonus payment, staff development and training needs, etc.
2. "Conduct of integrity and morality" is also included in the semiannual employee performance appraisals to encourage employees to practice their words and deeds in an ethical manner, and to foster a culture of integrity among all employees of the company.
3. To jointly create and maintain a good working environment, the company holds regular employee welfare committee meetings, at which employees are encouraged to fully reflect their views and needs to the management of the company for improvement.
4. To promote harmonious employee and employer relations, the company holds regular staff and management meetings to establish an effective communication mechanism.
5. The company also holds end of the year employee activities and organizes domestic and overseas travels for employees. Departmental dinners are held quarterly while festival and birthday coupons are awarded to employees. In addition, various allowances are given to employees for weddings, funerals, celebrations, and childbirth, etc.
6. CoreMax allocates the pensions for employees according to the local statutory retirement system. Currently, 100% of employees participate in the retirement plan, and pensions for 2018 were fully allocated.
7. Apart from the employees who have less than 2 months service at the company, employees are subject to performance appraisals in accordance with the regulations.

Management evaluation mechanism

1. Departmental reports by functions are conducted twice a month: The purpose of the report is to review the progress in achieving the departmental goals and to coordinate with departments to solve problems. Resources and assistance are also available from the company to cope with the progress in the goals.
2. Employee performance appraisals are held twice a year: The purpose of the appraisal is to review the progress of individual goals, work performance and outcomes, and to plan necessary employee trainings for professional development, and to identify employees with potential for development.
3. Regular labor and management meetings are held to solve any dispute regarding employee and employer relations through adequate negotiation and communication between the two parties.

Performance and adjustment

1. To maintain smooth communication between labor and management, labor and management meetings were held for 4 times in 2018, with 50% of labor representatives and 50% of management representatives respectively, which is better than the requirements of relevant laws and regulations.
2. In 2018, CoreMax employed 25 Filipino employees (15.63% of the total number of employees) and 2 employees with physical and/or mental disorders (1.25% of the total number of employees).
3. Equal remuneration systems have been established by the company. The basic salary ratio between female and male employees at the same post level is 1:1, and the ratio between the standard salary and the local minimum wage is about 1:1.41.
4. As of 2018, there have been no gender or racial discrimination cases or labor practices complaints of human rights violations, and there have been no violations of Indigenous rights. The company underwent a labor inspection conducted by the north district inspection office of the Ministry of Labor, and there were no defects identified. In addition, there has been no forced labor, child labor, prohibition of free association, discrimination, forced overtime work, complaints, or other violations.
5. The labor and management relations are harmonious. In 2018, there were no labor disputes or other issues in the company's labor and management relations.
6. The ratio of male and female employees who have been subject to appraisals in 2018 is 100%.



5.1 Employees

Recruitment and appointment policy

CoreMax is a merit-based company which recruits and appoints employees through open and transparent channels, mainly including social recruitment and employment service centers. Other channels include professional talent hunters and employee recommendations. Through these channels, the company can obtain high-quality human resources. The company fulfills its social responsibilities including equal employment, respect for human rights, diversity of employees, prohibition of child labor and prohibition of forced labor in its employee selection and recruitment process in accordance with relevant laws and regulations of the government and company itself. The company provides equal employment opportunities to job candidates, regardless of race, gender, age, disability, religion, ethnic groups, nationality, constellation, blood type or other characteristics that are protected by law against discrimination.

CoreMax regards all its employees as important assets of sustainable development. "Equality and anti-discrimination" are the core concepts of CoreMax' s employee policy. The company strives to establish a workplace that respects human rights and values professional capability, and to provide labor conditions in accordance with relevant provisions of the Labor Standards Act. Forced labor is forbidden in any of the company's operations, and there has been no violation of human rights or deprivation of human dignity. In addition to the establishment of regulations governing the prevention of discrimination, complaint and punishment of sexual harassment, investigations, and settlements are carried out for established complaint cases. At the same time, the internal documents and rules such as the "Employee Handbook," the "Work Rules," the "Detailed Rules for Sexual Harassment Prevention," and the "Human Rights Policy," etc., all explicitly declare the protection of employees' human rights, including the laws and regulations, freedom of employment, humane treatment, and prohibition of discrimination and sexual harassment. In addition, the company has also established effective multi-channels communication mechanism, sound salary and welfare, and trainings and courses for employees' development.

As of 2018, there have been no gender or racial discrimination cases or labor complaints of human rights violations, and there have been no violations of indigenous rights. The company underwent a labor inspection conducted by the north district inspection office of the Ministry of Labor, and there were no defects identified. In addition, there has been no forced labor, child labor, prohibition of free association, discrimination, forced overtime work, complaints or other violations.

Human resources structure

CoreMax' s business operations are not only based in Taiwan. The company has expanded its operations to other Asian regions, with subsidiaries in Mainland China' s Zhuhai, Ningbo, Zhangzhou, and in Thailand' s Rayong and other regions. For its recruitment and employment, the company follows the parent company' s policy of "labor localization" . All employees of the company are directly employed without outsourced labor or dispatched labor. There is no significant change in the number of employees during the reporting period. The labor force is stable, efficient and productive.

By the end of 2018, the total number of employees in CoreMax' s Taiwan plants is 160 people (135 men and 25 women), including 25 foreign employees. In the staff structure, 99 are direct personnel and 61 are indirect personnel. The indirect personnel include 29 supervisors (15 junior supervisors, 11 mid-level supervisors, and 3 senior supervisors), among which there are 6 female supervisors. Female supervisors account for about 21% of the supervisors. In addition, senior management is all domestic employees, and the ratio of local senior managers is 100%.

In addition, the total number of employees at CoreMax' s overseas manufacturing sites is 53 people (37 men and 16 women), including 47 direct personnel and 6 indirect personnel (including 5 mid-level supervisors). Detailed employment and the distribution of genders and ages during the reporting period are shown in the table below:



Human resource structure and distribution of employees at home and abroad in 2018

Contract type	Full-time employees						Total
Sex Locations	Male			Female			
Age	Under 30	30-50	Over 51	Under 30	30-50	Over 51	
Taiwan plants	37	86	12	6	18	1	160
Zhuhai plant	1	3	1	0	2	1	8
Ningbo plant	2	2	5	1	4	1	15
Zhangzhou plant	10	8	3	3	1	0	25
Thailand plant	0	3	0	0	2	0	5
Total	49	102	22	12	25	3	213

Note 1: Note 1: The above information is obtained by the HR system based on the current employees as of December 31, 2018. There are no assumptions in the data.

Note 2: Taiwan plants include the Hsinchu and Toufen plants.

Note 3: All employees are permanent and full-time employees (including 25 foreign employees), and there are no part-time or temporary employees.

Note 4: In 2018, the non-employee workers in the plants included the contractors, two security personnel, and two cleaners. The main operation activities in the plants were mainly carried out by CoreMax' s employees.

Note 5: Senior managers are defined as those above the rank of deputy general manager.

Note 6: The nature of a job for a company in the chemical industry and the shift work is less suitable for women. Besides, there are fewer women studying chemical related subjects. Therefore, female employees of the company mainly work in logistic and secretary functions, and the difference between the number of male and female employees is relatively large.

In addition to its headquarters in Taiwan, CoreMax also has subsidiaries and manufacturing sites in Mainland China. We believe that it is our responsibility and obligation to take care of local residents. Therefore, we try our best to recruit local residents and hope to promote and contribute to the economic development of the local community.

In light of globalization, the company strives to establish a multi-cultural workplace. In addition to local employees, the company also recruits foreign employees, so that the company and employees can learn the customs and cultures of different countries and carry out international exchanges, to obtain more viewpoints and thoughts from different perspectives. In addition, we attach great importance to social care. We maintain a number of places for people with physical and mental disabilities every year, and give them opportunities to use their talents and meet their life needs. In 2018, CoreMax employed 25 Filipino employees (15.63% of the total number of employees) and 2 employees with physical and/or mental disabilities (1.25% of the total number of employees).



Distribution of employees' education in 2018

Classification		Sex	Male	Female	Total
Number of employees	Managers		14	5	19
	Professionals		22	5	27 (including 1 disabled employee)
	Administrative		6	9	15
	Technicians		93	6	99 (including 25 foreign employees and 1 disabled employee)
Total			135	25	160
Average age			36.5	35.62	36.35
Average tenure			4.35	6.8	4.74
Education	Ph.D		0	0	0
	Master		7	0	7
	College		78 (including 25 foreign employees)	25	103 (including 25 foreign employees)
	High school		50	0	50

Distribution of employee diversity, ages and genders in 2018

Age	Under 30				35-50				Over 51				Total	
Sex	Male		Female		Male		Female		Male		Female			
Item	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)
The disabled	0	0	0	0	2	0.01	0	0	0	0	0	0	2	1.25
Foreign employee	17	0.08	0	0	8	0.04	0	0	0	0	0	0	25	15.63

To cope with the company's need to expand, a total of 66 new employees (61 males and 5 females) were recruited in 2018, including 1 mid-level supervisor and 3 trainee junior supervisors. The number of new employees recruited in 2018 was 66 (61 males and 5 females), with a new recruitment rate of 41.25%. On the other hand, the number of employees who left company was 58, with a quitting rate of 36.25%.

New recruitment and turnover rate in 2018

Classification	New recruitment rate						Quitting rate					
	Male		Female		Total		Male		Female		Total	
Age	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)	Number (person)	Ratio (%)
Under 30	19	12%	1	1%	20	13%	19	12%	2	1%	21	13%
30-50歲	36	23%	9	6%	45	28%	32	20%	5	3%	37	22%
Over 51	1	1%	0	0%	1	1%	0	0%	0	0%	0	0%
Total	56	36%	10	7%	66	42%	51	32%	7	4%	58	36%



Note 1: The above information is obtained by the HR system based on the current employees as of December 31, 2018. There are no assumptions in the data.

Note 2: The number of new/separated employees includes foreign employees, and the number of new employees does not deduct the number of separated employees during the period.

Note 3: New recruitment rate of the age group of male and female = number of newly recruited male and female employees in this age group in 2018 / total number of employees at the end of 2018.

Note 4: The quit rate of male and female employees in this age group = the number of separated male and female employees in this age group in 2018 / the total number of employees at the end of 2018.

Note 5: There were no retirements in 2018, and the number of separated employees includes those who have voluntarily left or been fired.

The minimum announcement period for operational changes

We attach great importance to the factors of employee turnover. Exit interviews are held between the former employee and supervisor or human resources personnel for each case to understand the reasons and make necessary improvements, to provide a better workplace, system, and enhance employee loyalty.

CoreMax complies with the regulations governing the procedures for the notice of employment termination. The company requires that the notice period for termination of labor contracts should be as follows:

- (1) if the employee has worked continuously for more than 3 months but less than 1 year, the notice should be given 10 days in advance.
- (2) If the employee has worked continuously for more than 1 year but less than 3 years, the notice should be given 20 days in advance.
- (3) If the employee has continuously worked for more than 3 years, the notice should be given 30 days in advance.

In terms of position change, the direct supervisor of the employee involved in the position change should discuss the change with the employee several weeks ahead of the change of the position. If the employee is content with the change, the announcement for the change can then be made as scheduled.

5.2 Employee' s Right and Benefits

Better pay structures than peers in the industry

CoreMax' s salary is based on education and relevant experience, and the base salary does not vary by gender. At the same time, the company, according to the salary survey results of the science park, evaluates the salary level of the market and the overall economic indicators to make appropriate adjustments and plans for the employee's salary. Employees of the company are paid according to the local salary level surveyed and the positions held in the company regardless of gender, age, marital status, political preference, race, etc. Under the company' s equal pay system, ratio of the basic salary paid to female and male employees of the same position and grade is 1:1. The starting salary of operators, engineers, administrative staff, and operational supervisors is determined according to their relevant work experience, professional qualifications and education. (For example, the starting salary for all new operator employees is above NT\$31,000, which is 1.41 times the basic salary NT\$ 22,000 stipulated in Taiwan' s Labor Standards Act in 2018).

CoreMax' s employees are paid better than the requirements under the Labor Standards Act. The average monthly salary in December 2018 was NT\$ 50,000. Currently, the starting salary of direct employees is more than NT\$ 31,000, higher than the salary level of the industry (75% or more). In addition, employees also enjoy monthly performance bonuses, a surplus dividend, and an end of the year bonus. In 2018, the employees of the company received 16 months' salary on average. Employee performance bonuses, dividend, end of the year bonus, and other non-fixed rewards are distributed based on the individual contribution of the employee' s, achievement rate of key performance indicators, and performance appraisal results.

In addition to offering competitive salary, CoreMax also provides employees with statutory benefits, fair salary benchmark, and equal promotion opportunities. The company distributes surplus dividends and year-end bonuses according to employees' performance. By doing so, the company is able to share economic growth with colleagues and retain talents.



Fair performance appraisal system

CoreMax' s performance management and development system aims to improve employees' individual performance and the overall performance of the company. With the two-way communication and staff development plan, the company' s system evaluates the performance with fair and reasonable evaluation procedures. The entire staff needs to undergo the semiannual performance evaluation which takes into consideration both the "results" and the "process." The results of the evaluation is taken as the basis for determining job promotions, salary adjustments, bonus payments, and the training needs for staff development. CoreMax attaches great importance to the consistency and fairness in payroll practices and management. Each employee is paid according to their academic and professional experience. As for the cash bonus and employee dividend, the total amount of bonuses and the mode of distribution is proposed to the board of directors according to the company's business performance as a whole to ensure that the amount of the payment is closely linked to the company's financial and operating performance. Then, the amount of bonus for each individual employee is determined by considering the employee' s work responsibilities, contributions, and the results of his/her performance evaluation. Salaries and performance bonuses paid by the company do not vary due to differences in gender, age, religion, race, skin color, marital status, physical and/or mental disabilities, nationality, political party, constellation, or blood type.

To achieve the objectives of "distinguishing and developing talents" , CoreMax has established the "Objective management and performance appraisal" mechanism which contains three major steps, namely, "Initial goal setting," "Mid-term goal reviewing," and a "Final performance evaluation." All employees of the company are subject to performance appraisals, and the appraisal of all employees except those who have been working for less than 2 months should comply with the regulations. In 2018, a total of 6 employees were not subject to performance appraisal due to less than 2 months of service, and the remaining 154 employees participated in the performance appraisal (25 females and 129 males). The proportions of male and female employees who received the appraisal were both 100%, which shows that the company has no gender discrimination and provides employees with a fair opportunity for promotion and development.

CoreMax' s performance appraisal process



Reviewing the past and looking to the future



Annual business management meeting

The purpose of the annual business management meetings is to analyze the internal and external environment of the company, find out the key factors of success, and set the annual business goals. To achieve the company's goals, the functional departments set departmental goals to support the achievement of the company's overall targets. Then, the department managers distribute the tasks to employees to set individual goals served as the support to the departmental goals.

Departmental report made twice a month

The purpose of the departmental meetings is to review the progress of department goals and coordinate the departments to solve problems. The company provides timely resources to monitor the status and progress of target achievement.

Employee performance appraisal twice a year

The employee performance appraisal aims to make plans for employees' work, training and development by reviewing the past individual objectives and work performance, as well as to identify employees with developmental potential.

Employee benefits system

CoreMax attaches great importance to the retention of talented employees, ensuring equal work opportunities and reasonable performance evaluation system for employees, which is superior to other salary and bonus systems in the industry. Recruitment localization is a policy among all the long-term HR policies established by the company. The company also ensures that all of its employees are covered and secured by insurance and pension schemes. In addition to pursuing a healthy and safe workplace, the company also pays attention to employees' psychological health. Domestic and overseas travels and leisure activities are organized to help employee relieve stress and improve their physical and psychological health. The employee benefits provided by CoreMax' s subsidiaries meet or are even superior to the requirements of the labor laws and regulations established by the local government, making the company' s domestic and overseas employees feel safe and protected.

The company regularly holds welfare committee meetings for employees to fully reflect their needs and report to the management for improvement, so as to jointly maintain and create a good working environment. The welfare committee organizes cultural and health activities, quarterly dinners and travel activities, and provides maternity subsidies, holiday gifts and vouchers, emergency aid fund, etc. When the company issues new shares, 10% of the total amount of new shares will be reserved for employees to purchase to motivate employees and improve employee cohesiveness and productivity.

In addition to providing a sound personnel system, CoreMax insists on providing employees with comprehensive welfare, leisure, and relaxation facilities, so that employees can relax physically and mentally after work. At the same time, the various activities can enhance the interaction and friendship among colleagues to establish a happy and harmonious workplace. All employees employed by the company are protected by the Labor Standards Act of the government and the mutual agreement between the employer and the employees. The employees of CoreMax are entitled to the following benefits:

- Domestic and overseas travels
- Good insurance coverage (Labor insurance, health insurance, group insurance, cancer insurance and travel safety insurance)
- The pension fund under the new system is allocated at the rate of 6% per month. The pension fund under the old system is allocated in full.
- Education and training courses are fully subsidized.
- Free regular health examinations and free health examinations for supervisors
- Employee dividends and shareholding



- Emergency payment, hospital consolation payment and funeral allowance
- Wedding red envelope
- Maternity gift: NT\$30,000 per child (NT\$ 100,000 for the third child)
- Gifts for the three festivals, gift voucher for May 1st, and birthday gift voucher
- Quarterly departmental meal allowance

In addition to the statutory labor insurance system, the company also provides group insurance (life insurance, accident insurance, and medical insurance) and plans to extend the premium to dependents at a lower cost. The company understands that a sound insurance system enables employees to work without worries.



1. National health insurance
2. Labor insurance
3. Group insurance: life insurance, accident insurance and medical insurance
4. Cancer insurance: cancer claims for the first time, cancer care, death caused by cancer
5. Overseas travel safety insurance

CoreMax employee welfare activity in 2018





Employee travel



Departmental dinner party





Employee-employer communication

CoreMax firmly believes that harmonious labor relations are crucial to achieving efficiency, high productivity, and satisfactory business performance in a company. Therefore, the company values the communication of employees' opinions and encourages the use of open communication channels to improve employee morale and create a harmonious working environment to maintain good employee relations and a smooth two-way communication channel.

CoreMax respects employees' freedom and right of association and assembly as provided by law, and is committed to providing unobstructed communication channels, including labor and management conferences and annual employee interviews, to integrate all resources and work together towards the common goal. We attach great importance to the opinions of colleagues, and regularly hold the company's labor and management conferences. There were 4 labor and management conferences held in 2018, with 50% of labor representatives and 50% of management representatives, meeting the requirements of relevant laws and regulations. The labor and management conferences invite colleagues from all over the company to participate and provide suggestions so the management can learn colleagues' opinions on management and welfare system, as a reference for future policy making and system improvement. So far, the relationship between the employers and the employees has been harmonious, and there have been no labor disputes or any events that need coordination between the employer and the employees. As early as in 2004, the company established the employee welfare committee (hereinafter referred to as the welfare committee), where the members were elected by the employees to manage the welfare funds independently. The committee sets various subsidy standards and handles diversified staff activities according to the needs of the employees. In addition to various subsidies, the annual employee welfare allowance for 2018 also covers various activities, including end of the year travel, hiking, end of the year dinners, talent competitions, sports activities, and health lectures.

- 1.The employee welfare committee formulates welfare policies that meet the needs of the staff.
- 2.Ensuring two-way communication at labor and management conferences.
- 3.Establishing the annual employee interview mechanism to listen to employees' opinions.



Labor and management conferences

Retirement system

CoreMax provides pension funds for each employee in accordance with the statutory retirement system in different regions, and the employees' participation rate in the retirement plan is 100%. In Taiwan, according to the Labor Standards Act and the Labor Pension Act, employees who have been employed since June 30, 2005 (inclusive) are entitled to the annuity under the old pension system, but are entitled to the annuity under the new pension system only after they choose to be eligible for the new pension system. The old pension is paid in full to the old retirement reserve account at the Bank of Taiwan at the rate of 2% of the salary of each employee with the old pension. Under the new pension system, 6% will be allocated to the individual pension account on a monthly basis according to the pension level of each worker eligible for the new pension system. In addition to the 6% pension allocated by the employer, the employee may choose a pension ranging from 0% to 6% based on his/her own pension level and may deposit it into the individual pension account. By the end of 2018, one person has chosen to retire under the old pension system while 134 employees under the new pension system.

In addition to the statutory labor and medical insurance system, the company also provides group insurance (life insurance, accident insurance and medical insurance) and plans to extend the premium to dependents at a lower cost. The company understands that a sound insurance system enables employees to work without worries.

Suspension without pay

The company also gives a variety of leaves according to the Labor Standards Act, if there is a need for a longer leave due to infant care or serious injuries or other conditions, an employee may apply for suspension without pay. After the expiration of the leave period, the employee may apply to reinstate their position. In 2018, no employee applied for suspension without pay due to infant care.



5.3 Employee Education and Training



Project	Training and education Management policy (Key subject: Training and education)
Major reasons	CoreMax regards all its employees as important assets for sustainable development. With stable and outstanding employees, the company can have steady and continuous growth. Therefore, talent cultivation is an important issue to the company. The company, according to the needs of various departments, provides diversified education and training to employees to strengthen the competitiveness of the company, which is conducive to the long-term sustainable development of the company.
Boundary of the subjects	The impact scope of the subject of training and education mainly covers CoreMax.
Limitation on the disclosure of the subject contents	In the annual CSR report, the subject of training and education will reveal relevant information about CoreMax' s employee training and education.
Management objectives	"Improving the quality of human resources" is the core of our human resource policy. With diversified trainings for our employees, we aim to improve the overall competitiveness of our employees and the company, and commit to sustainable development of the company.
Policy	Systematic training of all-round professional and technical personnel, as well as good employee ethics and social care awareness.
Promise	The company treats employees equally and provides the most appropriate career planning and diversified training courses to help each employee improve the knowledge and skills needed for their career development and job functions.
Objectives and targets	Develop annual education training programs : In order to comply with the company goals, departmental development and the objectives of individual professional growth, and to improve the competitiveness of the company and its employees, the company integrates its internal and external resources, oversees the business environment and future trends, and provides its employees diversified training courses.
Resources	In 2018, the total expenditure on staff education and training was NY\$ 382,122, with a total of 3,388.5 hours.
Complaints mechanism	Stakeholders may submit their views or complaints through telephone, email (hr@coremaxcorp.com), the company's website, or the CSR compliant window.
Special actions	<ol style="list-style-type: none">1. The company provides executive training, technical training, on-the-job training, and general training.2. The training courses of ISO 45001 Occupational Safety and Health Management System were introduced in 2018.3. The training courses of ISO 50001 Energy Management System were introduced in 2018.4. The company provides CSR training courses to the CSR team of the company every year.5. New recruits are given a 12-hour education and training course on the orientation day, which includes rules and regulations, courses about integrity and ethics, work rules and disciplines, and general training about safety, health, and hazardous substances.6. Through the "Annual education training program" , the company provides systematic training of professional and technical talents, and cultivates good employee ethics and social care.7. The company values individual career development and develops training programs for employees at different levels. Through the implementation of the annual training plan and the provision of training time and financial subsidies, the company encourages its employees to take the initiative in lifelong learning and to enhance their abilities to adapt to the new demands of the business environment.



Project

Education and training Management policy
(Key subject: Education and training)

Management evaluation mechanism

1. Departmental reports made twice a month: The purpose of the departmental meetings is to review the progress of department goals and coordinate the departments to solve problems. The company provides timely resources to monitor the status and progress of target achievement.
2. Employee performance appraisal twice a year: The employee performance appraisal aims to make plans for the employees' work, training, and development by reviewing the past individual objectives and work performance, as well as to identify employees with developmental potential.

Performance and adjustment

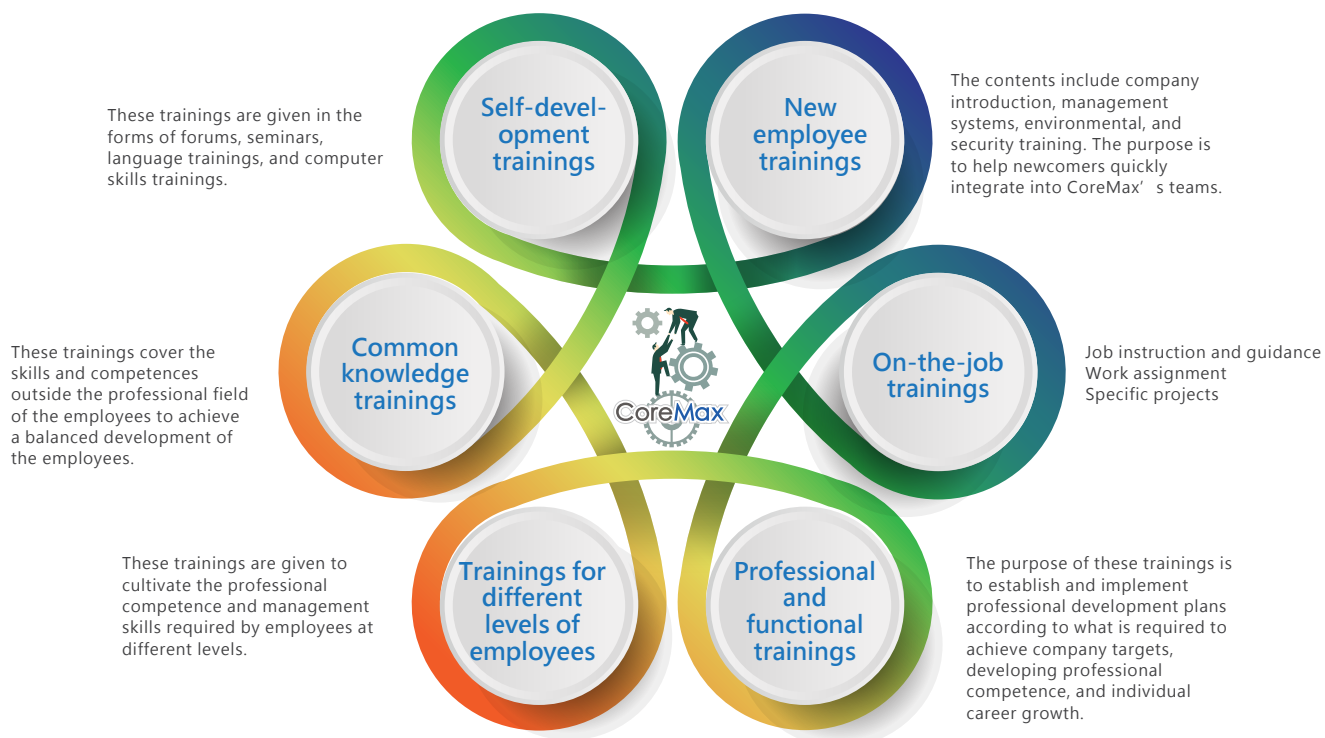
1. In 2018, the average hours of classroom training courses per person was 21.18 hours, an increase of 4.25 hours compared with that of 2017. The total number of hours increased by 815 hours compared to 2017. The total expenditures on employee training was NT\$382,122.
2. The security personnel of CoreMax are outsourced to an external security company and must receive 2 hours of security training every month.

Cultivation of talents

CoreMax regards employees as the company's most important assets, so talent cultivation is one of the company's important tasks. In order to improve the competitiveness of the company and its employees, the company integrates its internal and external resources and oversees the business environment and future trends to plan diversified training courses for employees to cope with the development of different departments. .

The company makes an annual education plan with diversified trainings for its employees. To improve the competitiveness of the company and its employees, the company integrates its internal and external resources and oversees the business environment and future trends to set company targets, departmental goals, and the objectives of individual professional development. The types of education and training provided by CoreMax can be classified into new employee trainings, on-the-job trainings, professional and functional trainings, trainings for different levels of employees, general knowledge trainings, and self-development trainings to enhance the overall competitiveness of the team.

Education and training system





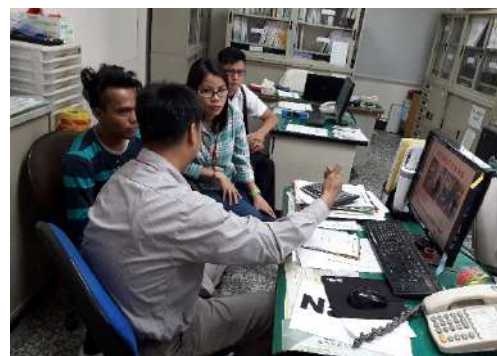
■ New employee training

To establish employee-employer relations and effective communications, all newly recruited employees are given pre-job training on their orientation day. The labor contract is signed to clarify the benefits and obligations of both parties. The pre-job training also gives the new employees the knowledge of the company' s HR and salary policies, working hours, rules and regulations, labor safety and health, with the purpose of helping the new employees to integrate into the work environment. The first part of the training covers the information about the history of the company, its organization structure, benefit system, work safety, and environmental protection awareness, which provides new employees with a sense of identity with the company through the understanding of the company' s business philosophy, values, and prospects. Another important part of the training curriculum is about ethical practices and company regulations and disciplines. In addition, the supervisor or HR unit, from time to time, will stress and publicize the value of morality and integrity in daily meetings or announcements to guide the employees to observe the disciplines and relevant regulations of the company. Also, they include ethical behaviors in the staff performance appraisal held in every six months. By doing so, the company can ensure that all employees behave in a proper and ethical way so that a culture of honesty and anti-corruption can be established.

New recruits are given a 12-hour education and training course on the orientation day, which includes the courses about integrity and ethics. The second chapter of the work rules, namely the code of conduct and the disciplines, are also introduced to reinforce the effect of the trainings.

■ On-the-job trainings

The purpose of these trainings is to enable the employees to quickly adapt themselves to the daily routine. The trainings are organized according to the content of the employees' work, individual competence, and in the forms of job assignment, job instruction, and guidance as well as engagement in specific projects.



Courses of on-the-job trainings



■ Professional and functional training

These trainings are given to improve employees' professional competence in the fields of production, quality assurance, environmental works, information technology, business, human resources, research and development, finance, etc. The purpose of these trainings is to improve employees' work performance and the competitiveness of the teams.



CSR trainings



Training of ISO 45001 Occupational Safety and Health System.

■ Management trainings for employees at different levels

The management trainings for employees at different levels are designed to train employees with the knowledge and skills required for individual career development and the development of the company and various departments.

- Executive management trainings:
Managerial employees play an important role in the operation of an organization. These trainings provide the management and leadership skills required in managerial positions at different levels.
- Technical personnel training:
These trainings provide the knowledge, technical skills, and work attitudes required for technical positions. Technical staff may obtain relevant technical certifications and permits through successful completion of the trainings.

■ Common knowledge trainings

To support the company's overall vision and objectives in its development, the company has launched the courses for common knowledge trainings. These trainings provide opportunities for the employees to have a common sense of teamwork to achieve the overall goals of the company. At CoreMax, in addition to professional competence, we also value colleagues' personal development. By providing these trainings the company enables its colleagues to achieve balanced development in their professional field and personal life.



Time management and work management



The program of target performance management and KPI setting practices

■ Self-development trainings

CoreMax encourages its employees to pursue external training opportunities. In addition to acquiring professional skills in the workplace, colleagues can also participate in forums, seminars, language trainings, computer skills trainings, etc. organized by other training institutions. By doing so, employees can attain new knowledge and skills that are beneficial for their personal development.

CoreMax not only provides education and training about the employee rights and interests, labor safety regulations, and Occupational Safety and Health Act and Labor Standards Act immediately after they are hired, but the company also provides education and training courses of different levels in the process of talent development. Training programs are designed to train employees with the knowledge and skills required for individual career development and the development of the company and various departments. These trainings, including new personnel trainings, work safety and health trainings, professional courses, common knowledge courses, supervisor management courses, etc., provide knowledge and skills required in an employee's personal development and in the development of the company. In 2018, the average number of hours spent in classroom training courses per person was 21.18 hours. This was an increase of 4.25 hours compared with that of 2017. The total number of hours increased by 815 hours compared with 2017. The total expenditures on employee training was NT\$382,122.



Employee trainings provided and the training costs for 2018

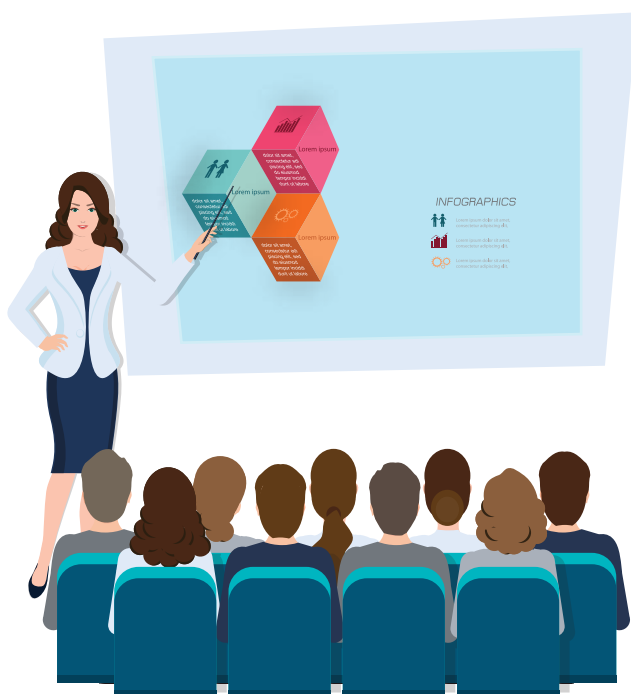
Item	Number of classes	Male (person)	Female (person)	Total persons	Male (hrs)	Female (hrs)	Total hours (hrs)	Total cost (NTD)	Average training hours per person per year
New employee training	44	55	10	65	55	10	780	0	Average training hours per person per year 21.18 hours
Professional competency-based training	72	165	22	187	165	22	1,062.5	157,510	
Manager's competencies training	7	9	1	10	9	1	162	41,500	
General education training	23	260	67	327	260	67	1,384	183,112	
Total	146	489	100	589	489	100	3,388.5	382,122	

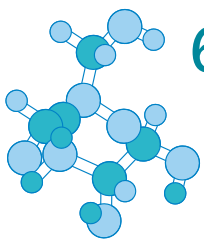
Note 1: The above training expenses shall be borne by the company.

Note 2: Annual average training hours per person = total training hours per year/total number of staff.

Education and training of security personnel

CoreMax's security functions are outsourced to an external legitimate security company (Kuohsing Security Co. Ltd). The security personnel are given 2 hours of training and education every month. The course content includes traffic management training, case sharing, and prevention of re-occurrence of the security issues in the area of duty. In addition, the courses provide the security personnel with knowledge about the company regulations and the laws and regulations published by the competent authority. This is to ensure the security personnel's compliance with regulations. In 2018, no training about human rights policy provided was to the security personnel.





6. Workplace Safety, Disaster Prevention and Managements

6.1 Healthy Workplace

6.2 Disaster Prevention and Management

6.3 Community Contribution and Participation



Project		Health, safety, and disaster prevention Management policy (Key subject: Occupational Safety and Health, Local community)
Major reasons		Maintaining the safety and health of all personnel (in and out of the plant, and for community residents) is the fundamental basis on which the company can operate continuously. Improper management of safety and health may not only cause the company to face legal ramifications, but can even cause the casualties of its employees. In serious cases, it may cause business interruption. Therefore, providing a healthy and safe environment for employees and ensuring the safety of the community are CoreMax' s obligations, as well as the company's responsibilities to the society.
Boundary of the subjects		The impact scope of the subject "Occupational Safety and Health, Local community" covers the safety and health management issues of CoreMax, its contractors and its suppliers.
Limitation on the disclosure of the subject contents		The subject "Occupational Safety and Health, Local community" in this annual report will mainly reveal the safety and health related information of CoreMax and its contractors which operate in CoreMax' s plant areas.
Management objectives		The company has always complied with related laws governing occupational safety and health. Employees of the company are given good trainings to obtain knowledge about industry safety and health so that occupational hazards can be prevented. The company regularly carries out emergency drills to minimize hazards in case of accidents in the plants to ensure the safety and health of people and the property.
Policy		The company consistently complies with the laws and regulations governing environmental protection and occupational safety and health published by the competent authority. By providing comprehensive trainings, the company' s employees can learn the concept of environmental protection and apply what they learn in the business operations so as to improve the production efficiency, prevent pollution, and prevent occupational disasters. CoreMax understands that fulfilling the company' s corporate social responsibility is the only way to ensure the success in both economic growth and environmental protection.
Commitments and goals		<ol style="list-style-type: none">1. To establish a healthy and safe working environment, the company strictly complies with relevant laws and regulations governing occupational safety and health, and strives to achieve zero workplace injuries and zero environmental accidents.2. The company is expected to obtain the ISO 45001 Occupational Safety and Health Management System certification in 2019.3. By continuously improving facility standards and safety and health operation procedures, the company is actively constructing a safe and healthy workplace to prevent occupational injuries and illnesses, and to protect labor safety and health.
Resources		<ol style="list-style-type: none">1. The company conducts disaster prevention workshops and emergency drills on a regular basis.2. The company provides regular health examination for employees, and arranges special physical examination for employees with high rate of occupational illnesses and who perform high-risk work.3. The company provides protective equipment required by laws and regulations to ensure the safety and health of employees.
Complaints mechanism		Stakeholders can give feedback or make complaints and suggestions for improvement through telephone, email, the company's website and the CSR complaint window.
Special actions		<ol style="list-style-type: none">1. In 2018, the company introduced the ISO 45001 Occupational Safety and Health Management System, and it is expected to obtain the certification in 2019.2. The company has "Internal disaster emergency response procedures and measures" to regulate the organization, communication and emergency treatment when accidents happen. An emergency response team has also been established.3. The company carries out the annual occupational safety and health education, and training plans based on the annual budget of each department, so as to strengthen employees' awareness of safety and health while preventing and reducing the occurrence of occupational disasters.4. The company provides education and trainings on emergency response on a regular basis. All departments should hold an emergency drill after the education and training. In 2018, CoreMax conducted the "self-defense firefighting marshalling drill and testing" scheme for the self-defense firefighting in regular plants and high-tech plants.



Project

Health, safety, and disaster prevention Management policy
(Key subject: Occupational Safety and Health, Local community)

Special actions

5. The responding measures to the emergency in the plants include the work safety education and training, car tank filling safety management, contractor safety management, safety inspection, and the fire accident emergency response plan.
6. For plant emergency response, the company attends the workshop at an off-site location providing education on emergency response conducted by workers' safety and health association of Hsinchu Industrial Park and the procedures of off-site emergency response of the plants in the industrial park.
7. CoreMax has established transportation management measures and other procedures directly related to transportation to properly manage the transportation inside and outside the plants, and conduct management evaluation and other related measures for vehicles and transportation companies.
8. The company provides regular health examination for employees, and arranges special physical examinations for employees with a high rate of occupational illnesses and high-risk work.

Management evaluation mechanism

Every Monday the company reviews the labor safety issues that had occurred in the previous week, and educates its employees on strictly complying with the work-safety related regulations.

Performance and adjustment

1. No employees suffered from occupational diseases in 2018.
2. For two consecutive years, there were no work injuries, occupational diseases, major occupational disasters, or work-related deaths.
3. In 2018, there were no relevant safety accidents in or outside the plants.

6.1 Healthy Workplace

Due to the occupational disaster caused by improper operation of the stacking machine in the plant in 2014, the company's industrial safety staff, the accident unit, and relevant personnel conducted accident investigations and analyzed the cause of the accident to prevent a similar occurrence from happening in the future. The investigators proposed measures for improvement that can continuously reduce and avoid the recurrence of industrial safety accidents. For the two consecutive years of 2017 and 2018, the company's employees and workers (contractors, 2 security personnel and 2 cleaners) had no workplace injuries, occupational diseases, major occupational disasters, or work-related deaths. Statistical analyses of occupational disasters are as follows:

Statistics of occupational safety performance in recent three years

Item(s)	Calculation Rules	2016		2017		2018	
		M	F	M	F	M	F
Injure Rate (IR)	(Total workplace injuries/Total working hours) X200,000	3.63	4.89	0	0	0	0
Occupational disease rate (ODR)	(Total occupational diseases/Total working hours) X200,000	0	0	0	0	0	0
Lost day rate (LDR)	(Total lost days/Total working hours) X200,000	10.92	0.99	0	0	0	0
Absence rate (AR)	(Total absentee days during the reporting period/Total working days during the reporting period) X 100%	5.73%	6.77%	5.09%	6.10%	12.92%	9.64%
Number of annual deaths	Number of deaths due to workplace injuries during the reporting period	0	0	0	0	0	0

Note 1: The work safety data does not include employees' traffic accidents on the way to and from work.

Note 2: Note 2: Absentee rates include special leave, work injury leave, sick leave, personal leave, absence from work, physiological leave, maternity leave, paternity leave, prenatal check-up leave, funeral leave, marriage leave, and family care leave. Among these, the work injury absence rate was 0.



Staff health check

According to the “works with particular harms to health” in the Labor Health Protection Rules, CoreMax provides special physical examination to employees when they are employed or change their jobs. CoreMax also conducts a special health examination every year, and regularly carries out inspection on the labor work environment. The administrative department makes records of the employees’ physical examination results and conducts one-on-one consultations with the employees to comprehensively evaluate the nature of the work, living habits, family illness history, and other factors that may have an impact on employees’ health. Based on the information collected, the department provides improvement suggestions for employees and the company. In addition, the administrative department has listed the employees with high risk of work overload in the special care list and encouraged colleagues to participate in health improvement activities. If an employee’s health condition is recorded by the administrative department, he or she will be followed up with every 3 months. There were no cases of occupational diseases in 2018. To ensure the good health condition of the employees, the company provides regular health examination in every two years, such as general physical examination and supervisor health checks. Special physical examinations are also provided to employees whose works have high occurrence of occupational disease and high risks. For employees with abnormal readings, the company will track the employees’ health conditions and give necessary personal health advice to make the employees aware of their own health conditions. To ensure the physical and mental health of the employees, and for the employees in the workplace that are particularly harmful to health, the company carries out special health examination every year while the general health inspections for all the in-service employees are provided every two years. The plants of the company, in accordance with regulations, formulate environmental monitoring plans to control the aspects of the work environment especially harmful to health operations such as noise, dust, manganese and nickel. Additionally, we periodically assign external organizations to carry out environmental monitoring and personnel health inspections. Employees’ health examinations have been among the top issues of the company.

The number of staff who received health examinations in the past three years

Year	2016	2017	2018
Items for general physical examination	1.General	4.Hearing	7.Cytoscreen diagnostic
	2.Vision	5.Blood, Urine	8.Precise instrument screen
	3.BMI	6.Biochemistry test	
	* The items mentioned-above are a routine test for labors.		
Number of persons have a general physical examination	-	49	-
Items for special physical examination	Noise, dust, manganese, nickel		
Number of persons have a special physical examination	24	27	78



Health examination

Disaster prevention

CoreMax’s safety and health management has evolved from passive compliance to active establishment of disaster prevention measures. With its systematic, regular and continuous control measures, the company can effectively prevent disasters and minimize the potential risks and losses.



Project

Contents

Maintenance and inspection of all equipment

- 1.The company conducts annual inspection in accordance with the "Regulations Governing the Certification and Declaration of Public Safety Inspection of Buildings" .
- 2.The company assigns external parties to conduct firefighting inspections every year in accordance with the "Fire Services Act" .
- 3.The company carried out monthly fire safety equipment inspections in accordance with the "Fire Services Act" .
- 4.The company assigns external parties to conduct inspections on high and low voltage equipment every year in accordance with the "Occupational Safety and Health Act" .
- 5.The company assigns external parties to carry out lift inspections and maintenance every month in accordance with the "Occupational Safety and Health Act" .
- 6.The company assigns external parties to carry out electrical equipment inspection and maintenance every month.

Disaster prevention measures and response

- 1.The company, in accordance with the "Occupational Safety and Health Act" has established the safety and health management plans to prevent occupational accidents.
- 2.The company conducts four hours of self-defense fire marshalling training every six months in accordance with the "Fire Services Act" .
- 3.Every year, the company assigns site safety and health personnel, operation supervisors, operation personnel, fire management personnel, security personnel to trainings provided by external parties in accordance with the "Occupational Safety and Health Act" and the "Fire Services Act" .
- 4.The company carries out chemical emergency response every year in accordance with the ISO 14000.
- 5.The company has established the emergency response team responsible for reducing the impact on personnel and property in case of emergency.

Physical health

- 1.The company provides physical examination for new staff, regular physical examination for in-service staff every year or every two years in accordance with the "Occupational Safety and Health Act" .
- 2.The company carries out drinking water inspections quarterly in accordance with the "Drinking Water Management Act" .
- 3.The company carries out work environment inspections every six months in accordance with the "Occupational Safety and Health Act" .

Notification of hazardous factors in the contractor's operation

The company controls contractors' operations containing hazardous factors and notifies all personnel of the hazards in accordance with the "Occupational Safety and Health Act" .

Ongoing monitoring and audits

For the environmental safety operation of the plants, the company has established a complete audit procedure, as well as routine inspections, high-risk operation inspections, and supervisor inspections in addition to carrying out various environmental inspections and personnel work environment inspection in accordance with the laws. By doing so, the company can continuously improve its environmental safety performance.

Contractor safety and health management

CoreMax' s contractors are one of the key factors that have impact on the company' s occupational safety and health in its plant areas. The operations conducted by the contractors may cause loss of personnel, equipment and property if it is not controlled properly. To protect the interests of the company, it provides the contractors with information and regulations about the safety, health and environmental protection of the company's plant areas, to ensure the safety, health, environmental protection and the progress of the projects. Regulations governing the management of the contractors have been established by the company as the rules and guidance for ensuring the implementation of the aforesaid measures. The regulations detail all the rules that should be paid attention to before, during, and after construction, so that all contracted projects can comply with the relevant regulations and control potential risks that may cause loss of plants.

CoreMax attaches great importance to the safety and health management of its employees. To ensure the safety and health of contractors and employees and the maintenance of facilities, all contractors entering the plants should comply with the Occupational Safety and Health Act and the provisions provided in the "Construction personnel safety discipline commitment," the "Construction personnel health commitment," and the "Contractors' safety, health and environmental protection declaration" established by the company.



In addition to the allocation of labor security personnel with relevant certificates in accordance with laws and regulations, adequate education and training are provided to ensure that employees have the knowledge and skills related to labor safety and health. CoreMax hopes that contractors can work together with the company for labor safety and health.

■ Communication and coordination of safety and health in plants

Currently, there is no labor safety or health committee in the plants, but CoreMax has an occupational safety and health management unit, namely the environmental safety office, which is directly subordinate to the general manager's office and is responsible for planning, supervising and promoting occupational safety and health related issues. The office holds regular labor and safety meetings every week. The labor and safety meetings are held by the heads of units and labor representatives, which review and coordinate the issues related to labor safety and health such as safety and health policy, work environment management, health management, potential hazard risk prevention and management, contractor management, fire drill and education and training, etc., and provide the opportunity to give advice. The number of labor representatives accounts for about 50% of the total number of the participants of the labor and safety meeting.

To implement the occupational safety and health policy and achieve the goal of "zero work injury at work place," the company strives to strengthen its management systems and implement relevant policies through the establishment of a good communication channel, effective and efficient management systems, quality education and trainings as well as work environment improvement.

6.2 Disaster Prevention and Management

Safety is the fundamental basis of manufacturing and quality yield. We comply with the laws and regulations of occupational safety and health in Taiwan and uphold the spirit of continuous improvement. Through total employee involvement and mutual assistance in safety procedures, we hope to successfully build a healthy and safe workplace where we can effectively prevent accidents, improve employees' safety and health, and protect the company's assets.

📌 Emergency response management

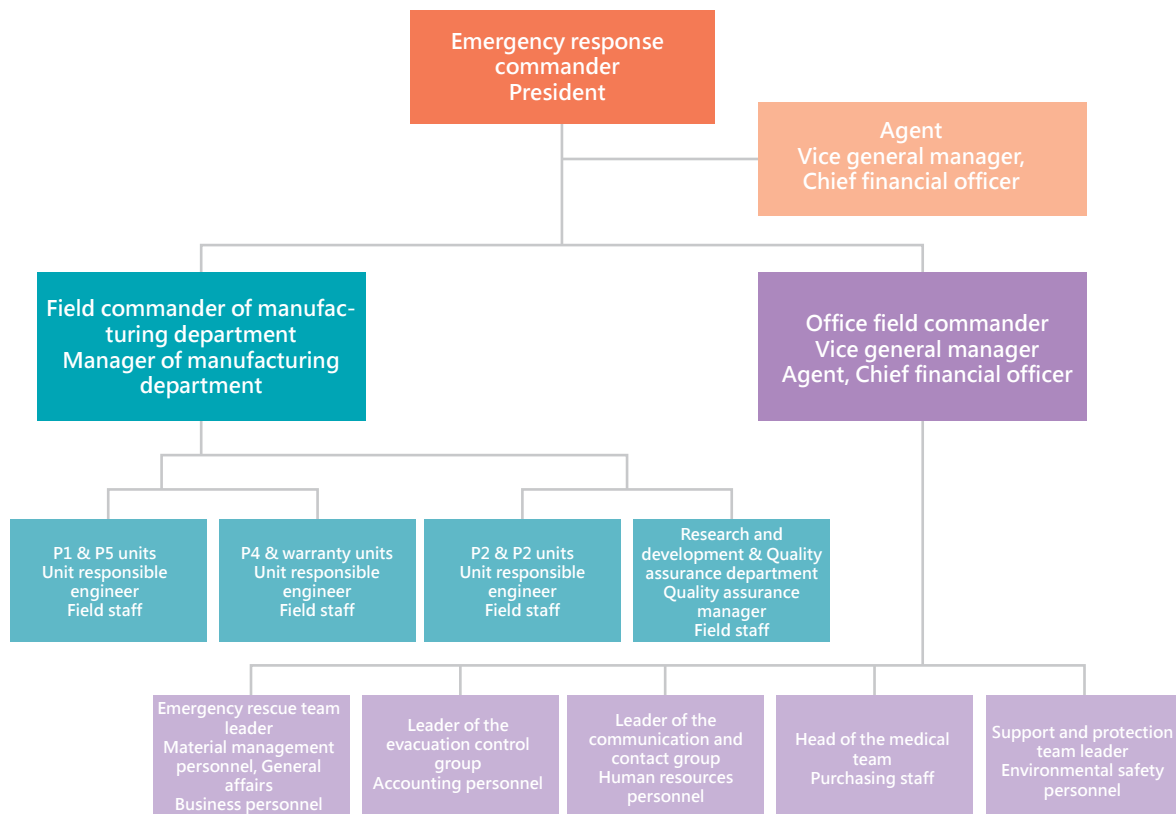
■ Internal management of the plant area

To implement the environmental policy of the company and achieve the objectives and targets, the company has been consistently providing appropriate trainings to all of its employees to ensure that all the employees are familiar with relevant laws and regulations and have the skills needed for environmental management. Through participation in these trainings, the employees acquire better awareness and understanding of various environmental impacts, their roles and responsibilities in environmental management and the environmental consequences of abnormal practices.

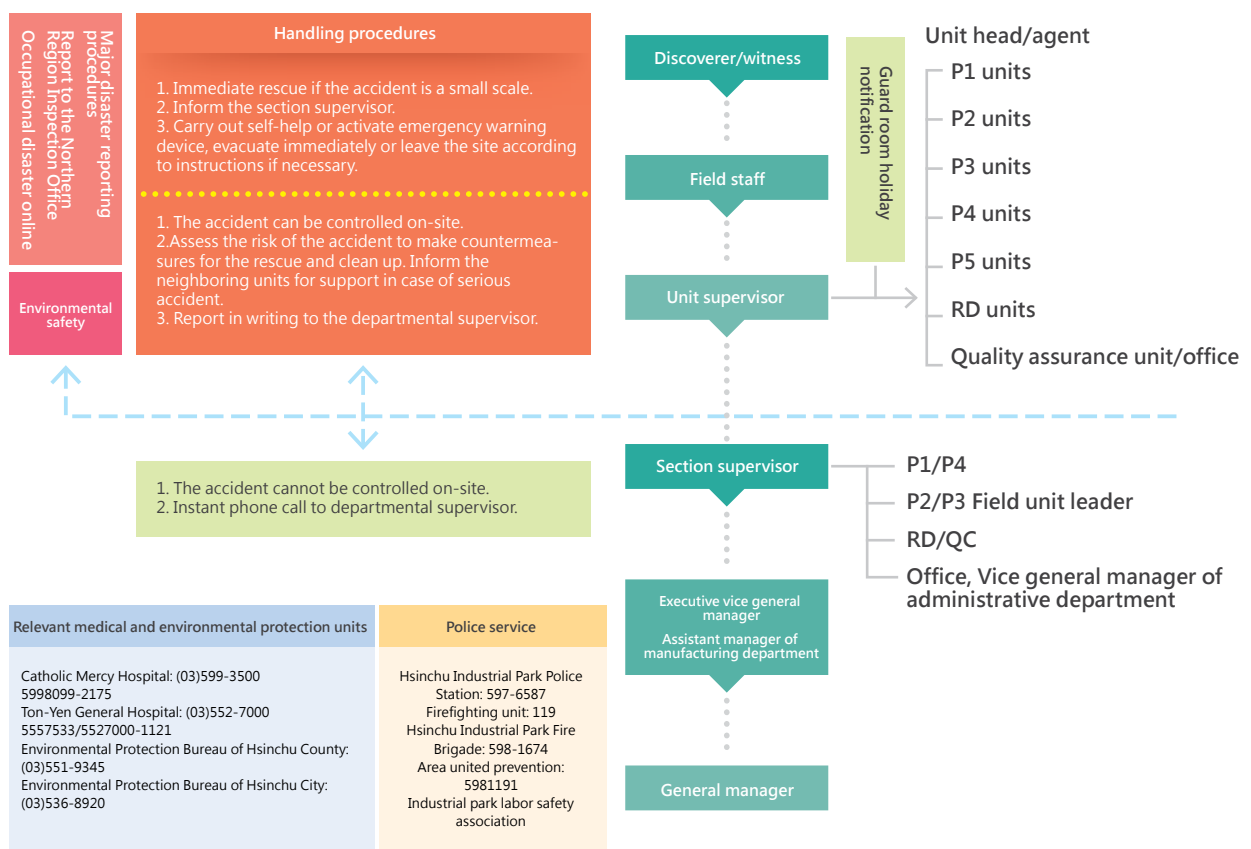
The company has established the "Regulations Governing Internal Emergency Response Measures" to regulate the organization, communication and emergency treatment when accidents occur. In addition, the company has also established an emergency response team to mobilize and allocate existing human resources, equipment, external support in the fastest and most effective way in the event of disasters to exert the function of mutual assistance. The company requires all its work units to improve organization and response capability in the event of an emergency notified by the administrative system. By doing so, the management of the company can fully understand the situation, give correct instructions, minimize the impact and loss caused by accidents on the environment, personnel, equipment and production activities, to quickly clear the accident areas, and recover the production activities.



The organization structure of CoreMax' s emergency response team

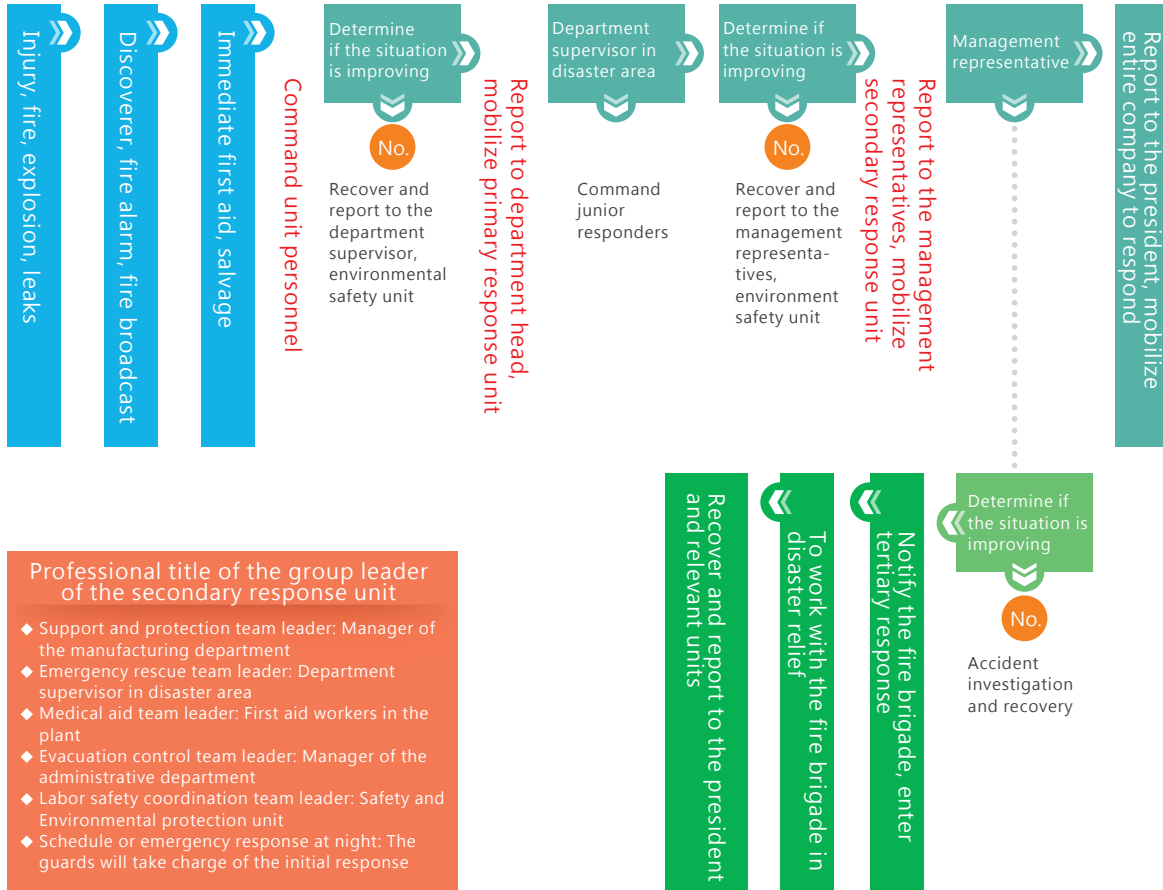


Internal emergency (Industrial safety, leaks, environmental pollution, etc.) reporting procedures





Emergency response process



In addition, the company prepares the annual budget for each department, carries out the educational training program for the year, and confirms the demand of trainings. Employees engaged in activities that may have a significant impact on the quality of product and environment safety should receive appropriate education and training to be able to perform the tasks for which they are responsible. In fact, the company carries out relevant safety, health and firefighting training regularly according to laws and regulations, to strengthen employees' awareness of safety and health and to prevent occupational disasters. The training courses include:

1. Training of general knowledge of hazards and safety and health for new personnel
 - (1) Guidelines, concepts and provisions of laws and regulations
 - (2) Standard Operating Procedures
 - (3) Emergency response, hazard prevention
 - (4) General knowledge of firefighting and first aid and other necessary matters
2. Carry out a fire drill every six months
3. Annual retraining for fire prevention management personnel
4. Annual retraining for first aid personnel
5. Conduct CPR training for staff as needed

The company has regulated the disaster control procedures and emergency notification procedures in the established "Regulations governing the management of emergency response measures". To equip all departments and related personnel with the necessary knowledge and skills to deal with abnormal situations and accidents, and to mobilize human resources quickly to eliminate disasters, all units should give necessary emergency training and simulation to operators.



All emergency response personnel and the operators of the emergency response material should participate in the training. Education and training on emergency response should be carried out regularly. All departments should carry out drills for emergency response after the completion of education and training. The plan for drills should be established 7 days in advance of the scheduled emergency response drill to learn the contents and process of the emergency response drill for reference. The disaster prevention department should be notified 2 days before the drill. Photos should be taken during the drill, review meeting should be conducted after the drill, and records should be kept for reference. The emergency response plan should be reviewed and revised after the drill or actual situation, to improve the plan and enhance employees' awareness of crisis response.

■ Staff fire training

To strengthen the self-rescue ability of the company, CoreMax has provided chemical disaster awareness courses and established the self-defense firefighting team. The courses train the staff to perform firefighting actions in the early stage of fire disaster. Training courses with real fire are also provided to employees at suitable sites and teach employees how to identify fire hazards from smoke. Apart from the trainings of self-defense firefighting teams, the company also invites firefighters from Hsinchu Industrial Park Fire Brigade of Hsinchu County to teach the staff basic knowledge of disaster escape methods by making full use of the training center facilities and providing various situations involving fire to strengthen the professional ability of various disaster response personnel.



Fire training

■ Training of the self-defense firefighting team

CoreMax' s objective of safety, health and environmental protection is not only to comply with laws and regulations, but also to make every effort to achieve "zero injury accidents" and "zero environmental accidents." The company firmly believes that "zero injury accidents" and "zero environmental accidents" are the most important basis for the sustainable development of the company. Beside the emergency response training and drills, the company's past safety performance can best prove that "zero injury accidents" is achievable. The "emergency response plan" covers the organizational structure, process and action plan, equipment preparation, education and training, etc. against each type of disaster. According to the plan, fire training courses and training of the self-defense firefighting team will be conducted every six months to ensure that all personnel in the plants are equipped with emergency response capabilities to protect the safety of life, company equipment, property, and to maintain the normal operation of the company.

In 2018, CoreMax' s self-defense firefighting team carried out the "Self-defense firefighting drill and testing" program with the purpose of improving the self-defense disaster prevention mechanism in fire control areas to ensure the life safety of the employees and other personnel in case of fire. The program also provided guidance for the self-defense firefighting training and response preparation. The practices of the drill include emergency response actions such as confirming the location of fire, confirming the site, reporting to firefighting authority, initial fire-fighting, formation of the control area, information notification and evacuation guide, and providing information to the fire authority (the information reported includes location of the fire, the emergency situation of people trapped in the fire site, self-defense fire marshalling, location of hazardous substances inside the site, and other information which is conducive to fire rescue).



The company has established the “Fire accidents emergency response team” in accordance with the Labor Safety and Health Management Act, and regularly carries out emergency training for personnel to prepare for accidents in the plants. These practices can effectively improve employees’ firefighting capabilities and minimize hazards.



Fire extinguishing training class
(the use of fire extinguisher and outdoor fire hydrant)



Safety protection training class



Rescue training class



Refuge guidance class training



Train employees for a basic knowledge
of disaster relief and escape.

Emergency response measures

1

Public security training and publicity

Establish the work rules for labor safety and health, which have the following parts:

- 1.General Principles
- 2.Labor safety and health management and the responsibilities of different management levels
- 3.Equipment maintenance and inspection
- 4.Work safety and health standards
5. Education and training
- 6.Health guidance and management measures
- 7.First aid and rescue
- 8.Preparation, maintenance and use of protective equipment
- 9.Accident notification and report
- 10.Other matters concerning safety and health
- 11.Supplementary provisions



2 The safety management of car tank filling

Establish the operation regulations of liquid tanker and detail the standard operation procedures to ensure the safety of operators.

3 The safety management of contractors

Establish the management regulations for contractors, especially for personnel, vehicle and materials. Carry out safety education and training in the construction area before construction, and ask the contractor's operation personnel to sign a safety discipline commitment against the occurrence of accidents and disasters.

4 Safety inspection

To ensure the effectiveness of operation and facilities in the plants, the safety and environmental protection unit and the site supervisor will conduct regular plant inspections on safety, health, environmental protection, firefighting, and other practices. In order to identify any possible hazards in the plants, the company attaches great importance to 6S practices and chemical management. It regularly checks the condition of hanging appliances and use of personal protective equipment, and actively observes the applicability of mechanical protection. The company consistently cooperates with relevant units to develop appropriate solutions, to achieve prevention in advance. For the safety defects, the safety and environmental protection unit will immediately inform the relevant work units to confirm and make corresponding improvements and use regular meetings to review the defects and discuss the preventive measures for the whole plant, to avoid the recurrence of similar defects in the plant. In this way, standards, regulations, regular supervision, and assessments can be established to track the progress of improvement.

5 Fire accident emergency response program

To improve colleagues' ability to deal with crises, the company holds regular emergency response drills every six months in response to emergencies. Under the Fire accident emergency response program, the staff of CoreMax is organized into a command center, notification team, firefighting team, refuge guidance team, safety protection team, and rescue team. When the fire occurs, the division of labor can minimize disaster. The drill teaches the staff to use emergency equipment and to be familiar with the plant environment and fire escape route to enhance the staff's self-rescue ability. The company also carries out regular fire safety training in accordance with the regulations, educates all colleagues in firefighting knowledge, and makes sure they are familiar with the location and functions of firefighting equipment and appliances. With the hardware and software of firefighting equipment in the plants, the drill can teach the staff self-rescue firefighting skills to reduce the harm in the case of fire.

Plant external management

The company is located in Hsinchu Industrial Park. In order to establish a cooperative relationship of labor safety and health in Hsinchu industrial area, and to prevent and reduce the severity of disasters, the management center has established Hsinchu Industrial Park Labor Safety and Health Association to protect the property and labor safety and health of enterprises and promote labor-capital harmony and sustainable development of the enterprises. Through various tasks and the area joint defense mechanism, enterprises in the industrial park can establish the shared information related to manufacturing, processing, storage and transportation of the companies in the industrial area, and collect and coordinate disaster relief resources from enterprises, civil organizations, governmental organizations, medical institutions and other sources in the neighboring areas, so as to help enterprises in the industrial area to immediately locate the source of danger and get the resources needed to respond. By doing so, the company will be able to report the accident quickly, assist the accident plant, and contact the disaster relief unit to respond effectively.

At the same time, the Hsinchu Industrial Park Labor Safety and Health Association holds an off-site emergency response workshop every six months to share relevant cases throughout the country and publicize emergency response measures. CoreMax also sends personnel to attend the workshop and cooperate in the various off-site response procedures of the industrial park. In 2018, the company's representatives attended a total of 5 workshops.



Transport Management

Internal management of the plant

The labelling of CoreMax' s products fully complies with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). The Safety Data Sheet (SDS) is also completed for the products. Based on the system, the company' s products are classified, managed, and appropriate labelling is made on the products to meet the requirements of domestic and international laws governing the management of chemicals. By doing so, the company can prove that the production, quality and transport of its products meet relevant laws and regulations. SDS is also available for each product so that the safety of the products can be ensured. The labelling of the GHS system can clearly show the hazards of the products and protect the end users, transporters, and the employees. CoreMax has established the regulations governing transport operation management and other related operation procedures directly related to transport. The purpose of doing this is to establish the relevant inspection procedures for the process from the loading or unloading of the goods in the transporting vehicle at the designated plant or site to the departure of the vehicle from the plant to ensure the quality of the products and the safety of the loading and unloading operations. By doing so, the company can manage and assess the performance of the transportation company. The company' s products and raw materials are transported without significant environmental impact. To prevent occupational disasters and ensure the safety and health of workers, CoreMax provides safety education and trainings for new employees. Every Monday, the company reviews the labor safety issues from the past week and provides publicity and education to enhance employees' awareness of labor safety. In addition, the "Rules of Operating Tank Cars Containing Liquids" has been specially established for the safety management of tank vehicle filling according to the nature and operation mode of the equipment to ensure the safety of the staff and property.

Objective

The objective is to regulate the unloading of chemical materials from tank cars in plant areas to ensure the safety of the operation.

Scope

Suitable for acetic acid, hydrochloric acid, ammonia, caustic soda liquid, sulfuric acid, liquid oxygen, high polymer, and other chemicals.

Instruction to tank car driver

When working in the plant, tank car drivers should comply with the "Rules of Operating Tank Cars Containing Liquids" and the following regulations:

1. The tanker car should be fitted with a flame brake before entering the plant.
2. Do not bring matches, lighters or other kindling into the plant. Smoking is not permitted in non-designated areas.
3. Inform the guard and the contact person of the plant that the goods are being carried and request the guard to inform the material receiving staff.
4. The driver should follow the designated route and drive the tank car at a speed lower than 25 km per hour to the weighbridge for weighing. Then, drive to the designated unloading site. The driver is not permitted to take any unauthorized driving route or to park in any unauthorized plant areas. (Informed by the material receiving personnel).
5. Tank car drivers should wear safety shoes when working in the plant. Slippers, sandals or bare feet are not permitted when working in the plant.
6. Do not act in unauthorized plant area without permission.
7. Do not litter or urinate at will.
8. Do not use any device or equipment in plant area without permission.
9. If it is necessary for tanker car drivers to participate in unloading operation and operate the equipment of the plant, the drivers should wear personal safety protection equipment, such as safety helmet, protective mask, safety goggles, chemical protective clothing, chemical gloves, etc.



10. During unloading, the driver should monitor the unloading situation in a place with safe distance from the site at all times. Unauthorized departure, rest, or sleep in the driver's seat is not permitted.
11. No personnel or article unrelated to the transport is permitted to enter the plant with the vehicle.
12. The following equipment and documents should be prepared in the tanker car (for details, refer to the "Rules of Operating Tank Cars Containing Liquids") for inspection.
13. Before unloading the tanker car, the driver should do the prescribed work properly (for details, refer to the "Rules of Operating Tank Cars Containing Liquids"): Park the tanker car at the designated unloading site.
14. After the unloading of the materials from the tank car:
 - (1)The operator stops the pump and turns off the inlet and outlet valve, then the driver turns off the unloading valve of tank car and disconnects the material hose. The liquid products left inside are collected in the barrel for recycling.
 - (2)Turn the grounding wire power switch to OFF, then disassemble the grounding wire from the tanker car, and then return the grounding wire to position.
 - (3)Empty tank car following the prescribed route to the weighbridge for weighing and receive the weight chart.
 - (4)Drive out of the plant area following the prescribed route and go through the exit formalities at the guard room.

■ Plant external management

The company is located in Hsinchu Industrial Park. To establish a cooperative relationship of labor safety and health in Hsinchu industrial area, and to prevent and minimize the impact of disasters, the management center has established the Hsinchu Industrial Park Labor Safety and Health Association and has launched an effective off-site joint emergency response mechanism to minimize the loss caused by accidents. The company has actively attended relevant emergency response workshops and cooperated with various procedures.

6.3 Community Contribution and Participation

To help children in correctional institutions, the company purchased gift boxes of cakes and cookies baked by the children of the correctional institutions as the festival presents or staff benefits for the employees. In addition, CoreMax also donated the emergency fund to the Hukou Township Office and provided "The World" magazines to the primary and secondary school students to encourage them to study diligently.

- Jan. 2018 The company donated NT\$ 100, 000 as emergency fund to the Hukou Township Office.
- Feb. 2018 The company sponsored the monthly publication titled, "Reading, a way to a bright future for children" (Future children and future youth) organized by "The World" magazine. Magazines were given to the students of 12 primary and secondary schools near the Toufen plant.
- Sep. 2018 The company participated in the Mid-Autumn Festival Gift Box Charity Sale organized by the Down Syndrome Foundation R.O.C and purchased 361 gift boxes as Mid-Autumn presents for employees.



Donation of emergency fund to the Hukou Township Office.



Appendix I : Independent Auditor's Report



安侯建業聯合會計師事務所

KPMG

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Independent Limited Assurance Report

To CoreMax Corporation:

We were engaged by CoreMax Corporation ("CoreMax") to provide limited assurance over the selected information attached as Appendix I on the Corporate Social Responsibility Report of CoreMax ("the Report") for the year ended December 31, 2018.

Reporting Criteria

CoreMax shall prepare the selected information in accordance with the Article 4-2 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by Listed Companies ("the Regulation") and the Core Option of Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board as set forth in Appendix I.

Management's Responsibility for the Report

CoreMax is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the information included in the Report. CoreMax is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the selected information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work in accordance with the Standard on Assurance Engagements No. 1 – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation and to issue an independence limited assurance conclusion on whether the selected information is free from material misstatement.

Independence, Professional Standards and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In addition, we applied Statements of Auditing Standard No. 46 – "Quality Control for Public Accounting Firms" in the Republic of China. Accordingly, we maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

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KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

**Summary of Work Performed**

Our main work on the selected information included:

- Obtain and review the report of CoreMax;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the information reported.
- On the basis of the understanding obtained from the above matters, perform analytical procedures on the report and if necessary, select samples to test for acquiring sufficient and appropriate evidence.

The work described above are based on our professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the selected information, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

There are certain inherent limitations of CoreMax's internal controls over the selected information in the Report that may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information has not been properly prepared, in all material aspects, in accordance with the Reporting Criteria.

KPMG

Taipei, Taiwan (Republic of China)
April 26, 2019

Notes to reader

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.

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Appendix I: Summary of the Selected Information

No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/ GRI Standards
1	6.1 Healthy Workplace	77	<ul style="list-style-type: none"> ■ For the two consecutive years of 2017 and 2018, the company's employees and workers (contractors, 2 security personnel and 2 cleaners) had no workplace injuries, occupational diseases, major occupational disasters, or work-related deaths. ■ Statistics of occupational safety performance in 2018 as follow: <ul style="list-style-type: none"> - IR : M : 0 ; F : 0 - ODR : M : 0 ; F : 0 - LDR : M : 0 ; F : 0 - AR : M : 12.92% ; F : 9.64% - Number of annual deaths : M : 0 ; F : 0 	■Details on Performance of Occupational Safety and Health by CoreMax	Article 4-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
2	6.2 Disaster Prevention and Management	80~85	<ul style="list-style-type: none"> ■ Emergency response management <p>1. Internal management of the plant area</p> <p>(1) The company has established the "Regulations Governing Internal Emergency Response Measures" to regulate the organization, communication and emergency treatment when accidents occur. In addition, the company has also established an emergency response team to mobilize and allocate existing human resources, equipment, external support in the fastest and most effective way in the event of disasters to exert the function of mutual assistance. The company requires all its work units to improve organization and response capability in the event of an emergency notified by the administrative system. By doing so, the management of the company can fully understand the situation, give correct instructions, minimize the impact and loss caused by accidents on the environment, personnel, equipment and production activities, to quickly clear the accident areas, and recover the production activities.</p> <p>(2) The company prepares the annual budget for each department, carries out the educational training program for the year, and confirms the demand of trainings. Employees engaged in activities that may have a significant impact on the quality of product and environment safety should receive appropriate education</p>	■"Regulations Governing Internal Emergency Response Measures" and "Rules for labor safety and health" set by CoreMax	Article 4-2 Operations with significant actual and potential negative impacts on local communities

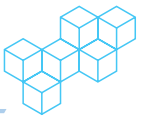
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No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/ GRI Standards
			<p>and training to be able to perform the tasks for which they are responsible. In fact, the company carries out relevant safety, health and firefighting training regularly according to laws and regulations, to strengthen employees' awareness of safety and health and to prevent occupational disasters. The training courses include:</p> <p>A. Training of general knowledge of hazards and safety and health for new personnel :</p> <p>(1) Guidelines, concepts and provisions of laws and regulations</p> <p>(2) Standard Operating Procedures</p> <p>(3) Emergency response, hazard prevention</p> <p>(4) General knowledge of firefighting and first aid and other necessary matters</p> <p>B. Carry out a fire drill every six months</p> <p>C. Annual retraining for fire prevention management personnel</p> <p>D. Annual retraining for first aid personnel</p> <p>E. Conduct CPR training for staff as needed</p> <p>(3) Emergency response measures</p> <p>A. Public security training and publicity : Establish the work rules for labor safety and health</p> <p>B. The safety management of car tank filling</p> <p>C. The safety management of contractors</p> <p>D. Safety inspection</p> <p>E. Fire accident emergency response program</p> <p>2. Plant external management</p> <p>The Hsinchu Industrial Park Labor Safety and Health Association holds an off-site emergency response workshop every six months to share relevant cases throughout the country and publicize emergency response measures. CoreMax also sends personnel to attend the workshop and cooperate in the various off-site response procedures of the industrial park. In 2018, the company's representatives attended a total of 5 workshops.</p>		
3	6.2 Disaster Prevention and Management	86~87	<p>■ Transport Management</p> <p>1. Internal management of the plant</p> <p>(1) The labelling of CoreMax's products fully complies with the Globally Harmonized System of Classification and Labelling of</p>	■ "Chemical Emergency Response Plan" and	



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/ GRI Standards
			<p>Chemicals (GHS). The Safety Data Sheet (SDS) is also completed for the products. Based on the system, the company's products are classified, managed, and appropriate labelling is made on the products to meet the requirements of domestic and international laws governing the management of chemicals.</p> <p>(2) CoreMax has established the regulations governing transport operation management and other related operation procedures directly related to transport. The purpose of doing this is to establish the relevant inspection procedures for the process from the loading or unloading of the goods in the transporting vehicle at the designated plant or site to the departure of the vehicle from the plant to ensure the quality of the products and the safety of the loading and unloading operations. By doing so, the company can manage and assess the performance of the transportation company.</p> <p>(3) The "Rules of Operating Tank Cars Containing Liquids" has been specially established for the safety management of tank vehicle filling according to the nature and operation mode of the equipment to ensure the safety of the staff and property.</p> <p>2. Plant external management The company is located in Hsinchu Industrial Park. To establish a cooperative relationship of labor safety and health in Hsinchu industrial area, and to prevent and minimize the impact of disasters, the management center has established the Hsinchu Industrial Park Labor Safety and Health Association and has launched an effective off-site joint emergency response mechanism to minimize the loss caused by accidents. The company has actively attended relevant emergency response workshops and cooperated with various procedures.</p>	"Rules of Operating Tank Cars Containing Liquids" set by CoreMax	
4	3.1 Supplier Management	41~43	<p>■ In 2018, there were a total of 269 suppliers that had transactions with CoreMax, including 26 foreign manufacturers and 243 domestic manufacturers. The company aims to cultivate long-term business partners to pursue the sustainable operation and mutual growth through close cooperation in operation. Apart from the materials and equipment</p>	<p>■ "The Supplier Management Procedure" and "The supplier social responsibility</p>	Article 4-2 Negative environmental or social impacts in the company



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/ GRI Standards
			<p>which are not domestically supplied, the company focuses on domestic suppliers for other materials, which not only ensures better mobility and faster delivery, but also contributes to domestic economic development and employment rates. Moreover, the aforesaid practices can help the company reduce its cost and energy consumption. Additionally, the company and its suppliers are contributing to environmental protection through practices such as the suppliers' recycling and regeneration of resources.</p> <p>■ To avoid interruption of material supply caused by shortages or other external causes, CoreMax also actively develops second or third suppliers. The suppliers of raw materials and packaging materials are assessed by the company semiannually based on price, quality, delivery time, etc. The statistical data are used as the basis for determining purchase distribution and subsequent cooperation. The company also occasionally contacts the suppliers through email or telephone interviews to understand the suppliers' status of supply and the international market, to keep up to date on the market conditions.</p> <p>■ To ensure the implementation of the supplier's corporate social responsibility, the company has formulated the "Supplier Corporate Social Responsibility and Code of Conduct" (the code), which is applicable to all the companies that supply goods or services to CoreMax, its subsidiaries, the joint ventures, or branches. The company requires all the suppliers and relevant companies of the supply chain and their employees to abide by the code. In 2018, CoreMax required its raw material suppliers to sign the "Supplier Social Responsibility and Code of Conduct" (the code). 100% of domestic suppliers signed the code. Foreign suppliers, due to their large scale and sound system, have generally issued CSR reports in which relevant information is disclosed to a certain extent. Therefore, the CSR reports of foreign suppliers may substitute the signing of the code, or a similar signed document can be provided. Thus far, among the top 10 suppliers, 8 have signed the code while 2 of them have provided their CSR reports, which is a 100% response rate.</p>	and code of conduct" set by CoreMax	itself and its supply chain and actions taken



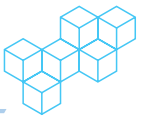
No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/ GRI Standards
5	3.1 Supplier Management	43	<ul style="list-style-type: none"> ■ In addition to requiring suppliers to sign the "Supplier Social Responsibility and Code of Conduct", CoreMax also evaluated raw material and packaging material suppliers with more than three transactions every six months by using the company's 2018 "Supplier Evaluation Form". The evaluations covered price, quality, delivery time, and other items. 20 raw material suppliers and 10 packaging material suppliers were included in the evaluations, and the results showed that 100% of the evaluated suppliers were qualified. ■ The supplier quality and environmental management system will also be continuously tracked through questionnaires in 2019. For those who have not obtained ISO 9001 and ISO 14001 certificates, moral persuasion or counselling will be conducted. CoreMax hopes to work together with its suppliers in sustainable development. 	■ "The Supplier Management Procedure" and "Supplier Evaluation Form" set by CoreMax	
6	4.3 Pollution prevention and management	53~54	<ul style="list-style-type: none"> ■ The water used by CoreMax's plants in Taiwan comes entirely from the Taiwan Water Corporation. Currently, there is no water recycling or measures for reuse in the plants. The Hsinchu plant has established relevant water treatment procedures and applied for the water discharge permit in accordance with the Water Pollution Control Act. The water waste produced by CoreMax can stay within the discharge standards after the treatment in the plant, so there is no significant impact on the local environment. In addition, the company has been actively improving its production process to reduce water consumption and generation of water waste. ■ Total volume of water waste discharged and item of water pollution testing in 2018 as follow : <ul style="list-style-type: none"> - Total water consumption : 29,353 (m³) - Item of water pollution testing : <ul style="list-style-type: none"> A. COD (mg/L) <ul style="list-style-type: none"> ▪ Emission standard : 480 PPM ▪ Monitoring value : 115~339 PPM B. BOD (mg/L) <ul style="list-style-type: none"> ▪ Emission standard : 400 PPM ▪ Monitoring value : 33.4~67.8 PPM C. SS (mg/L) <ul style="list-style-type: none"> ▪ Emission standard : 400 PPM 	■ Details on Wastewater Discharge and Water pollution detection by CoreMax	GRI Standards 306-1 Water discharge by quality and destination



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/ GRI Standards
			▪ Monitoring value : 11.4~15.9 PPM		
7	4.3 Pollution prevention and management	54	CoreMax is concerned with the development of the government's environmental policy and the direction of legislative development. The company sends staff to attend all the public hearings and explanatory meetings related to the company's policies and regulations to acquire the latest information. Through ISO 14001 practices and cross-checks by the environmental safety offices in each plant, the company can ensure its compliance with environmental regulations. To achieve its goal of zero environmental defect, the company actively implements the internal inspections and regularly reviews and revises its work standards to strengthen the control at source. During the reporting period, there were no leaks of hazardous substances.	■“The Waste Management Procedure” set by CoreMax	GRI Standards 306-2 Waste by type and disposal method
8	4.3 Pollution prevention and management	54~55	<p>■ The waste generated by the plants of the company is all general waste including inorganic sludge waste, waste of plastic mixtures, waste of wood mixtures, domestic garbage, refractory material wastes, fiber waste or other cotton cloth mixtures. There is no hazardous waste generated. The total volume of waste in 2018 was 515.12 metric tons.</p> <p>■ Waste disposal in 2018 as follow:</p> <p>A. Way of disposal : Physics</p> <p>▪ Inorganic sludge waste : 431.09 ton</p> <p>B. Way of disposal : Incineration</p> <p>▪ Waste plastic mixture : 20.44 ton</p> <p>▪ Waste wood mixture : 18.43 ton</p> <p>▪ Consumer waste : 32.14 ton</p> <p>▪ Fiber mixture, or cotton cloth mixture, etc. : 1.38 ton</p> <p>C. Way of disposal : Buried</p> <p>▪ Waste refractory material : 11.64 ton</p>	■Details on Waste Disposal and Waste Produced by CoreMax	
9	4.3 Pollution prevention and management	55	■ The company executes waste disposal in accordance with the environmental protection regulations of the competent authorities, mainly by means of outsourcing. The company has signed contracts with qualified waste removal and disposal companies that meet the requirements of relevant laws and regulations. The company tracks the transportation routes and the final disposal sites of the wastes by the vehicle GPS positioning system.	■“The Waste Management Procedure” set by CoreMax	



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/ GRI Standards
			<p>Meanwhile, the colleagues of the environmental safety office also accompany the vehicles and confirm the waste disposal sites (at least once a year) to ensure that the outsourced companies properly handle all kinds of waste according to the law. The key points of the company's inspections include checking the flow direction of downstream products and communicating with waste disposal companies about the problems encountered in the disposal process. By discussing and solving problems with the waste disposal companies, CoreMax can improve the efficiency of waste disposal and avoid additional environmental burden and risk of pollution.</p> <p>■ The disposal of sludge waste as part of the inorganic sludge waste generated by Hsinchu plant was handed to Longze Engineering Co., Ltd and sent to Changxin Environmental Protection Engineering Co., Ltd. for final treatment in physical form. Hsinchu plant's general wastes are delivered to Hsinchu municipal waste recycling plant (an incineration plant) for incineration by Qingfeng Environmental Engineering Co., Ltd. Waste refractory material is, as arranged, handed over to Longze Engineering Co., Ltd for removal and disposal. General wastes (plastic mixture, wood mixture, fiber mixture, or cotton cloth mixture, etc.) of the Toufen plant are delivered by Huapin Environmental Engineering Co., Ltd. to Yuding Company for incineration.</p>		
10	2.4 Regulatory Compliance	37	<p>The company complies with the relevant regulations and norms of occupational safety and health management, strives to achieve the goal of zero injury accidents and zero environmental accidents, and establishes a healthy and safe workplace. In 2018, there were no employee occupational injuries, occupational diseases, occupational disasters or deaths, and no major violation of occupational safety and health regulations. In terms of environmental regulation compliance, the company managed environmental risks and reduced negative impact on the environment effectively through continuous improvement on energy management, emission, pollution prevention and other aspects, with the aim of pursuing sustainable business operation and environment. There were no violations of environmental regulations in 2018.</p>	<p>■ "Total Monetary Amount of Penalties" and "Total Number of Instances of Non-Compliance with Laws and Regulations"</p>	<p>GRI Standards 307-1 Non-compliance with environmental laws and regulations</p>



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/ GRI Standards
11	3.2 Product responsibility and customer service	45	<ul style="list-style-type: none">■ CoreMax has attached great importance to the customer privacy and intellectual property rights. In addition to signing confidentiality agreements with customers to protect their confidential information, the company has established relevant standards to avoid the occurrence of data leaks in its operations to protect the rights and interests of customers.■ Special personnel have been appointed to manage the files with codes for the protection of customer privacy. In addition, a database authority has been set for the internal ISO program QP-63-02-information system management procedure. When the colleagues need to access the database, they need to fill in the application form and get the relevant department to sign it before entering the database. In this way, the best protection is ensured. As of 2018, there have been no complaints about invasion of customer privacy or loss of customer data.	■“Ethical code of conduct” and “Information system management program” set by CoreMax	GRI Standards 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data



Appendix II: GRI content index table

* is a key subject

General revelation

GRI 102 General disclosure: 2016

Category/ subject	GRI Standards disclosure item		Corresponding chapter	Page number	Omit/ remark
1.Organization profile					
Core	102-1	Organization name	1.1 Company Profile	11	
Core	102-2	Activity, brand, products and services	1.2 Product and Service	15	
Core	102-3	Location of the headquarters	1.1 Company Profile	11	
Core	102-4	Business point	1.1 Company Profile	11	
Core	102-5	Ownership and legal forms	1.1 Company Profile	11	
Core	102-6	Market for the services	1.1 Company Profile	11	
			1.2 Product and Service	15	
Core	102-7	Organizational scale	1.1 Company Profile	11	
Core	102-8	Information about employees and other workers	5.1 Employees	60	
Core	102-9	Supply chain	3.1 Supplier management	40	
Core	102-10	Significant changes in organizations and their supply chains	1.1 Company Profile	11	
Core	102-11	Precautionary principle or policy	2.3 Risk Management	35	
Core	102-12	External initiative	Editorial Policy	3	External initiative has not been signed by the company
Core	102-13	Membership in a public society	1.4 Memberships and certifications	23	
2.Strategy					
Core	102-14	Statement of decision makers	Message from Chairman	2	
Overall	102-15	Key impacts, risks and opportunities	2.3 Risk Management	35	
3.Ethics and integrity					
Core	102-16	Value, principle, standards, and code of conduct	1.1 Company Profile	11	
			1.2 Product and Service	15	
			2.2 Business Operations with Integrity	31	
Overall	102-17	Mechanisms for ethical recommendations and concerns	2.2 Business Operations with Integrity	31	
4.Governance					
Core	102-18	Governance structure	2.1 Corporate Governance Structure	25	
Overall	102-22	The composition of the supreme governing body and its committees	2.1 Corporate Governance Structure	25	
Overall	102-23	President of the supreme governing body	2.1 Corporate Governance Structure	25	



Category/ subject		GRI Standards disclosure item	Corresponding chapter	Page number	Omit/ remark
Overall	102-24	Nomination and selection of the supreme governance body	2.1 Corporate Governance Structure	25	
Overall	102-25	Conflicts of interest	2.2 Business Operations with Integrity	31	
Overall	102-27	Group knowledge of the supreme governance body	2.1 Corporate Governance Structure	25	
Overall	102-30	Effectiveness of risk management process	2.1 Corporate Governance Structure	25	
Overall	102-31	An examination of economy, environment and social themes	2.1 Corporate Governance Structure	25	
Overall	102-32	The supreme governance body' s role in sustainability reporting	Editorial Policy	3	
Overall	102-36	The process of determining compensation	2.1 Corporate Governance Structure	25	
5.Stakeholder communication					
Core	102-40	Stakeholder group	Contact for Stakeholders	5	
Core	102-41	Collective agreement	--		No labor union formed No collective agreement signed either
Core	102-42	Identify and select stakeholders	Contact for Stakeholders	5	
Core	102-43	Guidelines for communicating with stakeholders	Contact for Stakeholders 3.2 Product Responsibility and Customer Service	5 44	
Core	102-44	Key subject and concerns raised	Contact for Stakeholders	5	
6.Reporting practices					
Core	102-45	The entities contained in the consolidate financial statements	1.3 Company Overview	19	
Core	102-46	Define the boundary of report content and subject	Contact for Stakeholders	5	
Core	102-47	List of key subjects	Contact for Stakeholders	5	
Core	102-48	Information re-editing	Editorial Policy	3	
Core	102-49	The report changes	Editorial Policy	3	
Core	102-50	The report time	Editorial Policy	3	
Core	102-51	Date of the last report	Editorial Policy	3	
Core	102-52	The report period	Editorial Policy	3	
Core	102-53	Contact person who can answer questions related to the report	Editorial Policy	3	
Core	102-54	Declaration on reporting in accordance with GRI guidelines	Editorial Policy	3	
Core	102-55	GRI content index	Editorial Policy Appendix II : GRI Content Index	3 96	
Core	102-56	External guarantee/assurance	Editorial Policy Appendix I : Independent Auditor's Report	3 88	



Particular subjects

Category/ subject		GRI Standards disclosure item	Corresponding chapter	Page number	Omit/ remark
200 Economic indicators					
*GRI 201: Economic performance 2016	103-1	Explain key subjects and their boundaries	1. About CoreMax	9	
	103-2	Management policy and its elements	1. About CoreMax	9	
	103-3	Evaluation of management policy	1. About CoreMax	9	
	201-1	The direct economic value produced and distributed by an organization	1.3 Company Overview	19	
	201-3	Define a benefit scheme, obligations, and other retirement schemes	5.2 Employee's Right and Benefits	63	
	201-4	Financial aid from the government	1.3 Company Overview	19	
GRI 202: Market position 2016	202-1	The ratio of standard wage for entry-level staff of different genders to local minimum wage	5.2 Employee's Right and Benefits	63	
	202-2	The percentage of local residents employed as senior management	5.1 Employees	60	
GRI 203: Indirect economic impact 2016	203-1	Investment on infrastructure and the development and impact of support services	6.3 Community Contribution and Participation	87	
GRI 204: Procurement practices 2016	204-1	Proportion of purchasing expenditures on local suppliers.	3.1 Supplier management	40	
*GRI 205: Anti-corruption 2016	103-1	Explain key subjects and their boundaries	2.2 Business Operations with Integrity	31	
	103-2	Management policy and its elements	2.2 Business Operations with Integrity	31	
	103-3	Evaluation of management policy	2.2 Business Operations with Integrity	31	
	205-2	Communication and training on anti-corruption policies and procedures	2.2 Business Operations with Integrity 5.3 Employee Education and Training	31 69	Excluding customer communication and training.
	205-3	Verified incidents of corruption and actions taken	2.2 Business Operations with Integrity	31	
GRI 206: Anti-competitive practices 2016	206-1	Legal actions of anti-competitive practices, antitrust, and monopoly.	2.4 Regulatory Compliance	36	
300 Environmental indicators					
GRI 301: Materials 2016	301-1	Weight or volume of material used	4.1 Energy and greenhouse gas management	49	
*GRI 302: Energy 2016	103-1	Explain key subjects and their boundaries	4. Green Promise	47	
	103-2	Management policy and its elements	4. Green Promise	47	
	103-3	Evaluation of management policy	4. Green Promise	47	



Category/ subject	GRI Standards disclosure item		Corresponding chapter	Page number	Omit/ remark
*GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.1 Energy and greenhouse gas management	49	The company is located in the industrial area, and the nearby areas are not environmental protection areas.
	302-3	Energy intensity	4.1 Energy and greenhouse gas management	49	
GRI 303: Water 2016	303-1	Water taken by source	4.2 Water resource management	52	
	303-2	A water source significantly affected by taking water	4.2 Water resource management	52	
GRI 304: Biological diversity 2016	304-1	The organization's own, leased and managed business points or adjacent areas located in protected zones or other areas of high biodiversity.	4.2 Water resource management	52	
	304-2	Activities, products, and services that have a significant impact on biodiversity	--		
	304-3	Protected or rehabilitated habitats	--		
	304-4	The species growing in the operation-affected habitats that are listed on the IUCN red list and the national conservation list.	--		
*GRI 305: Emission 2016	103-1	Explain key subjects and their boundaries	4. Green Promise	47	
	103-2	Management policy and its elements	4. Green Promise	47	
	103-3	Evaluation of management policy	4. Green Promise	47	
	305-1	Direct (category 1) greenhouse gas emissions.	4.1 Energy and greenhouse gas management	49	
	305-2	Indirect Energy (category 2) greenhouse gas emissions	4.1 Energy and greenhouse gas management	49	
	305-4	Intensity of greenhouse gas emissions	4.1 Energy and greenhouse gas management	49	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	4.3 Pollution prevention and management	53	
*GRI 306: Waste water and waste 2016	103-1	Explain key subjects and their boundaries	4. Green Promise	47	
	103-2	Management policy and its elements	4. Green Promise	47	
	103-3	Evaluation of management policy	4. Green Promise	47	
	306-1	Water discharge classified by water quality and destination	4.3 Pollution prevention and management	53	
	306-2	Waste by category and method of disposal	4.3 Pollution prevention and management	53	
	306-3	Serious leaks	4.3 Pollution prevention and management	53	
	306-4	Waste transport	4.3 Pollution prevention and management	53	
	306-5	The waterbody affected by discharged water and other runoff (earth surface)	4.3 Pollution prevention and management	53	
*GRI 307: Environ- mental compliance 2016	103-1	Explain key subjects and their boundaries	2.4 Regulatory Compliance	36	
	103-2	Management policy and its elements	2.4 Regulatory Compliance	36	
	103-3	Evaluation of management policy	2.4 Regulatory Compliance	36	
	307-1	Violation of environmental laws and regulations	2.4 Regulatory Compliance	36	



Category/ subject	GRI Standards disclosure item		Corresponding chapter	Page number	Omit/ remark
*GRI 308: Supplier environ- mental assessment 2016	103-1	Explain key subjects and their boundaries	3. Supplier Management as well as Product and Service	38	
	103-2	Management policy and its elements	3. Supplier Management as well as Product and Service	38	
	103-3	Evaluation of management policy	3. Supplier Management as well as Product and Service	38	
	308-2	The negative impact of the supply chain on the environment and the actions taken	3.1 Supplier management	40	
400 Social Indicators					
*GRI 401: Employ- ee-em- ployer relations 2016	103-1	Explain key subjects and their boundaries	5. Safe and Happy Workplace	57	
	103-2	Management policy and its elements	5. Safe and Happy Workplace	57	
	103-3	Evaluation of management policy	5. Safe and Happy Workplace	57	
	401-1	New and separated employees	5.1 Employees	60	
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	5.2 Employee's Right and Benefits	63	
	401-3	Parental leave	5.2 Employee's Right and Benefits	63	
*GRI 402: Employ- ee-em- ployer relations 2016	103-1	Explain key subjects and their boundaries	5. Safe and Happy Workplace	57	
	103-2	Management policy and its elements	5. Safe and Happy Workplace	57	
	103-3	Evaluation of management policy	5. Safe and Happy Workplace	57	
	402-1	Minimum notification period before operational changes are taken	5.1 Employees	60	
*GRI 403: Occupational safety and health 2016	103-1	Explain key subjects and their boundaries	6. Workplace Safety, Disaster Prevention and Management	75	
	103-2	Management policy and its elements	6. Workplace Safety, Disaster Prevention and Management	75	
	103-3	Evaluation of management policy	6. Workplace Safety, Disaster Prevention and Management	75	
	403-1	Representative of the official safety and health committee jointly formed by labor and management.	6.1 Healthy Workplace	77	
	403-2	Ratio of type of injury, injury, occupational disease, number of lost working days, number of days absent from work, etc. And number of work-related deaths.	6.1 Healthy Workplace	77	
	403-3	Workers with a high incidence of occupational related illness and high risk of work	6.1 Healthy Workplace	77	
	403-4	Health and safety issues are included in the labor union's formal agreement	--		The company has no labor union
*GRI 404: Training and education 2016	103-1	Explain key subjects and their boundaries	5.3 Employee Education and Training	69	
	103-2	Management policy and its elements	5.3 Employee Education and Training	69	



Category/ subject		GRI Standards disclosure item	Corresponding chapter	Page number	Omit/ remark
*GRI 404: Training and education 2016	103-3	Evaluation of management policy	5.3 Employee Education and Training	69	
	404-1	Average number of training hours per employee per year	5.3 Employee Education and Training	69	
	404-3	Percentage of employees who receive regular performance and career development reviews	5.2 Employee's Right and Benefits	63	
GRI 405: Diversity of employees and equality of opportunity 2016	405-1	The diversity of employees in the governance body	5.1 Employees	60	
GRI 406: Non-dis- crimination 2016	406-1	Discrimination incidents and corrective actions taken by the organization	5.1 Employees	60	
GRI 407: Freedom of association and group consulta- tion 2016	407-1	Operating points or suppliers that may be at risk of freedom of association and group consultation	5.2 Employee's Right and Benefits	63	
GRI 408: Child labor 2016	408-1	Significant risk of child labor in operating points and suppliers	5.1 Employees	60	
GRI 409: Forced or compelled labor 2016	409-1	Operating points and suppliers with significant risk of forced or compelled labor incidents	5.1 Employees	60	
GRI 410: Security practices 2016	410-1	Security personnel trained in human rights policies or procedures	5.3 Employee Education and Training	69	
GRI 411: Indigenous rights 2016	411-1	Incidents involving violations of indigenous 69rights	5.1 Employees	60	
GRI 412: Human rights assessment 2016	412-1	Operational activities that receive human rights reviews or human rights impact assessments	--		
	412-2	Staff training on human rights policies or procedures	5.3 Employee Education and Training	69	
*GRI 413: Local community 2016	103-1	Explain key subjects and their boundaries	6. Workplace Safety, Disaster Prevention and Management	75	
	103-2	Management policy and its elements	6. Workplace Safety, Disaster Prevention and Management	75	
	103-3	Evaluation of management policy	6. Workplace Safety, Disaster Prevention and Management	75	
	413-2	Operational activities that have a significant or potentially negative impact on the local community.	6.2 Disaster Prevention and Management	80	



Category/ subject		GRI Standards disclosure item	Corresponding chapter	Page number	Omit/ remark
*GRI 414: Supplier social assessment 2016	103-1	Explain key subjects and their boundaries	3. Supplier Management as well as Product and Service	38	
	103-2	Management policy and its elements	3. Supplier Management as well as Product and Service	38	
	103-3	Evaluation of management policy	3. Supplier Management as well as Product and Service	38	
	414-2	Negative social impact of the supply chain and actions taken in response	3.1 Supplier management	40	
GRI 415: Public policy 2016	415-1	Political contribution	2.2 Business Operations with Integrity	31	Unrelated matters
GRI 416: Custom- ers' health and safety 2016	416-1	Assess the impact of product and service categories on health and safety	3.2 Product Responsibility and Customer Service	44	
	416-2	Incidents violating health and safety regulations for products and services	2.4 Regulatory Compliance 3.2 Product Responsibility and Customer Service	36 44	
GRI 417: Selling and labelling 2016	417-1	Product and service information and labelling requirements	3.2 Product Responsibility and Customer Service	44	
	417-2	Incidents violating product and service information and labelling regulations	2.4 Regulatory Compliance 3.2 Product Responsibility and Customer Service	36 44	
*GRI 418: Customer privacy 2016	103-1	Explain key subjects and their boundaries	3.2 Product Responsibility and Customer Service	44	
	103-2	Management policy and its elements	3.2 Product Responsibility and Customer Service	44	
	103-3	Evaluation of management policy	3.2 Product Responsibility and Customer Service	44	
	418-1	Complaints of confirmed invasion of customer privacy or loss of customer data	3.2 Product Responsibility and Customer Service	44	
*GRI 419: Socio-eco- nomic compli- ance 2016	103-1	Explain key subjects and their boundaries	2.4 Regulatory Compliance	36	
	103-2	Management policy and its elements	2.4 Regulatory Compliance	36	
	103-3	Evaluation of management policy	2.4 Regulatory Compliance	36	
	419-1	Violating laws and regulations in the social and economic fields	2.4 Regulatory Compliance	36	
Additional guidelines for the chemical industry by the Financial Supervisory Commission					
Additional guidelines for the chemical industry (1)		Describe the categories of work-related injuries, calculate the rate of injuries, occupational diseases, loss of working days, absences from work, and the number of work-related deaths.	6.1 Healthy Workplace	77	
Additional guidelines for the chemical industry (2)		Operational activities that have a significant or potentially negative impact on the local community.	6.2 Disaster Prevention and Management	80	
Additional guidelines for the chemical industry (3)		Concrete and effective mechanisms and practices adopted by the companies and their suppliers to reduce the negative impact on the environment or society.	6.2 Disaster Prevention and Management	80	
Article 4 of the Financial Supervisory Commission		Average salary of full-time employees who are not supervisors	5. Safe and Happy Workplace	57	

