

SUSTAINABILITY  
REPORT

2021  
Sustainability Report

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# 2021

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Sustainability Report

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REPORT**

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## Message from the Chairman

### Sustainability and Us

Sustainability is a continuous challenge of constant reflection and hard work for human civilization. The United Nations published the guidelines for sustainable development in the book *Our Common Future* in 1987. The report outlined the basic principle that economic and social development must “meet the needs of the present without compromising the ability of future generations to meet their own needs.” We must do our best to create more positive impact for the society, give what we should give, receive what we should receive, and minimize the footprint of our business development on the environment to sustain our common future. This is YFYCPG’s motto.

A similar concept has long existed in Eastern culture. The Confucian values of “Ren” and “Yi” are translated into English as “benevolence” and “righteousness.” Benevolence signifies being good to others while righteousness signifies doing the right thing. Based on the influence of the philosophy of “Ren” and “Yi,” Asian companies such as YFY have long understood the responsibility they must shoulder for the society.

When YFY’s founder Mr. Chuan Ho brought our enterprise into being a hundred years ago, he constantly reminded all YFY employees that “enterprises are public resources of the society.” The second-generation founder Mr. S. C. Ho has also encouraged employees to “do things the way we treat people.” For YFYCPG, “sustainability” is not just a statement but the core value of the Company as well as the strategy for product development and marketing.



“Sustainability” is not beyond our reach. Instead, it is the accumulation of every small thing we do and every step we take in our daily life. What the term “us” encompasses is more than YFYCPG and consumers, it also includes the daily life created by our products and consumers. As the largest consumer and household product company in Taiwan, we must ponder, from the phase of research and development, how to attain environmental protection and sustainability in everything we do without sacrificing user experience. People in Taiwan are fond of tissue paper that are soft and skin-friendly but do not dissolve easily in water. We devised flushable and dissolvable tissue paper for this purpose, and accordingly have reduced waste. As a consumer and household product company, it is our responsibility to develop good products and provide satisfying experience to our consumers, so that they can do their bits for environmental protection within their daily life.

Taiwan faced another stress test in response to the pandemic in 2021. As a member of the household products national team, YFYCPG maintained stable production and operations to ensure an abundant supply of domestic paper products and cleaning products under level 3 alert. The team also demonstrated perseverance and real skills and helped facilitate the Company’s listing on the Taiwan Stock Exchange in September based on the original schedule. As a public company with many investors, we are responsible to our consumers, to our fellow workers, and to the society as well as the environment of “us.”

We have dedicated our best efforts to increase the use of recyclable packaging materials, to develop innovative green products, and to create materials that are environmentally friendly. In addition to products, we also added renewable energy equipment in recent years to increase the use of non-fossil fuel and work hard to reduce greenhouse gas emissions. We also work with different NGOs to gradually implement reduction at the source and more efficient resource sorting and recycling to ensure cyclic use. The concept of sustainability must be communicated from one generation to another. We therefore focus on promoting environmental education such as biodiversity for the younger generation. In the future, we hope to consolidate the power of consumers to strengthen the positive energy for environmental protection in Taiwan. We believe that by working together and taking incremental steps, we can create an immense force for driving progress in Taiwan.

In response to the challenges of 2022, YFYCPG continues to uphold the trail-blazing spirit we always have and bear “us” in mind in our innovations. We shall proceed from the needs of the people and focus on sustainability goals to take incremental steps for fulfilling social responsibility and ESG, and put our shoulder to the wheel to create a safer, healthier, and better future for us all.

Chairman

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# 2021 Review

## Environmental



Minimize the footprint of our business development on the environment to create environmentally friendly products.

↑ Increase resource utilization rate with an annual target of 1% water conservation

↑ Refurbish boilers and increase the use of renewable fuel

↑ Increase the ratio of green procurement

Chung Shui mill received the “2021 Taiwan Circular Economy Enterprise Award” from the Environmental Protection Administration, Executive Yuan

Chung Shui mill received the “2021 Green Procurement Enterprise Award” from Taichung City Government

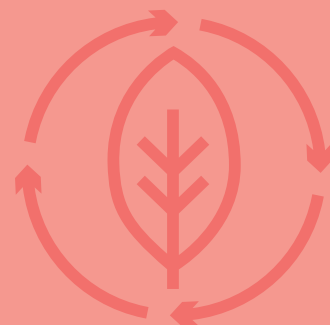
Yang Mei mill received the Private Enterprise and Organization Green Procurement Award” from Taoyuan City Government

### Sponsorship for the “Taiwan Champion Trees - Giant Tree Map Project”

The Company has worked with the team of Dr. Rebecca Hsu since 2021 and used real actions to support the “Taiwan Champion Trees” project and search for the tallest tree in Taiwan together. We promote science and civic education for young people and encourage them to bear witness to the harmonious and beautiful natural environment with biodiversity, and thus be willing to save energy and reduce carbon in daily life, care for the earth, and create a secure and beautiful life together.



2021/Dasyueshan Forest Trail/Taiwania/73.3m



## Environmental



## Social







# Governance

## Social



With sustainability as our goal, we seek to merge core corporate values with the changes in the society, attain co-prosperity with local entities, and create a bright future with the next generation.

## Governance



The management team fulfilled its responsibilities for high-quality management and complied with policies and regulations to continuously create stable investment returns for shareholders.



**Support for the medical personnel of Taoyuan Hospital, Ministry of Health and Welfare in comprehensive disease prevention to protect the health of medical personnel and their family members**

We actively provided 1,002 bottles of Orange House antivirus detergent, 1,008 bottles of Orange House hand wash mousse, 2,016 bottles of Orange House anti-bacteria cleaning spray, and 4,800 rolls of Mayflower Thick Kitchen Paper Towel to support the medical personnel of Taoyuan Hospital who were on the first line of defense for the health of the nation as well as their family members.

- Listed on the TWSE in August 2021 and became the largest consumer product manufacturer in Taiwan
- The Company received the 6th "Taiwan Mittelstand Award"
- Became the first consumer product manufacturer in Taiwan to receive the "Best Companies to Work for in Asia 2021" from HR Asia



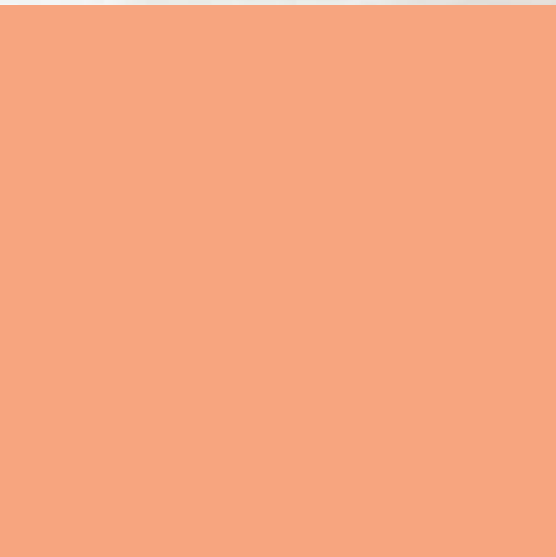
**Care for the local environment for co-existence and co-prosperity**

We actively joined the "winter donations for recyclers" organized by the Environmental Maintenance and Inspection Division, Department of Environmental Protection of Taoyuan to deliver Orange House and Mayflower products and gift money to disadvantaged families who rely on recycling. We have provided care to more than 400 recyclers.

Long-term support for the table tennis activities of schoolchildren in Haifeng Village of Qingshui, Taichung.

Support for the epidemic prevention activities of Yangzhou Economic Development Park. YFYCPG Yang Zhou mill and several local businesses provided aid and donated RMB 200,000 and supplies to help the government protect the health of the people.







# About This Report

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- 1.1 Editorial Principles
- 1.2 Corporate Sustainable Development Organizational Structure
- 1.3 Sustainable Development Goals
- 1.4 Stakeholder Identification and Engagement
- 1.5 Analysis of Material Issues





# About This Report

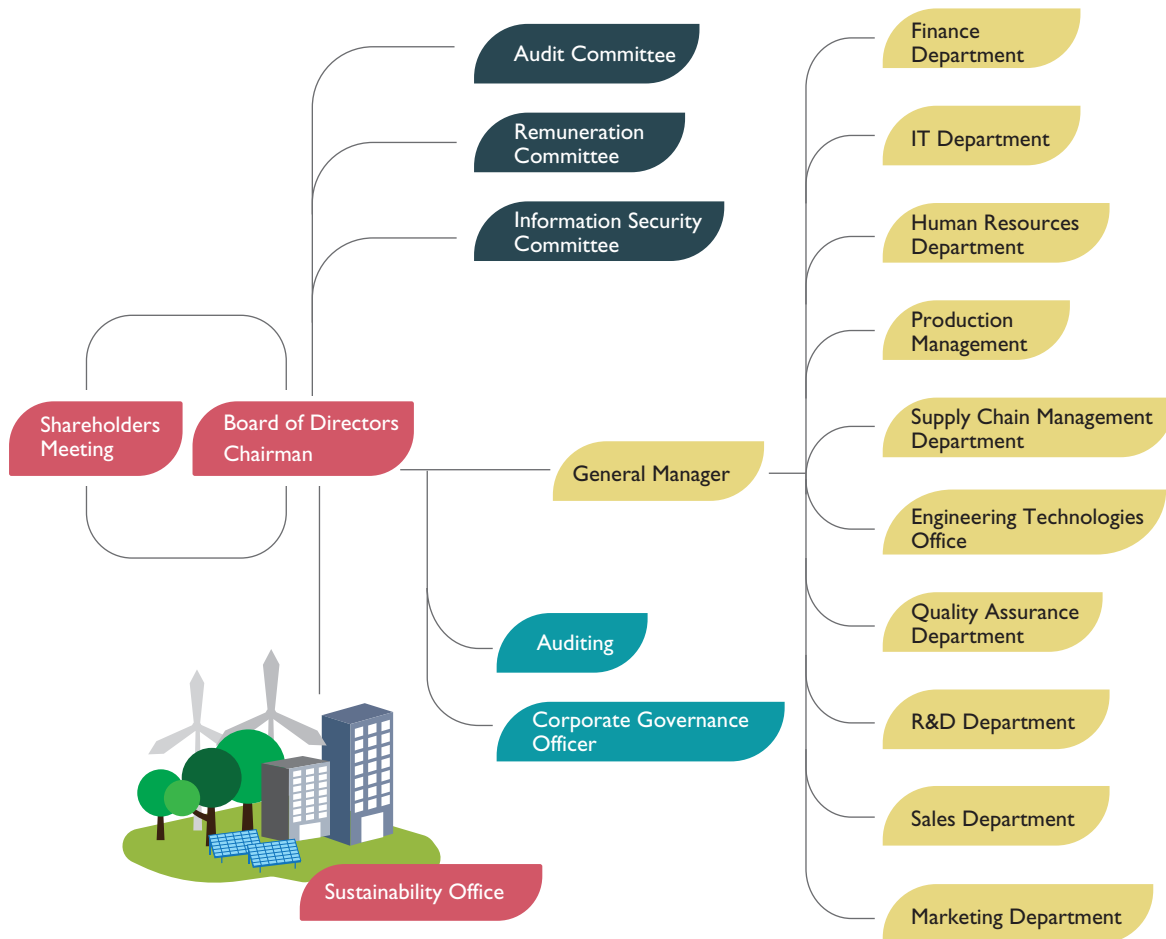
## 1.1 Editorial Principles

<p><b>About This Report</b></p>	<p>This Report is a compilation of the activities and detailed results of Yuen Foong Yu Consumer Products Co., Ltd. (hereinafter referred to as “the Company” or “YFYCPG.” in 2021 in terms of its corporate governance, environmental protection, employees, and social welfare. The contents of the Report include the head office in Taiwan and subsidiaries in Mainland China. The financial data are obtained from all entities included in the Annual Report and the Consolidated Financial Statements. Please refer to the 2021 Annual Report of Yuen Foong Yu Consumer Products Co., Ltd.</p>
<p><b>Reporting Period</b></p>	<p>From January 1, 2021 to December 31, 2021</p>
<p><b>Scope</b></p>	<p><b>Taiwan</b></p> <ul style="list-style-type: none"> <li>● Yuen Foong Yu Consumer Products Co., Ltd.</li> <li>● Yang Mei mill, Yuen Foong Yu Consumer Products Co., Ltd.</li> <li>● Chung Shui mill, Yuen Foong Yu Consumer Products Co., Ltd.</li> <li>● Ever Growing Agriculture Biotechnology Co., Ltd.</li> </ul> <p><b>Mainland China</b></p> <ul style="list-style-type: none"> <li>● YFY Investment Co., Ltd. (Shanghai Office)</li> <li>● Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.</li> <li>● Yuen Foong Yu Family Care (Kunshan) Co., Ltd.</li> </ul>
<p><b>Basis of Report</b></p>	<p>The data and information disclosed in the report are data and information of the entire year. The structure of the contents is based on the GRI Standards published by the Global Reporting Initiative (GRI): Core Options. We adopt general principles to enhance the relevance of information disclosed in the Report. The Report for this year received Type 1 moderate-level assurance from a third-party certification institution in accordance with AA1000 Assurance Standard v3.</p>
<p><b>Issuance</b></p>	<p>The Company has issued its Sustainability Report each year starting from 2022 and the Report is published on the Corporate Social Responsibility section of the Company's website (<a href="https://www.yfycpg.com">https://www.yfycpg.com</a>).</p> <p>Publication date of this issue: September 2022</p>
<p><b>Contact Information</b></p>	<p>If you have any questions or suggestions, please contact us directly.          ESG Office, Yuen Foong Yu Consumer Products Co., Ltd.          Address: 16F, No. 51, Section 2, Chongqing South Road, Taipei City, 100409          Tel: (02) 2192-1022          Website: <a href="http://www.yfycpg.com/">http://www.yfycpg.com/</a></p>

## 1.2 Corporate Sustainable Development Organizational Structure

The Company's Board of Directors passed the "Sustainability and Social Responsibility Guidelines" and established a dedicated unit for corporate social responsibility in 2021. It was renamed the "Sustainability Office" in January 2022 and its main responsibility is the management of sustainability issues for environmental, social, and governance (ESG) issues. It reports directly to the Chairman and regularly reports the development

of related issues, implementation plans, and results to the Board of Directors to facilitate the supervision and improvement of overall development strategies. We incorporate ESG into company policies, strategies, plans, and actions through continuous improvement and management measures to achieve sustainable operations.



### 1.3 Sustainable Development Goals (SDGs)

YFY Consumer Products Co., Ltd. is the largest consumer product company in Taiwan and we are committed to providing the public with a “secure, healthy, and beautiful life.” The Company’s internal regulations require the minimizing of the impact on the environment as sustainability is consistent with the pursuit of growth. To support the United Nations Sustainable Development

Goals (SDGs), we leverage our interactions with internal and external stakeholders and start with our core businesses that are connected to the six key UN SDGs. We will continue to make progress towards a sustainable common future by expanding our influence and creating more positive changes for the society.

<p><b>3</b> GOOD HEALTH AND WELL-BEING</p> 	<p><b>Ensure healthy lives and promote well-being for all at all ages</b></p>	<p>With sustainability as our goal, we invest in social welfare, seek to merge core corporate values with the changes in the society, attain co-prosperity with local entities, and create a bright future with the next generation.</p>
<p><b>6</b> CLEAN WATER AND SANITATION</p> 	<p><b>Ensure availability and sustainable management of water and sanitation for all</b></p>	<p>We created a dedicated management team for water resources to optimize the water treatment system, increase water resource recycling and reuse rate, and maximize the use of water to reduce water consumption.</p>
<p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> 	<p><b>Ensure access to affordable, reliable, sustainable and modern energy for all</b></p>	<p>We have a dedicated energy resources management team to monitor energy efficiency, develop renewable energy, and use alternative fuels to gradually reduce the share of fossil fuel consumption and achieve sustainable green energy.</p>
<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p><b>Ensure sustainable consumption and production patterns</b></p>	<p>Master material use and resource recycling to ensure a sustainable production model and create a circular economy. Minimize the footprint of business development on the environment.</p>
<p><b>13</b> CLIMATE ACTION</p> 	<p><b>Take urgent action to combat climate change and its impacts</b></p>	<p>Increase mitigation and adaptation actions, including the phased management of energy and greenhouse gas, inventory of transition and physical risks arising from climate change, and the establishment of an internal climate change response team to address climate change and its impacts.</p>
<p><b>15</b> LIFE ON LAND</p> 	<p><b>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b></p>	<p>Use pulp certified by the Forest Stewardship Council (FSC) to fulfill the commitment to forestry conservation and biodiversity for ecological sustainability.</p>



## 1.4 Stakeholder Identification and Engagement

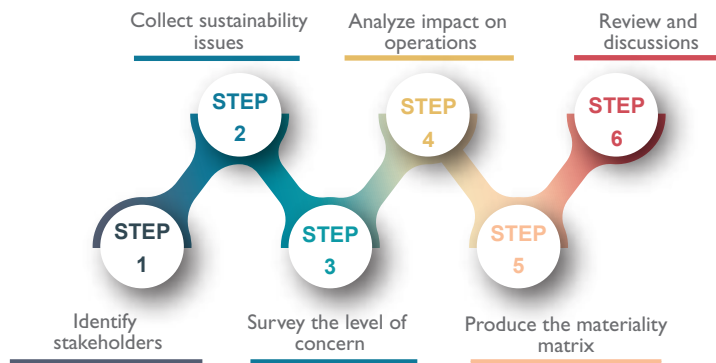
Stakeholder	Topics of concern	Communication channels/frequency	
<b>Government</b>	Ethical corporate management Compliance Air pollution management Water resource and effluent management Waste management Occupational health and safety Waste management	Correspondence/irregular Meetings/irregular Government routine or surprise inspections/irregular	
<b>Employees</b>	Remuneration, benefits, and employee care Employment diversity and equal opportunities Training and talent development Labor rights and employee relations Safe and healthy working environment and employee health	Employee communication meetings/quarterly	Employee Welfare Committee/annually
		Labor-management meetings/quarterly	Employee training/irregular
		Digital learning platform/immediate	Internal announcements/irregular
		Internal digital platform/immediate	Performance evaluation/annually
		General Manager's mailbox/irregular	Employee communication hotline/irregular
		Employee EAP hotline/irregular	
<b>Customers/ consumers</b>	Corporate brand and image management Product quality and accountability Customer relations management Customer health and safety Compliance	Customer service hotline/immediate	Real-time online customer services/immediate
		Business visits/irregular	Technical and business exchanges/irregular
		Customer meetings/irregular	Business exhibitions and seminars/irregular
<b>Supplier/ contractor</b>	Ethical corporate management Procurement practices Supplier regulations and assessment Product quality and accountability	"Honesty and Integrity Declaration"/immediate Negotiation meetings/irregular Supplier exchanges and visits/irregular Supplier counseling/irregular	
<b>Shareholders/ investors</b>	Ethical corporate management Operational and financial performance Compliance Sustainable development strategy Market presence Risk management	Shareholders' meeting/annually	Investor seminars/quarterly
		Board meetings/quarterly	Financial statements/quarterly
		Corporate Website/irregular	
		Material announcements on the Market Observation Post System/irregular	
<b>Media</b>	Market presence Product quality and accountability Strategic cooperation and strategic alliances	Press conferences/irregular	Ads/irregular
		Press releases/irregular	Investor seminars/quarterly
		Shareholders' meeting/annually	
		Requests for interviews - phone, communication software, and e-mail/irregular	

## 1.5 Analysis of Material Issues

The Company conducts a scientific identification of material topics each year, and collects the opinions of senior executives and internal and external stakeholders. The identified topics are arranged in sequence based on their

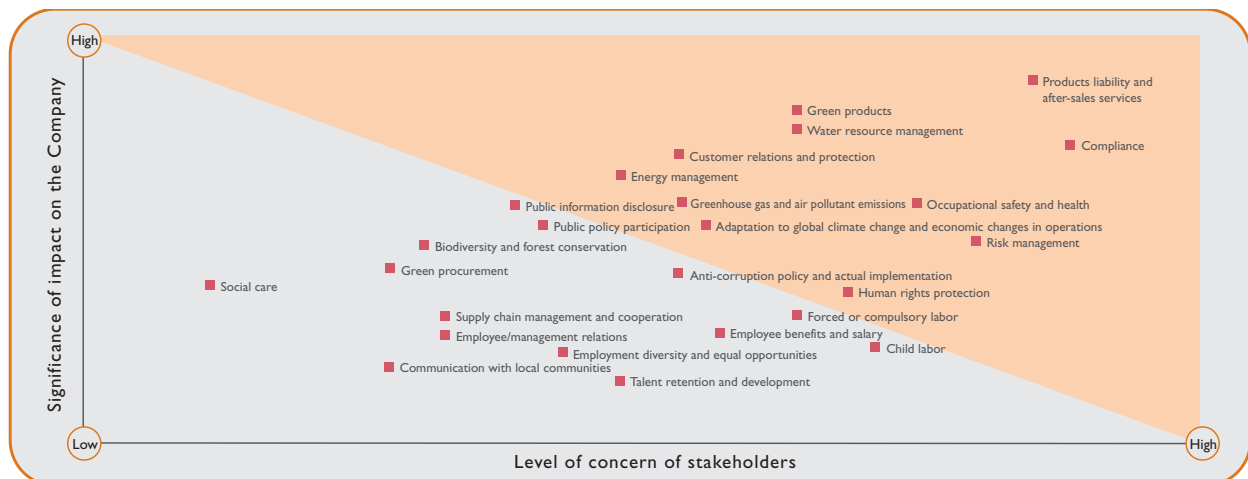
influence on stakeholders and impact to the organization. We focus on key issues and provide explanation in the Sustainability Report for detailed disclosure.

### 1.5.1 Procedures for Determining Material Issues



- Step 1** / We produced the “Questionnaire for the Identification of Important Stakeholders” in accordance with the AA 1000 Stakeholder Engagement Standards (SES) and distribute them to senior executives for identification.
- Step 2** / We produced the “Questionnaire for the Identification of Material Issues” in accordance with the GRI Standards of the Global Reporting Initiative (GRI) and screened 49 sustainability issues for identification.
- Step 3** / We analyze the level of concern of stakeholders in the Company’s sustainability issues with the “Questionnaire for the Identification of Material Issues.”
- Step 4** / We identify the impact of these issues on the Company’s operations with the participation of senior executives ranked managers and above in all departments, including the Chairman and General Manager.
- Step 5** / We use the analysis in Steps 3 and 4 to create a material issue matrix and to identify material issues.
- Step 6** / We connect the material issues analyzed in Step 5 to each of the specific topics in the GRI Standards, and collect and disclose relevant sustainability information in accordance with the reporting requirements and management guidelines.

### 1.5.2 Stakeholder Concerns and Materiality Analysis Results



### 1.5.3 List of Material Sustainability Topics

Dimension	Material Issue	Significance to YFYCPG	Management Approach in the Corresponding Chapter	Corresponding GRI Standards
Social	Product liabilities and after-sales services	Accurate product labeling with full information as well as fair and responsible marketing communications that help consumers obtain information about the composition of the product and promote a healthy and positive impact.	3.4 Customer Satisfaction and Product Services	GRI 417
Social	Compliance	Compliance with social and economic regulations, monitoring international trends and market changes, and focus on the development of a sustainable social environment.	3.6 Socioeconomic Compliance 4.8 Environmental Compliance	GRI 307 GRI 419
Social	Risk management	Establish related management regulations compliance by all units in accordance with the law and internal management requirements. Business risks are diversified and managed by each subsidiary according to their respective functions, and the management of company matters is coordinated by respective functional units.	3.3 Risk Assessment and Management	GRI 102
Social	Occupational safety and health	We take the protection of workers' safety as our top priority and we care for the physical and mental conditions of employees. We provide necessary facilities and educational training and increase their safety awareness to ensure safety in the work environment.	5.1.6 Employee safety and health	GRI 403
Environmental	Green products	Green products are environmentally friendly products that are energy efficient, non-toxic or have low toxicity, and recyclable	4.3 Raw Material Usage 4.4 Energy Management	GRI 301 GRI 302 GRI 416
Environmental	Water resource management	Water is the most important medium in the production of consumer goods. It is responsible for the cycle of fiber and energy in the system. The most critical management targets in the paper making process are ensuring product quality, meeting consumer safety requirements, and optimizing the use of water resources as well as water treatment.	4.5 Water and effluents	GRI 303
Environmental	Greenhouse gas and air pollutant emissions	Consumer products are an important carbon sequestration industry. The photosynthesis of trees converts carbon into organic form for fixed storage, which accumulates over time and forms wood. Forests absorb carbon dioxide and facilitate carbon sequestration for the carbon to be recycled back to nature. The inventory of emissions is an important basis for completing a comprehensive carbon cycle.	4.4 Energy Management 4.6 Emissions	GRI 305
Social	Adaptation to global climate change and economic changes in operations	Changes in the environment caused by climate change such as rising temperatures and extreme weather events may have an impact on operations such as the acquisition of resources and business activities, which in turn may have an impact on the Company's finances and employee health and safety.	3.3 Risk Assessment and Management Appendix TCFD climate change financial impact	GRI 102 GRI 307 GRI 419
Environmental	Energy Management	The renewable energy cycle is a critical step in the energy transformation of the consumer product industry. We must reduce our dependence on fossil fuel and support renewable energy technology development.	4.4 Energy Management	GRI 302
Social	Human rights protection	Full protection of human rights in the work environment is a key part of business sustainability.	3.5 Supplier management 5.1.4 Employee communication and rights and benefits	GRI 419
Social	Customer relations and protection	Customer experience and feedback can be used for future new product upgrades and development plans. The consumer feedback we obtained is used for internal quality management and related units work together to review and develop future improvement strategies. It is the key for continuous improvement of the quality of our products and services.	3.4 Customer Satisfaction and Product Services	GRI 416

Note: The List of Material Sustainability Topics is ranked based on the analysis results of the materiality matrix







# Company Profile

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- 2.1 Company Profile
- 2.2 Competitive Niche
- 2.3 Economic Performance
- 2.4 Award Records
- 2.5 External Participation



# Company Profile

## 2.1 Company Profile

YFY began operations as a paper mill and began the production of a new generation of toilet paper in the Neiwei mill in Kaohsiung in 1946 with professional paper making technologies to enter the household paper product market. We created the toilet paper brand “Mayflower” in 1968 which began YFY’s development of the household products in Taiwan. We developed the first patterned toilet paper in Taiwan in 1972 and established the Consumer Products Division in 1986. Yuen Foong Yu Consumer Products Co., Ltd. was officially established.

We actively expanded our business by merging Chung Shui mill of Procter & Gamble Home Products Co., Ltd. in February 2004, and adding two brands — “Tender” and “Delight.” We thus became the largest consumer paper product manufacturing plant in Taiwan and consolidated our leading position in market in Taiwan. To achieve vertical integration of production and sales, we merged Yuen Foong Yu Paper Manufacturing (later renamed: YFY Inc.) and certain household products departments in October 2007.

We launched the “Orange House” product series in 2009 to develop environmentally friendly green products. YFYCPG is a leading brand of household consumer products in Taiwan and our production and sales span both sides of the Strait. We have five major production sites and our sales channels include retail, business, and e-commerce business

models. We currently focus on the production, design, sales, and distribution of household paper products and cleaning products.

Name of Company	YFY Consumer Products Co., Ltd.
Chairman	Felix Ho
Current paid-in capital	NT\$2.671 billion
Date of establishment	1986/10/29
Number of employees	1,415
Company address	16F, No. 51, Section 2, Chongqing South Road, Taipei City
Main businesses	Production, sales, and distribution of household paper products and cleaning products
Main brands	Household paper: Mayflower, Tender, Delight Cleaning products: Brands such as Orange House, Fresh Sense, Delight, and Fresh
Production sites	5 plants in Taiwan and China
Production volume	Household paper: Approximately 138,723 tons Cleaning products: Approximately 6,285 tons



### Sales locations



### Sales markets

Household and domestic consumables are provided for the daily needs of the public and they are mostly sold in domestic sales. The Company's brands hold leading positions in the market. In terms of household paper products, we have met the diverse needs of consumers through product differentiation successfully gained a strong market share by focusing on different customer segments. In terms of cleaning products, we established a

brand with the natural and efficient "Orange House" brand and continuously launched high-quality products that are safe for consumers. We also developed new brands such as "Fresh Sense" and "Delight" to expand our reach, attract more consumers, and gain a solid foothold in the cleaning products market. We will also expand overseas markets for cleaning products based on our existing capabilities.

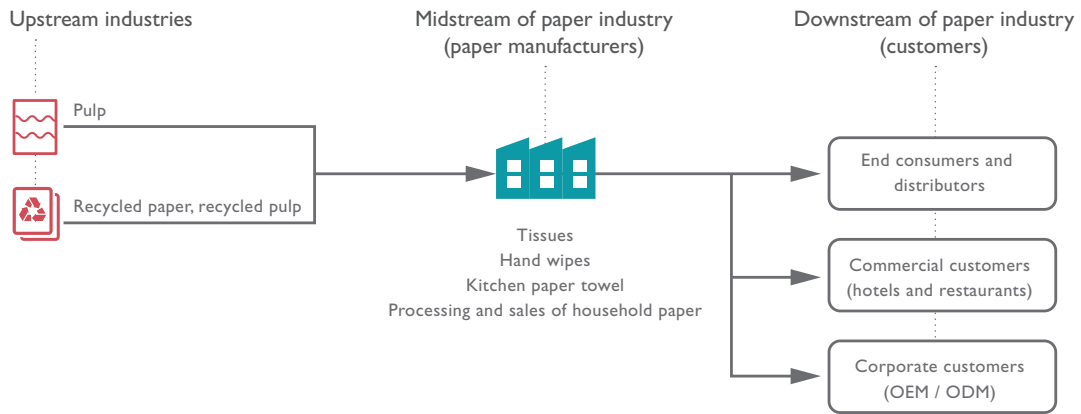


### Relationships with upstream and downstream companies

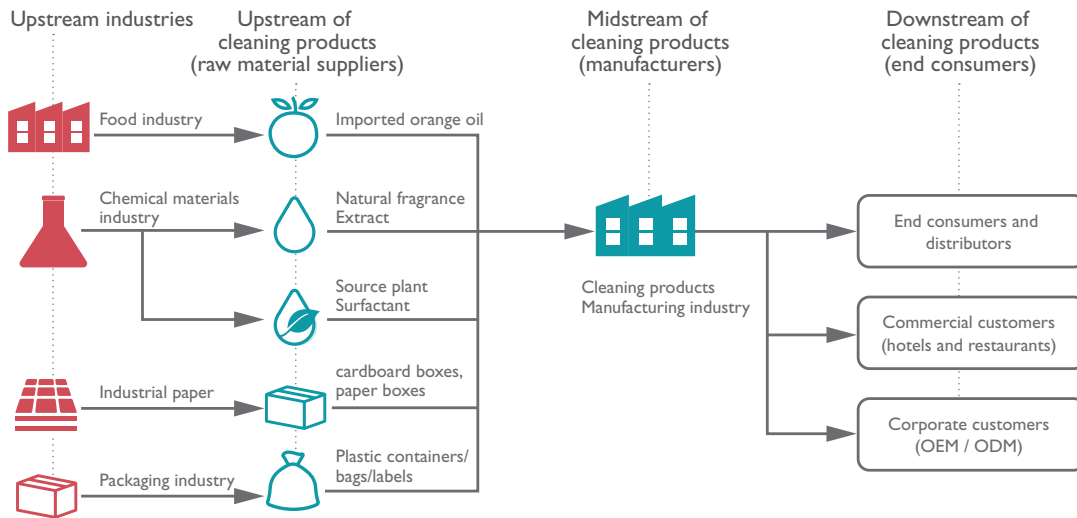
The Company's supply chain comprises upstream paper pulp manufacturers and downstream vendors, distributors, and end consumers. The upstream of the cleaning products industry is special ingredient (such as tangerine oil, natural fragrance, etc.), while the

downstream is various retailers, distributors, and end consumers. The relationships with upstream, mid-stream, and downstream companies of the industry are shown below:

#### • Paper products



#### • Cleaning products



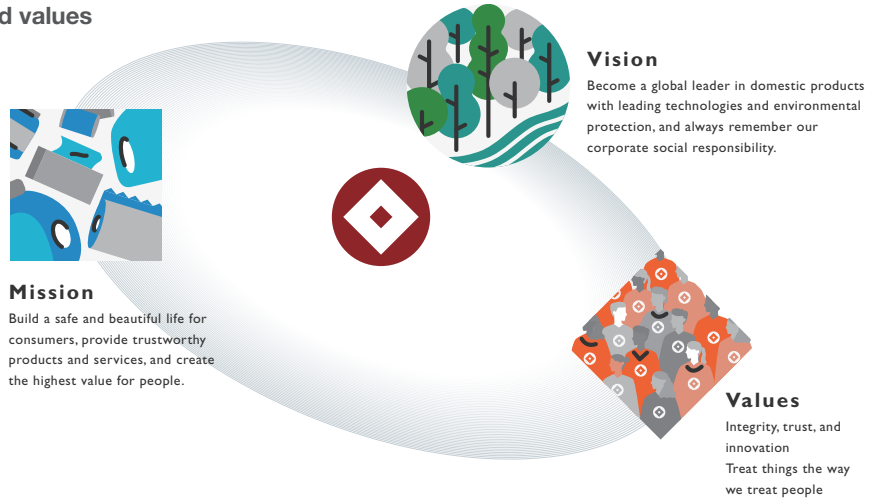
### Strategic goals

The Company's growth strategy is based on "providing consumers with a healthy, safe, and beautiful life." Our R&D plan mainly follows market demand for products and our operation plans with business development targets for the development of marketable products with potential for future development.





Vision, mission, and values



Production sites

Taiwan	Year of establishment	Quality certification
<b>Ever Growing Taoyuan Plant</b> (cleaning products)	2017.03.21	ISO 9001:2015, ISO 22000:2018 (HACCP), ISO 22716:2007 cosmetics GMP
<b>Chung Shui mill</b> (paper products)	1990.03.03	ISO 9001:2015, FSC COC CNS (toilet paper and tissue paper)
<b>Yang Mei mill</b> (paper products)	1986.10.16	ISO 9001:2015, ISO 22000:2018 (HACCP), FSC COC CNS (toilet paper, hand wipes, and paper towels)



Ever Growing Taoyuan Plant



Chung Shui mill



Yang Mei mill

Mainland China	Year of establishment	Quality certification
<b>Yang Zhou mill</b>	2011.11.18	ISO 9001 quality management system certification document, FSC China ecological product certificate
<b>Kun Shan mill</b>	2004.12.28	ISO 9001 quality management system certification document, FSC China ecological product certificate



Yang Zhou mill



Kun Shan mill

## 2.2 Competitive Niche

### 2.2.1 R&D — Key technologies for the development of paper products and cleaning products

The Company has obtained several patents and passed FSC, HACCP, GMP, ISO 22000, Environmental Protection Label, and Green Building Label certifications. In terms of household paper products, the Company currently focuses on interfold toilet paper and the Company’s revolutionary product “Mayflower Thick Toilet Paper” has a satisfaction rate of 98% from customers. In terms of cleaning products, we have applied for patents in several countries for the special coating technology of the new Detergent Pod. The R&D team also created unique natural formulas that target Type A/B flu and coronavirus and obtained lab results certifying their ability to effectively remove viruses through collaboration with domestic and overseas research institutions. Our cleaning products make it easy for consumers to remove against all kinds of stains and help the busy people of the modern era clean more efficiently. Our R&D team is also actively developing

multi-purpose detergents and concentrated detergents. We obtained the product carbon footprint label for the Detergent Pod paper can packaging, which also passed the U.S. PCR hypoallergenic test and the U.S. Department of Agriculture (USDA) Biobased Product Label certification. The product offers effective cleaning as well as gentle, low irritation, and environmentally friendly properties, which ensure the sustainability of the ecological environment. In addition, we have successfully developed plant-based biodegradable toilet paper packets and environmentally friendly packaging to reduce the environmental burden caused by plastic bags and containers that do not decompose easily in the soil, and meet the environmental protection and resource recycling requirements. Plant-based external packaging packets decompose on their own in the soil after use, which significantly reduces the impact of plastic pollutants on the planet.

### Competitive Niche and Development of Key Technologies



In 2022, YFYCPG will continue to use its solid foundations to improve the paper product businesses, accelerate expansion of cleaning products, and develop innovative products. We shall continue to leverage brand advantages to provide consumers with personalized experience and innovative products of value as we strive for innovation and growth. We will optimize the product and production and sales structure, enhance the organization structure, and continue to implement automation in production. We will also develop green products and

reduce emissions in the production process. We shall increase the sales of non-paper products by utilizing comprehensive distribution and channel marketing and expand sales in domestic and foreign markets. We shall enhance our responsiveness and strengthen our business performance. We continue to develop new business opportunities in the post-pandemic economy, the stay-at-home economy, and the green economy, and strive to maximize profits.

**International environmental protection certification obtained for the production regulations necessary for different products:**

System Certification	Plant	Validity Date
ISO 14001 Environmental Management System	Yang Mei mill	2022/11/27
ISO 14064-1 Greenhouse Gas Inventory		2019/12/31
ISO 50001 Energy Management System		2021/8/20
ISO 45001 Occupational Safety and Health Management System		2024/1/6
TOSHMS Taiwan Occupational Safety and Health Management System		2024/1/17
ISO 22000 /HACCP Food Safety Management System		2022/2/14
FSC™ COC Forest Stewardship Council (FSC) Chain of Custody certification		2024/7/24
ISO 14001 Environmental Management System	Chung Shui mill	2022/2/26
ISO 14064-1 Greenhouse Gas Inventory		2021/12/31
ISO 50001 Energy Management System		2023/12/23
ISO 45001 Occupational Safety and Health Management System		2022/2/26
TOSHMS Taiwan Occupational Safety and Health Management System		2022/2/26
FSCTM Forest Stewardship Council (FSC) Chain of Custody (COC) certification		2024/7/24
ISO 14001 Environmental Management System	Ever Growing	2023/10/6
ISO 22000 /HACCP Food Safety Management System		2023/12/30
ISO 22716 Cosmetics - Guidelines on Good Manufacturing Practices		2023/8/23
Green Building		2022/9/2
ISO 45001 Occupational Safety and Health Management System	Yang Zhou mill	2023/8/1
ISO 45001 Occupational Safety and Health Management System	Kun Shan mill	2023/11/1

## 2.3 Economic Performance

In response to the challenges of 2021, YFYCPG continued to embrace challenges as we always have and won the recognition of consumers and the capital market in the public listing of the Company based on a solid foundation created with years of hard work and the continuous efforts of the management team.

The operating revenue of YFYCPG in 2021 consisted mainly of household paper products, which accounted for 87% of overall sales. Cleaning products accounted

for 6% and other items accounted for 7%. Thanks to the efforts of the management team and all employees, YFYCPG's consolidated revenue in 2021 rose to NT\$9.89 billion. The net profit after tax was NT\$1.07 billion. The net profit attributed to the Company was NT\$1.06 billion and the earnings per share was NT\$4.24. Please refer to the 2021 Consolidated Financial Report of Yuen Foong Yu Consumer Products Co., Ltd. for detailed business performance data.

Unit: NT\$1,000

Year	2020	2021
Paid-in capital	2,449,060	2,671,290
Operating revenue	10,147,738	9,890,353
Salary and benefits	1,238,526	1,179,649
Cash dividends	412,120	979,624
Income tax	250,430	216,575
Retained earnings	1,569,656	1,650,450





## 2.4 Award Records

- Chung Shui mill received the “2021 Taiwan Circular Economy Enterprise Award” from the Environmental Protection Administration, Executive Yuan
- Chung Shui mill received the “2021 Green Procurement Enterprise Award” from Taichung City Government
- Yang Mei mill received the Private Enterprise and Organization Green Procurement Award” from Taoyuan City Government
- Chung Shui mill received a certificate of appreciation from the Environmental Protection Administration, Executive Yuan for outstanding performance in green procurement
- The Company received the 6th “Taiwan Mittelstand Award” from the Ministry of Economic Affairs
- The Company received “Best Companies to Work for in Asia 2021” from HR Asia
- The Company received the Health Management Award for outstanding workplace health in 2021 from the Health Promotion Administration
- Yang Mei mill and Chung Shui mill received the “Sports Enterprise Certification” from the Sports Administration of the Ministry of Education
- The head office, Yang Mei mill, and Chung Shui mill received the “Health Promotion Label” certification from the Health Promotion Administration of the Ministry of Health and Welfare

- The head office, Yang Mei mill, and Chung Shui mill received the “AED Safe Workplace” certification from the Ministry of Health and Welfare and the Department of Health of local governments.
- The head office, Yang Mei mill, and Chung Shui mill received the “2021 CHR Healthy Corporate Citizen” commitment label from Common Health Magazine.

## 2.5 External Participation

YFYCPG actively participates in activities of related industry and trade associations for discussions or policy advice, promotes dialog between industries, learns about the latest international developments, related risks, and opportunities. YFY Consumer Products Co., Ltd. is a member of the following industry associations:

- Taiwan Paper Industry Association
- Taipei Cosmetics Industry Association
- Taipei Department Store Association
- Taipei Pharmacist Association
- Taiwan Soap & Detergent Manufacture Association
- Taiwan Paper Containers Industry Association
- Monte Jade Taiwan Science & Tech Association
- Epoch Foundation







# Operation Management

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- 3.1 Corporate Governance
- 3.2 Board of Directors
- 3.3 Risk Assessment and Management
- 3.4 Customer Satisfaction and Product Services
- 3.5 Supply Chain Management
- 3.6 Socioeconomic Compliance

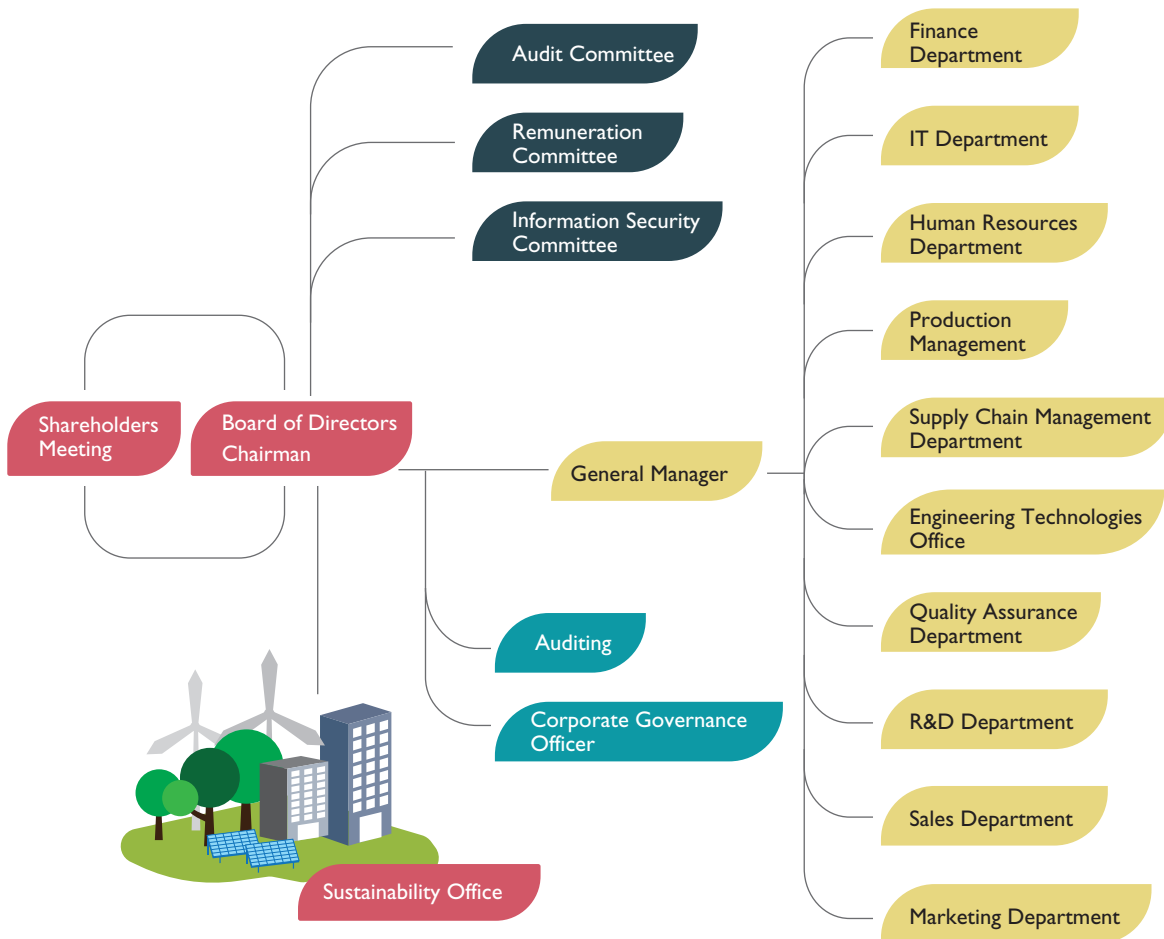


# Operation Management

## 3.1 Corporate Governance

The Company maintains sound corporate governance based on the spirit of integrity, compliance with the law, adherence to transparency in operations, and emphasis on shareholders' rights and interests.

The corporate governance framework is as follows:





### 3.2 Board of Directors

In response to the increasingly complexity and diversity in the market environment, the Company stipulated in its “Corporate Governance Best Practice Principles” that the principle of diversity must be considered in the composition of the Board members. In addition to diversity in terms of gender, race, and nationality, Board members must have the knowledge, skills, and experience necessary to perform their duties. To ensure the attainment of corporate governance targets, the Board of Directors must, as a whole, have the following capabilities:

- (1) Ability to make operational judgments.
- (2) Ability to perform accounting and financial analysis.
- (3) Business management ability.
- (4) Crisis management ability.
- (5) Knowledge of the industry.
- (6) An international market perspective.
- (7) Leadership.
- (8) Ability to make decisions, and members must have diverse professional backgrounds.

The current Board of Directors consists of 7 directors including 3 independent directors, which meet the requirements of the Securities and Futures Bureau of Financial Supervisory Commission regarding independent directors (they account for 42.9% of all directors). Independent directors also maintain their independence during their terms of office. The 7 directors include 2 female directors (they account for 28.6% of all directors).

The attendance in meetings of the Board of Directors in 2021 was good with a 100% attendance rate. Directors have continued to take courses in fields other than their professional backgrounds and they have attended related courses on corporate governance as well as environmental, social, and governance (ESG) courses.

The Company has established corporate governance regulations. In addition to specifying the duties and powers of the Board of Directors in the Articles of Incorporation, the Company also established the “Corporate Governance Principles,” “Ethical Corporate Management Best Practice Principles,” “Code of Conduct,” “Sustainability and Social Responsibility Guidelines,” and “Standard Operating Procedures for Processing Requests Filed by Directors” to strengthen the operations of the Board of Directors and improve corporate governance.

#### 3.2.1 Comprehensive information disclosure

The Company is committed to increasing the speed and transparency of information disclosure. In addition to regular disclosure of information in accordance with the law, we also actively participate in investment forums and investor seminars held by domestic and international securities firms. We provide explanations on the published financial data, operating results, and other related information to enhance investors’ understanding of the Company’s financial and business information.

##### Information transparency and disclosure channels

Setup of the spokesperson and acting spokesperson system	The Company appoints a spokesperson (and acting spokesperson) to communicate with the media, shareholders, and investors.
Material information announcements	The announcements help investors and the general public understand the Company’s latest developments.
Company website platform	We have set up an investors’ section on the website to disclose the progress of business development and update financial information and corporate governance information so that investors can learn about the Company’s latest news.
Investor seminars and domestic (foreign) investor forums	From time to time, we participate in investor seminars and domestic and (foreign) investor forums held by securities firms to explain the Company’s operations, financial overview, strategic development, and business policies.

##### Information transparency and disclosure milestones

- We set up a website in Chinese/English to disclose business development information and update financial information and corporate governance information.
- We publish the Company’s production and sales volume information on the website every month.
- The Company voluntarily publishes the business revenue and earnings per share on the Market Observation Post System and the Company’s website each month.
- The proposals of shareholders’ meetings are processed by electronic voting and case-by-case voting. The results of the votes are published on the “Market Observation Post System” and the Company’s website.
- The Company attends at least one investor seminar each quarter and publishes the presentation on the Company’s website.

### 3.2.2 Integrity and compliance

The Company has established the “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct” in accordance with the *Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies*. The Board of Directors and management fully understand and actively implements related operating regulations in internal management and external business activities.

The Company performs regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business and implement programs to prevent unethical conduct. The programs are provided below:

- (1) Prevention of dishonest behavior and the prohibition of bribery acceptance: Detailed information about disciplinary actions and the reporting system are listed in Chapter Four: “Service Regulations” of the Work Rules.
- (2) Protection of intellectual property rights: We ensure protection by requiring employees to sign the *Intellectual Property Rights, Personal Information Protection, and Business Strife Limitation Agreement* as well as the employment contract.
- (3) *Employee Code of Conduct*: Established to implement the Company’s core values, maintain high ethical standards, provide employees with standard compliance requirements when performing their daily duties and tasks, protect the Company’s reputation, and earn the respect and trust of our clients, vendors, and other individuals.
- (4) *Ethical Corporate Management Operating Procedures and Code of Conduct*: They contain 17 operational regulations and stipulate whistleblowing systems and handling procedures.

The Company’s Human Resources Department is responsible for handling the drafting, amendment, and implementation of the *Ethical Corporate Management Operating Procedures and Code of Conduct*. It also reports the implementation status to the Board of Directors on a regular basis.

Article 5 of the *Ethical Corporate Management Operating Procedures and Code of Conduct* states the methods for assessing corruption risks and includes standard operating procedures for the prohibition on

offering or accepting improper benefits, procedures for handling improper benefits, prohibition of facilitation fees, political contributions, charitable donations or sponsorships, and avoidance of conflicts of interest.

To ensure ethical management, the Company has established an effective accounting system and internal control system. The Company’s accounting system is based on the *Securities and Exchange Act, Company Act, Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Securities Issuers*, International Financial Reporting Standards, International Accounting Standards, and interpretations and explanations approved by the Financial Supervisory Commission, and the regulations are established based on the actual operations of the Company. The internal control system is established based on the *Regulations Governing Establishment of Internal Control Systems by Public Companies* for implementation. The audit department also regularly audits the compliance of the accounting system and internal control system and reports results to the Board of Directors.

To ensure the smooth operations of the Company and help all employees actively implement corporate social responsibility and moral ethics, the Company requires all employees to sign the “Professional Ethics, Integrity, and Non-Child Labor Statement” on the day they report for duties and issue employee handbooks to provide one-on-one explanation and ensure that all employees understand the Company’s Code of Conduct. We organized 3 rounds of value experience camp in 2021 and used the courses to help employees understand the importance of integrity, trust, and innovation. 77 people participated and total man-hours amounted to 231 hours.

The Company has provided related ethical management courses in digital format and use the LMS learning and management system to provide all employees with online learning in 2021. We organize training for Directors, Corporate Governance Officer, managerial officers, and employees in specific positions to provide more comprehensive training courses. We continue to implement specific measures and prevent unethical conduct (including anti-corruption). 782 people participated in online and in-person courses and total man-hours amounted to 836 hours.



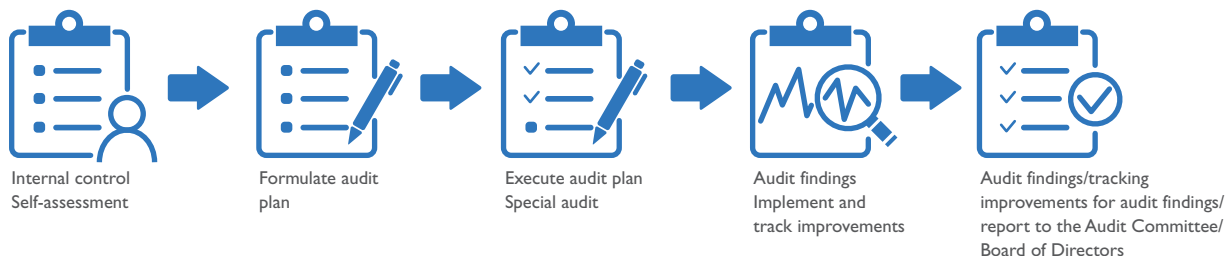
### 3.3 Risk Assessment and Management

#### Risk management system

In addition to implementing management guidelines for internal management in accordance with the law, the Company also devises rules to be followed by different departments. Operational risks are decentralized for management by separate departments based on their functions. The Auditing and Compliance Office conducts regular and special audits on the implementation and compliance of the departments' rules, systems, and regulations.



#### Risk identification and audit system



- (1) Each department conducts self-assessment and risk identification procedures each year in accordance with the “Self-Assessment Procedures of the Internal Control System,” and the Auditing and Compliance Office compiles the internal control self-assessment information, prepares the statement of internal control system and submits it to the Board of Directors to ensure the healthy operations of the Company.
- (2) The Auditing and Compliance Office formulates/adjusts the annual audit plan in accordance with regulations and the conclusions of the internal control self-assessment, and reports results to the Board of Directors for approval.
- (3) We perform risk-based financial/business/operational/management system audits in accordance with the annual audit plan approved by the Board of Directors and the “Internal Audit Implementation Guidelines.” We also assist in setting up systematic

and preventive control points/reviews to streamline operational processes and ensure compliance with legal regulations and continuous process optimization. The Auditing and Compliance Office implements routine audits in accordance with the annual audit plan and implements special audits when necessary to ensure that possible deficiencies in the internal control system are immediately identified and make recommendations for improvement. We regularly report related implementation conditions or results to the Audit Committee and the Board of Directors.

- (4) The Auditing and Compliance Office continues to track the improvement status based on the improvement plans and improvement deadlines provided by the audited units, and report the tracking status and results to the Audit Committee/Board of Directors at regular intervals.



## Risk Assessment and Management

Risk item	Explanation of risks and response strategies
Policy and regulatory risks	<p><b>Finance Department:</b> The Company has assigned the Legal Department to process legal affairs and appointed external legal consultants to assist in managing the risks of changes to laws.</p> <p>If there is any potential impact of important policy and legislative changes on the Company's financial or sales performance, the Legal Department and units responsible shall jointly formulate response measures or amend the Company's regulations and operating procedures in accordance with the new laws or regulations announced by the government.</p> <p>In response to the promulgation of the amendments of the Labor Standards Act, the Company has also modified related internal regulations and the Work Rules, as well as convened quarterly labor-management meetings to discuss various response measures. Work hours and work schedule for each company (plant) were adjusted accordingly, and employee annual leaves and holiday pay for unused annual leaves were given to employees according to regulations.</p> <p><b>Legal Affairs Team:</b> Business activities such as research and development, manufacturing, sales and marketing, finance and accounting, personnel management, market competition, investment and financing, corporate governance, import and export customs clearance, and trade are governed by related laws and regulations. We must ensure that all business units comply with the current laws and regulations and establish internal rules and regulations to avoid the risks of violations, protect the Company's corporate image, and contribute to sustainable business objectives. For this purpose, the Company has established the "Legal Compliance Management Rules" and the Legal Affairs Team is responsible for the planning, management, and implementation of compliance matters, and monitoring changes in regulations. They work with dedicated personnel in each unit to confirm that related regulations of the Company have been amended and they use internal audit and inspections to verify the compliance. They also organize legal training programs to help employees understand the necessity and importance of compliance.</p>
Labor shortage and talent gap risks	<ol style="list-style-type: none"> <li>1. We organize industry-academia cooperation with universities and colleges to improve students' understanding of the Company and industry, and expand the Company's talent development at home and abroad.</li> <li>2. We develop flexible and diverse recruitment channels and cooperate with external professional recruitment agencies to ensure an abundant supply of talent.</li> <li>3. We regularly conduct annual talent management, succession planning, and IDP development, review manpower needs and gaps, and plan for talent reserves at all levels.</li> </ol>
Business reputation risks	<p>Business reputation includes the Company's values, products, and services. We implement continuous management and creation with the trust and recognition of the public. As consumer feedback on their experience with brands and products become real-time, open, and spread across diverse channels, our primary goal of risk management is to obtain real-time information, quickly and comprehensively understand the situation, and develop response plans. We have adopted the three main action strategies set forth below to respond to risks:</p> <ol style="list-style-type: none"> <li>1. Implement comprehensive real-time monitoring of activities that directly affect the reputation of the Company's brand (traditional and online media) to assess the potential impact.</li> <li>2. Develop countermeasures, assess and obtain the views of key stakeholder groups (NGOs, activist investors, etc.) on the Company's brand, and implement risk management solutions.</li> <li>3. Continuously optimize the service capability of front-line communication personnel (response to consumers, customers, and media) and improve product quality and control mechanisms.</li> </ol>
Financial risks	<p>Description of risks: Drastic changes in the global economy and the international geopolitical environment have increased the price of pulp, coal, energy and other raw materials on the international market, which affects the Company's operations and long-term profitability.</p> <p>Response strategies: We must pay close attention to global economic development as well as fluctuations in exchange rates, interest rates, and raw material prices, and adjust our procurement and pricing strategies in a timely manner to reduce the impact of the external environment. We must observe local market conditions and take flexible measures to enhance market competitiveness and profitability. We must also maintain good relations with multiple financial institutions to create capital positions and ensure liquidity.</p>
Operational risks	<p><b>Sales Department:</b> Description of risks: Excessive concentration of sales markets may affect sales and profitability performance in the event of changes in the market.</p> <p>Response strategies: Diversification of product categories and distribution business models will help reduce the risk of over-concentration in the sales market.</p>



Risk item	Explanation of risks and response strategies
Operational risks	<p><b>Supply Chain Management Department:</b></p> <p>Factors such as wars, epidemics, and climate change have caused chaos in the global supply chain and indirectly caused crises in the domestic supply chain due to the impact of air and sea transportation in the long supply chain from the production sites. The Supply Chain Team uses professional knowledge and agility, transparent communication, flexible adjustment, and efficient cooperation with suppliers to quickly respond to market changes and resolve supply chain risks. They ensure a secure supply of raw materials and normal production and supply with the production lines. To ensure sustainable development, we also consider waste management, recycling, and energy saving, and carbon reduction to improve supply chain risk assessment and formulate response strategies and actions. The Supply Chain Team has adopted the four main action strategies set forth below to respond to risks:</p> <ol style="list-style-type: none"> <li>1. Review supply system whenever necessary, quickly allocate resources and adjust production mode → inter-departmental cooperation for raw material procurement, sales, production, logistics, and upstream and downstream supply.</li> <li>2. Flexible adjustment of the supply strategy to quickly respond to contingencies → production planning, inventory strategy, procurement from multiple suppliers and increase in alternative raw materials.</li> <li>3. Monitor political and economic changes for risk management → Accelerate “local production and short supply chain revolution” to reduce the risks of logistics and regional geopolitics.</li> <li>4. Strengthen supplier management strategies to make good use supplier resources and operational efficiency. Perform monthly performance evaluation and regular annual audits → performance evaluation includes quality, service, delivery and quantity. The seven main parts of audits include the quality management system, environmental, safety, and health management, labor policy, and ethical conduct. If the supplier’s performance is not satisfying or if the audit result is not satisfying, we invite the supplier to attend the quarterly business review (QBR) and request improvements for issues to enhance the sustainability of the supply chain.</li> </ol> <p><b>IT Department:</b></p> <p>The rapid advancement of information technology and Internet applications, and the threat of new cyberattacks have made information security more challenging in a world where it is impossible to stay disconnected from the Internet.</p> <p>Response strategies:</p> <ol style="list-style-type: none"> <li>1. Set up the Information Security Committee and establish the Information Security Policy to upgrade the information security management to the corporate governance level.</li> <li>2. Continuous infrastructure upgrade: Upgrade the firewall to next-generation firewall, replace low-security equipment, and fully convert to a High Availability (HA) architecture.</li> <li>3. Strengthen endpoint protection.</li> <li>4. Enhance the team’s information security skills.</li> <li>5. Strengthen personnel safety awareness through education, training, and awareness campaigns.</li> <li>6. Regularly execute disaster recovery drills and enhance the backup mechanism.</li> <li>7. Encrypt and protect sensitive data and keep personal data away from unsecured locations.</li> <li>8. Build a comprehensive VPN environment to support remote office needs.</li> <li>9. Strengthen communication with the industry and third-party information security vendors and always update information security intelligence in real time.</li> </ol>
Environmental protection, safety, and health	<p>In response to increasingly stringent environmental protection regulations, we established an environmental management system and continuous monitoring system to review the compliance of regulations each month and convene monthly environmental protection meetings to monitor related data on environmental resources and manage related results. Active development of green energy to protect the environment.</p> <ol style="list-style-type: none"> <li>1. Set up the Occupational Safety and Health Management System and Occupational Safety and Health Management Plan, convene monthly and quarterly safety meetings to report and communicate safety and health issues, and implement safety and health operations in accordance with the relevant management mechanisms.</li> <li>2. Adopt preventive and comprehensive employee health management, and implement health promotion programs for different operating environments to enhance employee health awareness and reduce health risks.</li> <li>3. We set up the Epidemic Prevention Command Team in response to the COVID-19 epidemic and we immediately assembled senior executives of all departments to discuss the impact of the epidemic. We used the LINE app and meetings to communicate the latest development of the epidemic and formulate response strategies to reduce the impact on operations.</li> </ol>
Climate change risks	<p>In response to increasingly severe environmental issues such as global warming and extreme climate, it is crucial for companies to build up the resilience to respond to climate disasters in their business operations. The Company uses the core elements of Task Force on Climate-Related Financial Disclosures (TCFD) to identify climate-related risks and opportunities, assessment of climate change risks and response measures by different departments, and identification of potential risks and possible opportunities. We also actively implemented adaptation and mitigation actions such as energy conservation and carbon reduction as well as water conservation projects. Please refer to the “Climate Change Financial Impact Analysis” in the Appendix for details.</p>

### 3.4 Customer Satisfaction and Product Services

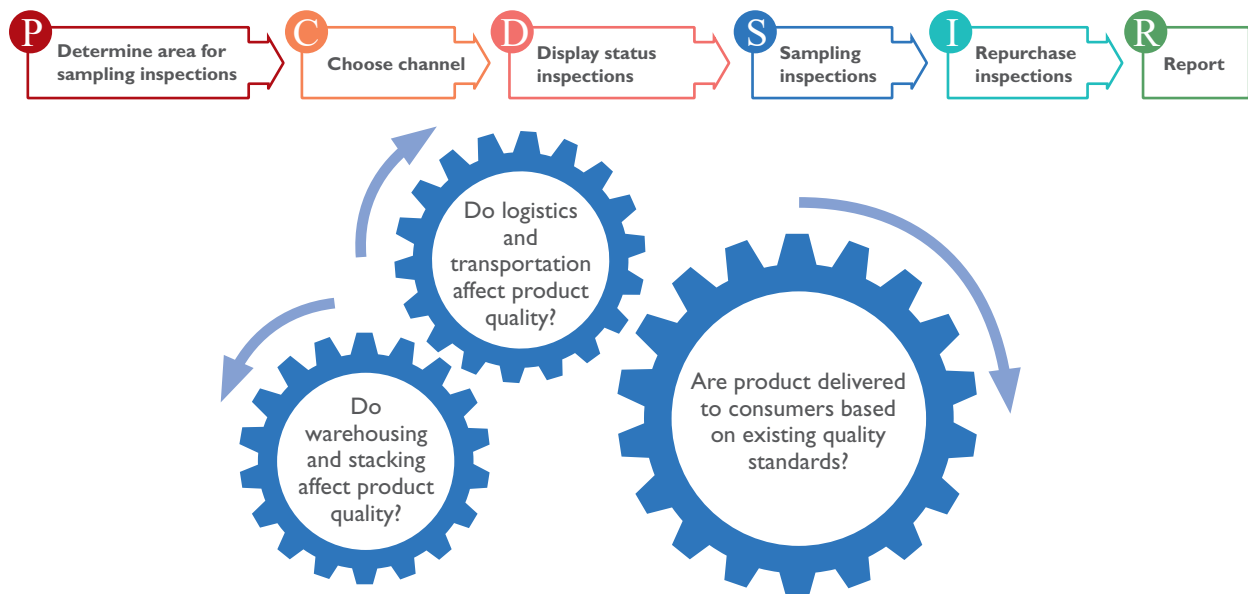
#### 3.4.1 Product safety and regulatory compliance

The specifications on the labels of the Company’s products meet national regulations and international standards (e.g., FSC™ certification, HACCP Food Safety Control System, and ISO 22000 Food Safety Management System). We provide accurate product labeling with full information as well as fair and responsible marketing communications that help consumers obtain information about the composition of the product so that consumers have comprehensive product information and have access to safe and high-quality products.

The Company also set up a consumer service hotline and established the “Operating Procedures for Customer Complaints and Consultation Services” to provide real-time consultation services and comprehensive complaint procedures to ensure that consumer interests are protected and continue to provide customers with better products and experience.

The Company regularly performs the quarterly “cleaning products market distribution sampling inspection procedures” to conduct independent assessment and inspections of product quality. The inspection items include the actual status of product displayed on shelves, packaging specifications, physical and chemical inspections, microbiological, and endurance tests. This procedure helps the Company view whether there are operational quality risks in the logistics and storage of products after they are shipped from the factory, so that we can correct them in advance during product design. It also verifies all the tests conducted by the R&D team during development and the actual conditions of the product. It ensures that the product quality is maintained by means of repeated and endurance tests.

#### Cleaning products market distribution sampling inspection procedures



#### 3.4.2 Customer health and safety

##### Customer satisfaction rate and product labeling

To ensure that customers have a good experience with products, YFYCPG set up the Customer Relations and Market Research Division dedicated to the customer satisfaction survey of its brands. We also use the experience and feedback from customers in our future product upgrades and development plans to continue to provide high-quality products and services to each customer.

YFY also values the opinions of all consumers. We use the customer service hotline, online real-time customer service, business visits, and corporate social responsibility questionnaires to obtain consumer feedback, which is used for internal quality management and related units work together to review and develop future improvement strategies to continuously improve the quality of our products and services for customers.

YFYCPG’s brands include “Mayflower,” “Delight,” “Tender,” “Orange House,” and “Fresh Sense.” All specifications on the labels of YFY products meet regulatory requirements so that customers fully understand product information and can choose products that meet their needs. They can also feel safe in the use of the products.

**Personal data management**

YFY strictly complies with the relevant provisions of the *Personal Data Protection Act* regarding the collection, processing, and use of personal data. We protect the privacy of consumers’ personal data with rigorous organization, management systems, and control mechanisms. YFYCPG also established the “Personal Data Protection and Management Organization” in accordance with requirements in the *Personal Data Protection Act*. The Organization informs the consumers of the method of collection, processing, and use of consumers’ personal data in the collection, processing, and use of personal data to comply with laws and protect consumers. The Company strictly complies with the relevant provisions of the Personal Data Protection Act regarding the collection, processing, and use of consumers’ personal data. We have established a “Personal Data Protection Management Organization” to protect the privacy of consumers’ personal information with rigorous organization, management systems, and control mechanisms.

**Product liabilities**

To ensure that customers have a good experience with products, YFYCPG set up the Customer Relations and Market Research Division, which uses the customer service hotline, online real-time customer service, business

visits, and corporate social responsibility questionnaires of the ESG Office to obtain consumer feedback on their product experience.

Customer satisfaction surveys are conducted on a regular basis each year to evaluate consumer satisfaction (scores are given on a scale of 1 to 7) for the Company’s brands, including Mayflower, Delight, and Tender. We implement improvement plans for unsatisfactory items (those with an average score below 3 points) to ensure that the product experience of each brand meets consumer expectations.

According to the results of surveys in 2021, the average satisfaction score of the “Mayflower” brand was 6.0 points; the satisfaction score of the “Delight” brand was 5.5 points; and the satisfaction score of the “Tender” brand was 6.2 points. There were no evaluation results with an average satisfaction score lower than 3 points.

We support SDG 12 of the United Nations Sustainable Development Goals (SDGs) for “responsible consumption and production.” “Orange House” continues to develop products with natural ingredients that are more environmentally friendly and sustainable for humans.

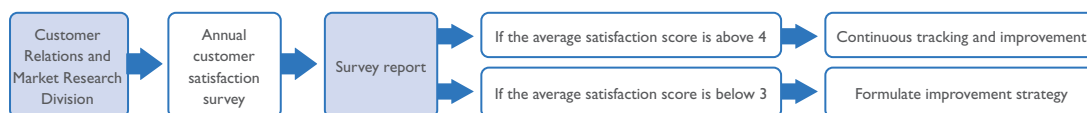
**Customer satisfaction survey and product labeling**

The health and safety of customers and consumers is our greatest responsibility. Their opinions and feedback help us develop product upgrades and development plans. We will continue to invest in new product development, master the market of epidemic prevention, Lohas, and middle-aged people as well as green products, and satisfy different markets in the post-pandemic era by developing a series of household, personal, and commercial products.

**Customer service procedures**



**Customer satisfaction survey procedures**



### 3.5 Supply Chain Management

There has been no significant change in the Company's supply chain in 2021.

The Company provides R&D and manufacturing of household paper products, and our main suppliers provide materials such as pulp, film packaging materials, and cardboard boxes. To support environmental protection and green procurement strategies, we source materials from suppliers in Taiwan as well as forest-friendly pulp suppliers in Northern Europe, North America, South America, and Australia.

The main raw material required for the Company's household paper products is wood pulp, of which 52% is sourced locally and the other 48% is imported.

#### 3.5.1 Supplier management

The Company engages in business operations and implements corporate social responsibility based on the values of integrity, trust, and innovation. We seek to establish a long-term stable supply chain and established clear supplier management regulations that specify requirements for suppliers for environmental protection, occupational health and safety, or labor rights, and inspections of their implementation status.

- To manage the quality, technology, delivery, and service of the material suppliers required for production and ensure that they meet the Company's needs to facilitate smooth production and control, new suppliers are required to undergo supplier selection in accordance with the Enforcement Rules for Supplier Management Regulations. We conduct supplier evaluation, and only suppliers recognized as qualified suppliers can proceed to procurement and partnership.

#### Supply status of primary raw materials for household paper products

<b>Primary markets of products and services</b>	Taiwan, Asia, and North America
<b>Distribution method</b>	Distributors and direct marketing
<b>Main material(s)</b>	Wood pulp
<b>Main source(s) of material(s)</b>	Domestic procurement
<b>Supply of material(s)</b>	Stable supply

- Supplier management activities must comply with national laws and regulations and they are processed in accordance with the standards established and recognized by R&D units. We thus regulate the consistency and stability of our suppliers' output quality and the Company's inspections for incoming materials. The Company also conducts regular performance evaluation of suppliers' performance in terms of quality, cost, delivery schedule, and services. We convene quality and business review (QBR) meetings with key suppliers each quarter and the Quality Assurance Department and Procurement Department communicate with suppliers regarding quality, cost, delivery schedule, and services and implement continuous improvement activities. We also organize training programs from time to time.

#### Supplier Management Regulations

	Management Regulations	Methodology	Basis and Standards
Economy	<ol style="list-style-type: none"> <li>1. Material specifications.</li> <li>2. Contracts and confidentiality agreements.</li> <li>3. Survey and evaluation of suppliers' basic information.</li> <li>4. Supplier audit and evaluation.</li> </ol>	<ol style="list-style-type: none"> <li>1. Regular audits of suppliers to ensure that the quality of materials, delivery schedule, prices, and services provided by suppliers meet requirements.</li> <li>2. Provide consultation and training from time to time to increase the competitiveness of suppliers.</li> </ol>	ISO 9001
Environment	<ol style="list-style-type: none"> <li>1. Statement on the restrictions for toxic or banned substances.</li> <li>2. Environmental protection requirement statement.</li> <li>3. Environmental safety and health requirements.</li> </ol>	<ol style="list-style-type: none"> <li>1. Submit and review SDS contents.</li> <li>2. Signature of suppliers' payment request forms.</li> <li>3. Supplier evaluation and annual audits and ratings.</li> </ol>	SDS ISO 14001
Society	<ol style="list-style-type: none"> <li>1. Honesty and Integrity Declaration.</li> <li>2. Statement of compliance with labor regulations.</li> <li>3. Statement of the ban on the use of child labor.</li> </ol>	<ol style="list-style-type: none"> <li>1. Signature of suppliers' payment request forms.</li> <li>2. Suppliers must comply with the ethical commitment and regulations to create positive and good work relationships.</li> <li>3. Supplier evaluation and annual audits and ratings.</li> </ol>	National regulations



### 3.5.2 Supplier environmental assessment

The Company prioritizes procurement from suppliers with FSC and ISO 14001 environmental protection certification based on customers' product requirements. We request suppliers to present valid certificates during procurement. If the certificates they present are invalid or expired, the supplier is replaced. We use the "Supplier Sustainability Management Self-Assessment Table" and the "Supplier Code of Conduct and Accountability Statement" to ensure suppliers understand that environmental protection is the responsibility of all companies. The suppliers must minimize the negative impact on communities, the environment, and nature in the production process and protect the health and safety of the public. Suppliers' industrial waste must be monitored and disposed in accordance with the law and must meet local regulatory requirements.

### 3.5.3 Supplier social assessment

The Company requests all new suppliers and contractors to sign the "Supplier Code of Conduct and Accountability Statement." When suppliers provide an application form for remittances, we request them to abide by their honesty and integrity commitments. It comprises the commitments and concrete actions with regard each supplier's corporate social responsibility, including compliance with the principles of honesty, trustworthiness and integrity, ethical principles for anti-corruption, labor laws, environmental protection principles, human rights commitments, and default liabilities and compensation. All contracts between the Company and its suppliers require both parties to comply with the ethical

corporate management policy. If the supplier is involved in any dishonest activity, the Company may immediately terminate transactions/contracts or refuse to provide transactions and services.

### 3.5.4 Supplier occupational safety and health assessment

The services, products, or manufacturing processes provided by suppliers and contractors in the process of their negotiations and transactions with the Company must comply with the environmental and labor laws of the country in which they are registered or located. These regulations include but are not limited to the restrictions on toxic substances or banned substances, restrictions on strategic materials, or the prohibition of the use of child labor, which ensure the fulfillment of their corporate social responsibility. We are committed to implementing supply chain honesty and integrity policies and requirements to ensure transparency and fairness in the transaction process and to maintain a good corporate image. We do not use inappropriate means to directly or indirectly accept or receive benefits or property.

Qualified suppliers are audited for "management capabilities," "production and technical capabilities," and "quality system capabilities" in the supplier evaluation process. The Company considers the technical capabilities, quality, delivery schedule, and price competitiveness of suppliers. In response to the growing global focus on environmental and social sustainability, we have implemented and requested suppliers to uphold environmental protection, safety and health, and human rights to fulfill corporate social responsibility together.

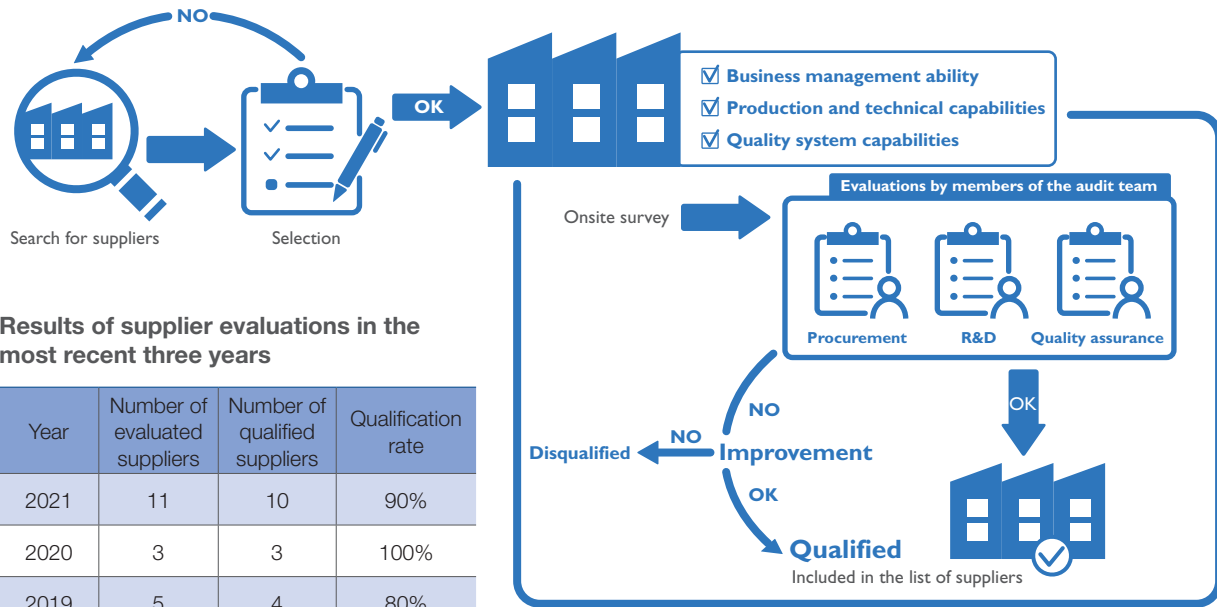


### 3.5.5 Procurement practices and supplier audit management policy

In terms of regular supplier audits and evaluations, we seek to implement effective supplier management and we have established standards for new supplier selection. After a supplier becomes a qualified supplier, the Quality Assurance Department and Procurement Department perform annual audits or reviews of raw materials, packaging materials, and general spare parts

and hardware. Audits are conducted either by document review or onsite inspections. Suppliers with significant non-compliance items in audits and evaluations are classified as Level C suppliers. If it is unable to meet the Company's requirements after continuous assistance, we may cancel the partnership to ensure that the products provided by the supplier meet the Company's requirements.

#### Supplier selection and evaluation procedures



#### Results of supplier evaluations in the most recent three years

Year	Number of evaluated suppliers	Number of qualified suppliers	Qualification rate
2021	11	10	90%
2020	3	3	100%
2019	5	4	80%



### 3.6 Socioeconomic Compliance

In 2021, YFYCPG committed no violations of social or economic regulations (Note) and did not have or receive complaints regarding child labor, anti-competitive practices, customer health and safety, human rights, rights of indigenous peoples, customer privacy, marketing and labeling, incidents of discrimination, or forced labor.

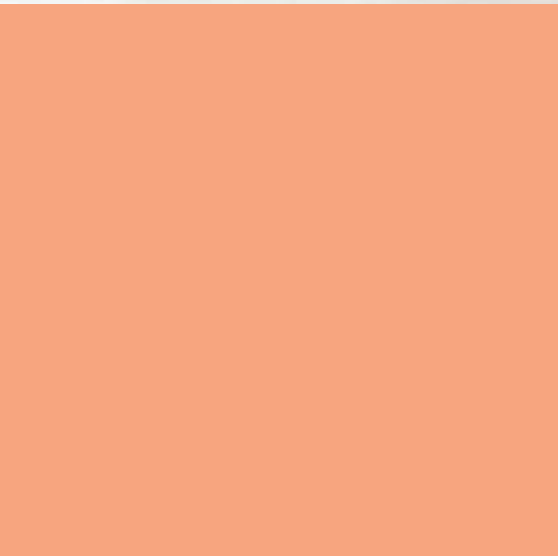
In terms of the suppliers and contractors that had transactions with YFYCPG, the Company uses related management systems and contract regulations to require their compliance with social and economic regulations. We also help contractors improve their work environment and enhance the management of agreements and

organization. To ensure that all suppliers meet social and economic laws and regulations, we require all suppliers/contractors to sign the “Supplier Honesty and Integrity Declaration” and the “Supplier Code of Conduct and Accountability Statement” to ensure that they abide by and perform their obligations for ethical corporate management. Contractors must report all matters in accordance with laws and abide by safety regulations to protect the labor rights and safety of all workers.

Note: Material violations of regulations are cases with penalties in excess of NT\$1 million or consecutive penalties.







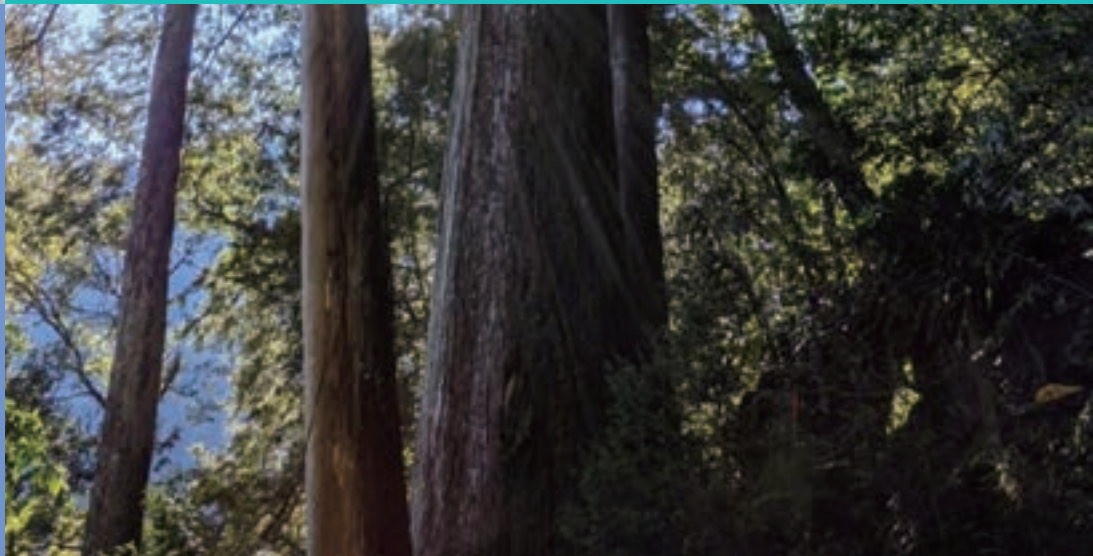




# Environmental Sustainability

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- 4.1 Environmental Protection Expenditures
- 4.2 Biodiversity
- 4.3 Raw Material Usage
- 4.4 Energy Management
- 4.5 Water and effluents
- 4.6 Emissions
- 4.7 Waste
- 4.8 Environmental Compliance
- 4.9 Environmental Protection Awards and Honors



# Environmental Sustainability

The land is the source of our nourishment. YFY Consumer Products has always been committed to giving back to the land after making use of its resources.

YFY Consumer Products fulfills the “circular economy” ideals of the parent company and remains committed to obtaining the optimal balance between product development and the ecology. We focus on improving the use of resources, reducing dependence on water and energy, improving process efficiency, promoting the use of renewable energy, and minimizing carbon emissions.

## Environmental Management Team

The Company has appointed environmental protection management personnel and obtained related environmental protection certification. We implement direct management of environmental issues such as the use of raw materials, energy plans, gas emissions, and use of water resources. We monitor daily operational data and make real-time adjustments in accordance with environmental protection targets. We implement benchmark comparisons of environmental protection targets each year to support international initiatives and government policies and ensure the effectiveness of targets.

### 4.1 Environmental Protection Expenditures

Our environmental protection expenditures in 2021 totaled approximately NT\$91 million, which mainly consisted of waste disposal expenses and preventive management expenses.

Item	Environmental protection investment (unit: NTD)
Yang Mei mill	10,030,300
Chung Shui mill	78,950,000
Ever Growing	1,582,068
Yang Zhou mill	614,284
Kun Shan mill	140,517

### 4.2 Biodiversity

Although most of YFYCPG’s plants in Taiwan and China are not located in industrial parks, they are located in areas that were developed earlier and are not close to any ecological conservation area or habitat. Companies in the area perform environmental protection tasks in accordance with regulations and their commitments. As the area is not close to any ecological conservation area or habitat, their operations did not cause additional impact on the local ecological environment.



### 4.3 Raw Material Usage

YFYCPG upholds the ideals of a circular economy. The main materials used for household paper and cleaning products such as pulp, surfactant, and fragrances (Note) are renewable materials. Salts are non-renewable materials. The Company's supply chain comprises upstream paper pulp manufacturers and downstream vendors, distributors, and end consumers. The upstream

of the cleaning products industry is special ingredient (such as tangerine oil, natural fragrance, etc.), while the downstream is various retailers, distributors, and end consumers.

Note: 98% of the fragrances consist of natural orange oil, which is a renewable material.

#### Usage of main raw materials

Paper products	
Year	2021
Total pulp consumption (unit: air dry metric ton/year)	154,421
Materials with FSC 100% certification (unit: air dry metric ton/year)	28,909
Materials with FSC mix certification (unit: air dry metric ton/year)	51,274

Cleaning products	
Year	2021
Surfactant (unit: kg/year)	1,353,508
Salts (unit: kg/year)	994,480
Fragrances (unit: kg/year)	60,399

To implement green sustainability and environmental protection, we continue to develop recycling and reprocessing technologies for products, raw materials, and packaging materials. All Mayflower interfold toilet paper produced by the Company use pulp with FSC certification. We also developed three types of environmentally friendly

toilet paper, tissue paper, and hand wipes that use 100% recycled pulp or sustainable wood materials. We obtained the environmental protection label certificate and implement responsible production and responsible green consumption.

#### The production and sales volume of green products in 2021 were as follows:

Production and sales volume of green products		
Green product category	2021 production volume (unit: tons)	2021 sales volume (unit: boxes)
Household paper	649.39	65,272

We also used ecological fiber that do not harm the forest environment and received commendations for our green procurement practices from Taichung City Government. The Company implements green procurement and the procurement items consist mainly of FSC-certified pulp materials. The Forest Stewardship Council (FSC) is the most credible and stringent environmental certification organization in the world and was established to promote sustainable forest plantation. The Company's Chung Shui mill purchased 51,058 tons of FSC pulp in 2021 which accounted for 90% of all pulp purchases. We care about our corporate social responsibility and actively purchase green products with environmental protection label, energy conservation label, and FSC international certification for raw materials, plant facilities, and office supplies to reduce the impact on the environment.



The Company's Chung Shui mill received commendations for green procurement practices from Taichung City Government in 2021



### 4.4 Energy Management

In 2021, YFYCPG's main operation sites have set up different green energy equipment including refuse-derived fuel (RDF) and solar energy. We continue to invest in research and use alternative fuel that meet cyclic economic philosophy to gradually reduce the percentage of fossil fuel, reduce the carbon emissions from excavation, reduce dependency on external energy, and enhance the capacity for adapting to energy risks.

To pursue higher energy efficiency and green energy usage rate, we introduced the ISO 50001 Energy Management System and continued the upgrade of equipment and production process improvement. We also implemented measures to reduce energy consumption and replace fossil fuels with renewable fuel. In 2021, YFY reduced the total carbon reduction from overall fossil fuel use by approximately 7,280 tons of CO2 equivalent.

We support the 1% annual electricity saving policy of the Industrial Development Bureau, Ministry of Economic Affairs. The main paper production sites in Taiwan saved an estimated 1.669 million kilowatt-hours of electricity, which was equivalent to a reduction of 838 metric tons of carbon dioxide equivalent based on Taipower's estimated emissions coefficient.

We also changed the fuel used in production and replaced coal with renewable fuel. The Company's main paper production sites in Taiwan also participated in Taipower's demand response load management measures to adjust production for maintaining balance in the grid and ensuring friendly power consumption.

Energy Structure of the main paper production sites								
Year	Coal	Fuel oil	Diesel	Liquefied petroleum gas	Natural gas	SRF	Sludge	Purchased electricity
2021	608,942	16,215	9,039	82	61,419	131,248	4,069	1,880,401

\* As the production sites of cleaning products consume less energy, the scope of data consists mainly of the main production sites of paper products (including production sites in China and Taiwan) Unit: billion joules/year

\* The fuel and calorific value of electricity are based on the energy product unit heating value conversion table provided by the Bureau of Energy and the calorific value inspection results of plants

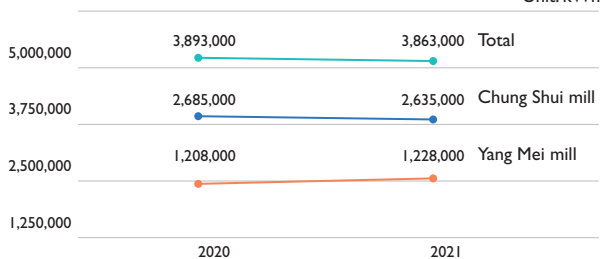
#### Renewable energy power generation

To develop renewable energy, the Company has expanded its solar power generation systems at production sites in Taiwan. In terms of the installation of solar power generation equipment, the roofs of Yang Mei mill and Chung Shui mill were leased to third parties for use or sold to Taipower. The electricity generated in 2021 totaled 3,863,000 kWh. In 2022, Ching Shui mill added 836.4 kW of solar power generation equipment and grid

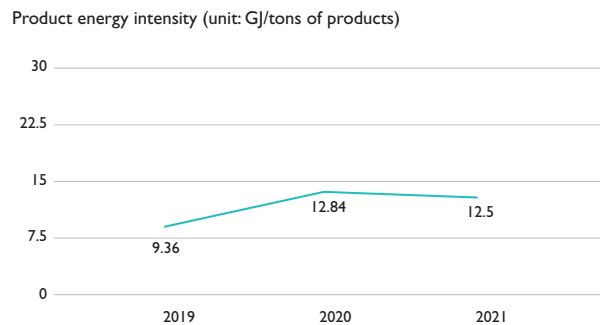
connection is expected to be completed by May 2022. The construction of the project will be completed by July and the electricity generated from solar energy by the project will be sold to Taipower first. The project will be reconfigured to power generation for self-use by the end of 2023. The total installed capacity is expected to reach 3,832.8 kW in 2022, an increase of approximately 28% from 2021.

Solar power generation <span style="float: right;">(unit:kWh)</span>		
Year	2020	2021
Chung Shui mill electricity generation	2,685,000	2,635,000
Yang Mei mill electricity generation	1,208,000	1,228,000
<b>Total</b>	<b>3,893,000</b>	<b>3,863,000</b>

#### Solar power generation of paper product plants in Taiwan Unit: kWh



#### Energy intensity of primary products in Taiwan



\*The scope of data consists mainly of the main production sites of paper products in Taiwan



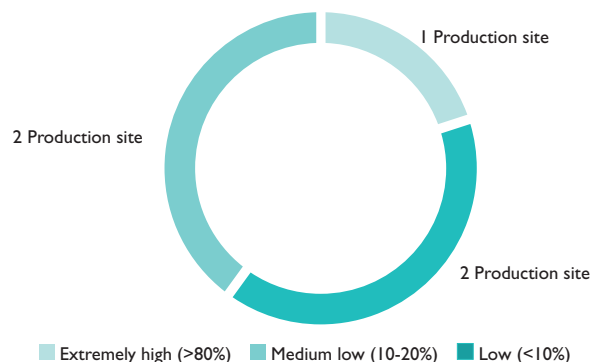
## 4.5 Water and effluents

Water is the source of all life and the most important medium in the paper making process. YFYCPG has long been committed to reducing water consumption and increasing the efficiency in water usage in order to use natural resources more efficiently. We also actively seek other alternative water sources such as mechanisms for using recycled water. The source of water in the main production sites of paper products in Taiwan is mostly groundwater. To ensure the effective use of water resources, we have gradually reduced water consumption, increased process water recycling and reuse, and reduced effluent to implement water resource management. Our aim is to gradually reduce our dependence on tap water and reduce our impact on the local environment.

All plants implement water resource management in accordance with the ISO 14001 Environmental Management System. They evaluate the risks of water supply suspension/water shortages on the production process and use the tools of the World Resources Institute to evaluate the water stress of each plant. They achieve optimal control of water consumption through daily management and monitoring, and effectively limit water leakage and wasted expenses caused by aging water pipes or other factors. They also increased the use of recycled water by adding recycled water disinfection equipment and increasing the concentration of biological ponds in the wastewater treatment plant to reduce water consumption. The current effluents from paper plants in Taiwan have met or exceeded the discharge water standards specified in regulations.

In response to the changes in the environment caused by climate change, the Company upholds the value of maximizing the value of water resources in the management of water resources and closely track upstream conditions to formulate comprehensive plans. We regularly audit and inspect the water consumption and water treatment equipment, strengthen water resource management and recycling, and use recycled water to replace clean water. We also active develop process adjustments such as the recycling on the production line and back-end wastewater treatment technologies.

### Water resource stress at YFYCPG's production sites



- (1) Production process: Increased water cycles and recycling rate

In addition to implementing water conservation programs, we evaluate the water quality requirements for each paper manufacturing process and recycle the water from each process for recycled use in another process. We also set improvement targets for water use per unit of product as well as water recycling and reuse rate based on the water consumption performance in the previous year. The Company set the annual water consumption reduction target and the paper mills in Taiwan set the unit water consumption to less than 10 tons of water for every ton of paper. They are also committed to maximize the number of times the water is used, minimize the number of tons of water used, and the recycling and reuse rate of the water used in the production process.

- (2) Effluent management in the production process

We conduct regular sampling and monitoring at discharge points, and perform front-end monitoring at the convergence points of all pipelines. We set up procedures for alerts regarding anomalies in water quality and quantity to immediately investigate the source of effluents when the relevant operating parameters deviate from normal conditions. We strengthen the cooperation between the process unit and the water source treatment unit to prevent possible impact or implement emergency response operations. We use coagulation, sedimentation, and biological treatment to reduce matters that affect the water quality such as COD, BOD, and SS to the permitted level before discharging. We employ standards superior to current regulations for the water quality management of effluent to ensure the water quality of effluent.

- (3) Effluent reduction, recycling, and reuse:

After treatment, we use rapid filtration equipment to process the water and return the water for the cleaning process in paper making machines instead of using clean water. It effectively reduces the unit water consumption and increases the water recycling and reuse rate.



## Discharge water standards for paper mills in Taiwan and Mainland China

Unit: mg/L

Water discharge terminal site	Plant	Chemical oxygen demand (COD)	Suspended solids (SS)
Surface water body	Yang Mei mill, Chung Shui mill	100	30
	Yang Zhou mill	90	30
	Kun Shan mill	100	70

\* Basis of effluent standards of each plant:

Taiwan: "Effluent Standards" announced by the Environmental Protection Administration, Executive Yuan and management standards set by industrial parks

Mainland China: "Integrated Wastewater Discharge Standard" announced by the central and local governments and management standards set by industrial parks

## Water intake in 2021

Year	All areas	Areas with water stress
Surface water (unit: million liters/year)	0	0
Groundwater (unit: million liters/year)	1,299	0
Seawater (unit: million liters/year)	0	0
Output water (unit: million liters/year)	0	0
Third-party water (unit: million liters/year)	848	17
Total water intake (unit: million liters/year)	2,147	17

## Effluents in 2021

Year	All areas	Areas with water stress
Surface water (unit: million liters/year)	1,627	
Groundwater (unit: million liters/year)	0	
Seawater (unit: million liters/year)	0	
Third-party water (unit: million liters/year)	17	
Total effluents (unit: million liters/year)	1,644	17

## Water consumption in 2021

Year	All areas	Areas with water stress
Total water consumption (unit: million liters/year)	503	0

## 4.6 Emissions

In response to climate change and global greenhouse gas management trends, and to fully grasp relevant issues associated with the Company's business risks and opportunities, the Company continues to pay attention to international trends on the disclosure of carbon emissions as well as domestic regulations and requirements. At the same time, we request all corresponding units to complete GHG inventories voluntarily and register their results on the national greenhouse gas tracking platform.

The Company actively promotes energy conservation plans and participates in the demand response load management measures of Taiwan Power Company to actively reduce electricity consumption. We use the ISO 50001 Energy Management System and the YFY Excellence System (YES) to continue to explore opportunities for energy conservation including shifting to LED lights and high-efficiency motors, implementing process improvements, and allocating budget to replace old pumps and low-efficiency motors. We also introduce advanced imported high-performance pumps and new milling equipment to reduce electricity and fuel consumption in production. In 2015, the Company set an energy conservation target for reducing energy consumption by 1% each year over the next five years with the aim of reducing greenhouse gas emissions.

We use non-stop inspections, continuously adjustments, and regular reports to ensure that there are no emissions of ozone-depleting substances (ODS) and rigorously implement air quality management. Our main paper production sites in Taiwan implement on-site inventory in accordance with the coefficients and methods provided in the GHG inventory announcements made by the Industrial Development Bureau, Ministry of Economic Affairs. They also follow ISO14064 and GHG Greenhouse Gas Inventory Protocol, and use GWP values in IPCC 2013 AR5 to calculate the GHG emissions in Scope 1 and Scope 2. The results are delivered a third party for certification and reported on the Greenhouse Gas Inventory Platform of the EPA.

BBB has implemented rigorous greenhouse gas reduction programs with inventories of existing sources and total emissions in mandatory or voluntary inventories as well as government programs. We are committed to increasing the share of renewable fuel, continuing to save energy and reduce greenhouse gas emissions, and contributing to the global goal of net zero carbon emissions.

### GHG emissions

Year	2019	2020	2021
Scope 1 (unit: metric ton-CO <sub>2</sub> e/year)	60,836	69,581	73,944
Scope 2 (unit: metric ton-CO <sub>2</sub> e/year)	46,278	47,572	49,336
Total (unit: metric ton-CO <sub>2</sub> e/year)	107,114	117,153	123,280

\* The scope of data includes all production sites specified in the "List of Operation Sites in this Report."

\* The latest annual information is based on estimates of different plants due to the different timing of third-party verification of emissions in each plant. If the emissions are updated after the verification, it will be updated in the report next year.

### Greenhouse gas emissions intensity

Year	2019	2020	2021
Emissions intensity (unit: ton-CO <sub>2</sub> e/ton-product)	1.43	1.27	1.29

\*The scope of data consists mainly of the main production sites of paper products in Taiwan.

The Company's total greenhouse gas emissions from paper mills in Taiwan totaled 122,638.01 tons-CO<sub>2</sub>e in 2021, which was an increase of approximately 4.7% compared to the 117,152.85 tons-CO<sub>2</sub>e in 2020. It was mainly caused by the increase in production capacity and the significant increase in the announced SRF carbon emission coefficient. In terms of the overall greenhouse gas emissions, the Company continued to promote emissions reduction and energy conservation and the unit carbon emissions was maintained at 1.29 (tons-CO<sub>2</sub>e/ton-product), which was an increase of only 1.6% compared to the previous year.

### Other gas emissions

Year	2021
Nitrogen oxides (NO <sub>x</sub> ) (unit: ton/year)	52.3
Sulfur oxides (SO <sub>x</sub> ) (unit: ton/year)	16.6
Particulate matter (unit: ton/year)	2.4
Volatile organic compounds (VOCs) (unit: ton/year)	6.5

\* The scope of data consists mainly of the large production sites and production sites in Taiwan. Therefore, production sites in China were not included.

## 4.7 Waste

The Company adheres to the circular economy principles and continues to enhance technologies for waste recycling and reuse to lower emissions at the source and reduce the impact on the environment. Plants in Taiwan produced zero hazardous waste in 2021.

To maintain a sustainable production model, the Company upholds the concept of a circular economy and sustainable reuse of resources and strengthens waste management to ensure reuse of resources with measures. For instance, we turn remaining process waste

materials into alternative fuel and use launched the SRF mixed incineration plan for boilers to reduce the use of fossil fuel and reduce waste at the same time. All pulp, scrap rolls, cut paper used in the plants can be returned to the production process for reuse, and we no longer outsource the disposal of such waste to external parties. We also installed denitrification equipment for coal boilers to meet the enhanced 100ppm standards of the central government in 2020.

### SRF mixed incineration alternative fuel implementation results

Year	2020	2021
Alternative fuel results (unit: tons of thermal coal/year)	4,579	7,280.13
GHG reduction effectiveness (unit: t-CO <sub>2</sub> e)	165	14,639.24

\*The scope of data includes all production sites specified in the "List of Operation Sites in this Report."

\*The latest annual information is based on estimates of different plants due to the different timing of third-party verification of emissions in each plant. If the emissions are updated after the verification, it will be updated in the report next year.





#### 4.8 Environmental Compliance

YFYCPG did not have any material environmental protection penalties in 2021 (Note).

The total environmental protection penalty of the year totaled NT\$10,000. According to the cause analysis, it was a violation of Article 18 of the Water Pollution Control Act. The Company has immediately implemented improvements regarding the aforementioned violation of regulations. We also added self-inspection measures and updated the communication procedures with the equipment supplier. All improvements for 2021 have been completed and were confirmed by the competent authority as in compliance with regulations.

In addition to the aforementioned basic improvement measures, YFY also strengthens the investment in

preventive measures such as training for personnel, setting up a more stringent alert and monitoring system for anomalies, using low-pollution materials and fuels, using boilers that run on low-pollution fuel, and transforming prevention and control equipment into automatic detection and sensor control. We aim to prevent anomalies before they occur and minimize the impact on the environment.

To increase the stability of environmental protection equipment and optimize emission quality, we invested approximately NT\$91 million in environmental protection projects for climate change mitigation and adaptation in 2021.

Note: Material violations of regulations are cases with penalties in excess of NT\$1 million or consecutive penalties.


#### 4.9 Environmental Protection Awards and Honors

We received the highest honor Two-Star Award for Outstanding Enterprise in the Recycle Category for Resource Recycling from the Environmental Protection Administration, Executive Yuan.

The awards were organized by the Environmental Protection Administration to encourage companies to fulfill corporate social responsibilities. It is the highest

honor given to companies for supporting environmental protection. YFYCPG has had exceptional performance in five major areas including environmental policy and management, contributions to energy and resource conservation, pollution prevention and reduction, environmental participation, and other environmental protection track records.

##### GHG emissions

Name of award	Award organizer	Time of award	Photograph
Two-Star Award for Outstanding Enterprise in the Recycle Category for Resource Recycling	Environmental Protection Administration	November 5, 2021	





# Employee Relations and Social Engagement

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- 5.1 Employee Relations
- 5.2 Social Engagement



# Employee Relations and Social Engagement

## 5.1 Employee Relations

Employees are the most important assets of a company and they are the most important stakeholders of YFY Consumer Products Co., Ltd. The Company has appointed a dedicated occupational safety unit to take charge of safety in the work environment and employee health. The Human Resources Department plans comprehensive employee care programs, including career development, training, performance evaluation, salary and remuneration management, gender equality, and employee satisfaction surveys. We also hold regular employee communication meetings to explain the Company's goals and management strategies and listen to employees' opinions.

In the Company's operations in Taiwan, Yang Mei mill has established a corporate union without signing a collective bargaining agreement. Over 98% of employees who are eligible to join the union are union members. Union members may join the union freely and regular union board meetings are held to allow union representatives to voice employee requests to the senior management. Employees' difficulties and needs at work are closely reviewed and appropriately handled.

Plants without unions organize regular labor-management meetings to promote positive labor-management communication and strengthen mutual support. If the Company's business units have any plans for reorganization or change, they shall communicate with affected employees in advance in accordance with Article 20 of the "Labor Standards Act" and provide related assistance programs based on their preferences.

When employees encounter any problem regarding their career, they can use a dedicated line or a mailbox to provide recommendation or file a complaint. The Human Resources Department shall immediately obtain information and process the recommendation or complaint. YFYCPG established the Employee Retirement Regulations to support employees' life in retirement. We also organize employee retirement matters in accordance with the "Labor Standards Act" and "Labor Pension Act."

The Company recruits talents from different fields and supports diverse backgrounds and cultures. By recruiting and promoting talents from different disciplines, we increase diverse perspectives and enhance our capacity for sustainable management.

### 5.1.1 Employer-Employee Relationship

#### 2021 Employee Structure

Unit: Head count

Total number of people	Taiwan		China	
1415	814		601	
Type	Male	Female	Male	Female
Total	526	288	448	153
Full-time	519	281	448	153
Part-time	7	7	0	0

#### 2021 YFY employee composition (by employment contract type)

Unit: Head count

Total number of people	Taiwan		China	
Official	514	272	373	144
Contract	12	16	75	9

\*The scope of data includes the head office and all production sites specified in the "List of Operation Sites in this Report."

\*Official employees: R&D substitute servicemen, Taiwan, China, white-collar foreign workers, blue-collar foreign workers

\*Contract/temporary employees: Consultants, student workers, interns, contract employees, temporary employees, and student participants (data for Mainland China include certain workers for outsourced services)

\*Full-time employees: General employees, R&D substitute servicemen, foreign white-collar workers, foreign blue-collar workers, and other employees who work 40 or more hours per week

\*Part-time employees: Consultants, student workers, interns, contract employees, temporary employees, student participants, and other employees who work less than 40 hours per week



## 2021 employee overview

Region	Taiwan						China					
	Male			Female			Male			Female		
Age	51 and above	31-50	Below 30	51 and above	31-50	Below 30	51 and above	31-50	Below 30	51 and above	31-50	Below 30
<b>Number of employees with rank of level D or above</b>	14	18	0	7	8	0	7	6	0	0	3	0
<b>Number of employees with rank of level S or below</b>	97	322	63	40	198	19	25	305	105	4	136	10
<b>Ratio of new recruits</b>	2%	24%	54%	6%	20%	53%	31%	21%	46%	0%	9%	50%
<b>Ratio of employee turnover</b>	10%	27%	54%	9%	18%	47%	9%	14%	30%	0%	28%	90%

\*Calculation method: Number of employees in the category/total number of employees of the group

## Number of employees, average age, average years of service, and academic qualifications

Year		2020	2021
<b>Average age</b>		<b>38.0</b>	<b>39.9</b>
<b>Average years of service</b>		7.3	8.3
<b>Academic qualifications</b>	<b>Master's degree or higher</b>	6.1%	7.0%
	<b>University/college</b>	51.9%	52.7%
	<b>Senior high school and below</b>	42.0%	40.4%

## Proportion of senior management hired from the local community

Year	2021
<b>Taiwan</b>	<b>100%</b>
<b>China</b>	25 %

\*Senior management specified in the data is defined as management employees/managers ranked level D or above.

\*Local hires refer to "individuals with the identity document of the nationality of the local plant."

\*"Taiwanese management personnel" in Mainland China are calculated as "non-local hires" regardless of whether they have a local identity document.



### 5.1.2 Overall pay

The Company provides a comprehensive remuneration system, welfare measures, and performance management system while meeting requirements in the external business environment and building a fair and reasonable internal system. We uphold the ideal of sharing profits with employees by attracting, retaining, developing, and encouraging talents.

#### Competitive salary

- (1) The Company participates in compensation surveys in the industry or on the market and determine the salaries of employees based on their academic records, work experience, skills, and position.
- (2) Salary is not determined by gender or age.
- (3) When employees are promoted, their salaries are adjusted immediately to prepare, incentivize, and retain outstanding talents.

#### Bonus and compensation

- (1) Year-end bonus and performance bonuses: The Company has established regulations on the year-end bonus to include at least one month's salary. The Company also offers performance bonuses and incentives based on the Company's operations and the employees' performance. The bonuses are competitive and used as incentives to inspire employees' motivation and potential and to encourage employees to grow with the Company.
- (2) Employee stock subscription: We provide employees with employee stock options to share profits with employees.
- (3) Employee's remuneration: The Company's Articles of Incorporation specifies that if the Company sustains profit every year, 1% or more of the income shall be set aside as remunerations to employees, and 2% or less shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any.

Ratios of standard entry level wage by gender compared to local minimum wage in 2021

Unit: %

Region	Gender	Statutory minimum wage	Minimum wage of the Company
Taiwan	Male	1	1
	Female	1	1
China	Male	1	1
	Female	1	1

Number and average and median annual salary of official full-time non-managerial employees

Unit: NT\$1,000

Year	2019	2020	2021
Average number of employees	678	678	662
Average annual salary	757.055	852.392	827.015
Median annual salary	662.305	723.013	713.567

\*The above statistics are compiled in accordance with the regulations of Taiwan Stock Exchange. They exclude all employees who hold management positions (registered managers of the Company).

\*The disclosure of the information herein is only required by Taiwanese regulations. Therefore, only employees in Taiwan in the scope of this Report are included.

### 5.1.3 Employee education and training

“Talent management” is one of the important indicators of the Company’s sustainable operation. In response to the organizational vision and goals, we aim to “support the team to reach performance goals” and “continue to invest in and cultivate management and professional talents” in training programs. We provide abundant and diverse learning channels and training contents to help employees develop their careers in management or technical expertise based on their personal characteristics and expertise. We also strengthen the management skills of managers at all levels, motivate employees’ commitment and dedication, and help them grow with the Company.

- (1) Orientation training: It helps new employees quickly adapt to the corporate culture and work environment and understand the operations of different businesses and related departments.
- (2) Training for new managers: It strengthens the new supervisors’ leadership and strategic thinking capabilities to improve the management performance of the organization.
- (3) Talent development training: In order to cultivate talents within the Company, we provide the MA Program, High Potential Talent Program (HIPO), and the Succession Plan to enhance the quality of the organization and build up competitive advantages for talents.
- (4) Core competency training: The Company planned training for seven core competencies including precision execution, problem solving, communication and coordination, teamwork, strategic thinking, leadership, and innovation and change. Every employee must be trained in the core functions and gain familiarity with the key spirit and behavioral indicators of the core functions. In addition, course design and contents are implemented in the training plans for general employees, junior managers, and senior managers.
- (5) General training: We provide general training for employees in work management knowledge and skills for them to work independently and enhance work performance.
- (6) Professional training: We provide professional training on the necessary professional skills and capabilities in each discipline for professional employees in each unit.

The focus of education and training outcomes in 2021 is as below:

Course type	Number of classes	Total number of people	Total hours	Total costs (NT\$1,000)
Professional competency	491	4,814	10,118	1,607
Management and general knowledge	303	8,198	12,270	757
Orientation training	166	1,763	8,024	62

Sources: Yuen Foong Yu Consumer Products Co., Ltd. 2021 Annual Report

The data on the average hours of training per person in 2021 are as follows:

Unit: hours/person

Employee category	Taiwan		China	
	Male	Female	Male	Female
Managerial positions - Employees with rank of level D or above	31	35	0	0
Non-management positions - Employees with rank of level S or below	17	19	29	19
Average	17	20	29	18

\*The statistics do not include contracted workers

### Online learning

In addition to in-person courses, we also launched the “LMS Digital Learning Platform,” which allows employees to learn by themselves at any time. We actively implement on-the-job training and skill verification system through in-house and external courses. They help employees

learn and improve their work performance in actual work, effectively create a “learning organization,” and improve the quality of personnel and the overall competitiveness of the company.

### 5.1.4 Employee communication and rights and benefits

The Human Resources Department of the Company plans comprehensive employee care programs, including talent development, training, performance management, salary and remuneration management, gender equality, and employee satisfaction surveys. We also hold regular employee communication meetings to explain the Company's goals and management strategies.

To create a friendly workplace with 360-degree comprehensive care for employees, we have introduced the Employee Assistance Program (EAP), promoted gender equality, and advocated maternal care. We have established a comprehensive salary and benefits system and provide diversified leisure activities for employees to help them balance work and family life.

#### Human Rights Policy

The Company supports the principles of the United Nations Global Compact and the targets enshrined in the United Nations Universal Declaration of Human Rights and the Conventions of the International Labor Organization. We respect human rights and comply with all related regulations of the countries of operations. Article 12 of the Company's "Sustainability and Social Responsibility Guidelines" also states that the Company and subsidiaries shall comply with relevant laws and regulations on human rights and establishes management policies that meet human rights standards by referencing internationally recognized covenants on labor rights. The specific methods of implementation are as follows:

- (1) Comply with relevant laws and regulations and provide a healthy and safe work environment
- (2) Ban on child labor and forced labor
- (3) Diversity and inclusion to prevent illegal discrimination
- (4) Ethical management, integrity, and anti-corruption
- (5) Create smooth communication channels and provide complaint mechanisms



### 5.1.5 Employee care and welfare

The Company provides a comprehensive remuneration system, welfare measures, and performance management system while meeting requirements in the external business environment and building a fair and reasonable internal system with a leave system superior to regulatory requirements. We uphold the ideal of sharing profits with employees by attracting, retaining, developing, and encouraging talents. The current employee benefits are described as follows:

- The Company provides employees with a comfortable, safe and friendly work environment and values employee health. Regular employee physical checkups are held. We organize company trips, family days, artistic and cultural events and diverse club activities from time to time to help employees balance work and life.
- Remuneration and bonuses: Sound salary structure, annual performance bonuses, employee bonus and stock options.
- Medical insurance and healthcare: Employee group insurance, employee physical checkups, labor insurance and health insurance, and employee family insurance.
- Thoughtful welfare systems:
  - ◎ Chinese New Year bonus, Worker's Day, and birthday gifts
  - ◎ Subsidies for weddings, funerals, child birth, hospitalization, disability, and self-improvement activities
  - ◎ Special discounts from contracted companies and affiliated enterprises
  - ◎ Employee travel, cultural activities, and club activities
  - ◎ Free preschool educational books for employees, scholarships for employees' children, and on-the-job training incentives
  - ◎ Wedding gifts, childbirth subsidies, preschool educational books for employees, and free subscription to monthly publications and magazines
  - ◎ Retiree appreciation
  - ◎ Business trip allowance
  - ◎ Employee of the year and senior awards
  - ◎ Group insurance for employees and their dependents
  - ◎ Medical rooms in plants to ensure the occupational safety and health of employees
  - ◎ Regular medical check-ups that exceed requirements of the Labor Health Protection Regulations
- Leisure activities for employees
  - ◎ Employee club activities
  - ◎ Employee birthday celebrations, sports competition, and travel activities
  - ◎ Recreational facilities and audio-visual entertainment equipment in plants



### Statistics for parental leave in 2021

	Male	Female
<b>Number of employees eligible for unpaid parental leave in 2021</b>	15	17
<b>Number of employees who applied for unpaid parental leave in 2021</b>	3	11
<b>Number of employees expected to be reinstated from unpaid parental leave in 2021 (A)</b>	1	9
<b>Number of employees reinstated from unpaid parental leave in 2021 (B)</b>	0	6
<b>Number of employees reinstated from unpaid parental leave in 2020 (C)</b>	0	10
<b>Number of employees reinstated from unpaid parental leave in 2020 and stayed for more than 12 months (D)</b>	0	9
<b>Reinstatement rate (B)/(A)</b>	<b>0%</b>	<b>66.67%</b>
<b>Retention rate (D)/(C)</b>	<b>NA</b>	<b>90.00%</b>

\* As unpaid parental leave is not required by law in China, the data only includes employees in Taiwan.

### Retirement plan

The Company enacted the “Labor Retirement Regulations” and established the Supervisory Committee of Workers’ Pension Reserve Funds to take care of employees’ life after retirement. We allocate reserve funds for the old pension system to a special account in the Bank of Taiwan based on actuary calculation results each year to protect labor rights.

The Company also adopted the Labor Pension Act (new labor pension system) on July 1, 2005 and allocate an amount equivalent to 6% of the respective workers’ wage range to the employees’ individual pension accounts. For those that voluntarily pay additional pension, the Company deducts amounts based on the voluntary appropriation rate from the salary to the dedicated personal pension account at the Bureau of Labor Insurance.

The contents of the YFY’s “Labor Retirement Regulations” are as follows:

- Criteria for voluntary retirement:
  - (1) Employees who are over 55 years old and have served in the Company for more than 15 years, including services in the Company’s affiliated enterprises.
  - (2) Employees who have served in the Company for more than 25 years, including services in the Company’s affiliated enterprises.
  - (3) Employees who are over 60 years old and have served in the Company for more than 10 years, including services in the Company’s affiliated enterprises.
- Criteria for compulsory retirement:
 

The Company may not subject an employee to compulsory retirement except for one of the following conditions:

  - (1) Where the employee is over 65 years old.
  - (2) Where the employee is mentally incapable or physically disabled and cannot continue to work.

The mental incapacity or physical disability specified in the preceding paragraph shall be determined by the level 1 to level 6 disabilities of Labor Insurance. An additional 20% on top of the amount calculated according to Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act shall be given to workers forced to retire due to disability incurred from the execution of their duties.

- Calculation of the years of service and pension:
  - (1) Employees’ years of service shall be calculated starting from the date of employment and the years of service before and after the implementation of the Labor Standards Act and the years of service after the implementation of the Labor Pension Act shall be combined for calculation. The duration shall be based on the years of actual continuous service in this Company.
  - (2) The years of service of employees assigned to affiliated enterprises to provide services or transferred from affiliated enterprises to the Company to provide services shall be combined for calculation.
  - (3) Where an employee is employed by the Company and an affiliated enterprise and applies for retirement in accordance with regulations, the total pension payment amount shall be calculated based on the ratio of the number of months served in each company and paid by the companies.
- Status of the Company’s appropriation of labor pension reserve in 2021
  - (1) Year-round appropriation: NT\$11,343 thousand.
  - (2) Balance of assets at the end of the year: NT\$93,696 thousand.

### 5.1.6 Employee safety and health

#### Occupational safety and health management policy and management system

The Company has dedicated occupational safety and health management unit and management personnel responsible for the development and formulation of occupational safety and health management plans for hazard identification, risk assessment, and risk management of operation areas and personnel operations as well as other safety and health management measures. The head office and all plants have set up the Occupational Safety and Health Committee. They convene safety and health meetings every three months to report, discuss, and decide occupational safety and health promotion plans. Employees can also participate in making occupational safety and health decisions through labor representatives to ensure that the occupational safety and health policies meet the needs of onsite employees and protect the safety and health of all employees. The plants have passed TOSHMS and ISO 45001 certification and all employees take at least three hours of safety and health training every three years. We continue to improve safety and health facilities and actively create a safe, healthy, comfortable, and friendly work environment to achieve our goal of “zero accidents.”

Employees are important assets of the Company. The Company is responsible for and obligated to protect the health and safety of its employees. We use the Taiwan Occupational Safety and Health Management System (TOSHMS) to implement occupational safety and health strategies, targets, and action plans for issues of concern to internal and external stakeholders. We appoint an impartial third party to implement external verification every year to ensure the effectiveness of the systems. We also review site compliance whenever necessary in response to changes in laws and regulations, and demonstrate our commitment to employee safety and the vision to create a corporate safety culture.

The plants have passed the international certification for the OHSAS 45001: 2018 Occupational Safety and Health Management System. The Company introduced and converted to the Health, Safety and Environmental Management System which serves as one of the ten pillars of the YFY Excellence System (YES). We established the 6KE (key element) operation management system for plant operations and procedures and assigned dedicated employees to serve as “Safety Pillar Coordinators.” We provide them with the necessary knowledge and skills and rigorously require the full participation of all employees.

We adopted active measures to ensure employee health and safety:

(1) Responsibilities of different levels of responsible units: The Company sets up occupational safety

and health units and personnel to take charge of the establishment and implementation of the occupational safety and health management system of each plant as well as the assistance, supervision, and audits of work safety and health measures. The occupational safety teams of plants of all levels. The team is directly responsible for the promotion, execution, and on-site management of occupational safety related works.

- (2) Safe operations promotion: Through safety education and labor safety systems, safety inspections, and safety observations, we strengthen the safety management skills and hazard identification capabilities of managers and all employees to establish a coherent set of safety values and standards, and build a consensus to promote safe operations.
- (3) Operation standardization: We use hazard identification and risk assessment to implement standard operating procedures and work safety analysis for various operations for which risks can be lowered with standardized methods.
- (4) Employee physical checkups are held and exceed requirements of the Labor Health Protection Regulations. We use the results of physical checkups and internal and external resources to organize diverse health seminars and health promotion activities and create a healthy workplace environment, thereby enhancing employees’ health awareness and increasing their support for the Company.
- (5) Healthcare and services: We employ labor health service nurses to actively monitor the health conditions of employees and provide appropriate assistance. The labor health service nurses regularly track the health status of employees. We organize various health promotion activities, and demonstrate our commitment to employee safety and health and the vision to create a corporate safety culture.
- (6) Employee safety training: Employees and contractors must receive occupational safety and health training upon entering the Company and during reassignments in accordance with the requirements in the “Occupational Safety and Health Act.” The head office and plants frequently organize on-the-job occupational safety and health training and health promotion activities to increase collective safety and health awareness.
- (7) Accident reporting and investigation: If an occupational accident occurs, it must be immediately reported to the occupational safety and health supervisor and an accident investigation team shall be set up with relevant units to investigate and propose corrective measures. We also conduct an inventory of the safety preparedness of related operations and conduct case studies on occupational accidents to prevent them from recurring.

- (8) Occupational safety progression, review, and exercises: We hold monthly safety meetings and invite site safety coordinators to discuss safety and health issues in these meetings. We hold occupational safety and health meetings every three months and invite labor representatives to attend meetings of the Safety and Health Committee to discuss safety and health operations. The labor representatives increase the participation and communication opportunities of employees in each unit in the safety and health operations, implement safety and health policies, and support the goal of zero accident in occupational safety for all employees.
- (9) First aid training and emergency response exercises: All plants of the Company have set up automated external defibrillators (AEDs) and more than 70% of employees have taken CPR + AED training courses and obtained secure workplace certification. Emergency aid courses have been listed as mandatory courses for employees. Emergency response exercises are held on a regular basis based on the needs of each plant. They include fire self-defense team exercises, toxic disaster exercises, and disaster relief and evacuation exercises involving hazardous materials.
- (10) COVID-19 epidemic prevention management: We established the Epidemic Prevention Team in response to the rapid progression of the epidemic. The team consists of top management and regional epidemic prevention officers. They discuss or determine on epidemic prevention whenever necessary. The Company uses online or printed questionnaires to monitor the health conditions, correlation with the contact tracing of confirmed cases, and vaccination status of all employees and external personnel. We have used health codes of different colors and advanced deployment of rapid screening tests and access control to ensure adequate control over safety in the workplace. We also use epidemic prevention light signal information, emails, and discussions during meetings to implement the corresponding management measures in every workplace. We regularly assign disinfection companies to disinfect the work environment, and place disinfectants in the

work environment within easy reach of employees for them to disinfect the work environment before work to successfully protect business operations from the impact of the epidemic.

#### **International occupational safety and health management system**

The ISO certification for certain plants were postponed due to the epidemic and we made plans to complete the upgrade within the deadline. All paper plants of the Company in Taiwan comply with the latest requirements and all workers have been included in the scope of management. We apply consistent standards for internal and external audits. Certain contractors or vehicles that are not under the full control of the Company and they operate in the plants from time to time. They are thus supervised by the Company's "Occupational Safety and Health Management System" and "Contractor and Access Control System." We ensure operational safety in accordance with the relevant control measures within the plants.

#### **Introduction of human factors and ergonomics design**

We actively use related design tools, machinery, work methods, and work environment designed based on human factors and ergonomics to eliminate human-factor hazards, prevent human-factor harm, and avoid musculoskeletal injuries from repetitive use of muscles in operations. These measures also increase the safety, comfort, and efficiency of employees. In 2015, Chung Shui mill began providing fatigue prevention floor mats for employees on the mini-package tissue paper production line and boxed tissue paper production line who are required to stand for extended periods during work. The mats reduce the pressure on employees' feet by more than 50%. In 2020, we designed automatic film wrap equipment for Unit 9 of Chung Shui mill to reduce the musculoskeletal injuries of employees when they lift items for film wrapping operations. In 2021, we installed a cart designed specifically for sleeve installation for Sleeve Team 1 of Chung Shui mill to help employees bear the load when they install sleeves and reduce musculoskeletal injuries of employees.



## Workplace health promotion

We regularly organize health examinations and appoint medical personnel at each operation site. They track the health conditions of employees in accordance with the results of the health examinations and serve as health consultation service providers. The Company's full-time labor health service nurses organize workplace health promotion activities based on the results of physical checkups and the employee satisfaction survey. They create different types of health management and health promotion activities and encourage employees to adopt healthy lifestyles. We create a happy and healthy workplace environment for employees to enjoy work in order to improve the employees' health conditions and increase work quality. We continue to promote health management and health promotion and participated in the CHR Healthy Corporate Citizen certification organized by *Common Health Magazine*. In recent years, we have received the "Sports Enterprise Certification" from the Sports Administration of the Ministry of Education, "Healthy Workplace Certification Health Promotion Mark," "Innovative Workplace," and national "Excellent Healthy Workplace" from the Health Promotion Administration. The outstanding results of our efforts have been recognized by the government.

## Hazard identification, risk assessment, and incident investigation

**Hazard identification:** The Company referenced past events, potential emergencies, and hazards to personnel and affected personnel in the vicinity and completed hazard identification for nearly 6,000 routine and non-routine operations at all production sites. The hazards include physical, chemical, biological, human factors, and actual operation conditions. We evaluate safety and health issues with reference to relevant knowledge, information, changes in regulations, and other factors.

**Tiered risk management:** We quantify and calculate the risk score for the identified hazards based on the frequency, severity, and risk weighting. We identified high-risk incidents that account for approximately 0.5% with low inspection frequency and records of prior incidents as priority items for inspections. The audit personnel of each business unit, occupational safety and health specialists of each site, and their work teams visit sites from time to time to carry out management audits based on the characteristics of the risk level of the work environment.

**Inspections and correction:** If the facilities are found to be non-compliant with the regulations during inspections, the inspector may inform the inspected unit of the violation and specify an improvement period based on actual conditions. The inspector shall regularly follow up and review the operations. The inspected site must assign personnel to record the contents of non-

compliance and submit results to the occupational safety unit, which shall assist and inspect the improvement progress. If the inspectors find that there are immediate hazards such as falling, electricity, collapse, cave-in, fire, explosion, poisoning, and oxygen deprivation, the person in charge of each site shall immediately cooperate to stop the operation and adequately process the deficiency to maintain the safety of personnel.

**Hazard prevention:** If the aforementioned matter is found to be an immediate hazard to the operator, and the preventive measures are not strengthened or the operation is stopped, the highest-ranking person in charge of the unit shall be requested to stop site operations. The business unit shall also be notified until the improvement is completed. If improvements are not made in a timely manner, the findings may be reported to the occupational safety unit of the head office, which shall prepare measures for elevating the risk management level and prevention, and notify the business unit of the results.

## Worker training on occupational health and safety

- If the workplace is in immediate danger, workers can suspend operations and evacuate to a safe location without endangering other workers, and immediately report to the person in charge of the workplace.
- In the event of an occupational accident at the workplace, the Company's occupational safety unit and person in charge of the workplace shall accompany the worker representative in the investigation, analysis, and recordkeeping of the causes of the incident and formulate appropriate response measures.
- Occupational safety and health management personnel must conduct regular or ad hoc inspections and provide methods for improving work.
- The Company shall organize training in accordance with occupational safety and health training regulations.

## Worker participation, consultation, and communication on occupational health and safety

The members of the Occupational Safety and Health Committee include occupational safety and health personnel, plant managers, unit managers, and labor representatives. They convene meetings every three months to discuss and decide occupational safety and health promotion plans. Employees can also participate in making occupational safety and health decisions through labor representatives to ensure that the occupational safety and health policies meet the needs of onsite employees and protect the safety and health of all employees. All internal and external proposals, inquiries, and complaints submitted by employees to the Occupational Safety and Health Committee in 2021 were addressed and improvements were made.



### Management of occupational accidents

The occupational disease rate (ODR) at YFYCPG is zero thanks to the intensive care network for personnel, equipment, and regulations. Every two years, nurses responsible for labor health services distribute personal health questionnaires to employees who work in shifts, night shifts, or long hours, and who are middle-aged and elderly, or have abnormal workloads or repetitive musculoskeletal work. They use the work contents and work categories to identify employees with high risks of occupational diseases such as irregular working hours, jet lag, frequent business travel, abnormal temperature, noise, and mental stress. They use the results of annual physical checkups and workload risk factors and the “Framingham Risk Score” calculation table to estimate and calculate the risk level of cardiovascular diseases in the next 10 years. They then carry out tiered health management to prevent the occurrence of occupational diseases.

We conduct noise and dust monitoring every six months to learn about the workplace hazards for jobs where occupational diseases may occur. We set safety and health requirements and announce them to employees in the plants. We provide suitable safety protection equipment for use by employees, and we arrange training courses and provide notifications for operations. For instance, we inspect the hazardous factors in the operational environment, establish monitoring plans and related SOPs for the operation environment, and organize safety and health hazard prevention training courses. We post standards for protective equipment at the entrance and exit of areas with noise and dust hazards. Employees in the work area receive physical checkups for special operations every year. We also assign occupational medicine doctors to provide onsite health consultation and health services for employees. The labor health service nurses of the plants also track and monitor the employees' health conditions. A total of five employees received special physical checkups for operations in noisy conditions and were classified as level 4. Their protective equipment was adjusted for their work environment and their earplugs were replaced with full earmuffs. We organize physical checkups every year and the labor health service nurses of the plants track the health status of employees.

In the event of an occupational accident at the workplace, it is rated level 1 to level 4 based on internal definitions and the accident is reported based on the level. The Company's occupational safety and health personnel, relevant department managers, workplace managers, and worker representatives shall set up an accident investigation team for the investigation, analysis, and recordkeeping of the causes of the incident and formulate appropriate improvement measures. They shall also commence investigations of similar operating environments to confirm whether simultaneous improvements are required and report to superior officers in accordance with administrative operating procedures. They shall commence action plans after obtaining approval from the managers and the results shall be reported and discussed at the monthly safety meeting. They shall provide quarterly report on the status and results in the Safety and Health Committee.

In 2021, there were ten occupational injuries and one serious occupational injury (excluding disabling injuries such as death) in YFYCPG. According to the statistics compiled by occupational safety and health units, most occupational injuries were caused by clamping or coiling hazards. Therefore, our occupational safety and health employees communicated the improvements for protection to ensure safety and protection involving the use of machinery and equipment. We clarify potential hazards in the work environment and reiterate standard operating procedures to increase safety awareness and ensure the use of protective equipment. We also ask all units to review the safety interlock system and warnings to enhance the effectiveness of protective measures for the use of machinery and equipment. The Company assists contractors in enhancing occupational safety and health facilities to improve the use of protective equipment, and communicate safety and health regulations and requirements to reduce potential hazards in the contractor's workplace. We started a behavior observation campaign to encourage all employees to observe the work environment or other employees' behavior in operations to provide feedback on unsafe conditions. It enhances the safety awareness of employees and improves the work environment to meet their needs. Our ultimate goal for occupational safety and health is “zero injury.”



### Tiered risk management measures for occupational diseases

Sudden illness risk classification		Management classification	Minimum wage of the Company
Low risk	0	Self-health management	Work hour management Company regular physical checkup management
Medium risk	1		
Medium risk	2	Occupational nurse interviews	Health evaluations and guidance provided in accordance with the “Physical and Mental Care Consultation Record Table.” If the employees’ work load conditions require adjustments, they are referred to a labor health service physician for assessment and recommendations.
High risk	3	Consultation with a labor health service physician or occupational medicine specialist	Health evaluations and guidance provided in accordance with the “Physical and Mental Care Consultation Record Table.” Fill out the “Interview Results and Actions Table” and adjust work contents when necessary.
High risk	4		

### Tiered risk management measures for occupational diseases

Category	Employed		Non-employed	
	Number of cases	Ratio	Number of cases	Ratio
Near miss	0	0	0	0
Clamping, coiling	4	40%	0	0
Cutting, slicing, abrasion	2	20%	0	0
Collision	0	0	0	0
Transportation	0	0	0	0
Falling objects	0	0	0	0
Inappropriate actions	1	10%	0	0
Falling	1	10%	0	0
Falling off, rolling down	0	0	0	0
Impact	0	0	0	0
Collapse, cave-in	0	0	0	0
Contact with high or low temperatures	1	10%	0	0
Contact with harmful substances	1	10%	0	0
Others	0	0	0	0
Occupational injuries	9	0.17	0	0
Serious occupational injuries	1	0.02	0	0
Work-related fatalities	0	0	0	0
Total work hours	54,527,916	0		

\*1: The scope of data includes the head office and all production sites specified in the “List of Operation Sites in this Report.”

\*2: Ratio of occupational injuries: (occupational injuries/total work hours) \*1,000,000.

\*3: Serious occupational injuries: Disabling injuries that do not include death and take at least six months of recovery from the time of injury.

\*4: Ratio of serious occupational injuries: (serious occupational injuries/total work hours) \*1,000,000.

\*5: Ratio of work-related fatalities: (work-related fatalities/total work hours) \*1,000,000.





## 5.2. Social Engagement

### 5.2.1 Contributions to communities



## Help for Vulnerable Families - Sponsorship for the “Winter Donations for Recyclers”

Since 2019, YFY has actively communicated with the Department of Environmental Protection of Taoyuan City Government to take part in the “winter donations for recyclers” organized by the Environmental Maintenance and Inspection Division of the Department of Environmental Protection each year. We have provided care to more than 400 recyclers.

YFY operations are based on a “comprehensive circular economy.” Our industrial paper business uses more than 97% recycled paper as raw materials. Some of the recycled paper and cardboard boxes are collected one by one by recyclers through their hard work. They are the small screws that quietly power the paper recycling system in Taiwan. The recyclers collect many reusable but discarded bottles, cans, and cardboard boxes to provide them a new life with recycling and thus support the circular economy.





## YFYCPG Provides Mayflower and Orange House Cleaning Products to 14 Social Welfare Organizations to Support Wanhua

The rapid spread of COVID-19 brought about a domestic epidemic that tested the capacity of the people. Disadvantaged families in areas struck by the epidemic in Wanhua faced harsh challenges. During the outbreak of the domestic epidemic, YFY Consumer Products Co., Ltd. (YFYCPG; stock Code: 6790) witnessed how a group of social welfare organizations dedicated to Wanhua remained at their posts and put on hazmat suits to continue their delivery of supplies to the homeless, elderly living alone, persons with disabilities, single-parent families, elderly divorced women, and new immigrants. YFYCPG upholds the ideal of providing people with a safe and wonderful life and communicated with organizations to discuss their needs. After continuous communication, we have provided 160 boxes of Mayflower toilet paper and kitchen paper towel as well as Orange House detergent, bathroom cleaning agents, anti-bacteria cleaning spray, and other anti-bacteria cleaning products to 14 social welfare organizations which remained in Wanhua for distribution and use.

Wanhua has always been an area with strong community connections. The onslaught of the domestic epidemic provided us with a glimpse of the connections between associations in Wanhua and the solidarity between local residents and stores. After YFYCPG contacted the "Homeless Taiwan Association," it quickly connected us with associations that support different groups. We delivered Mayflower and Orange House anti-bacterial cleaning products to 14 social welfare organizations including Lishin Charity Foundation, Taipei City West District New Immigrant Community Care Site, Taipei Wanhua Women and Family Service Center, A Kernel of Wheat Foundation, and Pearl Family Garden. We hope that everyone can use safe products to clean their homes and take good care of their health during the epidemic. YFYCPG will continue to provide products to support Wanhua.

YFYCPG is a member of the household products national team. When the epidemic struck Taiwan in May, the most critical mission was to protect employees' health and the production line. We immediately assigned employees to work in groups, divided work areas, and increased the frequency of disinfections and body temperature measurements to protect employees, ensure stable supplies, and support the government in bringing stability to the society. YFYCPG continues to fulfill corporate social responsibility as a corporate citizen as we maximized production. We delivered cleaning products to people in need and took real actions to fulfill corporate ESG goals. We aimed to continue to contribute our efforts for every person to enjoy a safe and beautiful life.

## 5.2.2 Education resources



### **YFYCPG and the Master Program of the Department of Forestry, National Chung Hsing University Set up an Industry-Academia Cooperation Project**



The Company provides long-term support for the table tennis activities of schoolchildren in Haifeng Village. Employees also took part in the activities to help children in the village enjoy positive recreational activities after school that benefit their physical and mental health.



### 5.2.3 Medical resources



## Support for the Medical Personnel of Taoyuan Hospital, Ministry of Health and Welfare in Comprehensive Disease Prevention to Protect the Health of Medical Personnel and Their Family Members

- The Company organized blood donation drives and invited nearby residents and family members of employees to participate. We also provided free toilet paper for blood donors.
- To build good relationships with local communities, we helped Haifeng Village organize seminars and blood pressure measurements, and provided free toilet paper.
- Support for the medical personnel of Taoyuan Hospital, Ministry of Health and Welfare in comprehensive disease prevention to protect the health of medical personnel and their family members: We actively provided 1,002 bottles of Orange House antivirus detergent, 1,008 bottles of Orange House hand wash mousse, 2,016 bottles of Orange House anti-bacteria cleaning spray, and 4,800 rolls of Mayflower Thick Kitchen Paper Towel to support the medical personnel of Taoyuan Hospital who were on the first line of defense for the health of the nation as well as their family members.
- To support for the epidemic prevention activities of Yangzhou Economic Development Park, several local businesses provided aid and helped the local government fight the epidemic to reduce the risks of infections in the Economic Development Park. YFYCPG Yang Zhou mill took the initiative and donated RMB 200,000 and supplies to help the government protect the health of the people.

To support the medical personnel of Taoyuan Hospital who were on the first line of defense for the health of the nation as well as their family members, we actively provided:

#### Orange House

1,002 bottles of Orange House antivirus detergent  
1,008 bottles of Orange House hand wash mousse  
2,016 bottles of Orange House anti-bacteria cleaning spray

#### Mayflower Thick Kitchen Paper Towel

4,800 rolls of kitchen paper towel



### 5.2.4 Environmental protection



五月花

We invite you to take care of the forests in Taiwan and protect the Earth.

- Increase resource utilization rate with an annual target of 1% water conservation
- Refurbish boilers and increase the use of renewable fuel
- Increase the ratio of green procurement

Chung Shui mill received the “2021 Taiwan Circular Economy Enterprise Award” from the Environmental Protection Administration, Executive Yuan  
 Chung Shui mill received the “2021 Green Procurement Enterprise Award” from Taichung City Government  
 Yang Mei mill received the Private Enterprise and Organization Green Procurement Award” from Taoyuan City Government

## Sponsorship for the Environmental Protection “Taiwan Champion Trees - Giant Tree Map Project”

The project leader Dr. Rebecca Hsu is one of the few scholars who study epiphyte in crown canopy. She graduated from the Department of Industrial Design, National Cheng Kung University and received a Master's degree from the Institute of Plant Biology, National Taiwan University and a Doctoral degree from the University of Amsterdam. She currently serves as an assistant researcher in the Taiwan Forestry Research Institute of the Council of Agriculture. She formed the “Taiwan Champion Trees” team with Professor Chi-Kuei Wang of the Department of Geomatics, National Cheng Kung University and dedicated her career to search for giant trees in Taiwan. She hopes to use the airborne LiDAR technology with citizen science to jointly create a map of giant trees in Taiwan and search for the tallest tree in Taiwan.

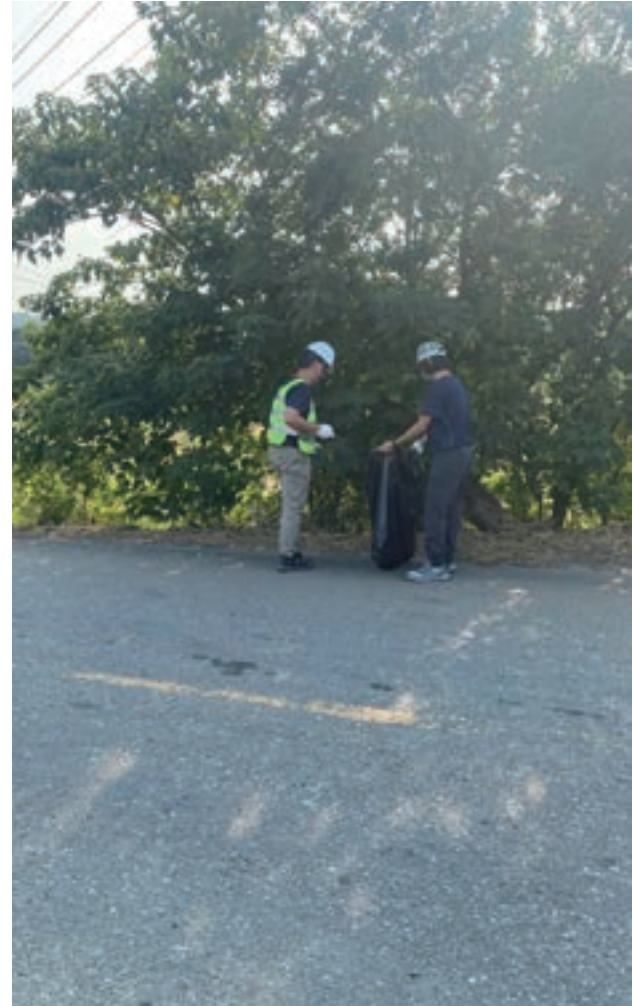
Dr. Hsu has a clear and strong voice and is passionate and straightforward. Her expertise in biodiversity and her love for this beautiful island motivate her in her work. As a global citizen, YFYCPG began sponsoring the team in 2021 for the search for the tallest tree in Taiwan. We will start to promote youth science and civic and environmental education to encourage the next generation of the Internet era to save energy and reduce carbon in their daily lives and protect the Earth.





## Sponsorship for the Xuan Yi New Knowledge Care Association with Real Actions for Supporting Environmental Protection

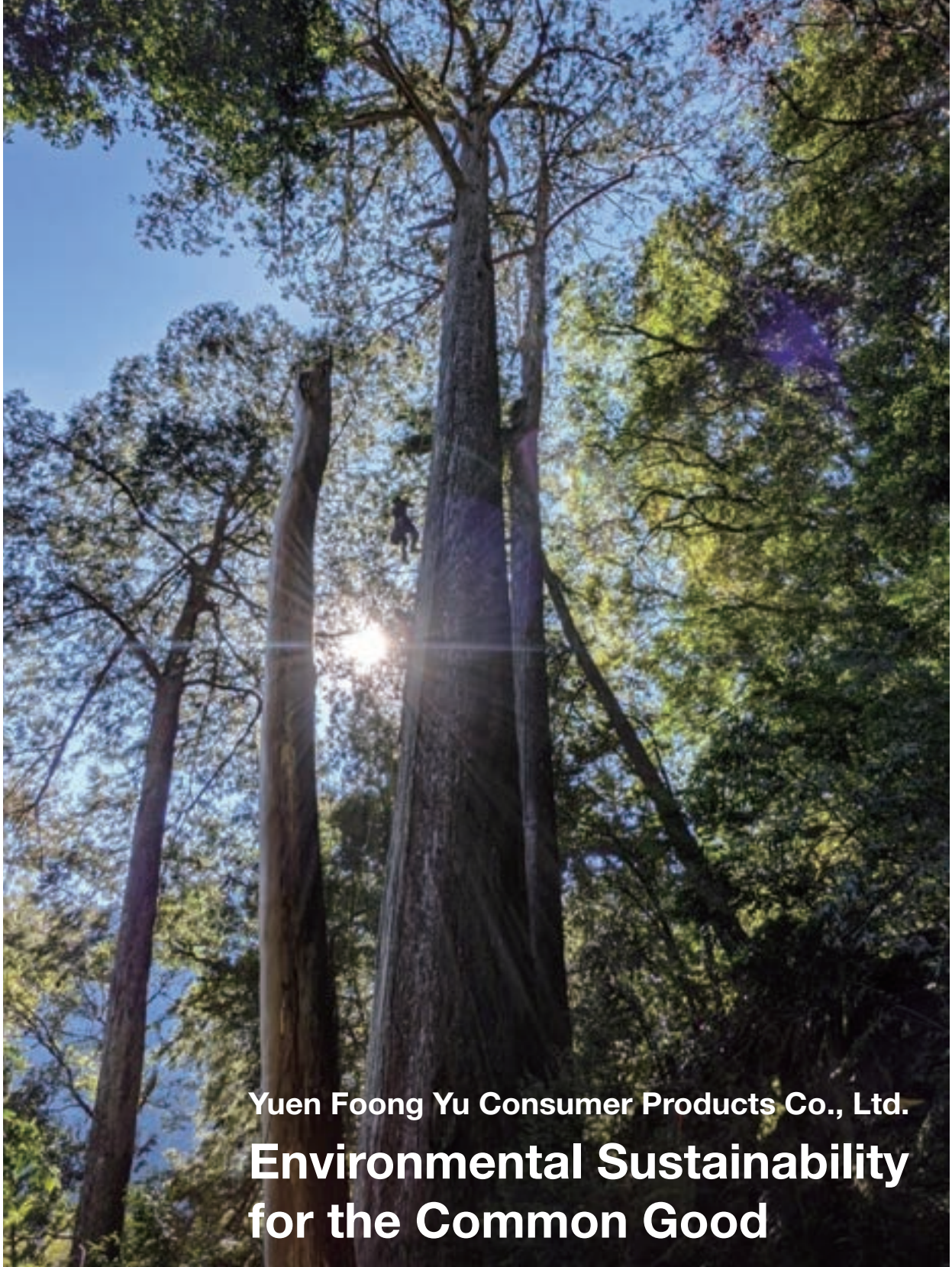
The Xuan Yi New Knowledge Care Association was founded by a group of parents of children with cerebral palsy. They focus on the core design concept of zero waste and collaborate with fashion designers to establish the first site with a discarded fabric bank in Taiwan. Jeans donated by recycling plants come alive again with the meticulous skills and creativity of the members of the Xuan Yi New Knowledge Care Association. They disassemble and stitch together jeans to create fashionable denim products and a circular economy. Chung Shui mill sponsors toilet paper and other supplies as well as the funding for press conferences to support the Association's ideals for reusing resources and hopes that children with cerebral palsy can help develop skills here.



## **Sponsorship for Environmental Protection Volunteer Activities in Haifeng Village**

The Company's Chung Shui mill is located in Haifeng Village. We implement the concept of sustainable environmental protection in the community and sponsor environmental volunteer activities in Haifeng Village to help promote environmental protection, maintain the cleanliness of local communities, recycle resource, make the communities more appealing, and enhance related auxiliary services for environmental protection and social welfare.





Yuen Foong Yu Consumer Products Co., Ltd.  
**Environmental Sustainability  
for the Common Good**







**Appendix**

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GRI Standards Index  
TCFD Climate Change Financial Impact  
Assurance Statement (BSI)



GRI Standard Number	Disclosure Item Title	Chapter or Description	Page
GRI 102: General Disclosure: 2016			
102-1	Name of the organization	2.1 Company Profile	18
102-2	Activities, brands, products, and services	2.1 Company Profile	18
102-3	Location of headquarters	2.1 Company Profile	18
102-4	Location of operations	2.1 Company Profile	21
102-5	Ownership and legal form	2.1 Company Profile	18
102-6	Markets served	2.1 Company Profile	19
102-7	Scale of the organization	2.1 Company Profile 2.3 Economic Performance 5.1 Employee Relations	18 24 52
102-8	Information on employees and other workers	5.1 Employee Relations	52
102-9	Supply chain	3.5 Supply Chain Management	36
102-10	Significant changes to the organization and its supply chain	1.1 Editorial Principles 3.5 Supply Chain Management	10 36
102-11	Precautionary principle or approach	3.3 Risk Assessment and Management	31
102-12	External initiatives	No external initiative	-
102-13	Membership of associations	2.5 External Participation	25
102-14	Statement from senior decision-maker	Introduction: Message from the Chairman	5
102-15	Key impacts, risks, and opportunities	3.3 Risk Assessment and Management	31
102-16	Values, principles, standards, and norms of behavior	3.2.2 Integrity and compliance	30
102-17	Mechanisms for advice and concerns about ethics	3.2.2 Integrity and compliance	30
102-18	Governance structure	3.1 Corporate Governance 3.2 Board of Directors	28 29
102-19	Delegating authority	1.2 Corporate Sustainable Development Organizational Structure	11
102-20	Executive-level responsibility for economic, environmental, and social topics	1.2 Corporate Sustainable Development Organizational Structure	11
102-40	List of stakeholder groups	1.4 Stakeholder Identification and Engagement	13
102-41	Collective bargaining agreements	5.1 Employee Relations	52

GRI Standard Number	Disclosure Item Title	Chapter or Description	Page
102-42	Identifying and selecting stakeholders	1.5 Analysis of Material Issues	14
102-43	Approach to stakeholder engagement	1.5 Analysis of Material Issues	14
102-44	Key topics and concerns raised	1.5 Analysis of Material Issues	14
102-45	Entities included in the consolidated financial statements	1.1 Editorial Principles 1.5 Analysis of Material Issues	10 14
102-46	Defining report content and topic boundaries	1.1 Editorial Principles	10
102-47	List of material topics	1.5 Analysis of Material Issues	14
102-48	Restatements of information	N/A	-
102-49	Changes in reporting	N/A	-
102-50	Reporting period	1.1 Editorial Principles	10
102-51	Date of most recent report	N/A	-
102-52	Reporting cycle	1.1 Editorial Principles	10
102-53	Contact point for questions regarding the report	1.1 Editorial Principles	10
102-54	Claims of reporting in accordance with the GRI Standards	1.1 Editorial Principles	10
102-55	GRI content index	Appendix: Corresponding GRI Standards	74
102-56	External assurance	1.1 Editorial Principles Appendix: Third-Party Verification Statement (BSI)	10 79
103-1	Explanation of the material topic and its boundary	1.5 Analysis of Material Issues	14
103-2	The management approach and its components	3.3 Risk Assessment and Management 3.4 Customer Satisfaction and Product Services 3.6 Socioeconomic Compliance IV. Environmental Protection 5.1.4 Employee communication and rights and benefits 5.1.6 Employee safety and health	31 34 39 42 56 58
103-3	Evaluation of the management approach	1.5.3 List of Material Sustainability Topics	15

GRI Standard Number	Disclosure Item Title	Chapter or Description	Page
GRI 201: Economic Performance: 2016			
201-1	Direct economic value generated and distributed	2.3 Economic Performance	24
201-3	Defined benefit plan obligations and other retirement plans	5.1 Employee Relations	52
GRI 202: Market presence: 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Employee Relations	54
202-2	Proportion of senior management hired from the local community	5.1 Employee Relations	53
GRI 204: Procurement Practices: 2016			
204-1	Proportion of spending on local suppliers	3.5 Supply Chain Management	36
GRI 301: Materials: 2016			
301-1	Materials used by weight or volume	4.3 Raw Material Usage	43
GRI 302: Energy: 2016			
302-1	Energy consumption within the organization	4.4 Energy Management	44
302-3	Energy Intensity	4.4 Energy Management	44
302-4	Reduction of energy consumption	4.4 Energy Management	44
302-5	Reductions in the energy requirements of products and services	4.4 Energy Management	44
GRI 303: Water and Effluent 2018			
303-1	Interactions with water as a shared resource	4.5 Water and effluents	45
303-2	Management of water discharge-related impacts	4.5 Water and effluents	45
303-3	Water Withdrawal	4.5 Water and effluents	46
303-4	Water discharge	4.5 Water and effluents	46
303-5	Water consumption	4.5 Water and effluents	46
GRI 305: Emissions: 2016			
305-1	Direct (Scope 1) GHG emissions	4.6 Emissions	47
305-2	Energy indirect (Scope 2) GHG emissions	4.6 Emissions	47
305-4	GHG emissions intensity	4.6 Emissions	47
305-5	Reduction of GHG emissions	4.7 Waste	48
305-6	Emissions of ozone-depleting substances (ODS)	"No actions involving the production, import, and export of related substances occurred within the scope of the Report. This is therefore not applicable."	-
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.6 Emissions	47
GRI 307: Environmental Compliance: 2016			
307-1	Non-compliance with environmental laws and regulations	4.8 Environmental Compliance	49
GRI 401: Employee Relations: 2016			
401-1	New employee hires and employee turnover	5.1 Employee Relations	52
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Employee Relations	54
401-3	Parental leave	5.1 Employee Relations	57
GRI 402: Employee/Management Relations: 2016			
402-1	Minimum notice periods regarding operational changes	"In the event of a major operational change that requires the termination of employment of certain employees, the Company shall provide advance notice of the termination date of the contract in accordance with Article 16, Paragraph 1 of the Labor Standards Act. The advance notice period shall be determined based on the number of years of service of the worker as specified below: 1.) Employees who have continuously worked for more than 3 months but less than 1 year are provided with a 10-day notice. 2.) Employees who have continuously worked for more than 1 year but less than 3 years are provided with a 20-day notice. 3.) Employees who have continuously worked for more than 3 years are provided with a 30-day notice."	-



GRI Standard Number	Disclosure Item Title	Chapter or Description	Page
GRI 403: Occupational Health and Safety: 2018			
403-1	Occupational health and safety management system	5.1.6 Employee safety and health	58
403-2	Hazard identification, risk assessment, and incident investigation	5.1.6 Employee safety and health	60
403-3	Occupational health services	5.1.6 Employee safety and health	58
403-4	Worker participation, consultation, and communication on occupational health and safety	5.1.6 Employee safety and health	60
403-5	Worker training on occupational health and safety	5.1.6 Employee safety and health	60
403-6	Promotion of worker health	5.1.6 Employee safety and health	60
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.1.6 Employee safety and health	58
403-9	Occupational injuries	5.1.6 Employee safety and health	60
403-10	Work-related ill health	5.1.6 Employee safety and health	60
GRI 404: Training and Education: 2016			
404-1	Average hours of training per year per employee	5.1.3 Employee education and training	55
404-2	Programs for upgrading employee skills and transition assistance programs	5.1.4 Employee communication and rights and benefits	56
404-3	Percentage of employees receiving regular performance and career development reviews	5.1.3 Employee education and training	55
GRI 405: Diversity and Equal Opportunity: 2016			
405-1	Diversity of governance bodies and employees	5.1.1 Employer-Employee Relationship	52
GRI 413: Local Communities: 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	5.2 Social Engagement	64
413-2	Operations with significant actual and potential negative impacts on local communities	No such event occurred at the Company	-
GRI 416: Customer Health and Safety: 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such event occurred at the Company	-
GRI 417: Marketing and Labeling: 2016			
417-1	Requirements for product and service information and labeling	3.4.1 Product safety and regulatory compliance	34
417-2	Incidents of non-compliance concerning product and service information and labeling	No such event occurred at the Company	-
417-3	Incidents of non-compliance concerning marketing communications	No such event occurred at the Company	-
GRI 418: Customer Privacy: 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such event occurred at the Company	-
GRI 419: Socioeconomic Compliance: 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	3.6 Socioeconomic Compliance	39

Material issues are highlighted in red

## TCFD Climate Change Financial Impact

Climate Change Risks and Opportunities		Risks	Opportunities	Potential Financial Impact	Strategy	Action Plan
Transitional	GHG regulations and carbon tax	Increased expenditures	Use biomass fuel	Increased operational costs for expansion of production capacity Refurbishment of boilers and investment in related environmental protection facilities Support policies to obtain incentives	<ol style="list-style-type: none"> <li>1. Improve energy efficiency</li> <li>2. Conduct GHG inventory</li> <li>3. Use biomass fuel</li> </ol>	<ol style="list-style-type: none"> <li>1. All Plants completed the inventory ahead of schedule in 2022.</li> <li>2. Refurbish boilers to facilitate the use of SRF and increase the use of alternative fuel with 59% increase in 2021.</li> <li>3. Improve the production process and equipment and reduce electricity with 1% energy savings each year since 2015.</li> </ol>
	Regulations for major electricity users	Increase investments	Set up renewable energy	Increase investments in renewable energy equipment If construction is completed ahead of schedule, the renewable energy can be provided for own use or sold to increase revenue	Installation of phase 2 solar power generation project in Chung Shui mill	<ol style="list-style-type: none"> <li>1. Chung Shui mill completed the setup and metering of 836kW of solar PV equipment before the end of 2021.</li> <li>2. Actively replaced coal with SRF and increased usage volume by 49% in 2021.</li> </ol>
	Water resource and water charges	Increased expenditures on water charges	Enhance water resource management Improve water recycle technologies	Add water treatment equipment and increase operating costs Enhance water resource management and obtain government incentives	<ol style="list-style-type: none"> <li>1. Enhance biological treatment capacity to optimize water quality</li> <li>2. Increase the amount of recycled water used</li> <li>3. Plan pipeline maintenance and renewal</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish water conservation KPI: Paper mills in Taiwan set the unit water consumption to less than 10 tons of water for every ton of paper.</li> </ol>
	Net-zero emissions	New energy conservation and carbon reduction technologies are not yet developed (uncertainty and high investment requirements)	Development of low-carbon/green products	Carbon reduction and energy saving investments increase operating costs Increase revenue by meeting consumer demand for green products	<ol style="list-style-type: none"> <li>1. Work hard to reduce greenhouse gas emissions</li> <li>2. Continuously promote the use of alternative energy</li> <li>3. Develop products that reduce the carbon footprint from the production process and the use by consumers</li> </ol>	<ol style="list-style-type: none"> <li>1. Increase the use of alternative energy</li> <li>2. Use recyclable product packaging materials</li> <li>3. Develop environmentally friendly green products</li> </ol>
	Impact on the corporate image	Failure to meet stakeholder expectations, which damages the reputation of the Company	Positive corporate image	Continue to enhance the positive corporate image with high-quality products and services Improve results in the Corporate Governance Evaluation	<ol style="list-style-type: none"> <li>1. Help consumers understand the Company's sustainability strategy</li> <li>2. Continue to provide products for consumers' safe and beautiful life based on consumer needs</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop green products that meet global trends and satisfy consumer demand.</li> <li>2. Increase the use of FSC-certified materials.</li> <li>3. Develop innovative products with purpose and work with consumers to save energy and reduce carbon emissions.</li> </ol>
Physical	Typhoons, floods	Impact on production and supply	Improved responsiveness to reduce the probability of disruptions of operations	Increased operating costs Strengthen the resilience of the Company to respond to changes, reduce the probability of disruptions of operations based on simulations and past experience, and establish response mechanisms	<ol style="list-style-type: none"> <li>1. Develop typhoon (disaster) preparedness plans and response measures</li> <li>2. Set up adverse weather warning/plant flood control and rescue team in accordance with the management rules</li> <li>3. Use property/personnel insurance coverage to prevent and reduce disaster losses</li> </ol>	<ol style="list-style-type: none"> <li>1. Set up response teams and organize regular drills to reduce disaster losses.</li> <li>2. Regular maintenance/repairs of plant buildings and facilities.</li> </ol>
	Rise in temperature	Increase in electricity consumption, costs, and emissions	Promote low-carbon/green production	Increase in electricity consumption, emissions, and operational costs Reduce electricity consumption and reduce costs	<ol style="list-style-type: none"> <li>1. Carry out energy conservation projects</li> </ol>	<ol style="list-style-type: none"> <li>1. Improve the production process and replacement of old equipment with durable and energy-efficient pumps and other equipment.</li> </ol>



## INDEPENDENT ASSURANCE OPINION STATEMENT

### YFYCPG 2021 Sustainability Report

The British Standards Institution is independent to Yuen Foong Yu Consumer Products Co., Ltd. (hereafter referred to as YFYCPG in this statement) and has no financial interest in the operation of YFYCPG other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of YFYCPG only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by YFYCPG. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to YFYCPG only.

#### Scope

The scope of engagement agreed upon with YFYCPG includes the followings:

1. The assurance scope is consistent with the description of YFYCPG 2021 Sustainability Report.
2. The evaluation of the nature and extent of the YFYCPG's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the YFYCPG 2021 Sustainability Report provides a fair view of the YFYCPG sustainability programmes and performances during 2021. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the YFYCPG and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate YFYCPG's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that YFYCPG's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

#### Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to YFYCPG's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 2 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

## Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

### Inclusivity

This report has reflected a fact that YFYCPG has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the YFYCPG's inclusivity issues.

### Materiality

YFYCPG publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of YFYCPG and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the YFYCPG's management and performance. In our professional opinion the report covers the YFYCPG's material issues.

### Responsiveness

YFYCPG has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for YFYCPG is developed and provides the opportunity to further enhance YFYCPG's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the YFYCPG's responsiveness issues.

### Impact

YFYCPG has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. YFYCPG has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the YFYCPG's impact issues.

### GRI Sustainability Reporting Standards (GRI Standards)

YFYCPG provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the YFYCPG's sustainability topics.

### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

### Responsibility

The sustainability report is the responsibility of the YFYCPG's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

### Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

  
Peter Pu, Managing Director BSI Taiwan



...making excellence a habit.™

Statement No: SRA-TW-2021116

2022-07-13

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