



2021 Sustainability Report

Company Code: 4164



Table of Contents

About the Report	1
Letter from the Chairman	2
Chapter 1 Group Introduction.....	3
1.1 Business Overview.....	4
1.2 Sustainability Commitment and Strategy	9
1.3 Stakeholder Engagement	14
1.4 Corporate Governance.....	21
Chapter 2 Customer Service	28
2.1 Products & Services.....	29
2.2 Product Liability.....	33
2.3 Customer Relations	38
Chapter 3 Employee Caring.....	44
3.1 Human Resource Management	45
3.2 Friendly Workplace	49
3.3 Training & Education	56
Chapter 4 Environmental Sustainability	58
4.1 Environmental Policy.....	59
4.2 Supplier Relations.....	69
Chapter 5 Community Engagement	73
5.1 Social Care & Support.....	74
5.2 Economy for Common Good.....	76
Appendix	79
GRI Content Index	80
SASB Standards Index.....	84
Contact Us	85

About the Report



CHC Healthcare Group 2021 Sustainability Report

Reporting Guidelines

The report is prepared in accordance with the GRI Standards issued by the Global Sustainability Standards Board (GSSB), following the Core option, and referring to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and for the first time adopting the industry standards of SASB, the recommended framework of TCFD, and the UNGC of the United Nations.

Reporting Period

The reporting period of the information disclosed in the report is 2021 (from January 1 to December 31, 2021). However, considering the integrity and comparability, the disclosure of particular contents can be traced back to the previous year. In addition, taking into account the timeliness, some components are disclosed up to the latest version before the publication date and are indicated in the report of the specific period.

Publication Date of Last Version

In line with international trends and revisions of relevant laws and regulations, the original corporate social responsibility report has been renamed sustainability report since the preparation of the report for the year 2021. And the previous report (the 2020 Corporate Social Responsibility Report) was published on June 29, 2021.

Reporting Cycle

The sustainability report is prepared and published once a year.

Boundaries & Scope

The CHC Healthcare Group (the Group / CHC) referred to in the report consists of CHC Healthcare Group (the Company) and its 19 subsidiaries. The report includes various ESG performances and data of the Group. If some content does not cover information about all operating locations, it is marked and will be applied successively in the coming years.

Editing & Finalizing

The report is jointly prepared by working groups assigned by CHC's Sustainability Committee and published after being reviewed by responsible supervisors.

External Assurance

The Group is currently an enterprise that is not compulsory in preparing the report, so it has not yet sought external assurance.

Publication Date

June 29, 2022

Feedback

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Chairman

Dr. Lin Lee

Letter from the Chairman

Thank you to all stakeholders for your support and guidance to CHC Healthcare Group, enabling the Group to have steady development under such harsh macro-environment conditions. Although Taiwan is severely affected by COVID-19 in 2021, with the efforts of all employees, the Group has maintained an over 30% gross margin and a double-digit net profit margin in 2021 and achieved significant growth in profit for the year compared with 2020. The Group strongly believes that a solid economic foundation is a key to sustainable business operations and will continue the expansion in the future to create the best interests of the stakeholders.

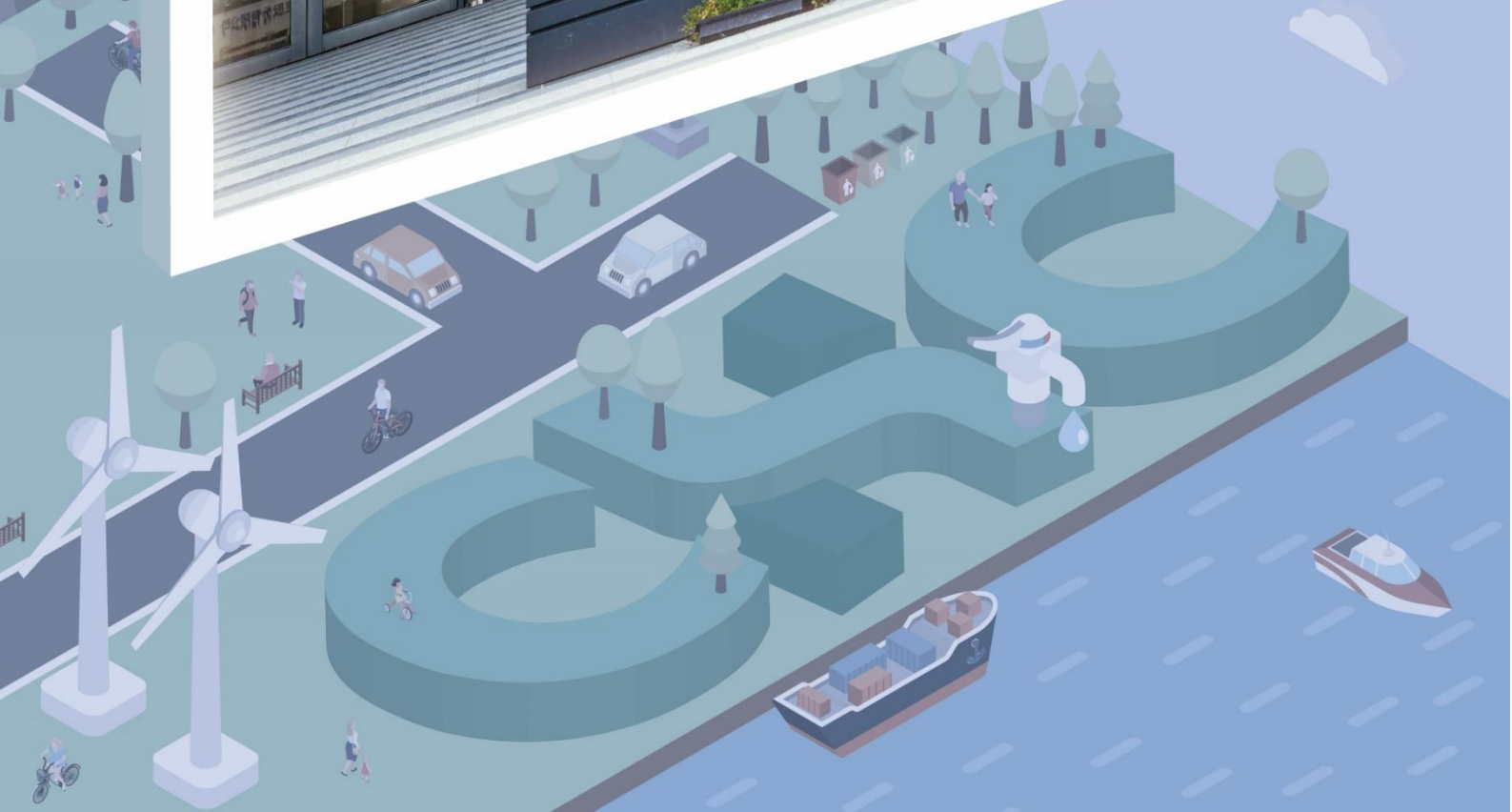
CHC has been in the Taiwan medical industry for forty-five years and is committed to introducing high-end medical equipment from major international brands. The current product line includes radiation oncology, neuroscience, medical imaging, ophthalmology, and surgery-related products. The Group also provides customers with a full range of medical management services, from equipment leasing, operation consulting, and division outsourcing, to hospital management. These comprehensive services make CHC the best partner for medical institutions. In recent years, besides actively looking for new products and enhancing service quality, the Group has entered overseas markets and successfully introduced Taiwan's experience to China and Southeast Asia with a head start.

CHC also has diversified its business to various fields taking the medical industry as a starting point. To improve the overall health and well-being of human beings, the Group has completed the acquisition of a chain community pharmacies channel and announced to launch into the elderly care market, extending the business territories from B2B to B2C. To drive the sustainable operation of the enterprise, the Group has successfully developed a paperless integrated radiation oncology information system and entered the field of radiation sterilization business using world-class technology, hoping to strengthen sustainable competitiveness through sustainability transitions in multiple domains.

While expanding its business, CHC also takes the initiative to participate in international certification, externally to provide customers with better and standardized service quality, and internally to create a healthy and safe working environment for employees. CHC is already certified in both ISO 9001 Quality Management Systems and ISO 45001 Occupational Health and Safety Management Systems, which laid a solid foundation for sustainable business operations. With the corporate culture of Connecting Your Health with Our Commitment, the Group will keep committing to serving as a bridge in the interaction between major international medical equipment manufacturers and medical institutions in Asia-Pacific and exert its corporate influence to work with stakeholders for the ultimate goal of securing a sustainable future.

Chapter 1

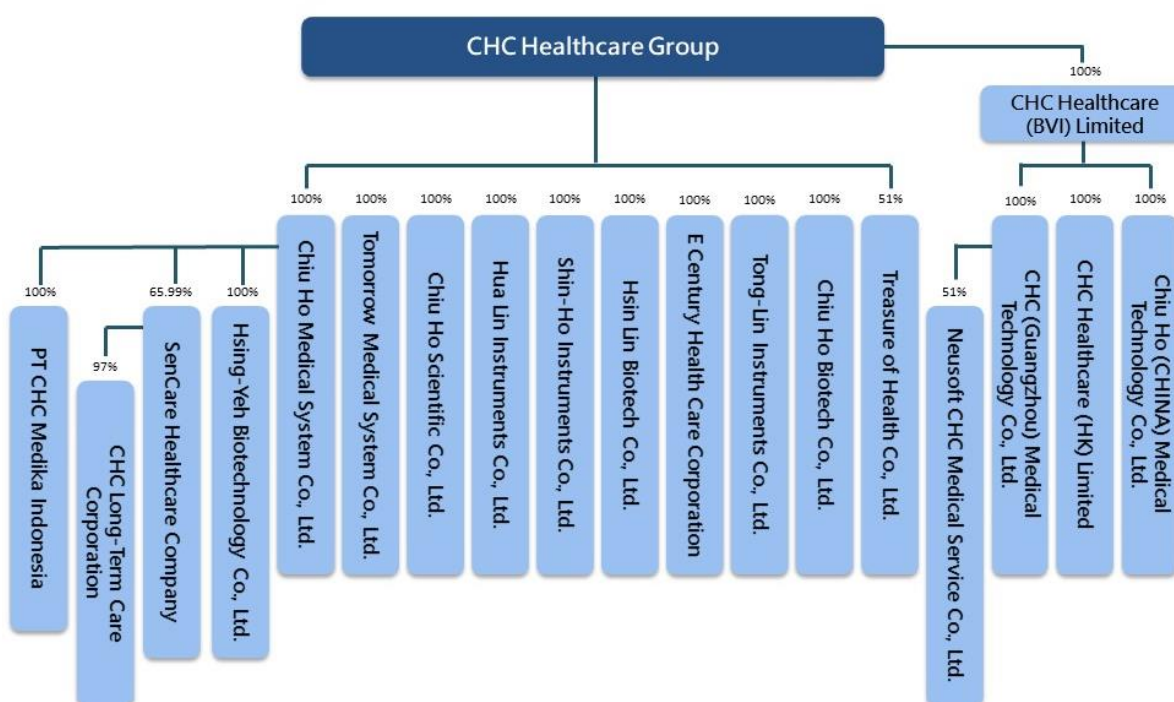
Group Introduction



1.1 Business Overview

Group Profile

CHC Healthcare Group (the Group / CHC) is composed of the parent company CHC Healthcare Group (the Company) and its subsidiaries. The parent company CHC Healthcare Group was established under relevant law on November 27, 2009, mainly to reorganize the organizational structure of affiliated enterprises such as Chiu Ho Medical System Co., Ltd. to take advantage of the market synergy in Greater China. Taking investing and managing investment businesses as its core business, the Company was listed on Taiwan Stock Exchange on October 24, 2012, for company code 4164. The Group is currently led by Chairman Pei-Lin, Lee, with 212 employees (184 in Taiwan, 23 in China, and 5 in Indonesia), and 19 subsidiaries. The headquarters is in Taipei City, with offices in Taichung and Kaohsiung, and subsidiaries in Guangzhou, Beijing, Shenyang, and Indonesia.



Organizational chart of CHC Healthcare Group

The first subsidiary of the Group was founded in 1977. The business scope of CHC's subsidiaries covers multi-dimensions from reinvestment business, distribution, repair and maintenance, lease of the equipment for radiation oncology, neuroscience, medical imaging, ophthalmology, and surgery, sales of spare parts and consumables, to sales of medicines and health supplements. The Group also sets up customer service centers in Taipei, Taichung, Kaohsiung, Guangzhou, Beijing, Shenyang, and Indonesia for the internal technical team to provide immediate technical support from equipment installation to maintenance and upgrades, which can be further combined with comprehensive services including site planning and construction, management consultation, and medical technician training. The continuous improvement of CHC's medical management services is popular among medical institutions, not only making customers willing to build long-term collaboration, but also allowing suppliers to have no concern with the distributorship. The partnership between upstream and downstream is thus more comprehensive and stable. In addition, after noting the connection between the public and pharmacies has become closer and closer under the new post-pandemic normal, the Group announced the acquisition of a chain community pharmacies channel, expanding the business territories from B2B to B2C, and integrating the existing chain channel of the healthcare industry.

Basic Information of CHC				
(December 31, 2021, expressed in NT\$ unless otherwise provided)				
Company name	Incorporation date	Location	Paid-in capital	Main business activity
Parent company				
CHC Healthcare Group	November 27, 2009	Neihu Dist., Taipei City	1,610,536,050	Holdings and indirect investments
Subsidiary				
Chiu Ho Medical System Co., Ltd.	March 17, 2000	Neihu Dist., Taipei City	3,900,000,000	Medical instrument sale, leasing and services
Tomorrow Medical System Co., Ltd.	March 20, 2006	Neihu Dist., Taipei City	708,000,000	Medical instrument sale, leasing and services
Chiu Ho Scientific Co., Ltd.	March 17, 2006	Neihu Dist., Taipei City	98,538,410	Ophthalmic equipment sale, leasing and services
Hua Lin Instruments Co., Ltd.	July 10, 1999	Neihu Dist., Taipei City	416,000,000	Medical instrument leasing
Shin-Ho Instruments Co., Ltd.	October 16, 2002	Zhongshan Dist., Taipei City	213,000,000	Medical instrument leasing
Hsin Lin Biotech Co., Ltd.	March 7, 2008	Neihu Dist., Taipei City	80,000,000	Medical instrument leasing
E Century Health Care Corporation	December 6, 2002	Neihu Dist., Taipei City	600,000,000	Medical instrument leasing
Tong-Lin Instruments Co., Ltd.	February 25, 2002	Neihu Dist., Taipei City	400,000,000	Medical instrument leasing
Chiu Ho Biotech Co., Ltd.	December 16, 2003	Neihu Dist., Taipei City	260,000,000	Medical instrument leasing
CHC Healthcare (BVI) Limited	November 23, 2010	Tortola, British Virgin Islands	USD 940	Holdings and indirect investments
CHC Healthcare (HK) Limited	September 19, 2012	Hunghom, Kowloon, Hong Kong	HKD 1,000,000	Medical instrument sale, leasing and services
CHC (Guangzhou) Medical Technology Co., Ltd.	July 13, 2011	Yuexiu Dist., GuangZhou	USD 9,502,777.42	Medical instrument sale, leasing and services
Chiu Ho (CHINA) Medical Technology Co., Ltd.	May 30, 2013	Chaoyang Dist., Beijing	USD 7,544,411.00	Medical instrument sale, leasing and services
Hsing-Yeh Biotechnology Co., Ltd.	September 21, 2015	Neihu Dist., Taipei City	936,000,000	Medical instrument sale and leasing, drug sale
Neusoft CHC Medical Service Co., Ltd.	March 28, 2018	Hunnan Dist., Shenyang	RMB 7,200,000	Medical instrument sale, leasing and services
SenCare Healthcare Company	September 27, 2018	Neihu Dist., Taipei City	294,000,000	Consulting service and elderly residence
PT CHC Medika Indonesia	March 21, 2017	Jakarta, Selatan Indonesia	IDR 2,566,000,000	Medical instrument leasing
CHC Long-Term Care Corporation	December 31, 2019	Yangmei Dist., Taoyuan City	32,000,000	Elderly care services
Treasure of Health Co., Ltd.	March 27, 2018	Xizhi Dist., New Taipei City	21,000,000	Drug and health supplements sale

CHC has been deeply engaged in the domestic market for forty-five years and is committed to introducing high-end medical equipment and technologies, aiming to improve domestic medical treatment quality and achieve a three-win situation among the Group, the patients, and the medical institutions. Recently the Group has also actively expanded into the overseas market and developed diverse business models, focusing on Asia, especially emerging markets such as China and Southeast Asian countries, considering these markets have great potential for development and the establishment of additional sites has a positive effect on overall corporate operational efficiency. Moreover, to

strengthen its influence, the Group has broadened its business territory by developing iROIS (Integrated Radiation Oncology Information System), entering retail pharmacy markets, and investing in the high-tech radiation sterilization industry. CHC adheres to the business philosophy of Connecting Your Health with Our Commitment to devote time and effort to the medical equipment market at home and abroad, continue to lead the industry, and hope to become the leader in the comprehensive medical service industry in the Asia-Pacific region in the future.

Business Performance

As British scholar John Elkington once proposed the concept of Triple Bottom Line, under the framework of corporate sustainability, corporates carry the most basic three responsibilities consisting of economic responsibility, environmental responsibility, and social responsibility. And ESG is the practice of these responsibilities, which include three dimensions E(Environment), S(Social), and G(Governance). CHC believes achieving solid corporate governance is the primary task for corporates to put sustainable management into practice, and stable operating performance is the foundation of corporate governance. The consolidated operating results, regional performance, and sales value and volume of the last two years are as follows:

1. Operating results

The 2021 consolidated operating revenue of NT\$2,439,564 thousand represents a decrease from the 2020 consolidated operating revenue of NT\$2,554,911 thousand, and the reduction is chiefly due to a fall in the sale of equipment. The profit for the year 2021 of NT\$380,282 thousand represents an increase from the profit for the year 2020 of NT\$362,912 thousand, and the increase is chiefly due to the growth of gross profit in 2021. For further detailed information, please refer to the 2021 Annual Consolidated Financial Statements of the Group.

Operating Results in the Last Two Years		
(Unit: NT\$ thousands)		
Item	2021	2020
Operating revenue	2,439,564	2,554,911
Gross profit	849,481	830,710
Operating expenses	356,153	317,604
Operating profit	493,328	513,106
Profit before income tax	491,069	463,996
Profit for the year	380,282	362,912

2. Regional performance

Regional Performance in the Last Two Years				
(Unit: NT\$ thousands; %)				
	2021		2020	
	Amount	Ratio	Amount	Ratio
Taiwan	2,381,216	97.61	2,488,500	97.40
China	48,855	2.00	58,386	2.29
Others	9,493	0.39	8,025	0.31
Total	2,439,564	100.00	2,554,911	100.00

3. Sales value and volume

Sales Value and Volume in the Last Two Years								
(Unit: Piece, set; NT\$ thousands)								
Year	2021				2020			
Domestic sales / Exports	Domestic sales		Exports		Domestic sales		Exports	
Major products (or by departments)	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
Sales of equipment for radiation oncology and neurology	14	600,961	0	11,725	18	900,018	2	15,398
Other sales	35,070	173,635	0	0	34,413	170,195	50	387
Sales of medicines and health supplements	23,600,968	272,230	0	0	20,312,029	159,761	0	0
Rental revenue	45	1,009,240	4	38,517	44	1,032,818	3	34,838
Service revenue	0	312,911	0	8,106	0	225,708	0	15,788
Other operating revenues	23	12,239	0	0	0	0	0	0
Total	23,636,120	2,381,216	4	58,348	20,346,504	2,488,500	55	66,411
Analysis of changes: The sales of equipment for radiation oncology and neurology decrease due to the decrease in the units of high-priced instruments sold in 2021. The increase in other sales is mainly due to the growth of sales of ophthalmic products in 2021. The increase in the sales of medicines and health supplements is chiefly due to synergy from a 2021 corporate merger. The reduced amount of rental revenue is chiefly due to the influence of the Covid-19 pandemic in 2021. The increase in service revenue is chiefly due to assistance to foreign manufacturers in applying for product licenses in 2021. The increase in other operating revenue is chiefly due to synergy from a 2021 corporate merger.								

Future Development Strategy

1. New products and services to be developed

- (1) Promotion of medical service cooperation (equipment collaboration and technology transfer training)
- (2) Promotion of MRI linear accelerator (MR-Linac)
- (3) Expansion of the application scope of equipment cooperation in medical institutions
- (4) Development of radiation sterilization business (X-ray sterilization & electron irradiation sterilization)
- (5) Development of elderly care business
- (6) Development of health and well-being business

2. Short-term business development plan

- (1) Promote high-end medical equipment through two business models of sales and medical management services to expand channel scale, strengthen technical service quality, and increase product market share.
- (2) Promote self-developed iROIS (Integrated Radiation Oncology Information System) in traditional Chinese version to increase product market share in Taiwan, and actively develop different language versions to reach overseas markets.
- (3) Continue to train professional technical teams and expand medical management services at home and abroad, improve medical quality with timely and effective services to become the best partner of customers, and generate recurrent income for the Group.

- (4) Continue to introduce the latest medical equipment and technology, seek products required by other medical specialties in the meantime to develop a diversified product sales business, and provide more comprehensive medical technology and services.
- (5) Accelerate the expansion of the number of chain pharmacy channels through resource integration, and enhance the scale and level of existing physical and online pharmacy channels with the Group's experience in the medical industry channel.

3. Long-term business development plan

- (1) Expand business operations into Asia-Pacific medical markets, integrate upstream and downstream resources, distribute the most comprehensive product line, and keep improving high-value-added medical technology and services to consolidate the medical service's leading position in the Asia-Pacific region.
- (2) Externally continue to introduce competitive products to expand service coverage and increase the number of strategic partners to achieve economic scale, and internally focus on resource integration to improve business performance and continue to lead the industry.
- (3) Invest in the radiation sterilization business by introducing internationally renowned brand systems with X-ray sterilization and electron irradiation sterilization technology, aim to become the first manufacturer in Taiwan to adopt sustainable sterilization solutions emphasizing safety, efficiency, and residue-free.
- (4) Develop the elderly care business involving elderly fitness, daycare, senior housing, and residential institutions, focus on preventive medicine and continuing care, reduce the time confined to bed, and help seniors enjoy independent and happy lives.

Involvement in External Associations

CHC pays close attention to the latest industrial dynamics at home and abroad and actively participates in public associations related to its business to communicate with peers and understand the most recent developments in the industry, ensuring the Group makes effectively responds to major domestic and foreign initiatives and actions, ultimately enhance the enterprise competitiveness. The Group is now a member of the Institute for Biotechnology and Medicine Industry (IBMI). IBMI is a communication platform for domestic industrial groups, medical institutions, government units, public associations, and academic and research institutions. In recent years, it has been committed to assisting the government in building a friendlier environment for industrial growth and has played an important civic role in the development of Taiwan's biotechnology industry. In addition, The Company is a member of the Taoyuan Enterprise Chamber, the subsidiaries Chiu Ho Medical System Co., Ltd., Tomorrow Medical System Co., Ltd., and Chiu Ho Scientific Co., Ltd. are all members of the Taipei Medical Instruments Commercial Association.

The above external associations provide members with instant communication service platforms, host various events to help members share knowledge and resources, and increase the opportunities for members' external strategic alliances to improve the position of Taiwan distributors in the industry. The Group promptly exerts its core expertise in various external associations to help the promotion of supply chain management. In the future, the Group will keep participate in relevant public associations and international organizations in the industry, strive to serve as executive director or supervisor in the organization, or serve as the convener or deputy convener in various professional committees of the public associations, hoping to fully communicate with and learn from peers through the way of being an industry leader.

1.2 Sustainability Commitment and Strategy

Dedicated Unit

*Note: Content here reveals the latest information before the issuance of the report to be in line with the resolution made by the Board of Directors to rename the Corporate Social Responsibility Committee as the Sustainability Committee on March 23, 2022.



Organization of Sustainability Committee

To foster the sound management and implementation of corporate sustainability, CHC set up the Corporate Social Responsibility Committee (CSR Committee) as a task force in 2016. The committee is led by the Chairman and consists of five working groups including corporate governance, customer service, employee welfare, environmental sustainability, and social participation, to integrate the resources from various departments and incorporate ESG as a part of the corporate sustainability strategy.

For the goals of strengthening corporate governance and improving the effectiveness of the Board of Directors, the Group established the Corporate Social Responsibility Committee (CSR Committee) for the 1st term as a functional committee composed of three independent directors resolved by the Board of Directors in 2020 to replace the original task force and adopted the Corporate Social Responsibility (CSR) Committee Charter. In addition, in response to the Sustainable Development Roadmap issued by the Financial Supervisory Commission, the Group has renamed the committee as Sustainability Committee, and revised and renamed the original charter as Sustainability Committee Charter in 2022.

CHC's Sustainability Committee convenes at least once a year and is responsible for formulating annual ESG plans based on the Group's business strategy and tracking implementation results, reviewing corporate sustainability policies, systems, and management guidelines, and assigning working groups to prepare and publish annual sustainability reports. The committee regularly reports its implementation status and the status of communication with CHC's various stakeholders to the Board of Directors in the first and third quarters of every year.

The Board of Directors regularly listens to reports from the Sustainability Committee and management team, bearing responsibility for the approval of annual ESG plans and review of past implementation results. In addition, the Board

of Directors also monitors engagement between the Group and its stakeholders, routinely reviews whether the content of the Group's Sustainable Development Best Practice Principles has kept pace with the times, and urges relevant departments to make revisions when necessary. The Board of Directors plays the role of leader and supervisor on the CHC's corporate sustainability topics.

In Response to UN Global Compact (UNGC)

UNGC principle	Corporate commitment
Human Rights	
1. Support and respect the protection of internationally proclaimed human rights	CHC follows laws and regulations in Taiwan and other global locations and publicly supports and voluntarily complies with internationally proclaimed human rights norms and principles, including the Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, to fulfill the social responsibility of protecting the human rights of all employees.
2. Make sure not to complicit in human rights abuses	CHC has formulated relevant management principles for Corporate Human Rights Policy and publicly disclosed them on the Group's official website, including prohibiting any form of discrimination, prohibiting forced labor and child labor, providing fair and reasonable salaries and working conditions, establishing a safe, hygienic and healthy working environment, periodically conducting review and assessment on relevant systems, to reduce human rights risks or reduce the impact of human rights incidents through remedial measures.
Labour	
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining	CHC protects employees' freedom of speech, supports freedom of association, dedicates to building a harmonious work environment for labor and management, and provides unimpeded and diverse communication channels and recourse mechanisms. The Group also conducts the election of labor representatives following the Regulations for Implementing Labor-Management Meeting, convenes labor-management meetings quarterly, and fully communicates through negotiation, cooperation, and forum.
4. Elimination of all forms of forced and compulsory labour	CHC respects human rights in the workplace. Besides following local labor laws, voluntarily complying with international norms, and establishing the Corporate Human Rights Policy, CHC also prohibits any form of forced labor. The Group always confirms the voluntary nature of human resource providing service and overall recruiting conditions before hiring to ensure no forced or compulsory labor.
5. Effective abolition of child labour	CHC strictly prohibits the employment of child labor. The employment process is executed under the law and Corporate Human Rights Policy, and only applicants over age 18 are qualified for an interview. After confirming hiring, the Group double-checks the identity documents of recruits to ensure the abolition of child labor.
6. Elimination of discrimination in respect of employment and occupation	CHC aims to create a friendly workplace with equal consideration of diversity and non-discrimination, hires and dismisses employees without discrimination of any kind based on race, class, language, thought, religion, political party, place of origin, gender, marital status, appearance, facial features, disability, place of birth, gender orientation, age or past membership in any labor union, and actively establishes a work environment that values human rights and is free from discrimination and harassment.
Environment	
7. Support a precautionary approach to environmental challenge	CHC's Risk Management Committee conducts risk assessments on environmental, social, and corporate governance issues related to the Group's operations based on the materiality principle as a reference for risk management and operating strategies. Appropriate countermeasures and adaptive plans for the identified climate-related risks and opportunities also have been developed.

8. Undertake initiatives to promote greater environmental responsibility	CHC sets up environmental protection goals for the short-term, mid-term, and long-term, collects environmental data periodically, and conducts self-review through recording and disclosure. In addition, the Group promotes green procurement, requests domestic suppliers to sign a corporate sustainability statement, and conducts assessments through the supplier management process to urge suppliers to comply with relevant norms on environmental protection, safety, and health issues.
9. Encourage the development and diffusion of environmentally friendly technologies	CHC commits to coexist and prosper with the environment and actively develops low-carbon products and services. The Group has successfully developed iROIS, a paperless information system, and is constructing the first sterilization factory of sustainability, to drive corporate sustainability transitions through multiple environmentally friendly businesses.
Anti-Corruption	
10. Work against corruption in all its forms, including extortion and bribery	CHC has adopted management measures including the Code of Ethical Conduct, Procedures for Ethical Management and Guidelines for Conduct, and Whistleblowing System, which contain the standard of anti-corruption, prevention of conflict of interest, and avoidance of personal gain (including but not limited to accepting improper benefits, extortion, bribery, gratuity, and entertainment). The Group also has established preventive mechanisms and regularly conducts internal audits for potential corruption risks to prevent all forms of corruption.

ESG Glory & Honor

◆ Corporate Governance Evaluation System

The Corporate Governance Center of the Taiwan Stock Exchange has regularly held Corporate Governance Evaluation since 2014. It is the eighth term in 2021. The evaluation indicators comprise four categories Protecting Shareholder Rights and Interests and Treating Shareholders Equitably, Enhancing Board Composition and Operation, Increasing Information Transparency, and Putting Corporate Social Responsibility into Practice. There are 913 TWSE- and 726 TPEx-listed companies evaluated in 2021 based on the corporate governance-related materials released by these companies.



The Company ranks in the top 21% to 35% of the TWSE-listed companies evaluated in the 2021 Corporate Governance Evaluation. In the future, the Group will keep following the guidance of the competent authorities, concentrate on fully implementing corporate governance, and voluntarily incorporate it into the corporate culture to improve its ranking in Corporate Governance Evaluation.

◆ 2021 CommonWealth Magazine CSR Awards - Little Giant Awards

CHC participates in the 2021 CommonWealth Magazine CSR Awards - Little Giant Awards for companies with annual operating revenue of less than 5 billion and ranks TOP 20.

The CommonWealth Magazine CSR Awards refer to UNGC of the United Nations, guidelines for multinational enterprises of OECD, and the Dow Jones Sustainability Indices (DJSI) and other international indicators and evaluation methods, and take the lead in launching the dimensions of evaluating the new value of enterprises in the 21st century including corporate governance, corporate commitment, social participation, and environmental sustainability. Every year experts in various fields are invited to conduct a comprehensive evaluation of the companies. The Little Giant Awards mainly aim at local enterprises and foreign companies in Taiwan with annual operating revenue of less than 5 billion and at least two years of profitability in the past three years (2019-2021). The questionnaire is tailored to be closer to the current situation of these enterprises.

Sustainability Report

To have diverse channels of interaction with stakeholders, although CHC is currently an enterprise that is not compulsory in preparing sustainability reports, the Group still voluntarily prepares and publishes the previous year's report every year since 2016. By proactively disclosing non-financial information, all individuals and groups concerned about CHC can have a more comprehensive understanding of the Group.

The 2021 Sustainability Report is the 7th report issued by CHC, which adopts GRI standards and complies with relevant domestic laws and regulations. It addresses five aspects that stakeholders are concerned including corporate governance, customer service, employee caring, environmental sustainability, and community engagement. Also, it is the first time to adopt the industry standards of SASB, the recommended framework of TCFD, and the UNGC of the United Nations, hoping to convey to the public the Group's long-held beliefs and performance in various aspects effectively and taking it as an opportunity for the Group's regular self-review in sustainable development, striving to improve in the future.

ESG Plans & Results

The Board of Directors plays the role of leader and supervisor in the CHC's continuous work on sustainable enterprise development. The Sustainability Committee regularly reports its implementation status to the Board of Directors in the first quarter of each year to strengthen sustainable competitiveness. Relevant information on CSR results in 2021 and ESG plans for 2022 are as follows:

2021 CSR Results				
Item	Event	Time	Venue	Status
1	< Employee > Occupational health and safety training - COVID-19 prevention	Mar. 8	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
2	< Environment > Earth Hour 2021	Mar. 27	Within the Group	Completed
3	< Social > Epidemic prevention supplies donation	From May to Jul.	Social welfare and police departments of Taipei City	Completed
4	< Employee > Occupational health and safety training - Introduction to fire safety equipment	Jun. 7	CHC's headquarters (Colleagues working from home, Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
5	< Governance > Publication of annual CSR report	Jun. 29	CHC's official website & MOPS	Completed
6	< Employee > Emergency response course - Annual fire drill	From Aug. to Nov.	CHC's headquarters / Taichung office / Kaohsiung office	Completed
7	< Social > CHC Blood Donation Day	Sep. 6	CHC's headquarters	Completed
8	< Employee > Occupational health and safety training - Workplace safety and health	Sep. 13	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
9	< Social > CHC volunteer association - Medical volunteer program	Nov.	Xinyi Township, Nantou County	Canceled (Covid-19)

2021 CSR Results				
Item	Event	Time	Venue	Status
10	< Employee > Occupational health and safety training - Introduction to four prevention programs of the Occupational Safety and Health Act	Dec. 6	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
11	< Environment / Social > Charity Christmas Party	Dec. 17	CHC's headquarters (Taichung and Kaohsiung offices participated through video conference.)	Completed
12	< Social > Regularly procurement program with Sheltered Workshop	All year	Sheltered Workshop	Canceled (No suitable items)

2022 ESG Plans				
Item	Event	Time	Venue	Status
1	< Governance > Occupational health and safety training - Introduction to four prevention programs of the Occupational Safety and Health Act	Mar. 7	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
2	< Environment > Earth Hour 2022	Mar. 26	Within the Group	Completed
3	< Social > CHC Blood Donation Day	May 9	CHC's headquarters	Completed
4	< Governance > Occupational health and safety training - Introduction to four prevention programs of the Occupational Safety and Health Act	Jun. 6	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	Completed
5	< Governance > Publication of annual sustainability report in the Chinese version	Jun. 29	CHC's official website & MOPS	Completed
6	< Governance > Occupational health and safety training	Sep.	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	In progress / Pending
7	< Governance > Fire drill	Sep.	CHC's headquarters / Taichung office / Kaohsiung office	In progress / Pending
8	< Social > CHC Family Sports Day	Oct. 29	Pending	In progress / Pending
9	< Governance > Occupational health and safety training	Dec.	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)	In progress / Pending
10	< Social > CHC volunteer association - Medical volunteer program	Dec.	Xinyi Township, Nantou County	In progress / Pending
11	< Governance > Publication of annual sustainability report in the English version	Dec.	CHC's official website & MOPS	In progress / Pending
12	< Environment > Office consumables green procurement program	All year	CHC's headquarters / Taichung office / Kaohsiung office	In progress / Pending
13	< Social > Regularly procurement program with Sheltered Workshop	All year	Sheltered Workshop	In progress / Pending
14	< Social > Blood donation campaign - Pharmacy channel	Pending	Specific pharmacy channels	In progress / Pending

1.3 Stakeholder Engagement

Communication & Interaction

CHC takes positive interaction with stakeholders as the foundation of corporate growth. Based on the definition of stakeholder in the GRI Standards Glossary, and after a discussion with each department on its specific contact objects, the Sustainability Committee has identified four categories of stakeholders including customers, suppliers, investors, and employees, then established a sector of Stakeholders on the official website. The committee regularly reports the status of communication with CHC's various stakeholders to the Board of Directors in the third quarter of every year since 2020. Information on status in 2021 is as follows:

Status of Communication with CHC's Various Stakeholders in 2021				
Stakeholders	Customers	Suppliers	Investors	Employees
Issues of concern	◆ Market expansion ◆ Product quality control ◆ Customer satisfaction ◆ Customer privacy ◆ Customer interests protection ◆ Customer relationship maintenance ◆ After-sales service ◆ Sustainable development strategy	◆ Market expansion ◆ Supply chain management ◆ Supplier relations ◆ Sustainable development strategy	◆ Operating status ◆ Legal compliance ◆ Shareholders' equity maintenance ◆ Information transparency ◆ Sustainable development strategy	◆ Employee compensation ◆ Employee welfare ◆ Labor-management relations ◆ Training ◆ Workplace ◆ Corporate culture & norms ◆ Sustainable development strategy
Responsible unit	◆ Sales team ◆ Technical team	<u>Foreign suppliers</u> ◆ Administration Dept. <u>Domestic suppliers</u> ◆ Human Resource & General Affairs Dept.	◆ Spokesperson ◆ Deputy Spokesperson ◆ Chairman Office - Investor Relations ◆ Finance & Accounting Dept.	◆ Human Resource & General Affairs Dept. ◆ Welfare Committee
	For further contact information, please refer to the sector of Contact Us on page 85.			
Communication channels / Response mechanism / Communication frequency	◆ Official website Disclose public and contact information regularly ◆ Sustainability report Publish annually ◆ Customer satisfaction survey Conduct annually ◆ Exhibition / Activity Take place irregularly, depending on the needs of marketing ◆ Communication meeting Convene irregularly, depending on the needs ◆ In-person visitation Arrange irregularly ◆ Service center Operate regularly	◆ Official website Disclose public and contact information regularly ◆ Sustainability report Publish annually ◆ Annual business meeting Follow suppliers' schedule ◆ Training Arrange irregularly, depending on the needs ◆ Communication meeting Convene irregularly, depending on the needs ◆ E-mail / Phone call Contact regularly, respond instantly	◆ Official website Disclose public and contact information regularly ◆ MOPS Disclose public information in accordance with the applicable laws, rules, and regulations ◆ Annual report / Financial statements Publish annually / Publish quarterly ◆ Sustainability report Publish annually ◆ Annual / Special shareholders' meeting Convene annually / Convene irregularly, depending on the needs	◆ Official website Disclose public and contact information regularly ◆ Sustainability report Publish annually ◆ Internal announcement / regulations Publish irregularly on internal system ◆ Labor-management meeting Convene quarterly ◆ Welfare committee meeting Convene irregularly ◆ Group meeting Convene monthly ◆ Contact for handling complaints Respond instantly ◆ Committee for handling

Status of Communication with CHC's Various Stakeholders in 2021				
Stakeholders	Customers	Suppliers	Investors	Employees
	◆ E-mail / Phone call Contact regularly, respond instantly		◆ Public investor conference (hold or be invited) Convene at least twice a year ◆ Investor visiting Convene irregularly, depending on the needs ◆ Investor contact Respond instantly	complaints Convene irregularly
2021 interaction performance	◆ Corresponding chapter Chapter 1 - 1.3 Chapter 2 ◆ 99% customer satisfaction for sales team ◆ 89% satisfaction for technical team ◆ Joined / held 10 physical or online exhibitions / activities	◆ Corresponding chapter Chapter 1 - 1.3 Chapter 4 - 4.2 ◆ Joined over 30 online annual business meetings of foreign suppliers ◆ Joined 9 online training sessions of foreign suppliers	◆ Corresponding chapter Chapter 1 ◆ Convened 1 annual shareholders' meeting ◆ Held 2 public investor conferences ◆ Arranged over 20 times of investor visiting (including conference call) ◆ Ranged 21~35% of all TWSE listed companies in 2021 Corporate Governance Evaluation	◆ Corresponding chapter Chapter 1 - 1.3 Chapter 3 ◆ Published 45 announcements ◆ Convened 4 labor-management meetings ◆ Convened 12 group meetings

Identification of Material Topics

Based on GRI Standards Glossary, the material topic is a topic that reflects a reporting organization's significant economic, environmental and social impacts or that substantively influences the assessments and decisions of stakeholders. CHC's identification process for annual material topics starts with a dedicated person screening and compiling all the topics in the GRI standards and adding other topics related to the Group in due course. Afterward, the relevant information is submitted to the management team for preliminary review, followed by a working group meeting of the Sustainability Committee to discuss with each group's minister and members of corporate governance, customer service, employee welfare, environmental sustainability, and social participation to finalize the decision.

When determining whether specific topics in the GRI Standards and other topics are material topics to the Group, two dimensions, the degree of impact on the CHC's operations and the degree of concern of stakeholders, are assessed. The management team scores all the topics from 0 to 10 for each dimension respectively. 0 points indicate an extremely low degree of impact on CHC's operations or concern for stakeholders. And 10 points indicate an extremely high degree of impact on CHC's operations or concern for stakeholders. The full score of each topic is 20 points, if the total score of both dimensions is higher than 10 points, the topic is classified as a material topic.

Following the principle, the management team has identified fourteen material topics of CHC from among the thirty-three specific topics in the GRI Standards, and added Community Engagement as one other topic, for a total of fifteen material topics. These material topics rank in descending order of the total score. If the total score is the same, the one with the highest score in the dimension of the degree of impact on the CHC's operations is ranked first. The ranking of the Group's fifteen material topics and related descriptions are summarized as follows:

Ranking	Material topic	Description	
1	Economic Performance	Explanation of why the topic is material	Economic responsibility is the most basic social responsibility for an enterprise, and the sustainable development of a corporation requires a sound economic base.
		Goals and targets	Create stable growth financial performance and ensure the sustainable operation of the enterprise, in reward for the support of investors.
		Management approach	Prepare an annual budget at the beginning of each year and conduct internal performance reviews at the middle and end of the year.
		Performance	CHC has maintained an over 30% gross margin and a double-digit net profit margin in 2021 and achieved significant growth in profit for the year compared with 2020.
		Responsible unit	◆ Finance & Accounting Dept.
		Boundary	□ Upstream ■ CHC's operations □ Downstream
		Range of main impacts	■ CHC □ Supplier □ Customer ■ Shareholder / Investor □ General public
		CHC's involvement with the impacts	■ CHC has caused or contributed to the impacts. □ CHC is directly linked to the impacts.
2	Customer Health and Safety	Explanation of why the topic is material	Customers are important partners of an enterprise. Building customers' sense of trust and recognition of the corporation by always standing in their shoes is the key to success.
		Goals and targets	Provide qualified products and services and ensure the safety and health of customers and related personnel while maintaining the overall brand image.
		Management approach	Strictly follow the laws and regulations of the competent authorities, adopt ISO 9001 Quality Management System, and conduct customer satisfaction surveys regularly.
		Performance	There are no violations of laws and regulations related to health and safety for products and services in 2021.
		Responsible unit	◆ Sales team ◆ Technical team
		Boundary	■ Upstream ■ CHC's operations ■ Downstream
		Range of main impacts	■ The Group ■ Supplier ■ Customer □ Shareholder / Investor □ General public
		CHC's involvement with the impacts	■ CHC has caused or contributed to the impacts. ■ CHC is directly linked to the impacts.
3	Customer Privacy	Explanation of why the topic is material	Customers are important partners of an enterprise. Protecting their privacy is the chief factor in building customer trust in a corporation.
		Goals and targets	Provide the highest level of safeguarding for customer data, and protect customer privacy to prevent customer interests from infringing while maintaining the overall brand image.
		Management approach	Strictly follow the laws and regulations of the competent authorities, and actively ensure the customer privacy from infringing through adequate education and training.
		Performance	There are no substantiated complaints of invasion of customer privacy or loss of customer data in 2021.
		Responsible unit	◆ Sales team ◆ Technical team
		Boundary	□ Upstream ■ CHC's operations ■ Downstream
		Range of main impacts	■ The Group □ Supplier ■ Customer □ Shareholder / Investor □ General public
		CHC's involvement with the impacts	■ CHC has caused or contributed to the impacts. □ CHC is directly linked to the impacts.
4	Labor / Management Relations	Explanation of why the topic is material	Employees are important partners for the sustainable development of an enterprise. Good labor-management relations can enhance the cohesiveness of employees and have positive effects on overall operational

Ranking	Material topic	Description	
			performance.
		Goals and targets	Aim to create a friendly workplace by providing a sound labor-management communication platform, a complete welfare system, and a reasonable remuneration policy and build win-win labor-management relations.
		Management approach	Strictly follow the laws and regulations of the competent authorities, establish internal rules and regulations and performance appraisal system, and adopt ISO 45001 Occupational Health and Safety Management System.
		Performance	There are no major violations of laws and regulations resulting in huge fines and no major labor disputes in 2021.
		Responsible unit	◆ Human Resource & General Affairs Dept.
		Boundary	☐ Upstream ☒ CHC's operations ☐ Downstream
		Range of main impacts	☒ The Group ☐ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
5	Socioeconomic Compliance	Explanation of why the topic is material	Compliance with laws and regulations is the most basic obligation of an enterprise, which can effectively reduce operational risk and is an element of sustainable business operations.
		Goals and targets	Establish a sound system to implement legal compliance and strengthen the internal rule of law concept through propagation and education, to ensure the enterprise indeed comply with relevant laws and regulations and maintain its reputation.
		Management approach	Conduct legal compliance propagation timely, offer education courses and external training information for catching up on the latest regulatory information, and establish internal rules and regulations regulating employees to abide by the law.
		Performance	There are no major violations of socioeconomic laws and regulations resulting in huge fines and no complaints related to social impact in 2021.
		Responsible unit	◆ Human Resource & General Affairs Dept. ◆ Administration Dept. ◆ Marketing Dept. ◆ Legal Affairs Dept. ◆ Finance & Accounting Dept. ◆ Audit Office
		Boundary	☐ Upstream ☒ CHC's operations ☐ Downstream
		Range of main impacts	☒ The Group ☐ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
6	Employment	Explanation of why the topic is material	Employees are important partners for the sustainable development of an enterprise. Good employment relationships can enhance the cohesiveness of employees and have positive effects on overall operational performance.
		Goals and targets	Aim to create a friendly workplace by providing a sound labor-management communication platform, a complete welfare system, and a reasonable remuneration policy and build win-win employment relationships.
		Management approach	Strictly follow the laws and regulations of the competent authorities, establish internal rules and regulations and performance appraisal system, and adopt ISO 45001 Occupational Health and Safety Management System.
		Performance	There are no major violations of laws and regulations resulting in huge fines and no major labor disputes in 2021.
		Responsible unit	◆ Human Resource & General Affairs Dept.
		Boundary	☐ Upstream ☒ CHC's operations ☐ Downstream

Ranking	Material topic	Description		
		Range of main impacts	☒ The Group ☐ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public	
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.	
7	Anti-corruption	Explanation of why the topic is material	Corruption may lead to personal or corporate litigation, resulting in tangible and intangible losses to an enterprise and causing extremely negative impacts on its business.	
		Goals and targets	Ensure that all employees strictly abide by laws and regulations and equip with professional ethics, and prohibit all forms of corruption and bribery to maintain corporate reputation.	
		Management approach	Establish internal rules and regulations, designate responsible units, and adopt a whistleblowing system.	
		Performance	There are no business corruption in 2021.	
		Responsible unit	◆ Human Resource & General Affairs Dept.	
		Boundary	☐ Upstream ☒ CHC's operations ☐ Downstream	
		Range of main impacts	☒ The Group ☐ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public	
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.	
8	Occupational Health and Safety	Explanation of why the topic is material	Employees are important partners for the sustainable development of an enterprise. Effectively improving the safety and well-being of employees enables them to work industriously without distractions, and has positive effects on overall operational performance.	
		Goals and targets	Aim at zero occupational accidents, continue to improve occupational health and safety performance, and protect the safety and health of employees.	
		Management approach	Strictly follow the laws and regulations of the competent authorities, establish internal rules and regulations, and adopt ISO 45001 Occupational Health and Safety Management System.	
		Performance	There are six occupational accidents in 2021, all of which are minor injuries, and there are no major violations of laws and regulations resulting in huge fines.	
		Responsible unit	◆ Human Resource & General Affairs Dept.	
		Boundary	☐ Upstream ☒ CHC's operations ☐ Downstream	
		Range of main impacts	☒ The Group ☐ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public	
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.	
9	Marketing and Labeling	Explanation of why the topic is material	Marketing and labeling are important sources for customers to understand the products and services provided by an enterprise and have an influence on operational performance.	
		Goals and targets	Ensure the marketing and labeling comply with relevant laws and regulations, and convey product and service information to customers clearly, leading to positive effects on overall operational performance.	
		Management approach	Strictly follow the laws and regulations of the competent authorities, and arrange adequate education and training.	
		Performance	There are no incidents of non-compliance concerning product and service information and labeling, also no incidents of non-compliance concerning marketing communications in 2021.	
		Responsible unit	◆ Administration Dept. ◆ Marketing Dept. ◆ Sales team ◆ Technical team	
		Boundary	☒ Upstream ☒ CHC's operations ☒ Downstream	

Ranking	Material topic	Description		
		Range of main impacts	☒ The Group ☒ Supplier ☒ Customer ☐ Shareholder / Investor ☐ General public	
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☒ CHC is directly linked to the impacts.	
10	Training and Education	Explanation of why the topic is material	Talents are the foundation of sustainable development. Excellent talents can help the enterprise maintain market competitiveness and has positive effects on its overall operational performance.	
		Goals and targets	Develop employee skills to match corporate business guidelines, strengthen employee career development, and cultivate talents needed for sustainable operations.	
		Management approach	Adopt Reward Regulation for Educational Training and Professional Certification, organize and implement education and training following business development and employees' competency requirements.	
		Performance	For training and education performance in 2021, please refer to sector 3.3 of Chapter 3.	
		Responsible unit	◆ Human Resource & General Affairs Dept.	
		Boundary	☐ Upstream ☒ CHC's operations ☐ Downstream	
		Range of main impacts	☒ The Group ☐ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public	
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.	
11	Environmental Compliance	Explanation of why the topic is material	Sustainable development of an enterprise requires living in harmony with nature, and compliance with related laws and regulations is the most basic requirement.	
		Goals and targets	Cultivate environmental awareness through propagation, and ensure environmental compliance to maintain corporate reputation and coexist with the environment.	
		Management approach	Strictly follow the laws and regulations of the competent authorities, adopt Energy Saving & Carbon Reduction Implementation Plan, and offer education courses to strengthen employees' environmental awareness.	
		Performance	There are no major violations of environmental laws and regulations resulting in huge fines and no complaints related to environmental issues in 2021.	
		Responsible unit	◆ Human Resource & General Affairs Dept. ◆ Administration Dept.	
		Boundary	☐ Upstream ☒ CHC's operations ☐ Downstream	
		Range of main impacts	☒ The Group ☐ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public	
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.	
12	Community Engagement	Explanation of why the topic is material	Corporate operation is inseparable from the development of the whole society. Enterprises shall not forget to give back to the community while focusing on making profits.	
		Goals and targets	Commit to the concept of the community is critical to the flourishing of an enterprise, and the corporate must give back to the community to make progress together with society and create a better future.	
		Management approach	Report regularly to the Board of Directors of the Sustainability Committee's implementation status.	
		Performance	For community engagement performance in 2021, please refer to Chapter 5.	
		Responsible unit	◆ Marketing Dept.	
		Boundary	☐ Upstream ☒ CHC's operations ☒ Downstream	
		Range of main impacts	☒ The Group ☐ Supplier ☒ Customer ☐ Shareholder / Investor ☒ General public	

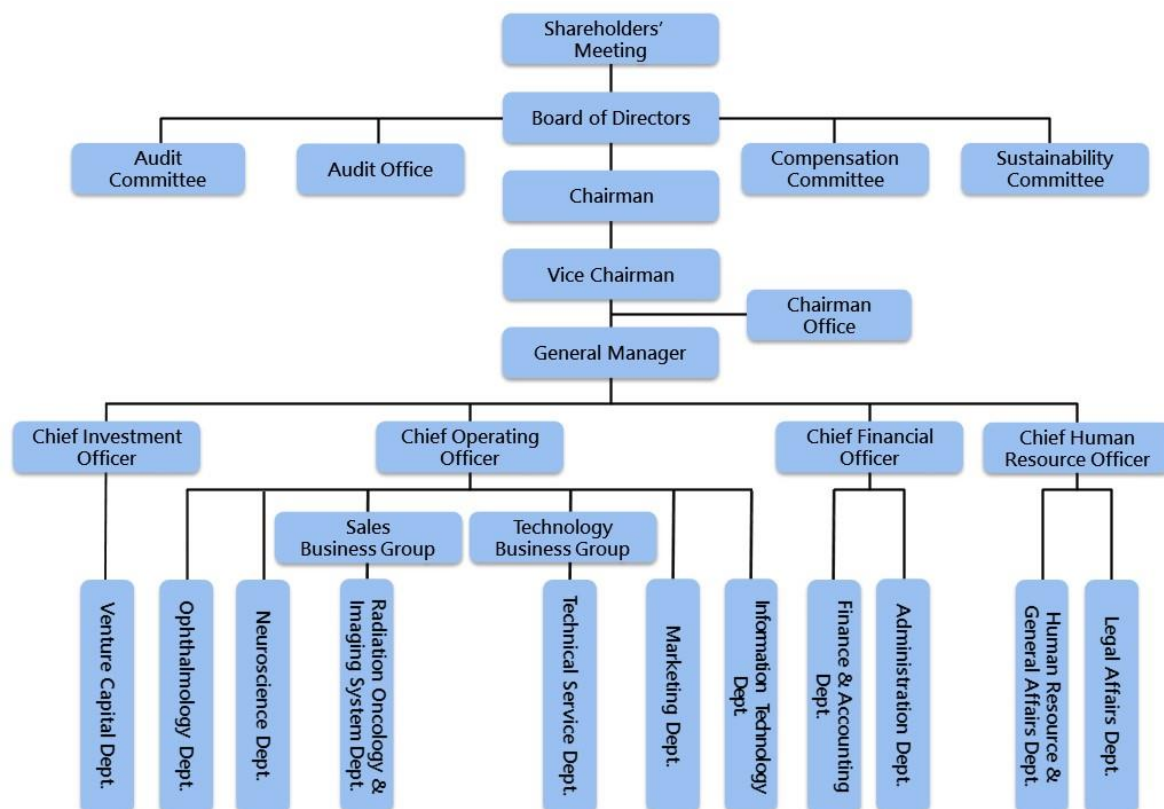
Ranking	Material topic	Description	
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.
13	Supplier Environmental Assessment	Explanation of why the topic is material	Suppliers are important partners of an enterprise, and relations between the two parties are inseparable. Outstanding suppliers can be assets to business success.
		Goals and targets	Use corporate influence to encourage green procurement and work with suppliers to build a sustainable supply chain.
		Management approach	Adopt supplier management procedures, establish supplier evaluation mechanisms, and conduct supplier environmental and human rights impact assessments.
		Performance	In 2021, no foreign suppliers have been found to have significant actual or potential negative impacts on the environment, and all domestic suppliers have signed the Corporate Sustainability Statement.
		Responsible unit	☒ Human Resource & General Affairs Dept. ☒ Administration Dept.
		Boundary	☒ Upstream ☐ CHC's operations ☐ Downstream
		Range of main impacts	☒ The Group ☒ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public
		CHC's involvement with the impacts	☐ CHC has caused or contributed to the impacts. ☒ CHC is directly linked to the impacts.
14	Supplier Social Assessment	Explanation of why the topic is material	Suppliers are important partners of an enterprise, and relations between the two parties are inseparable. Outstanding suppliers can be assets to business success.
		Goals and targets	Use corporate influence to build a responsible supply chain that pays attention to social issues.
		Management approach	Adopt supplier management procedures, establish supplier evaluation mechanisms, and conduct supplier environmental and human rights impact assessments.
		Performance	In 2021, no foreign suppliers have been found to employ child labor or violate human rights, and all domestic suppliers have signed the Corporate Sustainability Statement.
		Responsible unit	☒ Human Resource & General Affairs Dept. ☒ Administration Dept.
		Boundary	☒ Upstream ☐ CHC's operations ☐ Downstream
		Range of main impacts	☒ The Group ☒ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public
		CHC's involvement with the impacts	☐ CHC has caused or contributed to the impacts. ☒ CHC is directly linked to the impacts.
15	Emissions	Explanation of why the topic is material	The whole world is committed to fighting climate change and global warming. Reducing the risk of climate change to business operations is an element of sustainable business operations.
		Goals and targets	Manage energy use effectively, reduce the impact of business operations on the environment, and coexist with the environment.
		Management approach	Adopt Energy Saving & Carbon Reduction Implementation Plan, calculate annual greenhouse gas (GHG) emissions, and evaluate climate-related risks and opportunities.
		Performance	For environmental performance in 2021, please refer to sector 4.1 of Chapter 4.
		Responsible unit	☒ Human Resource & General Affairs Dept.
		Boundary	☐ Upstream ☒ CHC's operations ☐ Downstream
		Range of main impacts	☒ The Group ☐ Supplier ☐ Customer ☐ Shareholder / Investor ☐ General public
		CHC's involvement with the impacts	☒ CHC has caused or contributed to the impacts. ☐ CHC is directly linked to the impacts.

Ranking	Material topic	Description
Notes: Upstream boundaries are products and related services purchased from suppliers by CHC. CHC's operations boundaries are the Company and its 19 subsidiaries. Downstream boundaries are products and related services provided to customers by CHC.		

1.4 Corporate Governance

Corporate Structure

*Note: The Board of Directors has resolved to rename Corporate Social Responsibility Committee as Sustainability Committee on March 23, 2022.



Main Functions of Each Department	
Audit Office	Internal control system planning, execution, and revision. Annual audit plan formulation and execution. Unit self-assessment plan formulation and execution. Other matters are enforced under the law.
Chairman Office	Investor relations establishment and maintenance, visitors reception, and news reports handling and tracking.
Legal Affairs Dept.	Contacts review, legal consultation, litigation handling, and legal compliance.
Human Resource & General Affairs Dept.	Human resources planning, recruitment, and education training program planning and execution. General affairs management. Domestic procurement, and material parts and consumables price negotiation and procurement.
Administration Dept.	Administrative supports. Foreign procurement, and material parts and consumables price negotiation and procurement. GMP of foreign medical equipment suppliers and product licenses application from the Ministry of Health and Welfare (MOHW) to ensure products are imported and installed in compliance with relevant domestic regulations.
Finance & Accounting Dept.	Financial management and capital allocation planning and execution. Accounting work.

Main Functions of Each Department	
	Tax work. Annual budget planning and compiling. Investment project planning and execution. Customer credit status evaluation and limit amount control. Shareholders' equity management.
Information Technology Dept.	Information system planning and implementation, data protection security control, procedures supervision and review, and information system software and hardware improvement.
Marketing Dept.	Product marketing advertisement, product catalog publication, and business units' marketing activity support.
Technical Service Dept.	Equipment installation, education, and training. Equipment testing and maintenance.
Radiation Oncology & Imaging System Dept.	Business expansion, market development, product sales, and customer service.
Neuroscience Dept.	Business expansion, market development, product sales, and customer service. Equipment installation, education, and training. Equipment testing and maintenance.
Ophthalmology Dept.	Business expansion, market development, product sales, and customer service. Equipment installation, education, and training. Equipment testing and maintenance.
Venture Capital Dept.	Domestic and foreign business expansion.

Financial Analysis

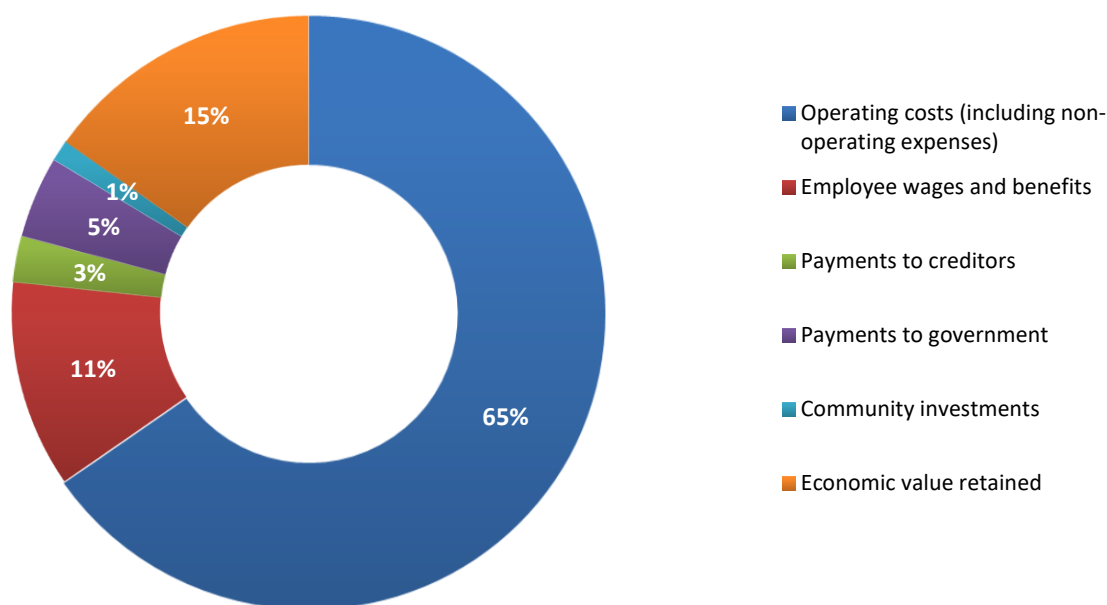
Item		2021	2020
Financial structure	Debt ratio (%)	49.76	48.02
	Ratio of long-term capital to property, plant and equipment (%)	204.12	194.92
Solvency	Current ratio (%)	254.60	330.86
	Quick ratio (%)	196.13	259.92
	Interest earned ratio (times)	705.98	596.57
Operating performance	Account receivable turnover (times)	2.40	2.38
	Average collection period	152	153
	Inventory turnover (times)	2.17	2.22
	Account payable turnover (times)	8.66	9.14
	Average days in sales	168	164
	Property, plant and equipment turnover (times)	0.45	0.51
	Total assets turnover (times)	0.20	0.22
Profitability	Return on total assets (%)	3.69	3.85
	Return on shareholders' equity (%)	6.18	6.41
	Pre-tax income to paid-in capital (%)	30.49	29.55
	Profit ratio (%)	15.59	14.20
	Earnings per share (NT\$)	2.43	2.53
Cash flows	Cash flow ratio (%)	46.61	86.96
	Cash flow adequacy ratio (%)	94.81	104.60
	Cash reinvestment ratio (%)	3.04	5.28
Leverage	Operating leverage	2.51	2.41
	Financial leverage	1.20	1.22

Reasons for the increase or decrease in the financial ratios over 20% of the last two years:

- (1) Decrease in the current ratio, chiefly due to the increase in the 2021 current liabilities.
- (2) Decrease in the quick ratio, chiefly due to the increase in the 2021 current liabilities.
- (3) Decrease in the cash flow ratio, chiefly due to increase in the 2021 current liabilities.
- (4) Reduction in the cash reinvestment ratio, chiefly due to decrease in the 2021 net cash flow from operating activities.

Distribution of Economic Value Generated

CHC strongly believes that the sustainable development of a corporation requires solid economic foundations. Allocating the economic value adequately to create the ultimate benefits for stakeholders is also an important issue. The Group prepares an annual budget at the beginning of each year and conducts internal performance reviews at the middle and end of the year to manage overall operational performance and maximize corporate benefits.



Breakdown of economic value distributed in 2021

The direct economic value generated by the Group in 2021 (including operating revenue and non-operating income) is NT\$2,499,821 thousand, after deducting operating costs (including non-operating expenses) of NT\$1,634,204 thousand, employee wages and benefits of NT\$282,032 thousand, payments to creditors of NT\$62,516 thousand, payments to government of NT\$110,787 thousand, community investments of NT\$30,000 thousand, the total economic value distributed is NT\$2,119,539 thousand, and the economic value retained before earnings distribution for the year is NT\$380,282 thousand, and then the economic value retained is distributed according to the Group's dividend policy in reward for the long-term support of shareholders. The proposal for 2021 earnings distribution has been approved by the Board of Directors on March 23, 2022, and ratified by the Annual Shareholders' Meeting on June 15, 2022, to distribute a cash dividend of NT\$2.011 per share. Due to the change in the number of outstanding shares, CHC has announced to adjust the cash dividend to NT\$2.00500876 per share on June 27, 2022.

Procurement

CHC classifies procurement into foreign and domestic procurement and has clear procurement procedures. All procurements shall be implemented under the purchase requisition and purchase order processes and shall obtain approval following the authority matrix. The Administration Dept. is responsible for foreign procurement, and the procurement items are mainly high-end medical equipment distributed by the Group. Foreign medical equipment suppliers are from the United States, Canada, Sweden, Switzerland, Germany, Singapore, and other countries, which are the suppliers corresponding to the Group's main procurement expenditures. Domestic procurement is responsible by the Human Resource & General Affairs Dept., and the procurement categories are mainly office supplies.

Most of the medical equipment distributed by CHC are international brands in Europe and the United States, and the Group's locations of operations are in Taiwan, China, and Indonesia, which are Asia countries, so the proportion of purchases from operating bases is relatively low. Since the operating revenue from Taiwan in 2021 accounts for more than 98% of the total amount of CHC, Taiwan is defined as the location of significant operations. Local suppliers in the location of significant operations only account for 40% of procurement expenditure in 2021.

Financial Assistance from Government

Shin-Ho Instruments Co., Ltd., a wholly-owned subsidiary of CHC, was approved by the Science Park Council of the Ministry of Science and Technology (MOST) in 2020 to develop the radiation sterilization business in Tongluo Science Park. In 2021, the subsidiary applies for the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan in Three Major Programs for Investing in Taiwan by InvesTaiwan of the Ministry of Economic Affairs (MOEA). In meeting the common qualifications of Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan and the specific qualifications of Manufacturing Industry - companies that invest/expand some production lines must have intellectual technology elements or intelligent functions, and belong to the 5+2 industrial innovation field, the MOEA has issued a letter of approval for the criteria of Taiwanese business on October 15, 2021.

If Shin-Ho Instruments Co., Ltd. tends to apply for a bank loan through the action plan in the future, the government will use the National Development Fund to provide subsidies on the interest rate, and the subsidy claim period will expire at the end of December 2026. The long-term deferred revenue - government grants recognized by the Group for 2021 is NT\$12,347 thousand.

Risk Management

CHC manages relevant risks in its business operations and establishes an appropriate risk management mechanism according to its nature by conducting various risk monitoring based on market risk, credit risk, operational risk, legal risk status, and future business strategies. Each responsible unit is in charge of collecting information on the loss caused by risk events and analyzing and reviewing the loss as a reference for enhancing the internal control system. The Audit Office is responsible for supervising internal control tasks and reporting the results of internal audits at each meeting of the Audit Committee and board meeting for board members' review to reduce overall business risks.

There are no significant changes to the Group's operating scale, capital structure, ownership, or supply chain in 2021. Relevant units responsible for the execution of CHC's risk management are as follows:

1. Audit Office

The Audit Office is independent and reports directly to the Board of Directors. It finalizes audit projects based on the risk assessment results, formulates an annual audit plan, and executes after the Board of Directors' resolution. It also performs objective and independent auditing on the execution of the risk management mechanism and makes suggestions for improvement promptly to ensure the effective operation of the risk management mechanism.

2. Finance & Accounting Dept.

The Finance & Accounting Dept. is responsible for the Group's financial planning and management, providing transparent and credible financial information, conducting operational analysis, and proposing improvement plans. It focuses on safety, liquidity, and profitability to establish hedging strategies under the risk control and supervision mechanism to reduce financial risks.

3. Administration Dept. / Human Resource & General Affairs Dept.

The Administration Dept. and Human Resource & General Affairs Dept. are responsible for the Group's procurement and have adopted specific criteria for supplier selection. For foreign suppliers, the responsible unit will take the initiative to remind them to renew the contract before expiring. If there is any hesitation about the partnership or the contract may be terminated, the situation will be reported to the regular review meeting in advance to seek for solution. And other competitive brands will be considered in case of emergency to reduce business risk. For major domestic procurement categories and bulk purchasing, there are always more than two suppliers. In the event of an emergency or if one of the suppliers is found inconsistent with the Group's management criteria, a substitute will be replaced in time.

4. Information Technology Dept.

The Information Technology Dept. is responsible for planning and enhancing the Group's information management system and establishing network information security control and protection measures to reduce information security risk.

5. Legal Affairs Dept.

The Legal Affairs Dept. is responsible for legal risk management, reviewing contracts, providing internal legal advice, and handling disputes and litigation to reduce legal risk.

6. Chairman Office

The dedicated personnel of investor relations in the Chairman Office is responsible for maintaining the brand image of the Group, avoiding business risk caused by negative brand image, and planning and establishing communication channels with investors to ensure the accuracy and timeliness of information disclosure to reduce the risk for investors.

7. Risk Management Committee (task force)

The Policies and Procedures for Risk Management was approved after being resolved by the Board of Directors on May 6, 2020. The Risk Management Committee refers to the annual material topics identified by the Sustainability Committee, takes CHC (including the Company and all the subsidiaries) as the boundary, and conducts risk assessment on environmental (E), social (S), and corporate governance (G) issues related to corporate operations under the materiality principle as a reference for risk management and operational strategies. Descriptions of management policy and strategy for each risk evaluated are as follows:

Category	Risk	Description
Environment (E)	Climate-related risks	After assessing current and future potential climate-related risks and opportunities, transition risks on the transition to a lower-carbon economy and physical risks on the physical impacts of climate are identified. Countermeasures and the corresponding strategies including the adoption of the Energy Saving & Carbon Reduction Implementation Plan and Energy Saving & Waste Reduction Management Policy have been proposed and put forward for execution. Although the Group is not in the manufacturing industry, it is actively committed to environmental protection by building its headquarters as a green building, enhancing greening for temperature adjustment, increasing green procurement, requiring domestic suppliers to sign environmental protection statements, developing low-emission products and services, establishing a paperless operating system to encourage customers to be more sustainable, for the ultimate goal to reduce the climate-related risks. (For further information, please refer to Chapter 4.1 Environmental Policy.)

Category	Risk	Description
Social (S)	Product safety	The foreign suppliers of the Group are all internationally renowned medical equipment manufacturers. In addition to complying with the regulations of the locations of the brand and the factory, the products must also obtain certification of ISO 13485 Medical Devices Quality Management Systems. Before being sold in the domestic market, medical equipment inspection and registration must be done under the regulations of the MOHW to ensure there is no possibility of selling prohibited/disputed products. For assurance of personnel safety and health, customer education and training are arranged after product delivery. Also, products are equipped with relevant adjustments, safety interlocks, and emergency stop devices to guarantee product safety through various checks. (For further information, please refer to sector 2.2 Product Liability.)
	Occupational health and safety	Besides following the government's laws and regulations related to health and safety, CHC officially introduces the guideline for occupational health and safety management, which is adopted under ISO 45001 Occupational Health and Safety Management System, to ensure employee safety. With the goal of zero occupational accidents, the Group strengthens self-management and continuously improves occupational health and safety performance to reduce occupational accidents and protect the safety and health of employees. In addition, the Group regularly arranges occupational health and safety education and training to strengthen awareness and foster employee caring, reminding colleagues to be aware of workplace health and safety issues to implement occupational health and safety management. (For further information, please refer to sector 3.2 Friendly Workplace.)
Governance (G)	Legal compliance	CHC follows the laws and regulations governing listed companies established by the government and competent authorities, distributes high-end medical equipment under relevant laws and regulations governing product import/export and laws and regulations of the MOHW, and complies with local laws and regulations in Taiwan and other global locations. For colleagues in various departments, the Group conducts legal compliance propagation timely, offers education courses and external training information for catching up on the latest regulatory information, and establishes internal rules and regulations regulating employees to abide by the law. Relevant strategies are to achieve legal compliance and effectively reduce business risk. (For further information, please refer to sector 1.4 Corporate Governance.)
	Stakeholder engagement	The Sustainability Committee has identified four categories of stakeholders including customers, suppliers, investors, and employees after a discussion with each department on its specific contact objects. In order to maintain positive interaction with stakeholders, the Group has established a sector of Stakeholders on the official website, listing the corresponding contact person for different stakeholders, and has voluntarily prepared and published sustainability reports (formerly known as CSR Reports) for several consecutive years, building diverse channels of interaction with stakeholders. In addition, the Sustainability Committee regularly reports the status of communication with CHC's various stakeholders to the Board of Directors, for a higher level of attention and protection of stakeholders' rights and interests. (For further information, please refer to sector 1.3 Stakeholder Engagement.)

CHC always values integrity, abides by laws and business ethics, and pursues financial performance through high-quality products and services, and effective operating strategies. While committing to the core business to accomplish corporate economic responsibility, the Group also works on fulfilling environmental and social responsibilities to incorporate ESG into the corporate sustainability strategy and strive to balance the interests of various stakeholders.

Legal Compliance

CHC follows the laws and regulations governing listed companies established by the government and competent authorities, for example, Company Act, Securities and Exchange Act, Business Entity Accounting Act, Income Tax Act, and International Accounting Standards. For colleagues in various departments, the Group conducts legal compliance propagation timely and offers education courses and external training information for catching up on the latest regulatory information related to their duty to ensure all staff abides by the law.

CHC distributes high-end medical equipment under relevant laws and regulations governing product import/export and laws and regulations of the MOHW. Its subsidiaries in Guangzhou, Beijing, Shenyang, and Jakarta also comply with local laws and regulations. In 2021, there aren't any major violations of laws and regulations resulting in huge fines for the Group.

In addition, the Group has adopted Sustainable Development Best Practice Principles after being resolved by the Board of Directors, declaring the four principles to fulfill sustainable development. The Group also hopes to encourage all colleagues to be more sustainable, put sustainable development into practice in daily operations, and eventually internalize sustainability into corporate culture. The principles of implementing sustainable development are as follows:

1. Implementing Corporate Governance

Directors shall exercise the due care of good administrators in guiding the Group to enhance corporate governance, comply with laws and regulations, and adequately respond to the important sustainable development issues stakeholders are concerned about, to ensure the thorough implementation of sustainable development policy.

2. Fostering a Sustainable Environment

The Group devotes to utilizing energy efficiency and using renewable materials which have a low impact on the environment, materializing energy conservation and carbon reduction, minimizing the impact of business operations on the environment, to conserve the earth in its efforts.

3. Preserving Public Welfare

The Group respects human rights, creates a safe working environment, provides employees with remuneration and benefits following laws and regulations, establishes effective career development programs, offers communication channels, takes responsibility for its products and services, values marketing ethics, complies with relevant laws, regulations, and international guidelines, and must not infringe on consumer rights and interests, maintains positive public relations, engages and encourages employees to participate in social welfare activities, and promotes volunteer services.

4. Enhancing Disclosure of Sustainable Development Information

The Group prepares the annual sustainability report and discloses the implementation status of fulfilling sustainable development and future improvements and goals to improve external information transparency.

CHC believes an enterprise must take environmental, social, and governance responsibilities in daily operations while creating profits. The Group devotes to ensuring no human rights violations on human rights issues, avoiding instances of forced labor, child labor, and employment discrimination on labor issues, and prohibiting all forms of corruption and bribery on anti-corruption issues. CHC also has adopted management measures including the Code of Ethical Conduct, Procedures for Ethical Management and Guidelines for Conduct, and Whistleblowing System, asking all employees to strictly abide by legal norms and professional ethics, requiring suppliers to cooperate with relevant policies in the field of human rights and the environment, to protect social welfare and implement sustainable development.

Chapter 2

Customer Service

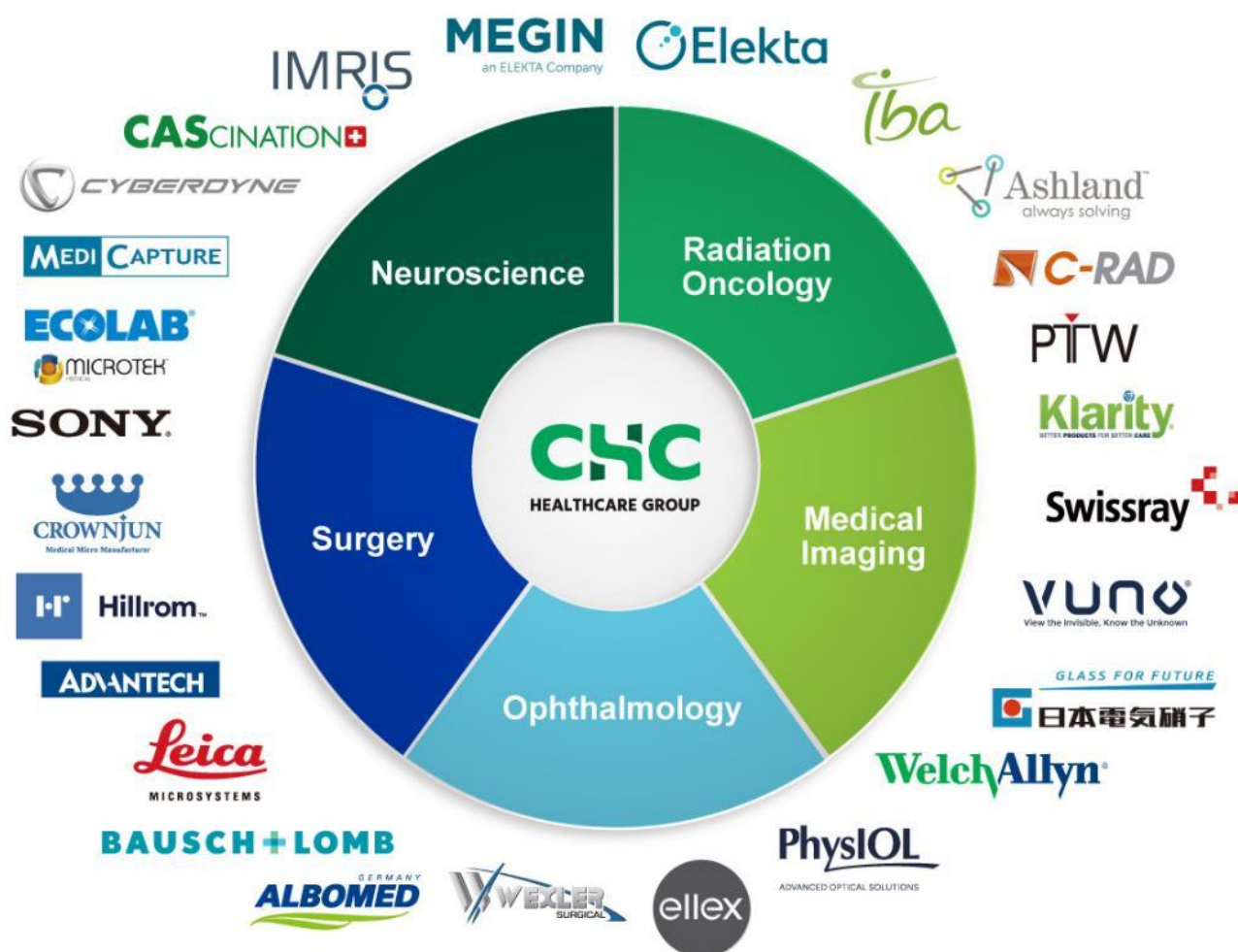


2.1 Products & Services

CHC is committed to introducing high-end medical equipment and technology. Since being established 45 years ago, the Group has acted as a distributor for many major international medical equipment brands, covering radiation oncology, neuroscience, medical imaging, ophthalmology, and surgery. The Group also innovates a full range of medical management services for medical institutions. By offering customers advanced medical equipment and technical support, CHC assures the quality of medical services. With the ultimate goal of providing services beyond customer expectations, the Group always steps into clients' shoes and expects to establish long-term and stable partnerships with customers through comprehensive, professional, caring, and trustable services.

In recent years, besides actively looking for new products and enhancing service quality, the Group has entered overseas markets and successfully introduced Taiwan's experience to China and Southeast Asia with a head start. In the meantime, CHC has also diversified its business to various fields taking the medical industry as a starting point to meet customer needs and the market, including the independent development of an integrated radiation oncology information system, the announcement of the acquisition of a chain community pharmacies channel, and the investment in radiation sterilization and elderly care business. CHC has successfully executed business diversification of an enterprise and expanded its business territories from B2B to B2C to complete the existing chain channel of the healthcare industry and achieve a win-win situation between the Group and clients.

Distribution Brands & Products



1. Radiation oncology

Brand	Product
Elekta	Radiation oncology digital linear accelerator MRI linear accelerator Image-guided radiotherapy Electronic medical information management system Computer treatment planning system Radiotherapy patient fixation equipment Ultrasound image-guided radiotherapy system Remote after-loading intracavitary brachytherapy system Intracavitary brachytherapy device X-ray simulator Integrated X-ray intracavitary brachytherapy special photography system Low-dose prostate tissue interstitial implantation treatment system
PTW	Radiotherapy quality confirmation equipment Radiological diagnostic quality confirmation equipment Radiation calibration measurement system equipment
Ashland	Self-display dose verification film for quality validation
C-RAD	Radiotherapy laser scanning instant positioning system
IBA	Proton therapy system
Klarity Medical	Radiation oncology patient peripheral equipment

2. Neuroscience

Brand	Product
Elekta	Leksell gamma knife – stereotactic radiosurgery system Stereotactic radiosurgery system
Megin	Magnetoencephalography (MEG) system
Leica	Surgical microscope
Hillrom	Operating table, surgical lamp, surgical column Patient positioning accessories during surgery Surgery-related smart products and solutions
IMRIS	MRI hybrid surgical theatre
Sony	NUCLEUS
Crownjun	Surgical sutures and instruments
CAScination	Stereotactic navigation system
Cyberdyne	Hybrid assistive limb
Medicapture	Medical image processing system
Microtek Medical	Surgical microscope sterilization set
Adventech	Smart medical products

3. Medical imaging

Brand	Product
Swissray	Digital X-ray imaginary diagnostic system

4. Ophthalmology

Brand	Product
Bausch+Lomb	Excimer laser system Corneal flap femtosecond laser system Cataract femtosecond laser system Corner template cutter
Ellex	Ophthalmoscope laser
Leica	Surgical microscope
PhysIOL	Artificial intraocular lens
Wexler	Surgical microscopy instruments
Hillrom (Welch Allyn)	Handheld vision screener
Albomed	Artificial vitreous

5. Vuno: Artificial intelligence (AI) medical solutions

6. Nippon Electric Glass Co., Ltd.: Lead glass for medical use

7. Pharmaceutical sales: Supply of medicines required by pharmacies and medical institutions

Medical Management Services

CHC has developed a full range of medical management services including medical site planning, design and construction, medical equipment installation and testing, division management and operation consulting, medical technician training, equipment maintenance, and subsequent upgrade services.

The comprehensive medical management service is the biggest reason for the Group to establish a solid foundation and gain a leading position in Taiwan's medical service market. To achieve timely and professional services, the Group has set up a technical service department and trained nearly 100 technical engineers certified by the manufacturers. In addition, there are service locations in the northern, central, and southern regions of Taiwan to provide immediate technical support and after-sales service for major medical institutions, therefore ensuring the best medical service quality for patients.

The soft power of medical management services not only makes medical institutions willing to build long-term collaboration but also allows suppliers to have no concern with the distributorship. CHC's technical team even can assist manufacturers with technical support services in other countries, thus making a more solid partnership with the suppliers.

Business Diversification

1. Radiotherapy information system

CHC has successfully developed the Integrated Radiation Oncology Information System (iROIS), which is a comprehensive radiation oncology solution providing an information platform from the perspective of clinical operations, combining electronic medical records and treatment processes, and optimizing the operations of the radiation oncology department. The system achieves horizontal integration of a patient's medical information between the Hospital Information System (HIS) and the Oncology Information System (OIS), which also has multiple systematic warning and reminder functions, thereby improving the efficiency of clinical operations and patient safety. For clinical staff, iROIS reduces labor burden through systematic management of the treatment process. Also,

its customized service helps medical staff access directly through a single information platform to create multiplier effects. For hospital management, the paperless operation of iROIS can not only reduce operating costs and improve the qualification rate of hospital evaluation but also provide advanced big data analysis of the integrated information, helping hospitals to build an efficient and high-quality information platform.

2. Chain pharmacies channel

After noting the connection between people and pharmacies has become closer and closer under the new post-pandemic normal and aging phenomenon, the Group has acquired a 51% stake in Treasure of Health Co., Ltd. in October 2021, officially expanding its business into chain pharmacies channel, and taking this opportunity to enter the B2C field. There are more than 20 physical community pharmacy channels and an online shopping channel at the end of 2021. The brand also has been listed on popular online shopping platforms. In the future, with 45 years of channel experience in the medical industry, CHC will continue to integrate the Group's resources for channel expansion and improve the scale and level of existing physical and online channels, to create a friendlier consumer experience.



3. Radiation sterilization business (X-ray sterilization & electron irradiation sterilization)



In consideration of the rising awareness toward safety and health in domestic, the Group plans to step into the radiation sterilization business and has received approval from the MOST to develop the radiation sterilization business in Tongluo Science Park. The approved business scope includes sterilization validation, X-ray sterilization, electron irradiation sterilization, and the R&D of radiation-resistant materials. The project is still in the preparatory stage and will be officially launched in 2023, aiming to become the first manufacturer to adopt radiation sterilization

technology in line with the sustainable utilization principles in Taiwan. In addition to providing safe, efficient, and residue-free X-ray sterilization and electron irradiation sterilization services, a professional laboratory with professional R&D verification personnel will be established to develop new technologies for sterilization verification to provide a high standard of service. CHC will also engage in the research and development of radiation-resistant materials and products for application to medical equipment, vehicle materials, functional clothing materials, or various packing materials in the future.

4. Elderly care business

Taiwan is currently an aged society, with the elderly accounting for more than 14% of the population. By 2025, Taiwan is expected to be a super-aged society. The ratio of the elderly population will exceed 20%, and the population aging rate will be even faster than in Europe, the United States, and Japan. Elderly care has unavoidably become an important issue. Given the huge business opportunity, CHC has begun collaborating with Japan's Sakurajyuji Group to develop the elderly care market in Taiwan. In the future, the Group hopes to create comfortable, safe, and elderly-oriented humanized spaces based on a differentiated strategy. Apart from continuous care, the Group will also introduce the concept of preventive medicine, hoping to prolong the healthy life of the elderly as much as possible, reduce bedridden time, enhance the quality and dignity of domestic elderly life, and establish a brand new view on elderly care in Taiwan.

2.2 Product Liability

Education & Training for Frontline Staff

Sales skills and product training for sales representatives

- Pre-employment training is arranged for new sales representatives. The course covers fundamental business skills training, a medical market overview, an introduction to the hospital level of the healthcare referral system, and product training.
- Arrange study sessions at least twice per month to provide channels for sales representatives of various departments to communicate with each other and gain new knowledge. Both education and training on new products and regular updates on the latest industry information are also given to current sales representatives. Employees are encouraged to strengthen their language skills, and there are corresponding reward programs for each language certificate.

Professional skills training for engineers

- Manufacturer training abroad: Assign personnel abroad to participate in manufacturer training courses aperiodically. Technical Service Dept. has not sent personnel to join physical manufacturer training in 2021 due to COVID-19. Instead, three engineers have been arranged to join online manufacturer training.
- Manufacturer training in Taiwan: Manufacturers have sent professionals to Taiwan twice for supporting and training in 2021.
- Departmental curriculum: The Technical Service Dept. has held 99 professional skills education and training sessions in 2021. The attendance rate is taken into consideration when conducting performance evaluations.

Radiation safety training

- Radiation safety training is one of the compulsory courses for new recruits, which provides them with correct radiation knowledge. All engineers must obtain the radiation safety certificate according to regulations.
- A three-hour radiation protection training a year is required for every employee in Technical Service Dept. to strengthen radiation protection concepts and ensure safety at work.

Customer Health & Safety

CHC has been accompanying customers for 45 years since its establishment. In addition to providing high-quality products and services, the Group pays more attention to the safety of the life and property of customers and patients. To protect the safety and health of relevant personnel, the products are subject to strict inspections and specifications from installation to operation. The Group provides education and training services to customers after the products are delivered. After the product is officially put into use, it also equips with relevant adjustments, safety interlocks, and emergency stop devices. Customers' and patients' safety is secured through layers of checks while operating and receiving treatment.



Radiation safety assessment (before installation)

The use of various types of radioactive materials and equipment that may generate ionizing radiation must be strictly reviewed. Also, the safety of radiation workplaces must be confirmed in advance. The equipment can only be installed after the radiation protection plan is approved. The Group employs professional radiation protection personnel to assist the hospital in complete radiation safety planning before installation, including staffing, control areas, shielding calculations, dose assessment, etc., to ensure the absolute safety of personnel and the environment.



Radiation safety testing (after installation)

The equipment can only be used after completing the installation, passing the inspection, and obtaining relevant licenses. The Group has established standard equipment installation procedures, acceptance test procedures, and tolerance range. All items must meet the manufacturer's instrument accuracy standards before being delivered to customers. Then continue environmental monitoring and cooperating with the hospital to implement the quality assurance plan for radiation medical equipment. The license of ionizing radiation installations from the Atomic Energy Council (AEC) can only be applied for after all the elements are qualified, and the equipment can only be used clinically after the issuance of the license.



Equipment teaching and training (before use)

A complete training course gives customers a thorough understanding of the equipment to operate safely and avoid accidents. The professional training instructors trained by the Group not only provide basic knowledge, detailed information, and practical teaching before the actual use of the equipment but also provide on-site guidance or stand-by following the time of clinical treatment cases.



Automatic light source intensity adjustment system (in use)

The device automatically adjusts the light intensity and temperature of the microscope by detecting changes in the working distance to avoid the possibility of partial tissue burns in patients. In addition, the illumination range provided by the device automatically adjusts with the size of the field of view (change of magnification) to avoid the possibility of non-surgical tissue burns.



Equipment safety interlock (in use)

Since the improper operation of radiation equipment can easily lead to severe consequences, multiple safety interlocking devices are equipped to ensure the correctness of the treatment process and the safety of hospital staff and patients. Relevant devices include infrared safety interlocks and exposure indicators at the entrance of the treatment room, monitors in each corner, treatment accessories locking monitoring, collision prevention settings, treatment parameter monitoring, automatic fault recording, and automatic start of the uninterruptible power system after power failure.



Emergency stop device (in use)

The equipment distributed by the Group that can generate ionizing radiation and radionuclide is equipped with emergency stop devices. When encountering emergencies such as abnormal equipment operation, changes in patient conditions, and disasters such as earthquakes and fires, the priority is to stop the operation of the machine and send the patient safely out of the treatment room. Therefore, several emergency stop devices have been set up when installing the equipment, and the functions are checked regularly to assure the safety of staff and patients.

Reduce Environmental Impact of Products

CHC is not in the manufacturing industry and has no dedicated R&D department, nor does it set up a factory to manufacture products. For this reason, there is no risk of direct environmental pollution. Based on the concept of caring for the earth and protecting the environment, the Group strives to reduce the environmental impact caused by products in the process of selecting products for distribution, sales and transportation, equipment installation, clinical application, equipment scrapping, and reuse of fine products, hoping to protect the earth as much as possible.

1. Medical information management system

The Group continues to promote the medical information management system, also known as electronic medical records, hoping to enhance the safety of treatment, improve treatment efficiency and protect patient privacy through the introduction of the system, thereby improving the quality of medical care. In the past, medical records were handwritten by doctors before filing. The amount of traditional paper medical records gradually accumulated with the rising number of patient visits. Moreover, because of the retention period of medical records regulated by law, a large amount of paper is required and storage space is occupied, which increases the cost of medical administration and environmental protection. Also, the handwriting may be unrecognizable over time, and the paper is inevitably damaged, so there would be difficulties in referring to the follow-up treatment. If a patient needs to be referred to another medical institution, there is also a risk of loss and data leakage of paper medical records during the information transfer process.

After adopting the medical information management system, prescription and treatment records can be stored on the computer or uploaded to the web in data formats such as text, images, and physiological signals. Whether it is the patient's request to bring back medical records, or when the patient goes to other medical institutions for treatment, the doctor there can access the medical record on the computer in time, effectively reducing the possible risks of traditional paper data transmission and increasing the convenience of information acquisition. Aside from optimizing the information processing and delivery process, the system also contributes considerably to environmental sustainability. After the adoption of the system in medical institutions, relevant data can be integrated and exchanged in a paperless manner, which effectively reduces paper waste, achieves the goal of environmental protection, and is more conducive to the permanent preservation of data and space-saving.

2. Safe transportation of radioactive material

The radiation oncology treatment equipment distributed by the Group is medical equipment that uses high-dose radiation for tumor treatment. In addition to radiation protection when using such products, specific measures are required during transportation. To ensure the safety of employees, customers, patients, and the environment, apart from complying with the management procedures of the competent authorities and relevant laws and regulations, the Group has also stipulated the Radioactive Material Transportation Plan as a guide for relevant personnel to deliver radioactive material, to avoid possible dangers caused by ionizing radiation and radioactive pollution. The Group has also adopted the Standard Operating Procedures for Radiation Sources Installation & Return to ensure the discarded radiation sources are returned to the manufacturer appropriately.

3. Equipment scrap and fine product reuse

If scrapped medical equipment is discarded arbitrarily, in the improper disassembling process, the hazardous substances may endanger the surrounding, cause severe environmental damage and pollution, and ultimately affect the entire ecosystem. The Group's equipment scrapping procedure is established based on eco-friendly principles. Countermeasures include dismantling the whole machine to distinguish parts for reuse and entrusting professional recycling institutions to classify, recycle and scrap equipment under environmental regulations.

Legal Compliance

The products distributed by CHC are high-end medical equipment manufactured by internationally renowned brands. Such products must be reviewed and acquired medical equipment inspection and registration following relevant regulations of the MOHW before being sold in the domestic market. All equipment has a label, instruction leaflet, and instruction for use, and is in compliance with relevant laws and international standards, so there is no possibility of selling prohibited or disputed products. Also, the transportation, installation, and operation of the equipment must comply with relevant laws and regulations and meet the particular standards for each category of products. In addition to abiding by domestic laws and regulations, the Group also refers to international norms, self-demanding with the strictest standards, aiming to connect CHC to global networks under the highest standards.

According to the Medical Devices Act announced by the MOHW on May 1, 2021, imported medical equipment must have a Chinese label and instruction leaflet. Medical equipment in large pieces distributed by the Group is entrusted to foreign suppliers to attach the Chinese label directly, and other products are labeled before shipment. In response to new regulations, the Group began to adopt Medical Device Quality Management System Regulations to execute labeling after enforcement of the Medical Devices Act. The Chinese product name, license number, product lot number (serial number), date of manufacture, name and address of the manufacturer, and name and address of the medical device firm shall be indicated on the Chinese product label. If the medical equipment needs maintenance and other services, the medical institution can contact the relevant personnel of the Technical Service Dept. of the Group based on the information provided on the label. The Chinese instruction leaflet of the product contains safety instructions and other important information so users can have a clearer understanding of the product. The Group has compiled the process for labeling and shipping into procedural documents to comply with the Regulations of Medical Device Good Distribution Practice publicized by the MOHW.

The main products distributed by the Group are large medical equipment for radiation oncology departments, including linear accelerators, nuclear radiation therapy systems, X-ray imaging systems, and proton therapy systems. The above products contain radioactive substances, which must be strictly controlled, and radiation protection measures must be implemented. An import and export license shall be applied from the AEC when importing and exporting such products. After import, the equipment must be inspected by the personnel of the AEC, and a usage license must be issued before clinical treatment starts. The radiation source of such equipment also needs to apply for approval from the AEC before import or export. In terms of import, the supplier starts manufacturing after receiving the import certificate from the AEC in Taiwan. After the source arrives in Taiwan from the manufacture site by flight and has done customs clearance, it must be delivered to the destination by the shipping company that has reported to the competent authority based on the original reporting delivery route, and then installed on the machine according to certain procedures. For the used radiation source, after obtaining the export approval of the AEC, the discarded radiation source must be stored within utensils of lead quality to prevent radiation leakage from polluting the environment and harming the human body. Then entrust a professional shipping company to transport under the route planned by the local department of health, and prepare a proper crisis management plan in advance to minimize the risk of transportation and the probability of environmental pollution.

For personnel having contact with radiation medical equipment during construction, installation, operation, and the location of the equipment installed, the Group guarantees the safety of personnel and the environment following the relevant regulations of the competent authority. It is strictly controlled by the competent authority through license and certificate for the practice including production, purchase, import (export), installation, use, stop, transfer, and discarding of radioactive material and equipment capable of producing ionizing radiation, as well as related operators and radiation protection personnel. By strengthening the independent management of each radiation workplace, the dose received by workers can be kept as low as reasonably achievable, and the quality of radiation medical treatment can be improved.

CHC strictly follows the laws and regulations of the Taiwan Food and Drug Administration (TFDA) of the MOHW and the AEC to assist medical institutions conducting related work. Relevant laws and regulations are listed as follows:

Relevant Laws & Regulations of TFDA of MOHW	
Medical Devices Act	Enforcement Rules of Medical Devices Act
Medical Device Quality Management System Regulations	Regulations for Medical Device Recalls
Regulations of Medical Device Good Distribution Practice	Regulations for Reporting Serious Adverse Events of Medical Devices
Regulations Governing the Inspection of the Medical Device Quality Management System and the Issuance of the Manufacturing License	
Relevant Laws & Regulations of AEC	
Provisions to Accredite and Administer Personnel Dose Assessment Organizations	Ionizing Radiation Protection Act
Announcement of Environmental Radiation Monitoring Operation Execution Unit, Designated Certification Organizations and Certification Elements	Enforcement Rules for the Ionizing Radiation Protection Act
Precautions for Use of Radiation Warning Signs in Public Places	Standards of Fees Collection for Ionizing Radiation Protection Control
Regulations for Administration of Naturally Occurring Radioactive Material	Maintenance Plan and Management Measures for Personal Data Security of Ionizing Radiation Equipment Manufacturing
Precautions for Institutions Recruit Undertakers for Radiography Inspection Business	Guidelines for Radiation Protection Council in Academic Institution
Measures for Prevention and Handling of Radioactively Contaminated Sites	Specific Health Examination Items for Radiation Workers
Directions for Demolition and Reconstruction Assessment of Radioactively Contaminated Sites	Operational Guidelines for Handling Abnormal Dose Assessed on Radiation Workers
Directions for On-site Radiation Detection and Dose Assessment of Radioactively Contaminated Sites	Specification of in Vitro Dose Assessment for Radiation Workers
Annual Detection Elements for Radioactive Material and Equipment Capable of Producing Ionizing Radiation or the Locating Facility	Operational Guidelines for Radiation Workplace Management and Outside Environmental Radiation Monitoring
Administrative Regulations for the Operators of Production Facilities of Radioactive Material	Regulations for Administration of Radiation Protection Personnel
Regulations for the Safe Transport of Radioactive Material	Letter of Interpretation for Article 3 and Article 7 of Regulations for Administration of Radiation Protection Personnel
Administrative Regulations for Operators of Radioactive Material or Equipment Capable of Producing Ionizing Radiation	Regulations for Administration of Radiation Protection Service Related Business
Guidelines for Applying Transit and Transshipment (En Route) Permission of Radioactive Material	Radiation Protection Management Organizations and Radiation Protection Personnel Staffing Standards
Administrative Regulations for Radioactive Material and Equipment Capable of Producing Ionizing Radiation and Associated Practice	Directions for Radioactive Roads with Abnormal Dose Assessed
Regulations on Radiation Dose Limits of Radioactive Liquid and Gas Discharge	Criteria for the Exemption of Radiation Source
Technical Specification for Respiratory Protection of Airborne Radioactive Material	Regulations on Medical Exposure Quality Assurance Team, Assignment of Specialists, and Commissioning of Jobs to Relevant Organizations
Radiation Protection Measures Guidelines of Unsealed Radioactive Material	Standards for Medical Exposure Quality Assurance
Directions for Restriction of Radioactive Content of Industrial Waste for Construction Material	Directions for Label Issuance of Medical Exposure Quality Assurance
Administrative Regulations for Operators of High Intensity Radiation Facilities	Regulations for Environmental Radiation Monitoring Quality Assurance
Standards for Radiation Dose Limit of Commodity	Regulations for Environmental Radiation Monitoring
Implementation Directions for General Survey of Medical Radioactive Material and Equipment Capable of Producing Ionizing Radiation	Analytical Capability of Minimum Measurable Value in Sample of Environmental Radiation Monitoring
Safety Standards for Protection against Ionizing Radiation	Standards for Severe Pollution of Environmental Radiation

CHC firmly believes that abiding by the regulations of the competent authorities and local laws related to medical devices is the most basic requirement for the sound operation of an enterprise. Therefore, the Group establishes a solid system to ensure compliance with laws and regulations and strengthens employees' legal awareness through propagation and training to achieve legal compliance.

There are no violations of laws and regulations related to health and safety for products and services, no incidents of non-compliance concerning product and service information and labeling, and no situations of non-compliance concerning marketing communications for the Group in 2021.

2.3 Customer Relations

CHC regards customer relationship management as an important issue in the sustainable development of an enterprise. With the ultimate goal of providing services beyond customer expectations, from a comprehensive proposal of customer needs before sales to after-sales maintenance services, the Group always steps into clients' shoes, providing one-stop, professional, caring, and trustable services. In response to different demands and intended purposes from clients, the Group also has customization solutions, supported by professional marketing and maintenance services, to establish a long-term and stable relationship with customers.

Paying attention to customer needs and comments is the Group's most basic commitment to customers. Therefore, CHC requires all customer service representatives to immediately respond to each case of consultation, praise, or suggestion, seek corresponding countermeasures, and systematically classify and file after the case is closed for subsequent regular analysis and review. Each customer complaint case requires thorough investigation and follow-up. After receiving customer complaints, the customer service center must assign personnel to cope with it immediately and to propose an improvement plan, to ensure that customer feedback can be fully reflected and properly treated.

Interaction & Communication



Customer relationship management (CRM) activities in 2021

Customer relationship management (CRM)

- Regular visits: Representatives of sales and technical teams regularly visit and contact customers proactively, understand customer opinions and create more immediate interactions, to establish a trusting relationship with clients through interactions.
- Actual participation: The representative of the sales team must participate in the teaching of product use, help customers get started as soon as possible, and immediately respond to and deal with product conditions.
- After-sales contact: Representatives of the technical team must take the initiative to contact the customer one week after the installation and maintenance to understand the equipment usage status, and representatives of the sales team must always confirm whether the equipment is operating normally.
- Information exchange: Update market and new product information with customers from time to time, and provide relevant product application information to customers.

CRM activities

- Seminars: Various seminars are held aperiodically to introduce new knowledge and invite domestic and foreign speakers to share their experiences.
- User meetings: Hold user meetings from time to time, invite users to participate, promote new knowledge and strengthen the close relationship with customers.
- Exhibitions of societies: Set up booths in the annual conferences or large-scale exhibitions of various departments to display and promote the new functions of equipment, interact with customers, and improve the overall medical quality through knowledge and technology sharing.
- Co-organizes workshops with hospitals: Invite domestic and foreign medical experts to give lectures. Through the actual operation of medical equipment, doctors, physicists, and related personnel can have a better understanding of the equipment.
- Co-organized academic activities: Provide medical equipment and staff to assist in academic activities or camps for medical students in the hospital.

Customer feedback channels

- Customer service line: Each operating location of CHC has dedicated service lines.
- Questionnaire: Questionnaires are conducted after events hosted or co-organized by CHC. The manufacturers also conduct surveys regularly.
- Official website: There is a dedicated sector of Stakeholders on the Group's official website, which provides relevant contact information.

Customer Satisfaction Survey & Complaint Handling

Customers' needs and suggestions are the most important driving force for the progress of CHC. The Group has formally adopted ISO 9001 Quality Management Systems and formulated Customer Service Management Procedures to provide customers with better service and maintain long-term and stable customer relationships, meet the requirements of the quality policy, and take appropriate and effective responses to customer needs, thereby

improving the quality of products and services. For customer complaints, the Group has a complete complaint-handling management mechanism. When receiving a customer complaint, the employee must fully understand the situation, classify the complaint by types for processing, and file relevant information and records after the case is closed. The customer complaints received by the Group in 2021 have been handled and reacted to appropriately by relevant units, which have no significant impact on the overall business development of the Group.

In addition, to figure out the quality of products and services, CHC's sales and technical team in Taiwan hold the Customer Satisfaction Survey each year and conduct the survey with the principle of not affecting the daily operation of customers. Each sales team conducts a satisfaction survey aiming at the top ten domestic customers based on the annual transaction value (if the number of customers is less than ten, the actual number shall prevail). And the technical team conducts satisfaction surveys on domestic customers who regularly require equipment maintenance. For customers whose satisfaction levels do not meet specific standards, the corresponding department must review the reasons, propose improvement plans, and continue to improve service quality based on customer feedback. The statistical results of the Group's customer satisfaction survey results in 2021 and 2020 are as follows:

2021 Customer Satisfaction Survey - Sales Team						
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Reliability and usability of the product	18	14	1	0	0	97%
Quality and effectiveness of the product	17	15	1	0	0	97%
Data analysis accuracy and output report satisfaction	19	14	0	0	0	100%
Help at work	19	13	1	0	0	97%
Product quality versus expectations	18	14	1	0	0	97%
Professional competence of the sales representative	23	11	0	0	0	100%
Response efficiency of the sales representative	22	12	0	0	0	100%
Expertise and skills of the sales representative	21	13	0	0	0	100%
Reliability of the sales representative	24	10	0	0	0	100%
Performance of the sales representative	22	12	0	0	0	100%
Average satisfaction			99%			
Additional instructions: Expected respondents: 34 (18 in the north, 5 in the central, 11 in the south) Actual respondents: 34 (18 in the north, 5 in the central, 11 in the south) No response: 0 Response rate: 100% Satisfaction calculation method: (Highly satisfied + Satisfied) / Sum of all levels of satisfaction *Note: Considering that the satisfaction survey questions of each sales team are slightly different, the table above only lists the common survey questions.						

2020 Customer Satisfaction Survey - Sales Team						
(unit: person)						
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Reliability and usability of the product	18	16	0	0	0	100%
Quality and effectiveness of the product	21	13	0	0	0	100%
Data analysis accuracy and output report satisfaction	17	16	1	0	0	97%
Help at work	22	12	0	0	0	100%
Product quality versus expectations	19	15	0	0	0	100%
Professional competence of the sales representative	23	11	0	0	0	100%
Response efficiency of the sales representative	26	8	0	0	0	100%
Expertise and skills of the sales representative	23	11	0	0	0	100%
Reliability of the sales representative	24	10	0	0	0	100%
Performance of the sales representative	23	11	0	0	0	100%
Average satisfaction			100%			
Additional instructions:						
Expected respondents: 34 (19 in the north, 7 in the central, 8 in the south)						
Actual respondents: 34 (19 in the north, 7 in the central, 8 in the south)						
No response: 0						
Response rate: 100%						
Satisfaction calculation method: (Highly satisfied + Satisfied) / Sum of all levels of satisfaction						
*Note 1: Considering that the satisfaction survey questions of each sales team are slightly different, the table above only lists the common survey questions.						
*Note 2: There are some omissions in the corresponding contents disclosed in the 2020 CSR Report. The corrected and restated information is shown in the table above.						

2021 Customer Satisfaction Survey – Technical Team						
	(unit: person)					
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Professional competence	101	103	14	0	0	94%
Technical level of maintenance and attitude toward service	105	99	12	2	0	94%
Progress control and status report of maintenance	98	98	17	5	0	90%
To solve problems in time	95	102	19	2	0	90%

2021 Customer Satisfaction Survey – Technical Team						
(unit: person)						
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Resolution of duplicate error	79	95	38	5	1	80%
Software and hardware update or bulletin execution	79	103	31	5	0	83%
Education and training in medical information	88	96	30	3	1	84%
Reliability of the maintenance team	95	107	15	1	0	93%
Average satisfaction			89%			
Additional instructions:						
Expected respondents: 218 (96 in the north, 55 in the central, 67 in the south)						
Actual respondents: 218 (96 in the north, 55 in the central, 67 in the south)						
No response: 0						
Response rate: 100%						
Satisfaction calculation method: (Highly satisfied + Satisfied) / Sum of all levels of satisfaction						

2020 Customer Satisfaction Survey – Technical Team						
(unit: person)						
	Highly satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Highly dissatisfied	Satisfaction
Professional competence	89	95	14	1	0	92%
Technical level of maintenance and attitude toward service	94	90	15	0	0	92%
Progress control and status report of maintenance	83	95	16	5	0	89%
To solve problems in time	77	94	25	3	0	86%
Resolution of duplicate error	66	88	34	10	1	77%
Software and hardware update or bulletin execution	68	93	29	9	0	81%
Education and training in medical information	75	87	26	11	0	81%
Reliability of the maintenance team	80	102	14	3	0	91%
Average satisfaction			86%			
Additional instructions:						
Expected respondents: 199 (93 in the north, 56 in the central, 50 in the south)						
Actual respondents: 199 (93 in the north, 56 in the central, 50 in the south)						
No response: 0						
Response rate: 100%						
Satisfaction calculation method: (Highly satisfied + Satisfied) / Sum of all levels of satisfaction						

Customer Privacy

Customers' trust in CHC is the key to customer relationships. In addition to the high-end medical equipment and high-quality technical services provided by the Group, which have been favored by customers for a long time, the foundation of mutual trust with customers is one of the main reasons why most customers choose the Group as their partner. Therefore, CHC is committed to protecting customer privacy to ensure customer interests from invasion. The Group also promises to provide the highest level of protection on customer-related documents.

When the Group provides medical equipment and technical support to customers, abiding by laws and regulations and protecting customer privacy are the most basic operating norms for the Group's employees. Colleagues in the sales and technical teams are the first-line personnel who contact customers. Since they can not only access confidential customer information but also approach patients' personal information, the Group has arranged relevant courses for the formal pre-employment training of staff on the two teams, including topics such as customer privacy-related laws and regulations and medical ethics standards, especially emphasis on medical and customer information protection.

In addition to receiving adequate education and training before promoting products and providing services, the Group also works on strengthening the sales representatives' awareness of legal and ethical issues in marketing communications to ensure that all employees abide by the rules of fair competition and protect the rights and interests of customers. The Group protects customer information following Personal Data Protection Act and has not arbitrarily disclosed basic customer information without the customer's consent. Any employees who have access to the personal information of patients, medical records, and customer information within the scope of their duties are not allowed to sound, inquire and leak relevant information, and are not allowed to arbitrarily discuss confidential information between individuals and customers with personnel not related to their duties. The Group also signs confidentiality agreements with customers and strictly abides by the relevant terms, and actively assures the security of customers' confidential documents through various policies.

There are no substantiated complaints of invasion of customer privacy or loss of customer data for the Group in 2021.

Management System

Given the significant influence of customer relationships on corporate operations, CHC planned to adopt the ISO 9001 Quality Management Systems in 2017, hoping to effectively manage the Group's equipment maintenance service through the establishment of the Equipment Maintenance Management System. The Group had established the Order Review Management Procedure to ensure that the products and services required by customers are clearly presented and properly reviewed during the transaction process, and made the Customer Service Management Program to assure products meet customer needs. When facing customer complaints or product returns/exchanges, appropriate and effective improvement countermeasures and preventive measures must be taken to avoid recurring problems. The ISO 9001 Quality Management Systems was officially certified by SGS for the first time in 2018.



Chapter 3

Employee Caring



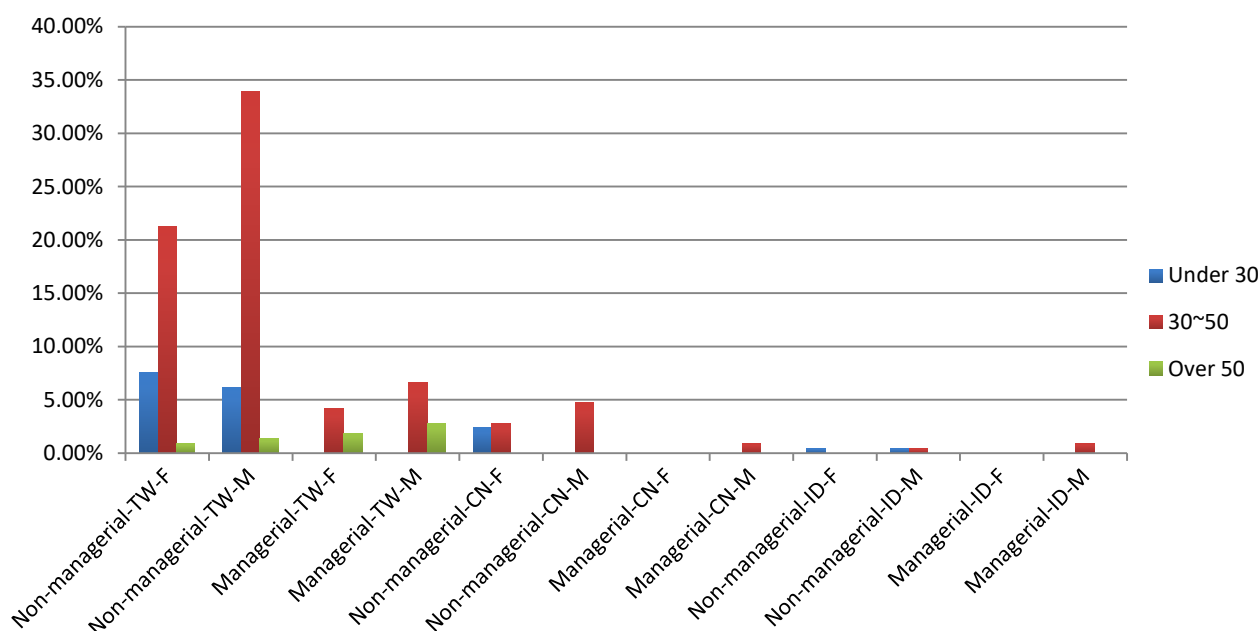
3.1 Human Resource Management

Employees are CHC's most critical asset and a key partner for the sustainable development of the corporate. Excellent talents can help the Group to maintain its market competitiveness. The Group strives for a balanced workforce structure in day-to-day operations. Recruitment is based on the principle of meritocracy and competence, aiming to have positive effects on overall operational performance.

As of December 31, 2021, the Group has a total of 212 full-time employees (184 in Taiwan, accounting for 86.79%, 23 in China, accounting for 10.85%, and 5 in Indonesia, accounting for 2.36%). Among all the employees, 88 are female (41.51%), and 124 are male (58.49%). The average age of all employees is 38.2 years old, and the average job tenure is 7.68 years. The Group provides stable and secured job vacancies at each operating location and prohibited discrimination on gender or any form of discrimination to ensure all colleagues can contribute their strengths in a work environment of respect, mutual trust, diversity, harmony, and equality, and create a win-win situation for the enterprise and employees.

Employee Distribution - by Position & Age

% of total employees

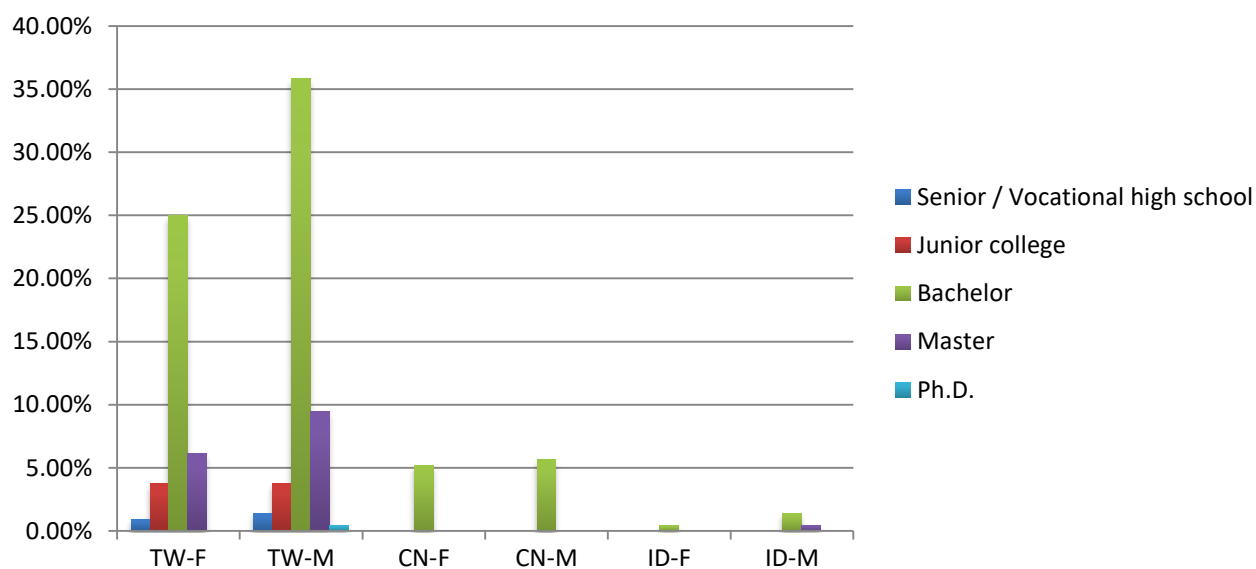


		Position	Gender	Under 30	30~50	Over 50	Total
Number	Taiwan	Non-managerial employees	Female	16	45	2	63
			Male	13	72	3	88
			Subtotal	29	117	5	151
		Managerial employees	Female	0	9	4	13
			Male	0	14	6	20
			Subtotal	0	23	10	33
	China	Non-managerial employees	Female	5	6	0	11
			Male	0	10	0	10
			Subtotal	5	16	0	21

		Position	Gender	Under 30	30~50	Over 50	Total
		Managerial employees	Female	0	0	0	0
			Male	0	2	0	2
			Subtotal	0	2	0	2
	Indonesia	Non-managerial employees	Female	1	0	0	1
			Male	1	1	0	2
			Subtotal	2	1	0	3
		Managerial employees	Female	0	0	0	0
			Male	0	2	0	2
			Subtotal	0	2	0	2

Employee Distribution - by Education

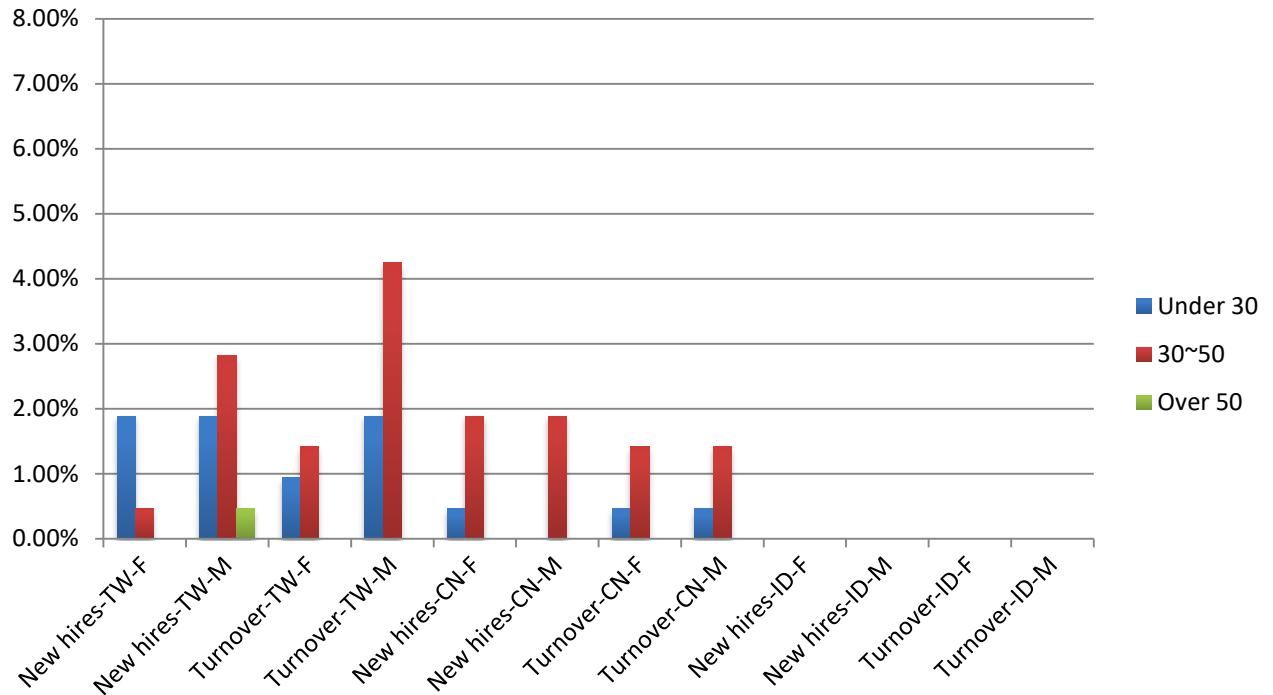
% of total employees



		Gender	Senior / Vocational high school	Junior college	Bachelor	Master	Ph.D.	Total
Number	Taiwan	Female	2	8	53	13	0	76
		Male	3	8	76	20	1	108
		Subtotal	5	16	129	33	1	184
	China	Female	0	0	11	0	0	11
		Male	0	0	12	0	0	12
		Subtotal	0	0	23	0	0	23
	Indonesia	Female	0	0	1	0	0	1
		Male	0	0	3	1	0	4
		Subtotal	0	0	4	1	0	5

Analysis of Employee Turnover

% of total employees



New employee hires		Gender	Under 30	30~50	Over 50	Total
Number	Taiwan	Female	4	1	0	5
		Male	4	6	1	11
		Subtotal	8	7	1	16
	China	Female	1	4	0	5
		Male	0	4	0	4
		Subtotal	1	8	0	9
	Indonesia	Female	0	0	0	0
		Male	0	0	0	0
		Subtotal	0	0	0	0
Employee turnover		Gender	Under 30	30~50	Over 50	Total
Number	Taiwan	Female	2	3	0	5
		Male	4	9	0	13
		Subtotal	6	12	0	18
	China	Female	1	3	0	4
		Male	1	3	0	4
		Subtotal	2	6	0	8
	Indonesia	Female	0	0	0	0
		Male	0	0	0	0
		Subtotal	0	0	0	0

Analysis of Unpaid Parental Leave

CHC provides female employees with menstrual leaves and leaves for pregnancy checkups and male employees with leaves for pregnancy checkup accompaniment, as well as family care leaves and parental leaves without pay. Any employee who meets the relevant application qualifications can apply to the Human Resource & General Affairs Dept., and the Group will fully assist employees with reinstatement after unpaid parental leaves.

Relevant statistical results on unpaid parental leaves for the Group in 2021 are as follows:

Statistics on Employees Taking Unpaid Parental Leave				
	Region	Female	Male	Total
Number of employees entitle to unpaid parental leave in 2021	Taiwan	62	90	152
	China	11	12	23
	Indonesia	1	4	5
Number of employees take unpaid parental leave in 2021	Taiwan	1	0	1
	China	0	0	0
	Indonesia	0	0	0
Number of employees return to work in 2021 after taking unpaid parental leave	Taiwan	2	0	2
	China	0	0	0
	Indonesia	0	0	0
Number of employees are expected to return to work in 2021 after taking unpaid parental leave	Taiwan	2	0	2
	China	0	0	0
	Indonesia	0	0	0
Number of employees retain for one year after returning to work from unpaid parental leave in 2020	Taiwan	0	0	0
	China	0	0	0
	Indonesia	0	0	0
Number of employees return from unpaid parental leave in 2020	Taiwan	0	0	0
	China	0	0	0
	Indonesia	0	0	0
Application rate ^{*note 1}	Taiwan		0.7%	
	China		0.0%	
	Indonesia		0.0%	
Return to work rate ^{*note 2}	Taiwan		100.0%	
	China		0.0%	
	Indonesia		0.0%	
Retention rate ^{*note 3}	Taiwan		0.0%	
	China		0.0%	
	Indonesia		0.0%	
*Note 1: Number of employees take unpaid parental leave in the current year / Number of employees entitle to unpaid parental leave in the current year * 100% *Note 2: Number of employees return to work in the current year after taking unpaid parental leave / Number of employees are expected to return to work in the current year after taking unpaid parental leave * 100% *Note 3: Number of employees retain for one year after returning to work from unpaid parental leave in the previous year / Number of employees return from unpaid parental leave in the previous year * 100%				

3.2 Friendly Workplace

Labor / Management Relations

CHC aims to create a friendly workplace with equal consideration of diversity and non-discrimination, provides a sound labor-management communication platform, a solid welfare system, and a reasonable salary policy, and strives to create a win-win employment relationship. The Group highly praises Decent Work, never allows any violation of employee dignity, human rights, or any form of discrimination, never discriminates in favor of gender, nationality, race, skin color, and political stance on wages and welfare, and actively establishes a working environment that values human rights and is free from discrimination and harassment.

If the Group encounters major operational changes that lead to personnel changes and is necessary to terminate the labor contract with the affected employees, the Human Resource & General Affairs Dept. must follow the minimum notice period stipulated by the relevant laws and regulations, communicate with the affected employees, or announce or notify them through internal channels. An employee who has worked continuously for more than three months but less than one year shall be noticed ten days in advance. An employee who has worked continuously for more than one year but less than three years shall be noticed twenty days in advance. An employee who has worked continuously for more than three years shall be noticed thirty days in advance.

In addition to providing a safe and comfortable working environment and complete wages and welfare packages, CHC also hopes to further understand the life of employees through formal human resources channels and daily communication. The Group attaches great importance to the participation of employees' families when planning various corporate activities and hopes to look after employees and their families to build a sense of identity and form a harmonious labor-management relationship. The Group also convenes labor-management meetings quarterly to discuss various labor-management issues with an open-minded approach, which serves as a formal channel for listening to employees and for creative thinking about employee benefits.

Although CHC has not established a labor union and has no relevant consultations, the Group does not neglect the importance of labor-management relations and does believe the harmony between labor and management can create a win-win situation for both corporate and staff. The labor-management measures of the Group are implemented following the labor-related laws and regulations (including the Labor Standards Act, Occupational Safety and Health Act, Labor Insurance Act, etc.) stipulated by the competent authorities. CHC actively protects labor rights and interests, commits to creating a high-quality, safe and stable working environment, strictly regulates the occupational health and safety of the workplace, and takes good care of employees' physical and mental health.

Because the Group regards employees as the most important corporate asset and cherishes all its colleagues, the labor-management relationship has been quite harmonious since the establishment of the enterprise. There are no incidents of discrimination, no child labor, no violation of employees' human rights, no forced labor or violation of employees' interests, and no loss due to labor disputes in 2021.

Employee Welfare

CHC works on creating a working environment that allows employees to have no concerns, strives to improve diverse systems, and provides various and comprehensive employee welfare, to let every staff and their family enjoy a pleasant life and feel the Group's care for employees.

1. Wage system

The Group attracts outstanding talents and motivates employees based on a fair and competitive wage system. Employee wage structure is determined via the performance appraisal system by linking the overall corporate and department goals with individual performance. Through an open and transparent promotion mechanism, the Group promotes outstanding talents to drive organizational development and provide them with further responsibilities and better wages and bonuses. The goal is to achieve equal pay for equal work and equal promotion opportunities for males and females, to achieve sustainable economic growth. In 2021, the proportion of female management is 6.1%, and the average percentage of female employees is 41.5%.

In general, besides monthly salaries for twelve months, employees' wages of performance bonuses or year-end bonuses are paid depending on corporate overall operating results and guide to employee bonuses after performance evaluation at the end of the year following the Employee Performance Appraisal System of the Group. The average performance/year-end bonuses paid to individual employees in 2021 are equivalent to three months of salary. The Group also disclosed the wage information of full-time employees in non-executive positions in 2021 under regulations of the Taiwan Stock Exchange, and relevant information is as follows:

Wage Information of Full-Time Employees in Non-Executive Positions in 2021		
Item	2021	2020
Number of full-time employees in non-executive positions	134	137
Average wages of full-time employees in non-executive positions	NT\$1,019 thousand	NT\$994 thousand
Median wages of full-time employees in non-executive positions	NT\$857 thousand	NT\$810 thousand

In addition, the Group also shares profits with employees and rewards employees for their hard work through employee compensations and employee share allotment. The related descriptions are as follows:

- (1) Annual employee compensation distribution: The annual earnings are distributed to the employees of the Group following the Guide to Employee Compensation Distribution after the resolution of the table of earnings distribution at the shareholders' meeting.
- (2) employee share allotment: Stock ownership, cash capital increase subscription, and issuance of employee stock options are handled according to the overall corporate operation needs, and relevant measures are formulated for employees to follow.

2. Comprehensive and considerate welfare system

- (1) Insurance plan: To fully protect all the employees, the Group provides every employee with labor insurance and national health insurance following the law. In addition, the Group also insures against group insurance, which covers life insurance, casualty insurance, health insurance, and cancer insurance. Each employee joins the group insurance program from the day of registration. Any employee taking unpaid leave due to military service, major injury, or childcare can still participate in the program to obtain insurance coverage continuously.
- (2) Holiday bonus: The Group distributes holiday bonus during the three major festivals of Lunar New Year, Dragon Boat Festival and Moon Festival, wishing colleagues a happy holiday.
- (3) Retirement mechanism: The Group has established a sound employee pension system and retirement-related measures following the Labor Standards Act. Under the Labor Pension Act, 6% of each employee's monthly salary is paid to the individual account in the Bureau of Labor Insurance (BLI) as the labor pension per month. With a sound financial structure, the Group provides solid pension deposits and payments.

- (4) Healthcare management: In addition to fully subsidizing the health examination for recruits, the Group regularly applies to the BLI for occupational accident examination every year, which covers basic checkups, advanced checkups, and other items, and conducts annual health examinations for all employees every two years.
- (5) Staff dormitory: Considering the needs for short-term travel and the safety and convenience of long-distance commuting employees, the Group has staff dormitories to provide a comfortable living environment for employees on business trips or training.
- (6) Employee welfare committee: The Group has established the CHC Employee Welfare Committee following the law, actively putting various employee welfare into practice. Expenditures related to employee welfare in 2021 and 2020 are as follows:

(Unit: NT\$)

Year	Funeral subsidy	Medical subsidy	Marriage subsidy	Travel subsidy
2021	0	0	24,000	0
2020	7,000	1,200	48,000	0

Year	Birthday bonus	Maternity subsidy	Advanced study subsidy	Holiday bonus
2021	78,000	8,000	32,386	644,500
2020	80,500	48,000	20,000	915,700

3. Retirement mechanism and implementation status

- (1) For work seniority before and after the application of the Labor Standards Act, pensions are calculated following the standards specified in Article 84-2 and Article 55 of the above Act.
- (2) For the choice of being subject to the pension plan as stipulated in the Labor Standards Act according to the Labor Pension Act or reserving work seniority accumulated before the applicability of the Labor Pension Act, pensions are paid according to the provisions of the preceding subparagraph.
- (3) For employees being subject to the pension plan stipulated in the Labor Standards Act and being forced to retire according to subparagraph 2, paragraph 1 of Article 35, if the disability is incurred from the execution of their duties, an additional 20% on top of the original pensions are paid following the preceding subparagraph.
- (4) For employees being subject to the Labor Pension Act, the Group deposits 6% of each employee's monthly salary into the individual pension accounts.

The Group does not determine wages or welfare to employees depending on their gender, marital status, religion, race, nationality, or political spectrum, and no employees have ever complained about wages and welfare or labor-related issues.

Occupational Health & Safety

Besides following the government's laws and regulations related to health and safety, CHC has completed the revision of the Occupational Health and Safety Management System from OHSAS 18001 to ISO 45001 in January 2021, then formulated and implemented the guideline for occupational health and safety management, to ensure the safety and well-being of employees. With the goal of zero occupational accidents, the Group strengthens self-management and continuously improves occupational health and safety performance to reduce occupational accidents, protect the safety and health of employees and meet the needs of the competent authorities, customers, employees, and other stakeholders.

All employees of the Group shall abide by various procedures and norms stipulated in the guideline for occupational health and safety management and maintain the effective operation of the occupational health and safety management system. The Group's occupational health and safety policy includes the following four principles, construct a management system to enhance risk management, strengthen education and training to comply with health and safety regulations, continue to improve and pursue a safe environment, and make ultimate use of limited resources to create sustainable development.

1. Safety

According to the Fire Equipment Management Procedures (SP-06), Automatic-Inspection Management Procedures (SP-11), Workplace Environmental Monitoring Management Procedures (SP-13), and Public Facility System Security Management Procedures (SP-14) in the ISO 45001 Occupational Health and Safety Management System, relevant departments of the Group regularly conduct environmental and equipment inspections, maintenance such as workplace environment improvement, office area cleaning, air-conditioning maintenance, and fire safety equipment inspections every year to ensure the safety of employees.

Additionally, in response to COVID-19, the Group adopted a standard operating procedure for epidemic prevention in 2020. As the pandemic continues infecting the world in 2021, relevant epidemic prevention measures implemented in the year are as follows:

- (1) Organization and mechanism of epidemic prevention: The Group releases various epidemic prevention instructions and information to the epidemic prevention response team immediately, and the Human Resource & General Affairs Dept. announces the epidemic prevention measures and related health education information to employees.
- (2) Preparation of epidemic prevention supplies: The Group continues to purchase and distribute epidemic prevention supplies of forehead thermometers, rubbing alcohol, and masks to each office. A total of 7,627 masks have been supplied to colleagues in 2021.
- (3) Entry access control in offices: Staff and visitors of the Group are required to take forehead temperature before entering the office. Name-based registration applies to all visitors, and those long-term stay visitors must fill out a separate health declaration card.
- (4) Epidemic prevention measures in offices
 - ◆ Adjust epidemic prevention policy using a rolling wave approach according to the epidemic alert level, and assign the Human Resource & General Affairs Dept. to explain the Group's specific actions and related epidemic prevention cooperation matters to colleagues in time through email.
 - ◆ Appeal to colleagues that if anyone catches a cold, has a fever, has a cough, or feels unwell, in addition to seeking medical treatment as soon as possible and taking personal protective measures, one must immediately notify their supervisors.
 - ◆ Appeal to colleagues to avoid non-essential business cross-district support, cancel business trips, avoid other unnecessary overseas trips, and keep away from crowded domestic tourist spots.
 - ◆ Implement the Epidemic New Life Movement by keeping social distance, paying attention to personal hygiene and protection, and encouraging the use of alternative measures such as teleconferences or online meetings.
 - ◆ Arrange flexible working hours to disperse commuters, and prevent colleagues from taking public transportation during peak hours to reduce the chance of clustering and having close contact. Regulate employees to come to offices on alternate weeks in response to the rise of epidemic alert level to level 3. Colleagues in different shifts are not allowed to have contact with each other. Anyone who violates the regulations will receive penalties.
 - ◆ Regularly conduct office cleaning, sanitizing (including light switches and elevator buttons), and related environmental protection measures.

- ◆ Set up outdoor delivery and fixed storage areas for couriers to receive and deliver to avoid face-to-face contact, and remind colleagues to disinfect the package before picking it up.

In addition to the environmental safety of the office area, the Group, following labor laws, the Occupational Safety and Health Act, the definition of occupational accidents in the Occupational Health and Safety Operation Control Procedures (SP-08) of ISO 45001 Occupational Health and Safety Management System, and concerning the Regulations of the Examination of Injuries and Diseases Resulting from the Performance of Duties by the Insured Persons of the Labor Occupational Accident Insurance, has established a clear identification standard for workers applying for occupational sick leave and divides the occupational accidents into three categories comprising accidents while on duty, accidents on business trips and accidents on the way to and from get off work. Employees can take occupational sick leave once confirming meeting the relevant criteria. The Group also has organized occupational health and safety training and disaster prevention education every year since 2018, to let employees understand and abide by relevant rules, and to implement occupational health and safety management. There are six occupational accidents (including traffic accidents on the way to and from get off work) in 2021, all of which are minor injuries. In the future, CHC will continue to look after employees and enhance safety propagation.

Information on the Group's occupational health and safety training in 2021 is as follows:

Information of Occupational Health and Safety Training in 2021			
Course	Date (Hours)	Attendance	Venue
COVID-19 prevention	Mar. 8 (1 hour)	87	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)
Introduction to fire safety equipment	Jun. 7 (1 hour)	81	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)
Annual fire drill - Fire safety awareness, fire escape and evacuation guide, electrical safety for the workplace and at home, CPR and AED training	Aug. 11 (2 hours)	15	Taichung office
Annual fire drill - Fire safety awareness, fire escape and evacuation guide, electrical safety for the workplace and at home, case sharing and discussion	Aug. 12 (2 hours)	15	Kaohsiung office
Annual fire drill - Default ignition point: server room	Sep. 6 (1 hour)	2	CHC's headquarters
Workplace safety and health	Sep. 13 (1 hour)	56	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)
Annual fire drill - Fire and earthquake safety awareness, Heimlich maneuver, CPR and AED training, first aid instructions, case sharing and discussion	Nov. 17 (2 hours)	39	CHC's headquarters
Introduction to four prevention programs of the Occupational Safety and Health Act	Dec. 6 (1 hour)	74	CHC's headquarters (Taichung, Kaohsiung offices, and overseas subsidiaries participated through video conference.)

2. Health

In addition to providing labor insurance and health and depositing pensions according to laws and regulations, CHC also furnishes employees with group insurance and subsidizes health examinations for recruits. Moreover, following

the Health Examination Management Procedure (SP-15) in ISO 45001 Occupational Health and Safety Management System, the Group conducts annual health examinations every two years to take care of employees' health.

According to the Regulations for Labor Health Protection, the tasks with special health hazards in the Group belong to the ionizing radiation business, and employers involved in high risk are engineers in Technical Service Dept. Besides the list of personnel engaged in ionizing radiation business submitted by the administrative staff of the department, the Human Resource & General Affairs Dept. also applies to the BLI for special health examinations for those involved in tasks with special health hazards to protect the health of employees through regularly following up with their physical conditions. To ensure the safety and health of relevant employees in a more timely manner and achieve the goal of reasonably reducing the radiation dose, the Group applied to the Radiation Protection Association R.O.C. for film badge dosimeters, using thermoluminescent dosimeters to monitor the external radiation doses received by engineers, and equipping with a complete registration operation and recycling mechanism to avoid mistaking of borrowing.

Furthermore, CHC believes that exercise is key to health. To strengthen the physical and mental health of employees and encourage employees to make exercise a daily habit, the Group has built an exercise space with fitness equipment for employees. And the Group continues to hire external coaches to offer professional sports training, which includes core exercises and yoga, expecting to strengthen employees' immune systems, stretch the body, reduce mental stress, and bring positive power to individuals and groups through exercise.



Exclusive exercise space for colleagues

Apart from the above measures related to occupational health and safety, to prevent sexual harassment in the workplace, the Group has formulated the Sexual Harassment Prevention and Complaint Handling Measures, set up an exclusive complaint channel, strictly prohibits any sexual harassment, gender discrimination, violence, threats, and intimidation, making every effort to build a gender equality, happy, and safe working environment. There are no incidents of discrimination in 2021.

Workplace Norms

All staff of CHC is responsible for engaging in business activities under the highest ethical standards and maintaining the reputation of the Group. In addition to strictly complying with relevant national laws and regulations, all colleagues must also adhere to the principle of good faith. The Group adopted the Code of Ethical Conduct and the Procedures for Ethical Management and Guidelines for Conduct and published the two internal management measures on the official website in 2014, to regulate the ethics and responsibilities of all employees when engaging in

business. The normative scope covers individual employees, employee groups, the Group's relationship with the public, and the Group's relationship with other stakeholders. CHC regularly (at least once a year) reports to the Board of Directors the implementation results of the designated unit in charge of corporate ethical management. The Procedures for Ethical Management and Guidelines for Conduct and the Code of Ethical Conduct consist of operating procedures, behavior guidelines, disciplinary measures, and complaint systems. Also, the Group requires recruits to sign a moral statement when they officially join CHC and ask them to comply with it.

In 2016, the Group established a Whistle-Blowing System to actively maintain corporate reputation, protect property safety, avoid and prevent corruption, theft, embezzlement, or other violations of law and discipline which may infringe upon the rights and interests of stakeholders such as shareholders, employees, counterparties and partners. In addition, members of the Board of Directors and management team of the Group all faithfully perform their duties with the due care of good administrators and with high self-discipline and prudence.

The Code of Ethical Conduct is mainly to guide the directors and managerial officers of the Group to act in compliance with ethical standards. The Procedures for Ethical Management and Guidelines for Conduct apply to the directors, managerial officers, employees, mandataries, and persons having substantial control over the Group. The Whistle-Blowing System applies to the employees of the Group, relevant external units, and relevant individuals. The above three internal policies stipulate regulations of conflicts of interest, prohibition of accepting improper benefits, gratuities, entertainment, etc., and specify prevention mechanisms for potential corruption risks. Besides, the Group regularly conducts internal audits on the daily operating procedures to reduce the possibility of corruption through effective internal control mechanisms and internal control self-inspection.

If colleagues or business partners of CHC have any doubts about the illegal or unethical behavior stated in the relevant policies, they can directly contact the responsible unit of the Group. Any violations are handled according to the severity of the circumstances. For serious violations, employees involved are subject to necessary disciplinary measures or even dismissal. The Code of Ethical Conduct, the Procedures for Ethical Management and Guidelines for Conduct, and the Whistle-Blowing System are the prime directive for all employees of the Group. The dedicated unit arranges internal propagation at least once a year. Also, the Group combines employee ethical behaviors with performance appraisal and establishes a clear and effective mechanism of reward, punishment, and appeal to strengthen the implementation of workplace norms. The heads of all departments must fulfill their supervision duties to ensure that their colleagues abide by corporate regulations.

Legal Compliance

CHC abides by the principles revealed in the International Bill of Human Rights and respects internationally recognized basic labor human rights, such as prohibiting child labor, eliminating employment and occupational discrimination for the purpose of fulfilling social responsibilities, and protecting the human rights of all colleagues, customers, and stakeholders. In the meantime, the Group has formulated relevant management policies and procedures and strictly complies with local labor-related laws and regulations to protect the rights and interests of employees.

Human Rights Policy

CHC respects and supports internationally recognized regulations and principles for human rights, including the Universal Declaration of Human Rights, the UN Global Compact, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Group abides by local laws and regulations and strives to minimize human rights risks or reduce the impact of human rights incidents through remedial measures. The human rights policy of the Group consists of five management principles, prohibit any kind of discrimination, prohibit

forced labor and child labor, provide equal and reasonable wages and working conditions, establish a safe, hygienic, and healthy working environment, and periodically conduct review and assessment on relevant systems.

3.3 Training & Education

Talent Cultivation



CHC focuses on the cultivation of talents. Through job rotation and overseas training, the Group assigns important duties and challenges to colleagues to broaden their horizons, looking forward to cultivating professional and leadership talents from within the enterprise and striving for both individual career and corporate development growth.

For management training, the Group trains the supervisors for the ability to combine Sustainability Leadership with performance, emphasizes creating value together with their colleagues, and strengthens the concept and practice of ownership. In the general course, supervisors guide colleagues to take advantage of group synergy for challenges and work together to break through obstacles and create value.

Reward Regulation for Educational Training and Professional Certification

The Group firmly believes sustainable development is still the basic principle of corporate operation, and talents are the foundation of sustainable development on business expansion. Although the programs and hours of education and training vary by position, the training opportunities never differ by gender. In addition, to improve the skills of colleagues, enhance work knowledge, and reserve technical and management talents to support the Group's business development, and seek effective use of manpower, the Group has formulated the Reward Regulation for Educational Training and Professional Certification, encouraging employees to work on self-enhancement and obtain professional certification to enhance individual competitiveness. The Group's subsidy regulations for training and certification are as follows:

1. Education and training

- (1) Orientation training: Recruits in all departments are given guidance to understand the Group's organization, business overview, occupational health and safety, standard operating procedures, and other skills.
- (2) Internal training: Improve the basic and professional competence of each position to strengthen the professionalism of each department.
- (3) External training: To strengthen professional skills, leadership, and coordination ability as a supervisor based on each colleague's needs or job title.

- (4) Overseas training: In line with the development of the Group or the needs of future work, appropriate personnel picked by the department head goes abroad for professional training.

2. Application and allocation of diverse professional certification awards

The Human Resource & General Affairs Dept. of the Group divides various professional certifications into Level A (difficult), Level B (moderate), and Level C (basic). A comparison of each professional certification is stated in the certification level comparison chart to be followed. After colleagues submit application materials, the Group gives out rewards according to the regulations, hoping to increase the motivation of colleagues for self-enhancement after work and to prepare for the reservation of corporate technical and management talents.

Employee Performance Appraisal System

To effectively evaluate the work performance of managerial officers and employees, and to have an objective understanding of their capability, integrity, and competency as a reference for promotion, salary adjustment, training, and bonus allocation, the Human Resource & General Affairs Dept. of the Group has established the Employee Performance Appraisal System and Managerial Officer Performance Appraisal and Compensation Standards. In addition to conducting the annual performance appraisal for the current year and annual performance development plan for the coming year, the Group also has monthly personnel appraisals to reflect the work performance of colleagues in time, intending to improve the performance of individuals, departments, and the organization as a whole.

In 2021, 100% of the Group's colleagues participated in the performance appraisal. The main content in the performance appraisal includes goal setting, empowerment, communication and counseling, the connection between performance and bonus, career development, etc., aiming to reward employees promptly through the system.

Implementation of Educational & Training in 2021

Since its establishment, CHC has adhered to the principle that employees are Group's most critical asset. The number of employees has increased year by year as the Group progressively expands its business territories, hence cross-departmental communication and cooperation have become more and more crucial. However, due to the continuous impact of COVID-19 in 2021, to avoid large gatherings, the annual large-scale external supervisors training and thematic training are both canceled, and only training regard to individual job skills is held.

The Group conducts an annual training survey in the fourth quarter of each year, then holds competency-based training, product training, keynote speeches, and various seminars based on the annual education and training plans proposed by each department. Colleagues are also provided with independent learning channels through online learning platforms to enhance their professional skills.

In the future, the Group will continue to establish a complete training system for personnel training, implement training at each stage step by step, ensure that employees are equipped with job-related competence to improve work efficiency and develop employee skills following the future business strategy to cultivate talents needed for sustainable development of an enterprise.

Chapter 4

Environmental Sustainability



4.1 Environmental Policy

Global climate change is one of the environmental issues that the United Nations and governments of each country have paid great attention to in recent years. Since CHC is a member of the global village, environmental protection has become its responsibility and obligation. The Group always attaches great importance to environmental protection issues. Although CHC is not in the manufacturing industry and does not engage in R&D and manufacturing, it still adheres to the environmental sustainability concept, actively encourages office energy saving and carbon reduction in the office space, and adopts related environmental policies.

The Group deeply understands that a sustainable development enterprise is a corporate that lives in balance with the environment, has stable economic growth, and cares about industrial and social trends. Therefore, the CHC headquarters building was built following the nine green building indicators of the Ministry of the Interior (MOI), hoping to pursue the sustainable utilization of building in its life cycle by spending the least earth resources, producing the least waste, consuming the least energy, adjusting the temperature difference between indoor and outdoor through greening and low emissivity glass, increasing air circulation through pipeline design, using LED low power consumption lighting, referring to sewage management methods to do sewage treatment, combining ecology, energy saving, carbon reduction, and health to create a building that coexists and prospers with the environment. The headquarters building of the Group has officially obtained the EEWH Silver certification (2015 Edition).



To understand whether the overall energy management is carried out, the Group has set up an environmental sustainability working group under the Sustainability Committee, holding regular meetings to discuss energy-related goals and performance, implementing internal energy management in the office, and responding to the government's energy conservation and carbon reduction policy. The working group's resolutions at the meeting are announced to all departments and offices of CHC to strengthen the concept of environmental protection and encourage all colleagues to put it into practice, aiming to gradually reduce office GHG emissions, effectively use and manage energy resources, and then reduce the impact of business operations on the environment since there is only one earth.

Besides actively participating in external seminars and cooperating with relevant organizations to continuously improve environmental protection, the Group also plans to take environmental protection as one of the important operating performance indexes in the future to work on balancing environmental protection and overall business performance. The Group's environmental policies are as follows:

1. Legal compliance: To avoid any possible violations of the law, the Group reminds all employees from time to time to abide by relevant government laws and regulations. There is a chapter on Fostering a Sustainable Environment in the Sustainable Development Best Practice Principles adopted by the Group, which is about committing to becoming a domestic benchmark in environmental protection. To implement the resolution of reducing GHG emissions in response to climate change and comply with various environmental protection laws and regulations at home and abroad, the Group has internalized the environmental sustainability concept as part of the corporate management culture. Apart from encouraging employees to do energy saving and carbon reduction in the office at group meetings, CHC also actively delivers the message to suppliers, visitors, and contractors to contribute to environmental sustainability.

2. Pollution prevention: The Group conducts source management, waste reduction, energy conservation, carbon reduction, resource reuse, etc., to lower carbon dioxide (CO²) and other GHG emissions and reduce environmental impacts.
3. Green procurement: The Group considers environmental friendliness as one of the principles in all procurement and priority purchasing products with the Green Mark under the premise of sound product quality and reasonable price to achieve the goal of energy saving and carbon reduction. Supplier selection and management procedures are introduced in section 4.2 of the chapter.
4. Communication mechanism: The Group has established sound communication and consultation channels. In addition to disclosing environmental-related information in the annual report and sustainability report published by the Group each year, there is also a dedicated hotline and e-mail address to take into account the stakeholders' suggestions for improvement. The environmental safety and protection goals of the Group are determined by the environmental sustainability working group under the Sustainability Committee, which holds regular meetings to review relevant performance.

Environmental Protection Measures



The mid-term and long-term environmental protection goals set by CHC are water conservation, electricity conservation, waste reduction, and GHG reduction. To achieve the above goals, the Group adopts PDCA management measures composed of several steps such as plan, do, check, and action, looking forward to reducing the risk of climate change on business operations through these measures, and coexisting and prospering with the environment.

The energy consumption of the Group mainly comes from electricity consumption in offices. Although the power-saving effect is not as significant as that in the manufacturing industry, the Group continues to promote energy-saving measures every year. It's believed that many a mickle makes a muckle, and long-term persistence can have some contribution to the earth. The Human Resource & General Affairs Dept. of the Group has formulated the Energy Saving & Carbon Reduction Implementation Plan, which has been announced and implemented within the Group after approval by the Chairman. The main energy-saving measures are listed as follows:

1. Office:
 - (1) Purchase multi-function printers with the Green Mark for the office.
 - (2) Energy saving of multi-function printers in the office: Turn off the power when off work or when not in use for a long time, saving power consumed by standby mode.

- (3) The air conditioner in the office can only be turned on when the ambient temperature is above 26°C with the advised temperature setting of 26~28°C and can be used with fans.
- (4) When the outdoor temperature is below 26°C, it is advised to turn off the air conditioner and open the windows appropriately.
- (5) Control office lighting according to the needs of colleagues, and turn off lights, computers, electrical appliances, and other power supplies when no one is in the office.
- (6) The corridor lighting not frequently used must be turned off conveniently.
- (7) Regularly clean the filters of air conditioners to reduce power consumption.
- (8) Install T5 fluorescent tubes or compact fluorescent lamps in specific office areas.
- (9) Turn off the lights according to the situation during the lunch break.
- (10) Water dispensers must be powered off during consecutive holidays.

2. Server room / Warehouse:

- (1) Equip the server room with a time switch to adjust the temperature in due course.
- (2) Make sure to turn off the lights when there is no one there.
- (3) Turn off some or all lights on a sunny day.
- (4) Turn off the lights conveniently to save electricity in unused spaces.

3. Environmental education:

- (1) Hold various environmental protection education propagation and actively promote garbage classification, resource recycling, and waste reduction.
- (2) Continue to purchase paper with the FSC certification to reduce environmental impact, aiming to maintain ecological integrity and forest functions. And encourage employees to do double-sided printing and reduce paper use.
- (3) Establish a paperless sign-off system, such as the employee leave management system, stationery and business card application system, etc. The relevant systems all exert positive benefits, not only saving paper consumption but also having no time and geographical restrictions.

4. Environmental data management: Collect the carbon emissions data of electricity and water consumption and compare it with the same period in the past promptly.

5. Green procurement:

- (1) Priority purchase products with the Green Mark.
- (2) Check existing equipment and replace it with items with energy-saving and carbon-reducing functions.
- (3) Use high-efficiency lighting devices to effectively implement electricity conservation.

6. Transportation:

- (1) Encourage colleagues to carpool or commute by public transportation, and reduce driving by themselves.
- (2) Use the public transportation system to deliver products as much as possible and strive to reduce the volume and weight of product packaging during transportation, aiming to improve transportation efficiency, reduce energy consumption during transportation, and reduce carbon emissions and transportation costs. Reduce carbon emissions by improving loading efficiency, changing transportation modes, and increasing the reuse rate of packaging materials.
- (3) To deliver products to clients on time, foreign suppliers mostly use air freight after receiving orders, which is expensive in transportation costs, increases CO² emissions, and leads to the aggravated greenhouse effect in the long run. To reduce the impact and damage to the environment during product transportation, the Group has actively communicated with customers in recent years and prepared different countermeasures for customer needs. For example, CHC chooses ocean freight instead when transporting large-scale medical equipment and large-scale auxiliary kits for radioactive sources to reduce the environmental impact during air transportation.

and lower product transportation costs. In the meantime, the Group is committed to increasing the carrying capacity of single ocean freight to reduce the harm to the environment by reducing transportation. CHC also advises suppliers to reduce the use of packaging materials and the size of the packaging, which helps reduce the use of packaging materials and increase the amount of single transportation.

- (4) Install video and teleconferencing systems in each office to facilitate meetings between different regions, effectively reducing the number of business trips, reducing business operating costs, and achieving environmental protection.

7. Waste disposal:

- (1) The waste in the office area is mainly household waste, which contains two categories, trash, and recycling. The Group entrusts a cleaning company to dispose of household waste.
- (2) The gas cylinders in the Group's distribution products of the Ophthalmology Dept. must be recycled to the original purchasing company. However, there are no gas cylinders to be recycled in 2021.
- (3) The used radioactive sources in the Group's distribution products are discarded under the regulations of the AEC for export and delivery procedures and returned to suppliers for recycling. The discarded radiation source must be stored within utensils of lead quality to prevent radiation leakage. Then entrust a professional shipping company to transport under the route planned by the local department of health, and prepare a proper crisis management plan in advance to minimize the risk of transportation and the probability of environmental pollution.
- (4) For non-regulated medical equipment and consumables among the products distributed by the Group, the scrapping procedures must be submitted to the competent authority following the laws and regulations. And a legal recycling company must be entrusted to collect and transport these items.

Environmental Data

CHC regards the reduction of GHG as a necessary action to slow down climate change and global warming. The GHG inventory can provide a basis for reduction, and the inventory results can be a reference for setting specific reduction goals in the future. Considering that the Group is not in the manufacturing industry and has no manufacturing process, there is almost no GHG emission from stationary emission sources (diesel for emergency generators), mobile emission sources (petrol for company vehicles), and fugitive emission sources (refrigerants, septic tanks, fire extinguishers) in Scope 1. The Group's main energy consumption comes from purchased energy (Scope 2). It is estimated that GHG emissions from Scope 2 account for more than 99% of the total Scope 1 and Scope 2 GHG emissions in recent years. Therefore, at this stage, only Scope 2 GHG emissions are used to evaluate the Group's GHG reduction results. The statistics of GHG emissions from water and electricity consumption in the past three years are as follows:

CO ² Emissions Statistics				
(Unit: kg)				
Region	Item	2019	2020	2021
Taiwan	Electricity consumption	142,715	304,124	328,196
	Water consumption	102	282	234
	Subtotal	142,817	304,406	328,430
China	Electricity consumption	9,310	8,234	6,828
Total		152,127	312,640	335,258
Annual rate of reduction			-105%	-7%

*Note: CHC's office in China is a sub-leased office space, and the office in Indonesia is also not independent. So it can be hard to collect the environmental data from these two sites independently. Only electricity consumption information in the China office can still be obtained. It is believed that these environmental statistics do not cause a significant impact on the Group's overall performance since the scale of the overseas offices is much smaller than those in Taiwan.

Since the second quarter of 2020, the Group has expanded its Taiwan office, resulting in a significant increase in CO² emissions compared to the previous year. In addition, there is an increase in the number of subsidiaries in the fourth quarter of 2021, so the CO² emissions of the new subsidiary have been included in the statistics, resulting in a slight increase in CO² emissions in 2021 compared to the previous year.

Since 2020, the Group has also recorded electricity consumption, water consumption, and the total weight of waste. The statistics of the Group's electricity consumption, water consumption, and total waste weight in 2020 and 2021 are as follows:

Total Electricity Consumption, Water Consumption and Total Waste Statistics			
Region	Item	2020	2021
Taiwan	Annual electricity consumption (kWh)	560,437	646,147
	Annual water consumption (Ton)	3,894	3,628
	Annual total weight of waste (kg)	5,549	5,956
China	Annual electricity consumption (kWh)	9,104	7,945

*Note 1: The statistical period of Taiwan's annual total weight of waste in 2020 is from May to December.

*Note 2: CHC's office in China is a sub-leased office space, and the office in Indonesia is also not independent. So it can be hard to collect the environmental data from these two sites independently. Only electricity consumption information in the China office can still be obtained. It is believed that these environmental statistics do not cause a significant impact on the Group's overall performance since the scale of the overseas offices is much smaller than those in Taiwan.

Although global warming has not yet had a material impact on CHC's operations, the Group is still actively implementing environmental protection. In recent years, the earth has encountered more and more severe climate changes, and environmental sustainability has become a critical issue for all industries. Besides collecting environmental data periodically, the Group conducts self-reviews and obtains external suggestions through the recording and disclosure process. The Group also takes 2020 as the base year to set up environmental protection goals for the short-term, mid-term, and long-term. Relevant information is as follows:

Environmental Protection Goals for Short-Term, Mid-Term, and Long-Term				
Item	Base year	2021 achievements	Short-term goal	Mid-term, long-term goal
Carbon emission management	2020	Missed short-term goal: CO ² emission increases by 7% compared with the base year.	0.5% reduction per year	3% reduction in 2025 compared with the base year
Electricity consumption management	2020	Missed short-term goal: Electricity consumption increases by 15% compared with the base year.	0.5% reduction per year	3% reduction in 2025 compared with the base year
Water consumption management	2020	Exceeded short-term goal: Water consumption decreases by 7% compared with the base year.	0.5% reduction per year	3% reduction in 2025 compared with the base year
Waste management	2020	Missed short-term goal: Total weight of waste increases by 7% compared with the base year.	0.5% reduction per year	3% reduction in 2025 compared with the base year

*Note: The statistical period of annual total weight of waste in 2020 is from May to December.

Apart from the original Energy Saving & Carbon Reduction Implementation Plan, the Group has adopted the Energy Saving & Waste Reduction Management Policy as the table below, to effectively manage electricity consumption, water consumption, and the total weight of waste for the ultimate target of achieving mid-term and long-term environmental protection goals. In the future, CHC will continue implementing various management policies to save energy, cherishing every drop of water and reducing waste, and working together to slow down global warming.

Energy Saving & Waste Reduction Management Policy		
Policy	Measure	Description
Electricity consumption management	Elevator control	◆ Install an intelligent elevator control system to control elevator operation. ◆ Encourage colleagues to take the stairs instead of the elevators to save energy and reduce carbon emissions as well as stay healthy.
	Air conditioner control	◆ Advise air conditioner temperature setting of 26~28°C in summer. ◆ Bring outdoor air into the building through the energy recovery ventilator to improve the power-saving effect in winter.
	Lighting control	◆ Use high-efficiency and energy-saving LED lighting for office and emergency exit lights. ◆ Turn on/off lights in the offices and fire escape by area, and turn off the lights during the lunch break according to working/resting conditions of colleagues. ◆ Support Earth Hour 2021, held by the World Wildlife Fund (WWF), by turning off the outdoor landscape lights and signboard lights after 20:30 on the day of the event.
Water consumption management	Water-saving devices installation	◆ Adjust the faucet flow rates in the pantry room and washroom. ◆ Adopt dual flush toilets.
	Water recycling and reuse	◆ Recycle rainwater and condensed water from the air conditioner on each floor of the headquarters for garden sprinklers.
Waste management	Recycling maximization	◆ Distinguish trash, kitchen waste, and recycling to perform waste sorting resource recycling. ◆ Record the weight of general industrial and recyclable waste to minimize trash and maximize recycling.
	Waste reduction	◆ Publish event information through paperless means. ◆ Encourage colleagues to refuse bottled water and use reusable bags and food ware.

The Group does not disclose the details of the total environmental protection expenditure and investment amount in the report, in consideration of the Group is not in the manufacturing industry, the working environment is purely office space, the cost of waste gas emission management, prevention and remediation, and environmental management costs are relatively low, and all operating sites of the Group meet the relevant requirements of environmental impact assessment.

Responses to Climate Change

◆ Adoption of TCFD Framework

In 2021, it is the first time for CHC to adopt the recommended framework of the Task Force on Climate-Related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB), carrying out a comprehensive review from the four aspects of governance, strategy, risk management, and metrics and targets. Further, identify the Group's climate-related risks and opportunities and establish a climate risk management culture under the supervision of the Board of Directors, to strengthen the corporate resilience in facing climate-related risks and to enhance the sensitivity of searching for business opportunities, hoping to contribute to Taiwan's transition to a low-carbon economy.

Thematic area	Recommended disclosure		CHC's action
Governance	a	Describe the Board's oversight of climate-related risks and opportunities.	◆ The Company has established the Risk Management Committee. The Board of Directors is the ultimate decision unit of the risk management mechanism and shall bear the final responsibility for risk management. ◆ The Board of Directors shall approve the corporate risk management policies based on

Thematic area		Recommended disclosure	CHC's action
			overall operational strategies and business environment for the management of hazard risk, strategic and business risk, financial risk, compliance/contractual risk, and other risks on environmental (E), social (S) and corporate governance (G) related to the operation of an enterprise. Based on the materiality principle, the Group's main environmental risks are identified as climate-related risks. The risk management officer and environmental community unit under the Risk Management Committee are further assigned to assess climate-related risks and opportunities. ◆ The Board of Directors and the Audit Committee regularly listen to the report of the Risk Management Committee every year to review its implementation status and ensure the effective management of relevant risk issues.
	b	Describe management's role in assessing and managing climate-related risks and opportunities.	◆ The Group has set up a risk management officer in the Risk Management Committee, assigned by the Board of Directors, to be the chief supervisor dealing with risk management relevant matters. ◆ The risk management officer is responsible for supervising the environmental community unit to complete the assessment of climate-related risks and opportunities, formulating appropriate countermeasures and corresponding strategies based on the evaluation results, and conducting daily management and tracking. ◆ The risk management officer regularly reports the implementation status of risk management to the Audit Committee and submits it to the Board of Directors for resolution.
Strategy	a	Describe the climate-related risks and opportunities CHC has identified over the short, medium, and long term.	◆ Climate-related risk - Short-Term: Increase of extreme weather events - Mid-Term: Policy changes / Regulations are getting stricter / Market changes in preference for existing products and services - Long-Term: Stakeholders pay more and more attention to whether the Group is committed to low-carbon transformation / Average temperature rise / Sea level rise ◆ Climate-related opportunity - Short-Term: Actively improve resource utilization efficiency - Mid-Term: Develop low-emission products and services - Long-Term: Invest in sustainability transitions ◆ For further information, please refer to the next section - Climate-related risks and opportunities of this paragraph.
	b	Describe the impact of climate-related risks and opportunities on CHC's businesses, strategy, and financial planning.	◆ The Group is not in the manufacturing industry. After conducting a risk assessment, climate-related risks are concerned to have no significant impact on the Group's business, strategy, and financial planning in the short term.

Thematic area		Recommended disclosure	CHC's action
			◆ The Risk Management Committee has completed the identification of climate-related risks over short-term, medium-term, and long-term and has formulated appropriate countermeasures and corresponding strategies based on the evaluation results, hoping to reduce the impact of climate-related risks by improving the efficiency of resource utilization. ◆ The Group aggressively develops low-emission products and services and invests in sustainability transitions, effectively combining climate-related opportunities with corporate strategy to create benefits for the Group's overall medium-term and long-term financial planning and business development.
	c	Describe the resilience of CHC's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	◆ The Group actively pays attention to climate-related risks and regularly reviews whether relevant risk management strategies and environmental protection policies have kept pace with the times and makes appropriate adjustments when necessary. ◆ To achieve energy conservation and carbon reduction to reduce the impact of physical climate-related risks, the Group collects environmental data periodically and sets environmental protection goals for the short-term, mid-term, and long-term. ◆ The Group plans to analyze different climate-related scenarios in the coming years and estimate the overall impact on corporate operations in various pathways to carbon reduction and timings.
Risk Management	a	Describe CHC's processes for identifying and assessing climate-related risks.	◆ The Risk Management Committee refers to the annual material topics identified by the Sustainability Committee, takes the Group (including the Company and all the subsidiaries) as the boundary, and conducts risk assessment on environmental (E), social (S), and corporate governance (G) issues related to corporate operations under the materiality principle as a reference for risk management and operational strategies. ◆ The environmental risks identified by the Group are mainly climate-related. After assessing current and future potential climate-related risks and opportunities, transition risks on the transition to a lower-carbon economy and physical risks on the physical impacts of climate are identified, with countermeasures and corresponding strategies being proposed.
	b	Describe CHC's processes for managing climate-related risks.	◆ The Group's Risk Management Committee has formulated the Policies and Procedures for Risk Management, resolved by the Board of Directors on May 6, 2020. ◆ The Group's climate-related risk management process includes risk identification, risk

Thematic area		Recommended disclosure	CHC's action
			assessment, risk monitoring, risk reporting, and risk response. ◆ The climate-related risk management implementation refers to the organizational structure of the Risk Management Committee and is performed under the three lines of responsibilities structure. ◆ The Audit Office, affiliated to the Board of Directors, incorporates the risk management system and regulations into the internal audit operating procedures to ensure the continuous and effective implementation of the system.
	c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into CHC's overall risk management.	◆ The Group's Risk Management Committee consists of the Board of Directors to act as the ultimate decision unit, a risk management officer to integrate risk management tasks, and relevant units of legal compliance, customer service, and environmental community to implement the overall risk control and management of the Group. The environmental community unit is responsible for climate-related risk identification and assessment on the front line. ◆ The hazard risk, strategic and business risk, financial risk, compliance/contractual risk, and other risks on environmental (E), social (S), and corporate governance (G) related to the operation of an enterprise identified by the Group are within the purview of the Risk Management Committee. Climate-related risks under environmental risk have also been incorporated into the Group's risk management processes and integrated into the overall risk management system.
Metrics and Targets	a	Disclose the metrics used by CHC to assess climaterelated risks and opportunities in line with its strategy and risk management process.	◆ The key climate metrics that the Group mainly tracks at this stage include CO² Emissions, electricity consumption, water consumption, and the total weight of waste, tracking the statistics compared with the base year for management. ◆ With 2020 as the base year, the Group sets a short-term environmental protection goal on key climate metrics tracked by reducing 0.5% per year and a mid-term to a long-term goal of 3% reduction in 2025 compared with the base year.
	b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	◆ The Group is not in the manufacturing industry and has no manufacturing process. There are almost no direct (Scope 1) GHG emissions from stationary, mobile, and fugitive emission sources. ◆ The Group's main energy consumption comes from energy indirect (Scope 2) GHG emissions, and CHC has set Scope 2 emissions reduction goals over the short-term, mid-term, and long-term with 2020 as the base year. ◆ Other indirect (Scope 3) GHG emissions data is planned to be included in the scope of the Group's environmental data management step by step in the coming years.

Thematic area	Recommended disclosure	CHC's action
	c Describe the targets used by CHC to manage climate-related risks and opportunities and performance against targets.	◆ The Group collects environmental data periodically and takes 2020 as the base year to set up environmental protection goals for the short-term, mid-term, and long-term, conducting self-reviews and obtaining external suggestions through the recording and disclosure process. ◆ To effectively achieve the set goals, in addition to the original Energy Saving & Carbon Reduction Implementation Plan, the Group has adopted the Energy Saving & Waste Reduction Management Policy, specifying relevant measures and specific guidelines, and actively promoting and implementing environmental protection.

◆ Climate-related risks and opportunities

The Group has assessed the current and future potential climate-related risks and opportunities and adopted appropriate countermeasures and corresponding strategies for the identified climate change risks and opportunities. Lists of climate-related risks, as well as climate-related opportunities, are as follows:

List of Climate-Related Risk			
	Risk		Countermeasure
Transition Risks - risks related to the transition to a lower-carbon economy	Policy and legal risks	◆ Policy changes ◆ Regulations are getting stricter	◆ Voluntary reduce GHG emissions and energy consumption. ◆ Conduct an inventory of GHG emissions and product carbon footprints.
	Market risk	◆ Market changes in preference for existing products and services	◆ Develop low-emission products and services ◆ Pay attention to market trends and cooperate with suppliers that meet market demands.
	Reputation risk	◆ Stakeholders pay more and more attention to whether the Group is committed to low-carbon transformation	◆ Formulate the Energy Saving & Carbon Reduction Implementation Plan, announce and implement it within the Group. ◆ Adopt the Energy Saving & Waste Reduction Management Policy and implement it. ◆ Build the headquarters as a green building. ◆ Conduct supplier assessment following the Group's sustainability policy.
Physical Risks - risks related to the physical impacts of climate change	Acute risk	◆ Increase of extreme weather events – Typhoon ◆ Increase of extreme weather events - Rainstorms	◆ Adopt ISO 45001 Occupational Health and Safety Management System and formulate the Emergency Response Plan. ◆ Equip with an uninterruptible power supply and remote backup system, and conduct regular testing and maintenance. When extreme weather events occur, someone is assigned to confirm the status of the equipment. ◆ Reduce losses caused by natural disasters by taking out business insurance.
	Chronic risk	◆ Average temperature rise ◆ Sea level rise	◆ Increase energy efficiency by improving air conditioner efficiency. ◆ Formulate the Energy Saving & Carbon Reduction Implementation Plan, announce and implement it within the Group. ◆ Adopt the Energy Saving & Waste Reduction Management Policy and implement it. ◆ Build the headquarters as a green building.

List of Climate-Related Opportunity		
	Opportunity	Countermeasure
Resource Efficiency	♦ Implement resource recovery and reuse	♦ Reduce operating costs through recycling and reuse of resources.
	♦ Carry out green procurement	♦ Priority purchase products with the Green Mark and check existing facilities to evaluate whether to replace them with items with energy-saving and carbon-reducing functions, to reduce environmental impact and improve operational efficiency.
	♦ Construct environment-friendly buildings	♦ Build the headquarters as a green building and enhance greening for temperature adjustment, to reduce environmental impact and improve operational efficiency.
Products & Services	♦ Develop low-emission products and services	♦ Promote medical information management system and develop iROIS. Paperless operations can reduce customer operating costs and improve operational efficiency.
	♦ Invest in sustainability transitions	♦ Invest in constructing a high-tech radiation sterilization factory, aiming to become the first sterilization factory of sustainability in Taiwan and drive corporate sustainability transitions through practical actions.

Grievance Mechanism for Environmental Issues

CHC is not in the manufacturing industry, and the working environment is purely office space, which has no significant impact on the environment. If the general public has any suggestions for the Group or complaints arising from environmental issues, please refer to the contact information on page 85 of the report. The Group's official website also has a Contact Us section with assigned personnel to handle and respond. There are no complaints related to environmental issues in 2021.

4.2 Supplier Relations

Suppliers are important partners for CHC's business development. The Group manages the relationship with the attitude of coexistence and co-prosperity with suppliers, holds regular meetings to communicate with suppliers, sets up corresponding contact persons for daily contact, provides unimpeded communication channels to build consensus to improve cooperation efficiency, and works together to provide customers with better products and services. In the future, the Group will continue to cooperate with suppliers on major societal and environmental issues to build a sustainable supply chain.

While maintaining positive and effective communication and interaction, the Group has also gradually enhanced supplier management. CHC encourages and requires suppliers not only to provide high-quality products and services but also to cooperate with the Group's requirements in corporate governance, human rights protection, safety and health, environmental protection, and other social responsibility and sustainable management topics. For new supplier selection, the Group also rigorously conducts various verifications. It is believed that outstanding suppliers can be CHC's assets for business success and sustainable development.

Environmental & Social Assessment

Effective supplier management and assessment are key to corporate sustainable risk management. Without the long-term cooperation of suppliers, it would be difficult for CHC to achieve its leading position in the industry. While maintaining a good relationship with suppliers, the Group also has a management and assessment system for suppliers. The main elements of supplier management are as below, and descriptions for foreign and domestic suppliers are listed separately as follows:

Item	Element	Goal
1	Continuous improvement of supplier quality	Ensure suppliers comply with customer and relevant regulatory requirements.
2	Green supply chain	Ensure the sustainable development of the supply chain.
3	Supply chain risk management	Ensure there is no risk of disruption to the supply chain.
4	Enhancement of supplier management	Ensure that suppliers meet the Group's requirements in quality, environmental protection, safety, hygiene, etc.

1. Foreign supplier

The Group's foreign suppliers are all well-known international medical equipment manufacturers. In addition to complying with the laws and regulations where the brand and the factories are located, the foreign suppliers must also obtain the certification of ISO 13485 Medical Devices Quality Management Systems since the products are all medical equipment. Possession of this certification means that the supplier's quality management system has reached the required standards. When importing products to Taiwan, the Group also asks foreign suppliers to assist in preparing relevant documents to handle medical device inspection and registration with TFDA of the MOHW, the competent authority, and to apply for related licenses according to different regulations of individual product categories.

Under the framework of ISO 9001 Quality Management Systems, the Group conducts quality and safety assessments for foreign suppliers and confirms the validity of the ISO 13485 Medical Devices Quality Management Systems certification at the beginning of each month regularly. If the validity period has expired, the supplier must provide a new version of the certification to ensure that the supplier complies with good manufacturing practices for medical devices.

The foreign suppliers of CHC are all renowned corporate in the world, and most of them are listed companies or OTC companies in Europe and the United States. These manufacturers must meet the highest standards regarding products, financial performance, corporate governance, or corporate sustainability to comply with local government regulations for public companies. Hence the Group does not require foreign suppliers to sign the Corporate Sustainability Statement.

Most of the Group's foreign suppliers have published sustainability reports. For the few foreign suppliers that have not published the report, no significant actual or potential negative impacts on the environment are found in 2021. In addition, Europe and the United States have clear laws and regulations prohibiting corporates from employing child labor and violating human rights. According to the information available to the Group, no child labor or human rights violations are found in the foreign suppliers in 2021. If any supplier violates local regulations, endangers the environment, or infringes on human rights in the future, the Group will take this into consideration in deciding whether to renew the contract with the supplier in the future. The Group's new foreign suppliers in 2021 all attach great importance to social and environmental issues. In times to come, the Group hopes to find more partners willing to work together with CHC in sustainable development through a sound supplier assessment system.

2. Domestic supplier

CHC has drafted a Corporate Sustainability Statement, which lists issues of environmental protection, safety, health, human rights, ethics, and social responsibility promulgated by the government. The Group requires domestic suppliers to sign and abide by relevant regulations and fulfills corporate social responsibility together with the Group. At present, the declarations have been signed back in succession. The contents of the Corporate Sustainability Statement are as follows:

- ▼ Comply with relevant laws and regulations on wastewater, exhaust gas, solid waste, hazardous waste, and noise control.
- ▼ Adopt a systematic approach to reduce the consumption of energy resources and emissions.
- ▼ Ensure products and services do not use environmentally hazardous substances that are illegal or prohibited by customers.
- ▼ Ensure employees can have a safe and healthy working environment through effective management.
- ▼ Provide an equal and fair working environment and prohibit all forms of discrimination.
- ▼ Respect the basic human rights of employees and prohibit all forms of humiliation.
- ▼ Provide employees with safe and clean food and drinking water
- ▼ Provide adequate and qualified sanitary and environmental facilities, such as public facilities, etc.
- ▼ Respect the freedom of employees and prohibit all forms of forced labor.
- ▼ Promote labor-management cooperation and respect the opinions of employees.
- ▼ Comply with general corporate ethics.
- ▼ Prohibit the employment of child labor.
- ▼ Provide labor protection to minor and female employees.
- ▼ Respect employees' freedom of association and the right to collective bargaining.
- ▼ Provide appropriate wages and welfare.

By signing the Corporate Sustainability Statement, the Group hopes to regulate suppliers to ensure the safety of the working environment, protect the labor rights and interests of employees, strictly abide by the principle of prohibiting the employment of child labor, take into account environmental protection while doing business, and abide by relevant laws and ethics. If it is found that the supplier has not complied with the content of the statement, the Group stops the cooperative relationship with the supplier and selects another qualified supplier.

In addition to signing the statement, the Group plans to conduct regular domestic supplier evaluations. The evaluation items include the quality, price, delivery status, design skill, customer service attitude, etc., to ensure that suppliers comply with relevant regulations and that products and services can also meet the needs of the Group. CHC also works on searching for outstanding suppliers who are certified by ISO.

Moreover, the Group has obtained the official certification of ISO 9001 Quality Management Systems. In the future, new suppliers and existing qualified suppliers will be managed according to the Supplier Management Procedure under the ISO framework, including evaluation, assessment, and audit of quality and occupational health and safety, to ensure that the product quality meets relevant criteria. The Group's Supplier Management Procedure is as follows:

Supplier Management Procedure	
Item	Management procedure
Supplier Verification	1. Relevant units verify whether the basic requirements of the Group are met according to the information provided by the supplier. 2. Product, technology, quality, and degree of coordination. 3. Occupational health and safety management.

Supplier Management Procedure	
Item	Management procedure
New Supplier Evaluation	- Suppliers certified by ISO 9001 Quality Management Systems or ISO 13485 Medical Devices Quality Management Systems are judged as qualified suppliers. - Other suppliers can only become qualified suppliers after passing the new supplier evaluation. *Price: 15 points *Payment terms: 15 points *Degree of coordination: 15 points *Urgent order processing ability: 15 points *Willingness to sign the Corporate Sustainability Statement: 10 points *Waste disposal through qualified clearance organizations: 10 points *Establishment of environmental safety management unit: 10 points *Occurrence of occupational accident or dispute in the past 12 months: 10 points Qualification score - Pass: 60~100 points / Fail: less than 60 points
Supplier Annual Assessment	- Assessment frequency: About 30% of the suppliers with more than five transactions (including the 5th) in the current year are evaluated. - Supplier assessment form: Suppliers who meet the above standards are evaluated based on the following items. *On-time delivery: 20 points *Product quality: 10 points *Exception handling: 10 points *Price: 20 points *Payment terms: 15 points *Customer complaint handling: 15 points *Willingness to sign the Corporate Sustainability Statement: 10 points Qualification score - Pass: 60~100 points / Fail: less than 60 points

In the meanwhile, to establish a green supply chain, the Group continues to promote the concept of green procurement to procurement units, including the definition of green procurement and encourages the priority procurement of products that meet government regulations. CHC also listed three types of environmentally friendly products that have less impact on the environment, including products with the Green Mark issued by the Environmental Protection Administration of Executive Yuan, products consist of recycled materials and meet the requirements of recycled materials, low pollution, recyclability, and resource-saving, and other products that can increase social benefits or reduce social costs and have the same or similar effects.

Therefore, when procurement units make purchasing decisions, whether service or office supplies, environmental protection materials, and recyclable items are prior taken into consideration, and energy-saving is listed as one of the procurement specifications, encouraging more and more suppliers to provide products that meet the requirements. CHC also promotes priority purchasing products with the Green Mark under the premise of sound product quality and reasonable price to make domestic suppliers understand the Group's emphasis on environmental sustainability, then urge suppliers to have environmental awareness and protect the environment together. The Group requires domestic suppliers to comply with relevant regulations on environmental protection, safety, and health and fulfill corporate responsibilities. In 2021, no significant actual or potential negative impact on the environment has been found in the domestic supply chain.

Suppliers are important partners of the enterprises, and relations between the two parties are inseparable. Outstanding suppliers can be assets to business success. In the future, CHC will continue to conduct supplier assessments on environmental and social dimensions, using corporate influence to encourage green procurement and work with suppliers to build a supply chain that is responsible, concerned about social issues, and sustainable.

Chapter 5

Community Engagement

Chapter 5

Community Engagement



5.1 Social Care & Support

Adhering to the tenet of giving back to society since the flourishing of an enterprise comes from the support of the community, CHC is keen on social welfare activities and has long-term cooperative relationships with non-profit organizations around the world. With the pursuit of "medical services, public welfare, and healthy living", the Group actively participates in public welfare activities, helps disadvantaged groups in rural areas, assists in medical volunteer programs, and advocates topics related to healthy living. For minority groups that need help, the Group provides timely support and assistance, hoping to fill the resource gap effectively. In response to natural disasters and major accidents, the Group spares no effort to provide emergency assistance and related medical resources and pays attention to disaster relief and caring activities initiated by all parties.

The Group encourages all employees to participate in social welfare activities together. Engaging in social care and support can not only contribute to the community but also strengthen employees' sense of identity and empathy. With the call from an organization, the enterprise can efficiently gather the strength of each individual, multiply the influence and maximize the synergy effect, and become the pioneer in fulfilling social responsibility.

CHC has invested NT\$200 thousand in social care and support, and 212 employees have participated in the social welfare domain in 2021. In the future, the Group will continue to stick to the tenet of giving back to society and making progress together with the community. CHC also hopes to get the ball rolling and inspire more enterprises to let people in need feel the positive power of society.

Epidemic Prevention Supplies Donation



CHC donates epidemic prevention supplies to the Neihu Precinct of the Taipei City Police Department.

At the beginning of May 2021, widespread outbreaks of COVID-19 happens in Taiwan rapidly, and the Central Epidemic Command Center (CECC) announces a rise in the nationwide epidemic alert level to level 3. The Group makes every effort to donate epidemic prevention supplies and provide masks, isolation gowns, and other materials for vulnerable groups as well as police and firefighters, who are on the front line to protect the public from infection, hoping to fight against the epidemic together.

To reduce the infecting risk for vulnerable groups, the Group immediately donates thousands of medical masks to the Wanhua Social Welfare Center and Zhongzheng Social Welfare Center of the Department of Social Welfare of Taipei City Government and the Homeless Taiwan Association, hoping to protect the homeless through regularly distributing supplies from social welfare organizations and enhance epidemic prevention on street. In addition, the Group donates 200 pieces of isolation gowns to the Neihu Precinct of the Taipei City Police Department, and 500 pieces of N95 masks to the Taipei City Fire Department, hoping that the polices and firefighters on duty on the front line can have sufficient protection and be reassured when performing various epidemic prevention tasks.

CHC Blood Donation Day

Due to the impact of COVID-19, the number of blood donations in 2021 decreases by 20% to 30% compared to the past, but the demand for blood does not decrease. When the epidemic slows down, the Group holds a charity blood donation event, inviting local enterprises to participate, donating blood together to save lives by replenishing the blood supply and giving back to society.

The Group, together with the co-organizers – Shing Great Jungle and BMW-Longder, holds a blood donation event on September 6, prepares rich gifts and lunch boxes from the Gofe Sheltered Workshop to thank all blood donors, and invite local enterprises such as Flytech, Shin Kong Security, Fortune Information, South Neihu Branch of Hua Nan Bank to join the event together. CHC Blood Donation Day has successfully raised 193 blood bags with a total of 138 blood donors, of which 22% are first-time donors. The Group has run off the first blood donation event and helped to replenish the blood supply. It is hoped that this experience can be continued in the future, encouraging more people to donate blood and give back to society.

Charity Christmas Party

To further implement the daily environmental protection campaign launched in response to Earth Hour 2021 on March 27, CHC plans to hold a charity Christmas party, calling on colleagues to donate items that are in good condition or brand new. On the one hand, these items can be effectively reused via gift exchange. On the other hand, the items and the raised funds are donated to social welfare organizations in need. This event considers both environmental protection and public welfare and can also enhance friendship among colleagues, which has many benefits.

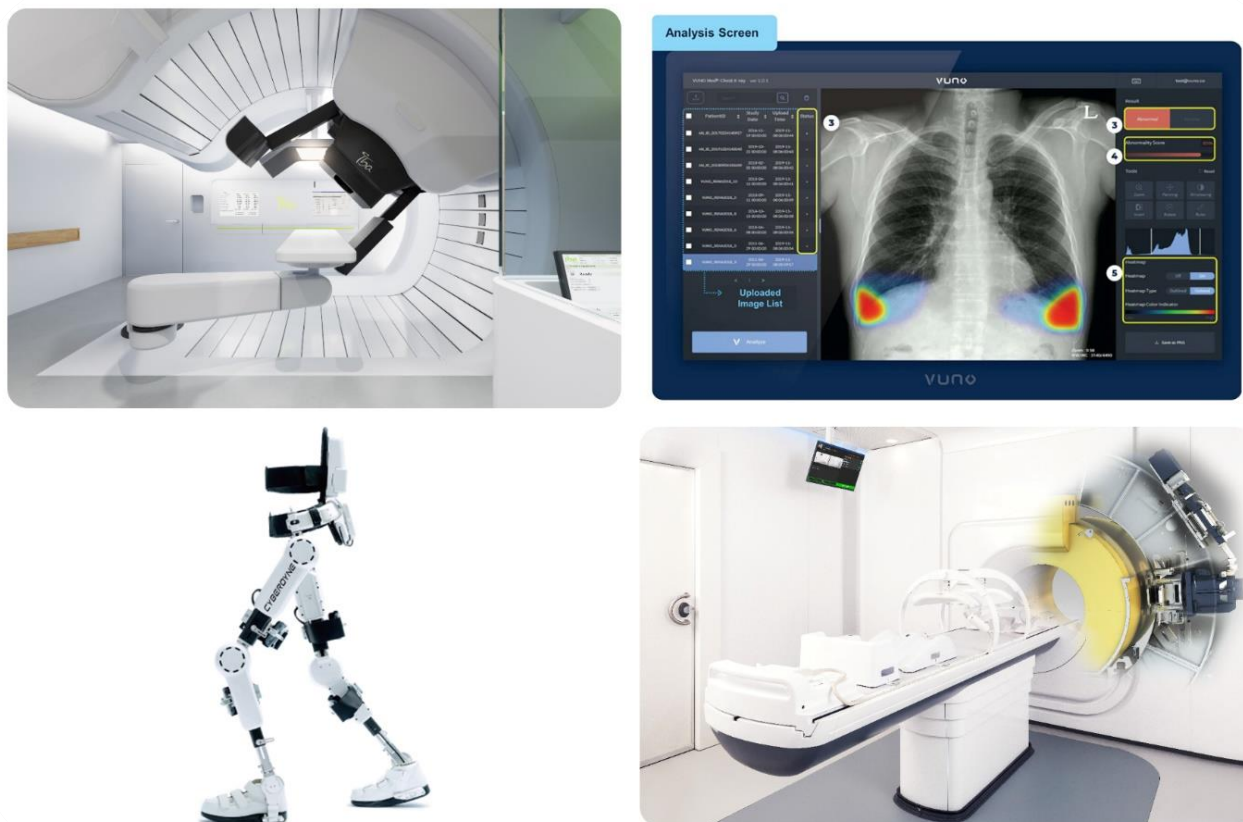


On December 17, the Group hosts a Charity Christmas Party at the headquarters, and colleagues from the Taichung and Kaohsiung offices participated through video conference. In addition to the original gift exchange idea, a charity auction is arranged. The management team provides costly items in good condition to raise funds through auctions and donates all the funds raised with other donations to social welfare organizations. 120 people join the party,

with nearly 250 items collected for gift exchange and donation. In addition, the event raises NT\$90,000 through contributions and auctions. Environmental protection and community engagement are both put into practice with the active participation of all colleagues.

5.2 Economy for Common Good

Innovative Medicine



Products for innovative medicine

Through the introduction of high-end medical equipment and technology, CHC enables the public to have more accurate treatment, more adequate medical resources, and high-quality medical services, thereby promoting the overall health and well-being of compatriots. In recent years, the Group has further engaged in innovative medicine and introduced the proton therapy system, MRI linear accelerator, etc., to protect normal tissues to the maximum extent while eliminating tumors. The Group also brings in HAL® (Hybrid Assistive Limb®) for medical use, which has obtained CE marking from the European Union and FDA clearance from the United States and has launched in three primary markets – Europe, the United States, and Japan. The product is expected to benefit patients in need in Taiwan due to its positive effect on the rehabilitation of spinal cord injury and stroke. Moreover, the Group has obtained the exclusive distribution rights of Artificial intelligence (AI) medical solutions with CE marking from the European Union and KFDA marketing clearance from Republic of Korea in 2021. This series of products equips with AI technology, which has been first adopted in medical institutions in Republic of Korea to analyze chest X-ray images to assist doctors in diagnosing the symptoms of COVID-19, helping to optimize the medical procedure and improving the accuracy of medical decision-making. CHC is looking forward to the solutions to benefit patients in Taiwan.

In the future, in addition to maintaining a stable distributorship with major international medical equipment manufacturers, the Group will actively recruit new products through various exhibitions to enrich the product line. Also, the existing sales channels will be efficiently performed to bring in further income for the Group, achieving a three-win situation among the Group, the patients, and the medical institutions.

Emphasis on Education by Introducing Global Medical Knowledge

Education is the foundation of everything, the driving force of social progress and development, and an important cornerstone for boosting national competitiveness. The Group expects to cultivate more healthcare professionals through its advantages and resources and introduce the latest medical information and treatment technologies to healthcare workers. Therefore, patients can have more suitable treatment plans, and the quality of domestic medical care can be in line with international trends.

CHC regularly participates in and holds international medical seminars at home and abroad by inviting international medical experts and scholars to gather and share the latest global medical trends with Taiwan's medical profession. The Group also encourages outstanding doctors in Taiwan to participate in international seminars and introduce professional and diverse medical experience in Taiwan to the world through such conferences. To avoid large gatherings under the new post-pandemic normal, the Group holds webinars to allow more physicians to participate online, increase communication opportunities, and improve real-time interaction.

In addition, the Group understands that it is never easy to cultivate a doctor. For that reason, CHC regularly assists hospitals and medical schools in Taiwan organize surgical training courses, hoping that by providing high-end medical equipment to medical students and residencies for clinical training and operation, they can have the opportunity to practice. Therefore, through strengthening surgical skills and accumulating clinical experience, the learning outcomes and overall medical quality in Taiwan can be improved.

Whole New Perspective on Elderly Care

CHC has always paid attention to social issues for a long time. Given the gradual aging of Taiwan society, the public's concern and demand for elderly care have become a part of national health planning and an important issue of national development. In recent years, the Group has paid close attention to the elderly care industry. After visiting and interacting with elderly care institutions all over the world, CHC has cooperated with Sakurajyuji Group, a well-known Japanese elderly care brand. The two parties will jointly create a whole new elderly care experience for Taiwan.



From the business operation of Sakurajyuji Group, the Group has found an elderly care model that is completely different from Taiwan. A more common situation in Taiwan is that after the elderly have symptoms of disability and dementia, the family members cannot take care of them around the clock, so the elderly are sent to elderly care institutions, hoping to prolong their life of the elderly through professional care of the institutions. In Japan, there are more proactive approaches. Given the improvement of medical technology, average life expectancy is getting higher and higher, and everyone has more time for themselves after retirement. In addition to perfect care, Japan also advocates the concept of prevention, hoping to prolong everyone's healthy life as much as possible and reduce bedridden time. In this way, the elderly can enjoy a retirement life of better quality, and it can also effectively reduce the psychological and economic burdens of the younger generation. In the future, the Group hopes to establish such a perspective in Taiwan step by step and bring humanized and high-quality elderly care services to Taiwan.

Focus on Environmental Issues

Global warming has deeply affected the lives of all human beings. The 2019 Amazon rainforest wildfires and the 2019-2020 Australian Bushfires have repeatedly shown the severe consequences of ecological imbalance and nature's counterattack against humanity. As the world pays more and more attention to environmental protection issues, the average annual carbon emissions of Taiwanese are still as high as 11.38 metric tons, more than 2.5 times higher than the global average. Because of this, CHC believes that Taiwanese society must pay more attention to environmental protection.



Earth Hour is a global environmental event initiated by WWF in Sydney, Australia since 2007, which is held every year on the last Saturday of March by switching off unnecessary lights for one hour at 8:30 p.m. local time. The action of lights-out appeals to the public to face up to the issue of climate change. Earth Hour 2021 is held from 8:30 to 9:30 on the evening of March 27. The Group calls on the employees and their families to participate in the activity of turning off the lights to save energy.

To effectively promote environmental protection and fulfill the environmental responsibility of the enterprise, the Group adopts energy-saving and carbon-reduction plans, arranges environmental protection education and training, and implements green procurement in the office. In addition, the Group initiates a 14-day environmental protection campaign internally, including encouraging colleagues to use eco-friendly tableware, taking the stairs instead of the elevators, refusing to buy over-packed products, and carrying reusable shopping bags, etc. to protect the environment through daily life. The Chairman of CHC, Mr. Pei-Lin, Lee, takes the lead in implementing Stairs Day, replacing elevators with taking stairs to his office, looking forward to encouraging all employees to develop good habits from workplace to life, to support eco-friendly awareness, to protect the earth, and to coexist and co-prosper with the environment.

Grievance Mechanism for Social Impacts

CHC is not in the manufacturing industry, and the working environment is purely office space, which has no significant impact on the local community and environment, so the Group has not conducted community engagement. If the general public has any suggestions for the Group or complaints arising from social impacts, please refer to the contact information on page 85 of the report. The Group's official website also has a Contact Us section with assigned personnel to handle and respond. There are no complaints related to social impact in 2021.

Appendix



GRI Content Index

Disclosure		Chapter/Content	Page
Universal Standards			
GRI 101: Foundation 2016 - GRI 101 does not include any disclosures			
GRI 102: General Disclosures 2016 - in accordance with Core option			
Organizational profile			
102-1	Name of the organization	1.1 Business Overview	4
102-2	Activities, brands, products, and services	2.1 Products & Services	29
102-3	Location of headquarters	1.1 Business Overview	4
102-4	Location of operations	1.1 Business Overview	4
102-5	Ownership and legal form	1.1 Business Overview	4
102-6	Markets served	1.1 Business Overview	4
102-7	Scale of the organization	1.1 Business Overview	4
102-8	Information on employees and other workers	3.1 Human Resource Management	45
102-9	Supply chain	1.4 Corporate Governance 4.2 Supplier Relations	21 69
102-10	Significant changes to the organization and its supply chain	1.4 Corporate Governance	21
102-11	Precautionary Principle or approach	1.4 Corporate Governance	21
102-12	External initiatives	No such document signed by the end of 2021	-
102-13	Membership of associations	1.1 Business Overview	4
Strategy			
102-14	Statement from senior decision-maker	Letter from the Chairman	2
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	1.4 Corporate Governance 3.2 Friendly Workplace	21 49
Governance			
102-18	Governance structure	1.2 Sustainability Commitment and Strategy	9
Stakeholder engagement			
102-40	List of stakeholder groups	1.3 Stakeholder Engagement	14
102-41	Collective bargaining agreements	No such document signed by the end of 2021	-
102-42	Identifying and selecting stakeholders	1.3 Stakeholder Engagement	14
102-43	Approach to stakeholder engagement	1.3 Stakeholder Engagement	14
102-44	Key topics and concerns raised	1.3 Stakeholder Engagement	14
Reporting practice			
102-45	Entities included in the consolidated financial statements	About the Report 1.1 Business Overview	1 4
102-46	Defining report content and topic Boundaries	1.3 Stakeholder Engagement	14
102-47	List of material topics	1.3 Stakeholder Engagement	14
102-48	Restatements of information	2.3 Customer Relations (2020 Customer Satisfaction Survey - Sales Team)	38
102-49	Changes in reporting	About the Report	1
102-50	Reporting period	About the Report	1
102-51	Date of most recent report	About the Report	1
102-52	Reporting cycle	About the Report	1
102-53	Contact point for questions regarding the report	About the Report Contact Us	1 85
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	1

Disclosure		Chapter/Content	Page
102-55	GRI content index	GRI Content Index	80
102-56	External assurance	About the Report	1
Topic-specific Standards- Material Topics			
GRI 200: Economic			
Economic Performance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.1 Business Overview 1.4 Corporate Governance	4 21
201-3	Defined benefit plan obligations and other retirement plans	3.2 Friendly Workplace	49
201-4	Financial assistance received from government	1.4 Corporate Governance	21
Anti-corruption			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	3.2 Friendly Workplace	49
205-3	Confirmed incidents of corruption and actions taken	No such incident in 2021	-
GRI 300: Environmental			
Emissions			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 305: Emissions 2016			
305-2	Energy indirect (Scope 2) GHG emissions	4.1 Environmental Policy	59
305-5	Reduction of GHG emissions	4.1 Environmental Policy	59
Environmental Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	No such incident in 2021	-
Supplier Environmental Assessment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 308: Supplier Environmental Assessment 2016			
308-2	Negative environmental impacts in the supply chain and actions taken	No such incident in 2021	-

Disclosure		Chapter/Content	Page
GRI 400: Social			
Employment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	3.1 Human Resource Management	45
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.1 Human Resource Management	45
		3.2 Friendly Workplace	49
401-3	Parental leave	3.1 Human Resource Management	45
Labor/Management Relations			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	3.2 Friendly Workplace	49
Occupational Health and Safety			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	3.2 Friendly Workplace	49
403-2	Hazard identification, risk assessment, and incident investigation	3.2 Friendly Workplace	49
403-3	Occupational health services	3.2 Friendly Workplace	49
403-4	Worker participation, consultation, and communication on occupational health and safety	3.2 Friendly Workplace	49
403-5	Worker training on occupational health and safety	3.2 Friendly Workplace	49
403-6	Promotion of worker health	3.2 Friendly Workplace	49
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.2 Friendly Workplace	49
403-8	Workers covered by an occupational health and safety management system	3.2 Friendly Workplace	49
Training and Education			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	2.2 Product Liability	33
		3.3 Training & Education	56
404-3	Percentage of employees receiving regular performance and career development reviews	3.3 Training & Education	56
Supplier Social Assessment			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14

Disclosure		Chapter/Content	Page
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 414: Supplier Social Assessment 2016			
414-2	Negative social impacts in the supply chain and actions taken	No such incident in 2021	-
Customer Health and Safety			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	2.2 Product Liability	33
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.2 Product Liability	33
Marketing and Labeling			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	2.2 Product Liability	33
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident in 2021	-
417-3	Incidents of non-compliance concerning marketing communications	No such incident in 2021	-
Customer Privacy			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such incident in 2021	-
Socioeconomic Compliance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	No such incident in 2021	-
Others			
Community Engagement			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	1.3 Stakeholder Engagement	14
103-2	The management approach and its components	1.3 Stakeholder Engagement	14
103-3	Evaluation of the management approach	1.3 Stakeholder Engagement	14
Description of the organization's engagement in community		Chapter 5 Community Engagement	73

SASB Standards Index

Metric		Chapter/Content	Page
Health Care Distributors - Industry Standard			
Accounting Metrics			
Fleet Fuel Management			
HC-DI-110a.1	Payload fuel economy	CHC has not disclosed relevant information in 2021 and will plan to include it in the next few years.	-
HC-DI-110a.2	Description of efforts to reduce the environmental impact of logistics	CHC places orders with suppliers in advance following the demand schedule and strives to ensure the ordered items are combined shipping without being out of stock. At the time of delivery, the Group makes every effort to arrange one-time delivery for the same customer's order to avoid multiple transportations that would cause environmental impact. For more related measures, please refer to sector 4.1 Environmental Policy.	59
Product Safety			
HC-DI-250a.1	Total amount of monetary losses as a result of legal proceedings associated with product safety	No such incident in 2021	-
HC-DI-250a.2	Description of efforts to minimize health and safety risks of products sold associated with toxicity / chemical safety, high abuse potential, or delivery	All products distributed by CHC have been reviewed and approved by the competent authorities before being imported. A biocompatibility report is required during inspection and registration to ensure the product is not toxic when contacting the human body. For more related measures, please refer to sector 2.2 Product Liability.	33
Counterfeit Drugs			
HC-DI-260a.1	Description of methods and technologies used to maintain traceability of products throughout the distribution chain and prevent counterfeiting	CHC has been using the SAP ERP system since 2010. Procurement and delivery are all controlled through the system, which retains complete records from placing orders with manufacturers to delivering products to clients.	-
HC-DI-260a.2	Discussion of due diligence process to qualify suppliers of drug products and medical equipment and devices	The suppliers' information of the drugs, medical instruments, and medical equipment distributed by CHC has all been reviewed and approved by the competent authority. For more information related to supplier auditing procedures, please refer to sector 4.2 Supplier Relations.	69
HC-DI-260a.3	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	All products distributed by the CHC have been reviewed and approved by the competent authorities, which can only be imported after various checks, so there is no possibility of selling counterfeit products.	-
Product Lifecycle Management			
HC-DI-410a.1	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Medical equipment in large pieces distributed by CHC is packaged by the manufacturer before shipment. After receiving the order, the Group delivers to the customer in original packaging without repackaging or changing packaging. Consumable is packed with minimum necessary protective wrapping. For more related measures, please refer to sector 4.1 Environmental Policy.	59
HC-DI-410a.2	Amount (by weight) of products accepted for take-back and reused, recycled, or donated	No such incident in 2021	-

Metric		Chapter/Content	Page
Business Ethics			
HC-DI-510a.1	Description of efforts to minimize conflicts of interest and unethical business practices	1.4 Corporate Governance 3.2 Friendly Workplace	21 49
HC-DI-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices	No such incident in 2021	-
Activity Metrics			
HC-DI-000.A	Number of pharmaceutical units sold by product category	1.1 Business Overview	4
HC-DI-000.B	Number of medical devices sold by product category	1.1 Business Overview	4

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