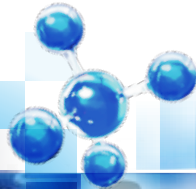
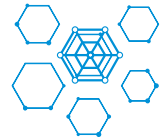




International CSRC
Investment Holdings
Company Limited

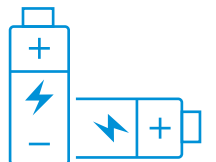
Carbon Black



2018 CORPORATE SOCIAL RESPONSIBILITY



Biotech



Battery

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Report Profile

■ Report Principles

International CSRC Holdings Co., Ltd. (Hereinafter referred to as "CSRC Group") compiles the 2018 Corporate Social Responsibility Report in accordance with GRI Sustainability Reporting Standards (GRI Standards) released by Global Reporting Initiative (GRI). The disclosure standard is compiled based on the Core Option of GRI Standards with the principles of openness, transparency, and integrity to disclose CSRC Group's strategy, engagement, and performance in the aspects of corporate social responsibility to stakeholders.

CSRC Group adopts International Financial Reporting Standards (IFRSs) to compile the financial reports. The financial performance and related information disclosed in this report are based on IFRSs. The source of information is from the Consolidated Financial Reports publicly released after certification by the Certified Public Accountant of the accounting firm Deloitte Touche Tohmatsu Limited, and the figures in the Financial Statement in this report are expressed in New Taiwan Dollar (NTD).

■ Boundaries of the Report

In terms of boundary selection, except for the "financial performance" being disclosed with the scope covered by the Consolidated Financial Statements, the contents are based on individual entities of CSRC Group in Taiwan, including Linyuan Advanced Materials Technology CO., Ltd. (100% owned subsidiary, hereinafter referred to as "Linyuan Advanced") as the primary coverage of the Report. Environmental data disclosed is based on Linyuan Advanced, and the social and financial data is based on International CSRC Investment Holdings Co., Ltd.

■ Coverage Period of the Report

The information disclosure period of this Report is 2018 (January 1, 2018 to December 31, 2018). In order to present the implementation results of all aspects of corporate social responsibility and the trends of changes over the years completely, some issues and information will be traced back to the previous year.

■ Review and Assurance of the Report

In order to demonstrate the correctness and transparency on disclosure of corporate sustainability of CSRC Group, the data and information disclosed in this Report is first provided by all responsible departments internally, confirmed by the CSR Report Compilation Team, followed by sending to managers of each department, and finally reviewed and approved by the Chairman.

The Chinese version of this report was externally reviewed by Deloitte & Touche and a Limited Assurance Report was obtained. The report accords with the core GRI Standards and the standards of the Assurance of Nonhistorical Financial Information Auditing/Review and Guidelines for the Compilation and Declaration of Corporate Social Responsibility Reports of Publically Listed Companies in the assurance reporting standards of the Accounting Research and Development Foundation. Please refer to the Assurance Report in the Appendix for the scope and conclusion of Assurance.

■ Report Cycle

Previous Report : June 2018

Current Report : August 2019

Next Report : Scheduled for August 2020

■ Contact

If there are any questions about this Report or there are any suggestions for CSRC Group, please feel free to contact us at:

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Company Website : <http://www.csrcgroup.com/>



LinkedIn



Youtube



Company Website

Chairman's Address



CSRC Produces
More Than Just
Carbon Black,
CSRC is the
Pioneer in the
Practice of
Circular Economy

China Synthetic Rubber Co., Ltd. was founded by Mr. Koo Chen-Fu and Mr. Lin Bo-Shou and 16 other entrepreneurs in 1973 in response to the government policy of Ten Major Construction Projects. Although none of synthetic rubber has been produced, CSRC plays an important role of regenerator in the value chain between petrochemical and rubber industry. CSRC transform the residue from oil refining and coking industry into carbon black that can be used as a rubber product additive, and recycle the steam to generate electricity, making the most of the circular economy and leading the transformation of Taiwan's industry at that time.

2018 was the year for CSRC to make the leap forward again, transforming into an investment holding company and changing the name to "International CSRC Investment Holdings Co., Ltd.". The Group business was divided into the Carbon Black Business, Battery Business, and Biotech Business. All these adjustments were made to optimize internal management, increase information transparency, provide products and services required by customers more efficiently, and take the development of all business groups to a higher strategic level.



Carbon Black is
the Earliest Nano
Material

Carbon black is commonly known as an additive to make tires black. However, in addition to adding color, carbon black can reinforce the adhesion with the rubber, making the tire more wear-resistant, stronger, and tougher, and improving the driving safety significantly. In order to improve research and development capabilities, in 2017, CSRC Group established Research & Development Centers in Taiwan and India. Since people are raising awareness for environmental protection and energy saving around the world, the Research & Development team was committed to developing carbon black for low-rolling resistance used in cars and trucks in 2018 to extend service life of tires. The focus of research and development in 2019 will be on carbon black for rubber and plastic products. In 2018, the non-tire customers of the Carbon Black Business Group accounted for about 28%, and the sales of non-tire customers increased by about 13% from 2017. With less grit and more cleanness in our products, carbon

black can create more possibilities with a wider range of applications, such as cable and wire, ink, chemical fibers, conductive materials, etc., to create higher value, and the product portfolio will also be more diversified.

Following the establishment of the Chongqing Plant in Mainland China in 2010, CSRC Group started to expand and selected Gujarat Province of India as the new plant location in 2018 with the aim of increasing globalization. With the team's full involvement and joint efforts, the land for constructing the new plant has been acquired. The new facility is expected to be able to contribute production capacity of 150,000 tons by 2021 and the total capacity of CSRC Group carbon black will reach 940,000 tons. CSRC Group is expected to be top 5 carbon black manufacturer worldwide. This is just the first step in the accelerated growth and globalization of CSRC Group. In the future, the Company will continue to evaluate the continuous development of capacity expansion through plant construction or mergers and acquisitions.



Never
Compromise
on Workplace
Safety and
Environmental
Protection

In 2019, our top priority is that the Company shall become the safest workplace. We will re-examine and implement standard operating procedures, arrange more trainings and activities regarding environmental protection and workplace safety, and strive to raise awareness for every employee and put it into practice.

CSRC Group upholds the principle of staying ahead of the environment laws and regulations of all countries and continues to invest in environmental protection equipment. After SCR system was installed at Maanshan Plant in 2018, the reduction rate of NOx and SOx has reached more than 96% and 99%, achieving the ultra-clean emission requirement. SCR was also installed at Anshan Plant in 2018, and the reduction rate of NOx is expected to reach above 95%. In 2018, the Company invested a total of NT\$333 million in De-SOx and De-NOx system in Greater China, and the amount is 6 times of that in 2017. In 2018, CSRC Group also invested about NT\$1.5 billion in environmental protection in the United States.

With environmental protection investment, CSRC Group can not only enhance our competitiveness, but also expect to achieve the long-term goal of sustainable operation.



Continue to Invest in Research and Development in Battery and Biotech Business

In 2018, the production and sales volume of E-One Moli Energy Corporation was slightly better than 2017. The Company also started the expansion plan in order to meet market demand. However, the battery market is fast-changing. The future of E-One Moli Energy is determined by whether research and development can continue to innovate and find its own positioning and competitive advantage in the industry.

As for Biotech Business, we continue to maintain steady growth and have been working with hospitals and other research institutes to develop new medicines.

We expect not only to grow profit, but also strive to protect the progress of civilization, sustainability, and health!

CSRC Group Chairman



2018 Performance and Prospects

CSRC Group realizes that in the process of developing economy, the corporation must continue to strengthen the connection with international trends, and must be able to ensure the balance of ecological environment, to promote the prosperity of local society. In order to contribute to the global sustainability work, CSRC Group hopes to become the seed of sustainability based on our own capabilities, and to connect with the global Sustainable Development Goals (SDGs), to contribute to global sustainable development.

- Silver Award on CSR Rating of Supplier Evaluation Platform (ecovadis).
- The result of Supplier Audit Evaluation in 2018 shows the number of Class-A suppliers was increased by **24**.
- The score of customer satisfaction was **9.36** in 2018, of which the satisfaction of delivery schedule was as high as **9.50**.
- The consolidated revenue in 2018 was NT\$**24.432** billion.
- In 2018, the expenditure of environmental protection was NT\$**21.67** million of which NT\$**3** million was invested in pollution control equipment.
- In 2017, CSRC Group established a Research & Development Center in Taiwan to develop special carbon products to increase the proportion of niche products shipment.
- The “Production Line Residual Heat Boiler” was installed to reduce water consumption of the process and recycle the thermal energy to produce steam.
- In 2018, waste heat recovery generated about **607,193** tons of steam ; all of it was sold to neighboring plants, reducing the air pollution emissions of neighboring plants.
- The amount of recycled water from production process in 2018 was **240,900** tons, an increase of **9.92%** from 2017.
- In 2018, Sox emission was **79,551 kg**, a significant decrease of 46.64% compared to 2016.

Advantageous Synergy to Create Multiple Values



Creativity to Shape an Excellent Workplace

- In 2018, CSRC Group recruited R&D talents with the potential of mobility to strengthen innovative technologies, drive global momentum and competitiveness.
- CSRC Group provides employees with a travel subsidy of NT\$**25,000** per person and advanced learning compensation of NT\$ **2,000** every year.
- In 2018, the education and training expenses were NT\$**1,725,800**, and the total hours of education and training were **3,440** hours.
- In 2018, the expenses related to occupational safety and health were NT\$**510,880** for **1,021** hours of occupational safety education.



Recycling and Regeneration to Safeguard the Earth












Joint Prosperity to Promote Social Welfare

- In 2018, the total donation amount was about NT\$**14,060,000**, giving back to the society with substantive sponsorship.

Sustainable Development Goals Correspondence and Prospects

Sustainability Aspects	Responding to Sustainable Development Goals SDGs	Issue Category	Performance Highlights	Future Prospects
Economy	 Target 12.6 Encourage corporation to integrate sustainability information into the reporting cycle.	Sustainability Policy	<ul style="list-style-type: none"> In 2018, the output of carbon black was 490,000 tons, continuing to increase the market share of domestic carbon black sales. 	<ul style="list-style-type: none"> Enhance domestic market share and expand the export market and non-tire products. Continue to enhance information transparency and strengthen global communication.
	 Target 16.6 Develop effective, accountable, and transparent systems at all levels.		<ul style="list-style-type: none"> Continue to consolidate sustainable operating results, compile and publish Corporate Social Responsibility Reports based on GRI Guidelines. 	<ul style="list-style-type: none"> Strengthen internal and external communication mechanism in a more transparent way.
	 Target 13.3 Improve risk reduction, adaptation, impact reduction, and early warning awareness and capability in climate change.	Risk Management	<ul style="list-style-type: none"> Passed ISO 9001, ISO 14001, IATF 16949, TOSHMS, and OHSAS 18001 Certification, establishing a proper management model. Formulate the Group Accounting Policies and Systems and strengthen financial control. Implement budget control and accounting to analyze financial risks with accurate data. 	<ul style="list-style-type: none"> Continue to pay attention to economic, environmental, social, and other risk changes, and plan for early warning and mitigation systems to ensure stable operations.
	 Target 17.16 Achieve the sustainable development cooperation goals through multilateral cooperation to assist and enhance global sharing of knowledge, expertise, technologies, and financial resources.	Operational performance and reinvestment business.	<ul style="list-style-type: none"> Coordinate the Company's funds and resources, and use them effectively to achieve the goal of 100% budget achievement. Implement global investment planning and assessment to grasp the investment targets and benefits effectively. 	<ul style="list-style-type: none"> Based on our own business to ensure multinational companies share knowledge, professional expertise, science technology, and financial support to feedback the related achievements to the local community.
	 Target 8.3 Promote development-oriented policies that support productions, job creation, business management, creativity, and innovation.	Research and Innovation	<ul style="list-style-type: none"> Recruit talents in the Research & Development team to strengthen the Company's product research and development capabilities. Continuously improve carbon black production technology and improve product quality. Integrate Continental Carbon Company (CCC), Continental Carbon India Limited (CCIL), and academic resources, to formulate the product improvement goals as basis of implementation. 	<ul style="list-style-type: none"> Optimize the support systems and management activities with the policy concept of development and innovation. Continue to expand business, integrate the Company's technologies, and recruit professional talents.
	 Target 9.5 Encourage innovation and substantially increase the number of research and development employees.		<ul style="list-style-type: none"> In 2018, the Company established Supplier evaluation system to implement supply chain management and improve supply capacity and quality, and the number of Class-A suppliers increased by 24. Organize education and training for suppliers, such as Occupational Safety and Health issues, etc. from time to time, with the training rate of 100%; and incorporate the green supply chain into the 2019 education and training topics. 	<ul style="list-style-type: none"> Ensure the Company policies are communicated effectively, educate suppliers, eliminate corruption and bribery, and improve the efficiency of supply chain operations. Plan to incorporate green supply chain into an objective of the supply chain management.
	 Target 16.5 Substantially reduce corruption and bribery in all forms.	Supply Chain Management		

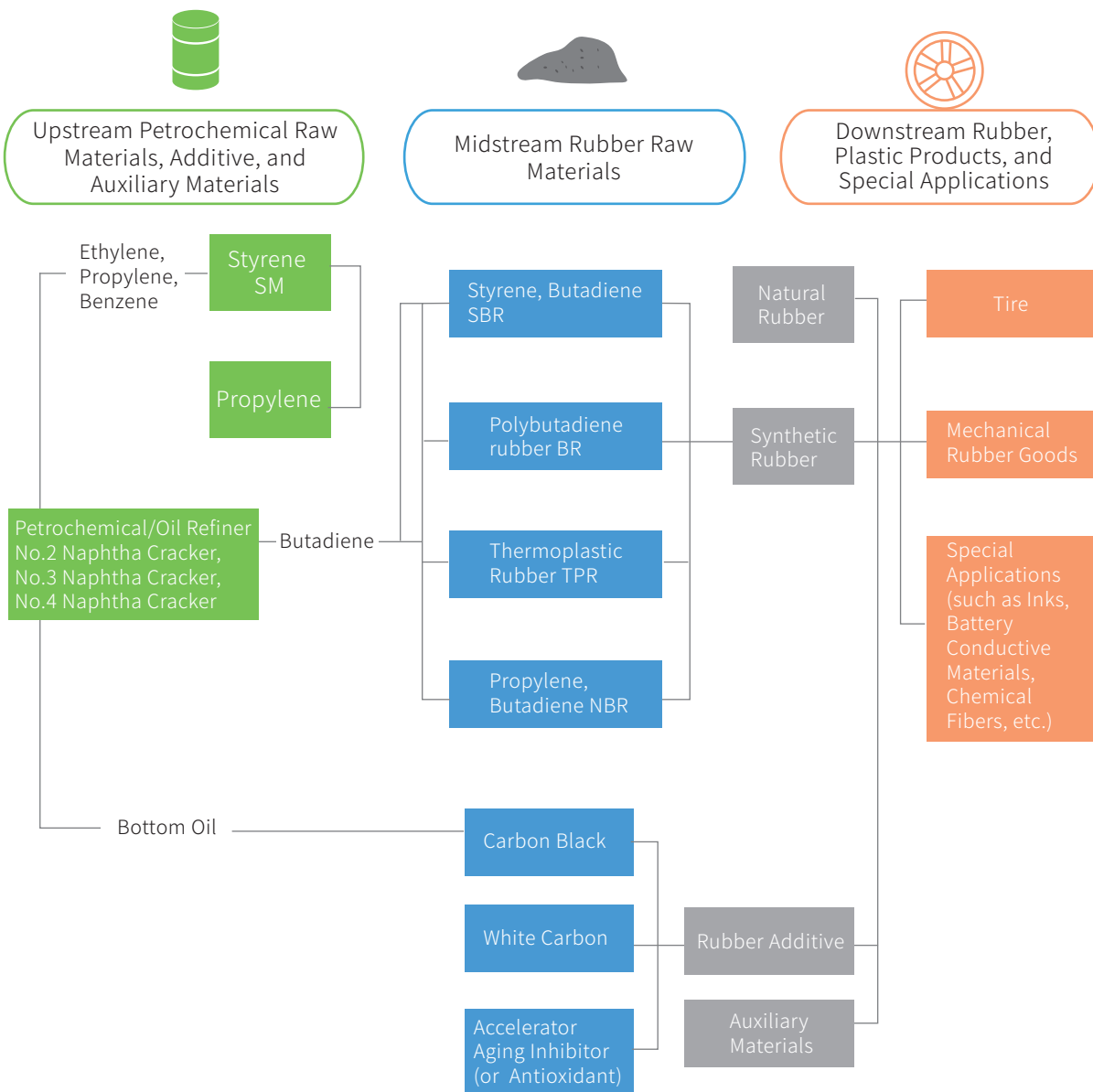
Sustainability Aspects	Responding to Sustainable Development Goals SDGs	Issue Category	Performance Highlights	Future Prospects
Environment	 <p>Target 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	Pollution Emission Management	<ul style="list-style-type: none"> ● In 2018, the "Production Line Residual Heat Boiler" was installed in the U2 production line, which is capable of lowering the fume temperature before entering the filter bag to filtering fumes, and reducing the water that must be sprayed for cooling to reduce water consumption. ● Upgrade the plant area existing rainwater pipelines for rainwater and sewage diversion in phases to increase the amount of recycled water. ● Upgrade the plant area existing rainwater pipelines for rainwater and sewage diversion in phases. ● Install the Selective Catalytic Reduction (SCR) system to remove NOx, and the system is the most widely adopted one with the highest De-NOx reduction rate of over 90%. 	<ul style="list-style-type: none"> ● Continue to improve the dust collection system and air pollution control equipment control technology to ensure the environmental impact can be reduced effectively. ● Strengthen the process equipment replacement, operation management, personnel training, inspection and maintenance. ● Ensure the operation of pollution control equipment and the optimization of pollutant discharge management, and strengthen resource recycling reuse and greening of the plant environment.
	 <p>Target 6.3 Improve water quality by reducing pollution, eliminating garbage dumping, and minimizing release of hazardous chemicals and dangerous materials, substantially increasing water recycling and safe reuse rate.</p>			
	 <p>Target 11.6 Reduce the adverse environmental impact of cities, by paying special attention to air quality, municipal, and other waste management.</p>			
	 <p>Target 7.2 Increase substantially the sharing of global renewable energy.</p>	Energy Use, Energy Conservation, and Carbon Reduction	<ul style="list-style-type: none"> ● In 2018, the "Production Line Residual Heat Boiler" was installed in the U2 production line, which is capable of lowering the fume temperature before entering the filter bag for filtering fumes, reducing the water that must be sprayed for cooling to reduce water consumption, and using the residual heat to produce steam at the same time. ● Conduct process analysis, review energy consumption and energy utilization rate of each reaction zone, establish improvement goals, and implement according to the plan. 	<ul style="list-style-type: none"> ● Simplify the operation model in Mainland China, and promote the standardization of production in each plant to produce products with lower energy consumption. ● Continue to increase the proportion of steam produced from waste heat recovery and reduce energy consumption as much as possible. ● Acquire oil sources with competitiveness, continue to improve energy utilization rate.
	 <p>Target 7.3 Double the global rate of improvement in energy efficiency.</p>			

Sustainability Aspects	Responding to Sustainable Development Goals SDGs	Issue Category	Performance Highlights	Future Prospects
Social	 <p>▼ Target 8.8 Promote safe and secure working environments, and reduce workers in precarious employment.</p>	Workplace Safety	<ul style="list-style-type: none"> CSRC Group continues to educate employees and suppliers/contractors to strive for zero accidents to implement safety management. In 2018, CSRC Group purchased protective gear (small air cylinder respirators, gas detectors) for all on-site units. 	<ul style="list-style-type: none"> Conduct planning for plant health services (12 hours per month for medical staff and 12 hours per year for professional physicians).
	 <p>▼ Target 4.5 Eliminate inequality in education and ensure equal access to all levels of education channels and vocational training for the underprivileged</p>	Talent Recruitment and Cultivation	<ul style="list-style-type: none"> Formulate human resources policies, improve the organizational structure of the Human Resources Department, and strengthen departmental functions. In 2018, CSRC Group conducted an education and training satisfaction survey, and the satisfaction rate reached 91.7%. The total number of hours of education and training in 2018 was 3,440 hours. In 2018, the employee health examination rate reached 88%. 	<ul style="list-style-type: none"> Create a workplace with zero discrimination and abundant education opportunity. Establish policies to promote equality between internal and external salaries and benefits, and create a happiness enterprise.
	 <p>▼ Target 10.4 Adopt appropriate policies especially fiscal, wage, and social protection policies, and progressively achieve greater equality.</p>		<ul style="list-style-type: none"> Stabilize the domestic market and develop foreign businesses simultaneously. Improve the competitiveness and differentiation of existing products, the budget achievement rate is 100%. Customer order shipment achievement rate and accuracy rate are both 100%. Strict product control, stabilization of excellent quality, establishment of customer satisfaction and trust. Actively participate in local cultural and religious activities and strengthen relationship with local community. 	<ul style="list-style-type: none"> Continue to focus on and expand the market's first-line customers to meet customers' needs. Support the activities and assistance making progress for the local communities to become an enterprise of friendly neighborhoods.
 <p>▼ Target 11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage</p>	Customer and Social Care			

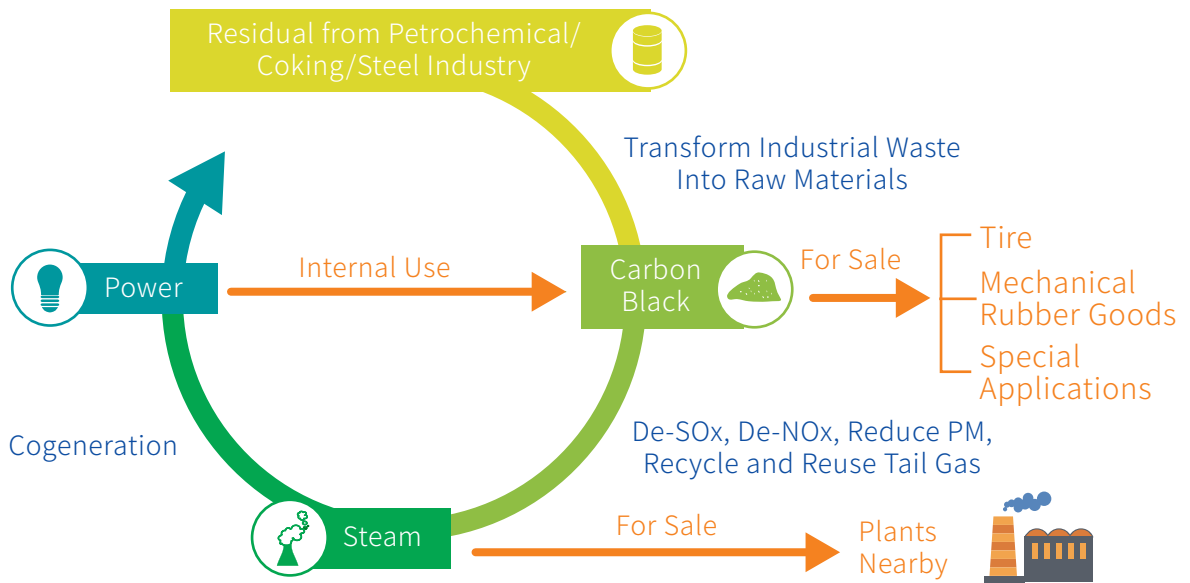
Circular Economy, Green Gold Business Opportunity

Carbon black is a model of circular economy, by using the residual from petrochemical and coking industries as raw materials to produce carbon black and steam, giving the model a new value. The un-vaporized portion left at the bottom of the distillation tower after crude oil distillation is called the bottom oil. With low utilization value for this part of oil, it will cause environmental pollution if there is no further use.

Carbon Black Value Chain



Source : CheNET Program, Rubber industry research report



Do you know?

The temperature of general incinerator can only reach 600-800°C, and there will still be air pollution emission after burning the industrial wastes.

In comparison to incinerator, the temperature of reactor furnace of carbon black production reaches as high as 1,800°C. CSRC Group incinerates the residues (such as bottom oil) from petrochemical and steel industry, and during the combustion many toxic substances that destroy environment such as dioxin can be removed completely at high temperature. At the same time, CSRC Group transforms and creates carbon black that is valuable to modern technology, as well as additional products of clean green energy such as steam and electricity.

With capacity of 790,000 tons of carbon black per year, one ton of carbon black produces about 758 million kWh of electricity. With daily electricity consumption of 44,364,383.56 kWh for Taipei City, we are able to provide **17** days of electricity consumption.

Note: The source of electricity consumption in Taipei City is Taipei Industrial Economic 2018 Taipei City Total Electricity Consumption.

Convert Industrial Waste Into Raw Materials

The Company converts residual into raw materials, and produce carbon black which can be used in high-value products such as rubber and plastic goods. The tail gas in the process can be recycled to produce steam for the neighboring chemical plants through pipelines or for the purpose of power generation. In 2018, 140,000 tons of bottom oil was used to convert industrial waste from the petrochemical industry and the steel industry into raw materials effectively, and this is environmentally friendly to the society.

Gas Emission Reduction

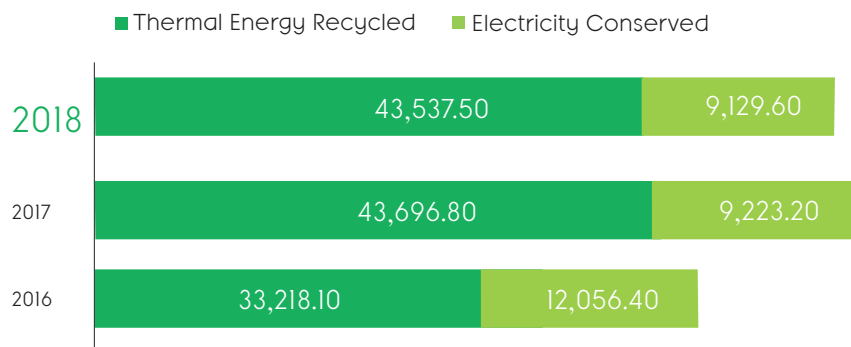
CSRC Group redefines the production and significance of carbon black based on "Rebirth". Carbon is the source of life, the foundation of civilization, and also the core element of the circular economy. Residual from petrochemical, coking, and steel industries is converted into raw materials, and transforming to high-value products through the process; introducing fume desulfurization technology into the process to reduce SO_x, NO_x, and PM significantly, solving environmental issues, reducing environmental maintenance, recovering waste heat from the process, and producing steam to be used for the production of neighboring plants, or used to generate electricity, in response to the topics of energy regeneration.

Therefore, CSRC Group introduced the bag dust collector to reduce the discharge of particulate matter, installed an oil gas collection system to recycle volatile substances for use in the combustion furnace as fuel, installed De-SO_x equipment in the emission pipelines of the plant chimneys to reduce the emission of sulfur oxides, and installed a Selective Catalytic Reduction system to reduce the generation of nitrogen oxides.

Energy Regeneration

In addition, we use the 540°C residual heat from the reactor's high temperature of 2,000 ° C reaction in the process, and use the tail gas for waste heat recovery, and produce steam to be used in the process through heat exchange recovery. In 2018, the "Production Line Residual Heat Boiler" was installed in the U2 production line, which is capable of lowering the fume temperature before entering the filter bag for filtering fumes, reducing the water that must be sprayed for cooling to reduce water consumption, and the boiler can produce steam at the same time for use in oil tank heating or carbon black production lines. In 2018, waste heat recovery produced about 607,193 tons of steam. In addition to being used by the production plants, it was also sold to neighboring plants, which can also reduce the emission of pollutants such as sulfur oxides, nitrogen oxides, and carbon dioxide from boilers due to the use of fuel in neighboring plants to achieve the positive benefits of improving energy resources reuse and reducing the impact on the environment.

Thermal Energy Recovery and Electricity Saving Statistics (GJ) Over the Years



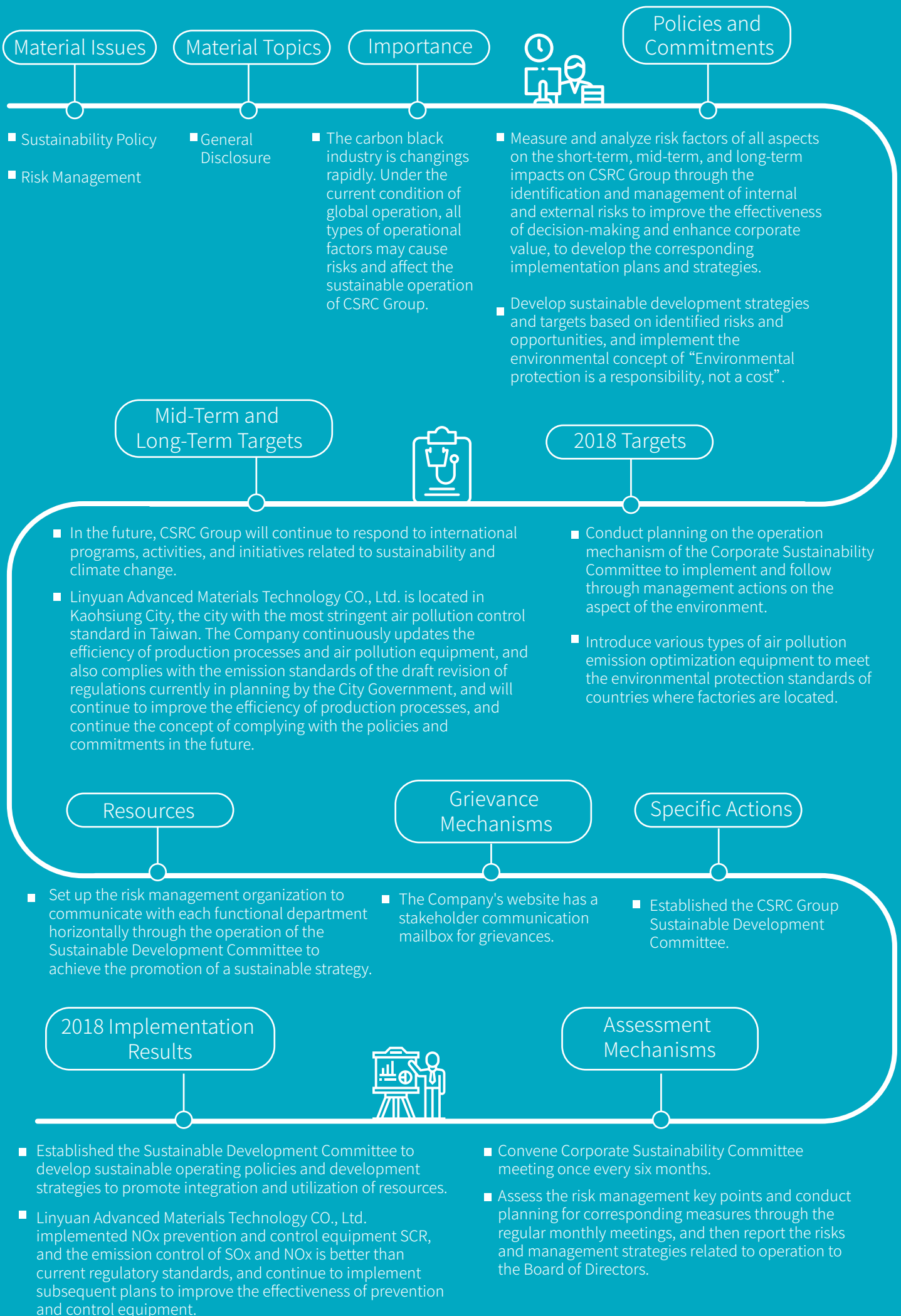
Note 1 : 1.000KWh electricity = 3.6 GJ (IG= 10%) ; 1 metric ton steam = 2.7 GJ (IG=10%).

Note 2 : The statistical method of electricity is the monthly electricity bill ; thermal energy is the 2018 production, sales and inventory daily report of Linyuan Plant.



1

Keep Commitment to Practice Sustainable Management



1-1 About CSRC Group

CSRC Group was founded on June 15, 1973 by 18 people including Mr. Lin Bo-Shou and Mr. Koo Chen-Fu, and signed a "Patent and Technology Use Right Contract" with the Continental Carbon Company to build carbon black production facilities. CSRC Group was listed on the Taiwan Stock Exchange on July 15, 1986. The headquarters of CSRC Group is located at 8F., No. 113, Section 2, Zhongshan North Road, Taipei City. There are three major businesses. Carbon black business is a global industry leader with the brand name of "Continental Carbon", with four operation centers, three research and development centers, and eight production facilities, as well as one technology licensing production facility globally in order to be close to service the requirements of international customers. Battery business continues to develop high-performance cylindrical cells, driving green energy sustainability. Biotech business continues to invest in professional pharmaceutical research and development, and provide diversified products and cross-industry services with joint efforts, to promote the improvement of quality for human civilization.

At the Shareholder Meeting of June 2018, the resolution was passed and the company name was changed to "International CSRC Investment Holdings Co., Ltd.". The carbon black business was spun off and established "Linyuan Advanced Materials Technology Co., Ltd." to take over carbon black business, and biotech business was spun off and "Circular Commitment Company" was established to take over our biotech business. Both companies are 100% owned by the Company, and CSRC Group itself was transformed into an Investment Holdings Company. The registration letter for change of name was received from the Ministry of Economic Affairs in October 2018. The Company name was officially changed to "International CSRC Investment Holdings Co., Ltd.", and the abbreviation for listing on the Stock Exchange Market was also changed to "CSRC Group". The group business is officially divided into

Company Name	International CSRC Investment Holdings Co., Ltd.
English Name	International CSRC Investment Holdings Co., Ltd.
Headquarters Location	8F., No. 113, Section 2, Zhongshan North Road, Zhongshan District, Taipei City
Industry	Rubber Industry
Stock Code	2104
Main Business	<p>Carbon Black Business:</p> <ul style="list-style-type: none"> (1) Manufacturing of synthetic rubber. (2) Manufacturing of other rubber products. (3) Manufacturing of industrial rubber products. (4) Non-public power generation. (5) Thermal energy supply. <p>Biological Technology Business: Biological technology services.</p> <p>Battery Business:</p> <ul style="list-style-type: none"> (1) Battery manufacturing and assembly. (Research, development, production, and sales of rechargeable lithium-ion batteries and battery products or related technologies.) (2) International trade business, concurrently engaged in international trade business related to battery products.
Number of Employees	213 Employees
Total Capital Stock	NT\$ 8.71 Billion
Establishment date	June 15, 1973
Listing Date	July 15, 1986

the carbon black business group, battery business group, and biotech business group. The aim of restructuring organization is to coordinate the allocation and of group resources to achieve internal management optimization, increase information transparency, and further provide customers with required product services more effectively to enhance the development of each business to a higher strategic level. For the purpose of improving the overall operational performance and market competitiveness, we are striving to enhance the rights and interests of shareholders.

As the global leading supplier of carbon black production, CSRC Group takes "Globalization" as the operational strategy, and improves production technology continuously through the integration of resources from all aspects, to ensure that both production scale and product quality are staying at the global leading level, and with the requirements of "customer" and "user" as the point of attention, to drive the power of continuous quality breakthrough and product innovation. In addition to the most common application including tires and rubber, carbon black can be used for special applications including pigment, plastics, chemical fiber products, conductive materials, etc., and the scope of use covers all levels of human life in food, clothing, housing, and transportation. As a professional leader in the industry of carbon black, CSRC Group believes that the Company's development is based on the establishment of a customized and close relationship with customers, creating maximum value for customers, and it has continuously proved itself in past cooperation experience with other global leading corporations for a long time, such as benchmark companies like Bridgestone, Michelin, and Cheng Shin Tyre.

Furthermore, environmental protection has always been our top priority. In addition to requiring all production processes to comply with international environmental standards, we continue to invest in energy recycling reuse and environmental protection control equipment. The Company has invested more than 8 billion dollars in Taiwan, China, USA, and India. CSRC Group regards environmental protection and customer value creation as an important strategy for achieving corporate development. In the future, CSRC Group is striving to improve the quality of human life and take it to the next level.



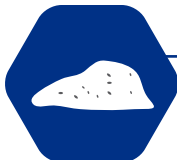
Three Major Business Areas

CSRC will implement strategic adjustment and development planning according to the differences of industry characteristics, and maintain the transparent performance of each business. In addition to its own internal growth, it will be more flexible to perform strategic alliances, mergers and acquisitions to accelerate the growth and competitiveness of the corporation.

Carbon Black Business:	We continue to pursue innovation and breakthroughs in the carbon black industry with global leading brand name.
Battery Business:	In addition to maintaining good relationships with long-term stable customers, we are working on more applications and innovation in the battery industry.
Biotech Business	We continue to maintain steady growth and cooperate with hospitals and other research institutions to develop new medicines.



International CSRC Investment Holdings Co., Ltd.



Carbon Black BU

- ◆ Lin Yuan Advanced Materials Technology Co., Ltd.
- ◆ China Plants (MAS.AS.CQ)
- ◆ USA Plants CCC USA Corp.
- ◆ India Plants CCIL



Battery BU

- ◆ E-ONE MOLI



Biotech BU

- ◆ Circular Commitment Company
- ◆ Synpac (North Carolina), Inc.

1973



The Company was founded by 18 people including Mr. Lin Bo-Shou and Mr. Koo Chen-Fu, and signed a "Patent and Technology Use Right Contract" with the US Continental Carbon Company to build carbon black production facilities.

1975

Completed the construction of the carbon black factory in Linyuan Industrial Park of Kaohsiung City.

1981

Completed the second production line.

1985

Completed the exhaust gas boiler and sold steam.

1995

Acquired Continental Carbon Company, USA.

1996

Completed construction of the edible pig skin gelatin factory.

1997

Acquired the right to operate Synpac-Kingdom Pharmaceutical Co., Ltd.

1998

E-One Moli Energy Corporation was approved for establishment, with the business of manufacturing and sales of lithium batteries and battery sets.

2003



The gelatin factory obtained HACCP certification and successfully developed the fish skin gelatin production process.

2004

Completed the retrofitting and expansion of the New Delhi Carbon Black Plant of India, and the Anshan Carbon Black Plant of Mainland China; E-One Moli Energy Corporation shares are registered on the Taipei Exchange as "Emerging Stock" and are listed for trading.

2005

The Kaohsiung Linyuan Plant and Anhui Maanshan Plant completed revamping to increase production capacity; sold the gelatin business.

2006

Licensed the Pompe disease orphan drug Myozyme approved by the US Food and Drug Administration (FDA) for marketing and received a patent; completed a 40,000 ton new production line for the Maanshan Plant, Anhui in October.

2012



- Received the Japanese patent for Myozyme manufactured and marketed by the US pharmaceutical company Genzyme; the New Delhi Carbon Black Plant of India completed revamping to increase production capacity.
- The company set up the Audit Committee to replace the powers of the Supervisors on June 27th.

2013

Completed the new Luzhu factory construction of Synpac-Kingdom Pharmaceuticals at the end of 2013.

2014

- Synpac-Kingdom Pharmaceuticals disposed of the real estate of the Tucheng factory in New Taipei City.
- CSRC China (Chongqing) Carbon Black began selling carbon black.
- Synpac-Kingdom Pharmaceuticals Co., Ltd. completed PIC/S GMP Certification.

2015

E-One Moli Energy Corporation terminated stock trading in the business offices of the securities firm on April 30.



1986

The Company's stock was listed on the Taiwan Stock Exchange on July 15.

1988

Zhongcheng Development Investment Co., Ltd. was approved for establishment, with the main business of investment.

1991

Purchased the Penicillin Pharmaceuticals Plant of Synpac Pharmaceuticals Limited, North England .

1993



Completed the third production line. Completed the cogeneration plant, updated the corporate identification mark, and acquired the equity of Xieyuan Chemical Co., Ltd.



2000

Acquired Maanshan Carbon Black Plant in Anhui Province of Mainland China and the Carbon Black Plant in New Delhi of India; completed assembly of the first production line of E-One Moli Energy Corporation with monthly capacity of 1 million prismatic batteries; sold Penicillin Pharmaceuticals Plant of Synpac Pharmaceuticals Limited, North England.

2001

Acquired Anshan Carbon Black Plant in Liaoning Province of Mainland China; Sole Energy Tech Corp. was approved for establishment with main business of assembly and sales of lithium-ion batteries.

2002

Completed the retrofitting and expansion of the Maanshan Carbon Black Plant of Mainland.

2007

Received the EU patent for Myozyme manufactured and marketed by the US pharmaceutical company Genzyme; conducted capital increase to produce the battery core business, E-One Moli Energy Corporation.

2010

Orphan drug Lumizyme has been approved by the US Food and Drug Administration (FDA) for the treatment of late-onset Pompe disease; invested in establishing CSRC (Chongqing) Carbon Black Co., Ltd.; completed the E-One Moli Energy Corporation Phase 2 Plant construction in the Southern Taiwan Science Park.



2011

CSRC China (Chongqing) Carbon Black began selling steam.

2016

Started SCR denitrification environmental protection system of the Chongqing Carbon Black Plant, and the construction of the SNCR denitrification environmental protection system of the Maanshan Carbon Black Plant was completed and under testing.

2017

Disposed all equity of Synpac-Kingdom Pharmaceuticals Co., Ltd., established Yuncheng Investment Co., Ltd.; established Research & Development Center in Taiwan and India.

2018



- CSRC Group established carbon black company in Gujarat, India, named Continental Carbon Eco Technology Private Limited.
- Linyuan Advanced Materials Technology Co., Ltd was established.
- To cooperate and transform into an Investment Holdings Company, the company name was changed to "International CSRC Investment Holdings Co., Ltd " .

CSRC Group actively participates in industry-related public associations, follows and brings the association regulations into full play, and hopes to respond to social responsibilities jointly with the industry with our efforts. The associations participated in by CSRC Group in 2018 are as follows:

Name of Association Participated In	Group Member
Petrochemical Industry Association of Taiwan	☑
Taiwan Rubber and Elastomer Industries Association	☑
Chinese National Association of Industry and Commerce, Taiwan	☑
Taiwan Responsible Care Association	☑
Kaohsiung Personnel Representative Association	☑
Third Wednesday Club (San San Fe)	☑
Kaohsiung Industrial Association	☑
Chinese Society for Quality	☑

1-2 Brand Value

Founded in 1973, CSRC Group has been a company that develops towards circular economy and green life sustainability, guided by the vision of "Eco-friendly Civilization" and the mission of "Renewable Energy and Resources". The carbon black business has been the best example of practicing a circular economy, and is well-known internationally with the brand of "Continental Carbon". The battery business develops high-performance cylindrical battery, driving green energy sustainability. The biotech business invests in professional pharmaceutical research and development. All three core businesses put in their best efforts jointly for human life quality improvement and environmental protection.



Eco-friendly civilization



Renewable energy and resources

With the CSRC four major core values, CSRC Group pays close attention to the interests of all stakeholders, and continues to see international layout and development of global brands as important tasks. It practices the core spirit of the circular economy in operation, to set into joint motion corporation economic growth, human civilization life quality improvement, and natural environmental harmony, to achieve the most well-balanced development.

C ommitment	S ynergy	R ebirth	C reativity
<ul style="list-style-type: none"> ■ Integrity: Keep promises to customers ■ Respect: keep good relationship with customers ■ Quality: Pursue excellent product quality ■ Take charge: Manage to improve even trivial flaws ■ Flexibility: Serve customers and pay attention to customer needs 	<ul style="list-style-type: none"> ■ Meet customer needs and grow with customers ■ Provide value-added technologies and services other than products ■ Cross- functional cooperation with enhanced specialty and efficiency ■ Integrate global resources and optimize local services 	<ul style="list-style-type: none"> ■ Tackle with civilization pollutions ■ Improve efficacy of circular economy ■ Continuous improvement over waste solutions ■ Care for the community and the environment 	<ul style="list-style-type: none"> ■ Technological innovation ■ Process efficiency improvement ■ Diversified product application development ■ Code compliance and workflow improvements

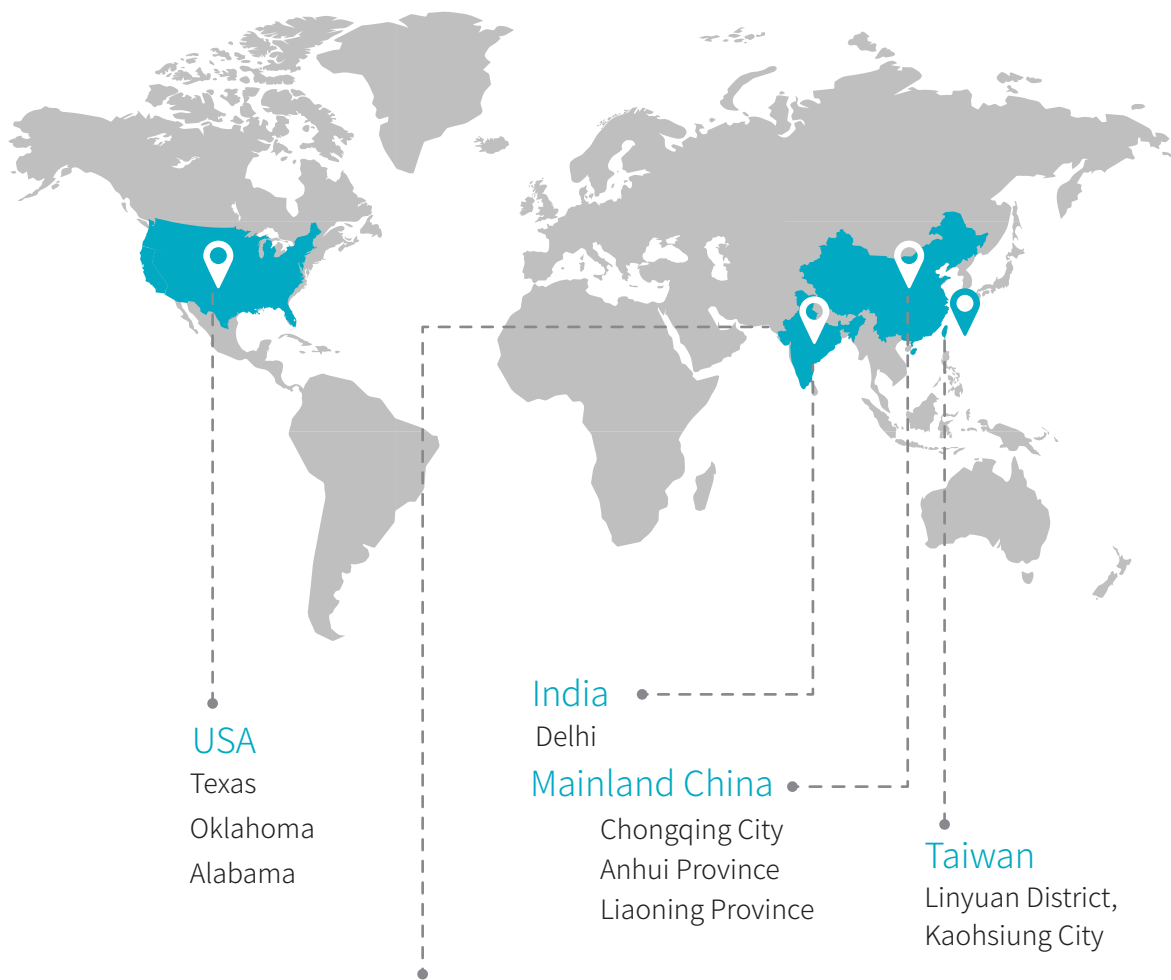
Diversified Collaboration and Innovation

CSRC Group has long regarded customers as important partners, creating common value with customers by providing integrated services and innovative products. The Company encourages improvement and innovation of operation processes internally, and breaks through existing product design in product diversified application development at the same time, with environmentally-friendly and quality greening as the design targets, all are the key points for the Company's continuous investment in research and development. In order to ensure the Company grasps the pulse of the market and trends, CSRC Group continues to systematically conduct information collection, verification, and analysis from a variety of perspectives of environmental protection trends, competition within the industry, potential competition, value chain, customer requirements, and other aspects to assess and ensure the financial deployment, product research and development, production control, and sales service to maintain market advantages. Through continuous observation, information collection and analysis, research, and deduction, we are able to strengthen CSRC Group's stable strategic deployment and achieve the targets of sustainable operation.

Global
Operation
Deployment

CSRC Group is accelerating its global deployment, and the first phase of its expansion plan in India will be completed and put into production by 2021. The reason for selecting the location in India is that its geographical location is exactly in the middle of Europe and Southeast Asia, and it has a sound infrastructure and the conditions for domestic economic growth and friendly investment environment. By the end of 2018, overseas bases of operation deployment were mainly in North America, China (Anshan, Maanshan, and Chongqing) and India (New Delhi). CSRC Group has the confidence to meet the challenges of the new century and develop brand new milestones with the profile of a global brand, based on the advantages of a production capacity operation system, professional technology, diverse talents, and customer trust in global deployment.

Keep Commitment to
Practice Sustainable Management



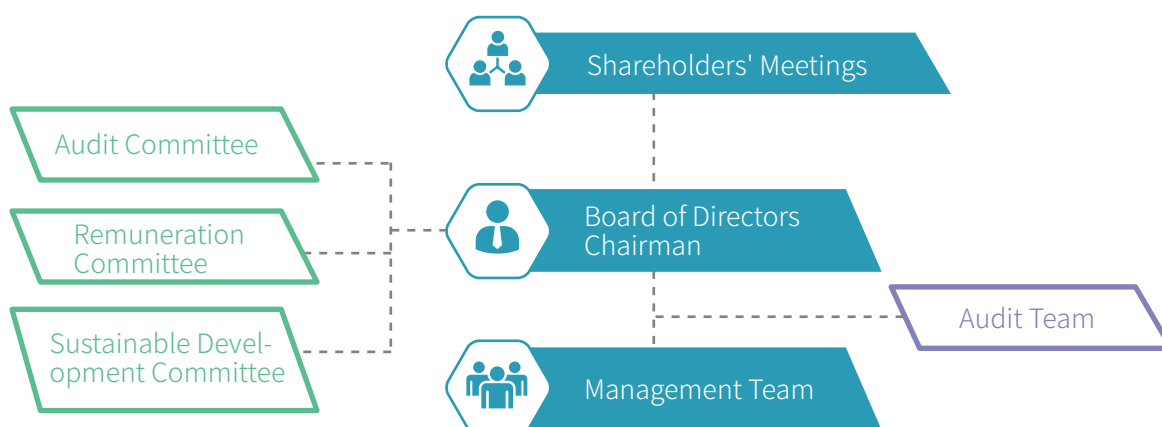
Expansion in India Dahej, Gujarat

Capacity	Phase 1 - 150,000 Tons
Product	▶ Carbon Black ▶ Steam ▶ Electricity
Estimated Capital Expenditure	Phase 1 - USD 83 Million
Estimated Schedule	Phase 1 will be completed by 2021

1-3 Corporate Governance

CSRC Group complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies" and the reference example specified in the "Codes of Ethical Conduct for TWSE/GTSM-Listed Companies" to establish the corporate governance structure and related ethical standards and business matters, to strengthen corporate governance. The CSRC Group Management Team run business in adherence to the outline specified in the "Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies", and reports business and financial reports to the Board of Directors on a regular basis. All Directors also pay close attention to the relevant information of laws and regulations at all times. In addition, CSRC Group complies with the information disclosure regulations of related laws and regulations through the Company's website and Market Observation Post System to disclose relevant financial, business, and corporate governance information.

The corporate governance organization structure of CSRC Group is represented by the Board of Directors as the Company's business execution authority. It has set up the Audit Committee to be responsible for executing the responsibility of supervision, and set up the Remuneration Committee responsible for developing, reviewing, and evaluating the policies related to the compensation of Directors and Executive Managers. At the same time, the Audit Committee and Remuneration Committee have also established the organization rules of the Audit Committee and the organization rules of the Remuneration Committee for compliance. In addition, in order to fully implement corporate social responsibility, CSRC Group established the "Regulations for Setting Up Corporation Sustainable Development Committees" in 2018, and set up the Sustainable Development Committee based on the sustainable development policy to enhance corporate value and be determined to build a better society.



Directors and Supervisors

According to the provisions specified in the Articles of Incorporation, the Company shall set up seven directors, each with a three-year term. The election of Directors adopts the system for nominating candidates, elected from the list of candidates for Directors by the shareholders. If reelected, they can be reappointed. On June 26, 2018, the seven directors for the 17th term of the Board of Directors were elected at the Shareholders' Meeting. All of them are male, three are Independent Directors, four Directors are over 50 years old (57%), and three Directors are between 31-50 years old (43%). The members of the Company's Board of Directors emphasize diversified elements, possess knowledge, skills, and different professional backgrounds required for their job duties, listen to the management team reports regularly during the Board of Directors meetings, give guidance and recommendations, and maintain good communication with the management team to maximize benefits for shareholders.

In order to establish good corporate governance and a good Independent Director system, and to enable Independent Directors to perform their functions on the Board of Directors and in the Company's operations, CSRC Group sets up three Independent Directors and establishes the "Regulations for the Scope of Responsibilities for Independent Directors" for their compliance. The Independent Directors shall be elected in the Shareholders' Meeting according to the list of candidates for Independent Directors. Regarding the professional qualifications, shareholdings, part-time restrictions, independence of Independent Directors, nomination and election methods, and other business matters to be complied with, they shall be managed in accordance with the provisions specified in the "Securities and Exchange Act", the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", "Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies", and related regulations of Government Agencies.

Title	Legal Entity Name/ Representative Name	Gender	Experience (Education)
Chairman (Note 1)	Taiwan Cement Corporation Representative: Koo, Kung-Yi	♂	Master of Business Administration, Wharton School at the University of Pennsylvania Chairman, Taiwan Prosperity Chemical Corporation Vice Chairman, Taiwan Cement Corporation Director, E-One Moli Energy Corporation Director, Ho-Ping Power Company Director, TCC International Holdings Limited
Chairman/ Vice Chairman (Note 1 & note 2)	Taiwan Cement Corporation Representative: Chang, An-Ping	♂	Master of Business Administration, New York University Chairman, Taiwan Cement Corporation Chairman, Ho-Ping Power Company Chairman, E-One Moli Energy Corporation Chairman, TCC International Holdings Limited Chairman, Ta-Ho Maritime Corporation Director, TCC Information Systems Corporation Independent Director, Synnex Technology International Corporation Director, CTCL Corporation Executive Director, O-Bank Director, Taiwan Stock Exchange Corporation

Title	Legal Entity Name/ Representative Name	Gender	Experience (Education)
Director	Fu Pin Investment Co., Ltd. Representative: Koo, Kung-Kai	♂	Master's Degree in MFA Visual Communication Design, Rochester Institute of Technology Bachelor's Degree in Industrial Information Management, National Cheng Kung University Director, Heng Qiang Investment Co., Ltd. Director, Chiao Tai Investment Corporation Representative of Corporate Director, Chinatrust Investment Co., Ltd. Representative of Corporate Director, Chi Cheng Investment Corporation Representative of Corporate Director, Sheng Kai Investment Corporation
Director (Note 2)	Taiwan Cement Corporation Representative: Yeh, Guo-Hong	♂	Master of Accounting, National Taipei University Representative of Corporate Supervisor, TCC Information System Associate Vice President, Taiwan Cement Corporation
Director	Chinatrust Investment Co., Ltd. Representative: Wen, Chien	♂	Master of Business Administration, Wharton School at the University of Pennsylvania Representative of Corporate Director, Chinatrust Investment Co., Ltd. Representative of Corporate Supervisor, Ta-Ho Maritime Corporation
Independent Director	Chen, Yao-Sheng	♂	Department of Chemistry, Saint John's University Director, China General Terminal and Distribution Corporation Director, Taiwan VCM Corporation Director, St. John's University Chairman, Ming Chuan University
Independent Director	Chih, Ching-Kang	♂	Master's and Ph. D., Princeton University Master's in science., University of Texas at Austin Chief Architect, Global Procurement and Supply Chain Management of General Motors Company, Detroit, USA Director and IT President, Orient Overseas Container Line Limited Senior Executive, American Airlines Independent Nonexecutive Director, TCC International Holdings Limited Representative of Corporate Director, E-One Moli Energy Corporation Independent Director, Ta-Ho Maritime Corporation
Independent Director	Ding, Yen-Wei	♂	College Lasalle Hotel and Restaurant Management General Manager, Silks Hotels Group Director and General Manager, Silks Palace
Independent Director (Note 3)	Hsieh, Chen-Chung	♂	New Taipei Municipal Banqiao Senior High School Business Director, Ogilvy and Mather Taiwan General Manager, Ogilvy and Mather Logo General Manager, Ogilvy and Mather Public Relationship President of Greater China, Ogilvy and Mather Logo

Note 1 : The Board of Directors elected Koo, Kung -Yi as the Chairman of the Board on June 26, 2018, and the former Chairman Chang, An-Ping was re-appointed as the Vice Chairman.

Note 2: On January 29, 2019, the company received the resignation from Chang, An-Ping the vice chairman of the board of directors, and the director of the legal person notified the representative to be Yeh, Guo-Hong.

Note 3 : Due to the re-election of the board of directors by the shareholders' meeting on June 26, 2018, the independent director Hsieh, Chen-Chung was dismissed. To find out more about the core capabilities of International CSRC Investment Holdings Co., Ltd, please see <http://www.csrcgroup.com/governance1.html?lang=tw>

Attendance of Directors at the Board of Directors Meeting

The CSRC Group convened eight Board of Directors Meetings in 2018 (the total of the 16th and 17th Terms), which complies with the Board of Directors meeting regulations of at least one meeting each quarter. The important proposals are disclosed in the Annual Report, and the information is disclosed truthfully. The compensation of Directors is determined according to the Director's degree of participation in the Company's operations and the value of contribution, as well as the assessment of payment standards by domestic and international industries. The operation of the Board of Directors is based on the evaluation indicators specified in the "Corporate Governance Evaluation System" established by the Corporate Governance Center of the Taiwan Stock Exchange, and implemented in compliance with the corporate governance standards.

Attendance of the 16th Board of Directors Meetings

Job Title	Name	Number of Required Attendances A	Number of Actual Attendances B	Number of Proxy Attendances	Actual Attendance Ratio [B/A]%
Director	Taiwan Cement Corporation Representative: Chang, An-Ping	3	3	0	100%
	Taiwan Cement Corporation Representative: Koo, Kung-Yi	3	3	0	100%
	Fu Pin Investment Co., Ltd. Representative: Koo, Kung-Kai	3	3	0	100%
	Chinatrust Investment Co., Ltd. Representative: Wen, Chien	3	3	0	100%
Independent Director	Chen, Yao-Sheng	3	2	1	67%
	Chih, Ching-Kang	3	3	0	100%
	Hsieh, Chen-Chung	3	3	0	100%

Note : The aforementioned Number of Attendances of Board of Directors Meeting was the 16th Term from January 2018 to May, 2018, with a total of three meetings convened.

Attendance of 17th Board of Directors Meetings

Job Title	Name	Number of Required Attendances A	Number of Actual Attendances B	Number of Proxy Attendances	Actual Attendance Ratio [B/A]
Director	Taiwan Cement Corporation Representative: Chang, An-Ping Yeh, Guo-Hong	6	6	0	100%
	Taiwan Cement Corporation Representative: Koo, Kung-Yi	6	6	0	100%
	Fu Pin Investment Co., Ltd. Representative: Koo, Kung-Kai	6	6	0	100%
	Chinatrust Investment Co., Ltd. Representative: Wen, Chien	6	6	0	100%
Independent Director	Chen, Yao-Sheng	6	6	0	100%
	Chih, Ching-Kang	6	6	0	100%
	Ding, Yen-Wei	6	6	0	100%

Note : The aforementioned Number of Attendances of Board of Directors Meeting was the 17th Term from June, 2018 to April, 2019, with a total of six meetings convened.

Identifying and Resolving Conflicts of Interest

The powers of the Board of Directors include the decisions of business plans, earnings distribution, drafting of capital increase and decrease, important chapters and contract approval, appointment and dismissal of general manager, subsidiaries establishment and dissolution, budget final account examination and approval, real estate transactions, investment in other business examination and approval, and other important business matters. The operation of the Board of Directors shall comply with the regulations of the Board of Directors Meeting and relevant laws and regulations, supervise the Company's operations and all existing or potential risks of the Company, maintain good interaction with the management level, and fully utilize the functions of the Board of Directors.

For Directors who has conflict of interest against themselves or the corporations they represent on meeting business matters, they shall explain the important details of their stakes in the Board of Directors Meeting that may cause harm to the interests of the Company, shall abstain during discussion and voting, and also cannot act for other Directors to exercise their voting rights.

Investor Responsibilities

When stipulating the fulfillment of corporate social responsibility in the "Corporate Social Responsibility Best Practice Principles", CSRC Group shall respect social ethics and pay attention to the rights and interests of other stakeholders, attach importance to the factors of environment, society, and corporate governance and incorporate them into the Company's management and operation, while pursuing sustainable management and profit at the same time. In terms of shareholders' rights and interests, the Company appointed Investor Relations dedicated personnel, and the spokesperson take shareholders' suggestions, doubts, and handle disputes, and then the related departments will take the suggestions and handle disputes based on the category of the issues.

Creating the best interests for shareholders is the goal for CSRC Group and all employees, and urged by the Board of Directors, the Company's revenue and profit have maintained growth. In order to maintain a good communication channel with investors, information will be publicly disclosed to shareholders. In addition to reporting the Company's operations and financial status to investors in the Annual Shareholders' Meeting and investor conference, the "Investors" page is set up on the Company's official website, with Financial Information, Corporate Governance, and Shareholder Services to publish information related to Financial Statements, Investor Conference messages and information, Internal Audit, Company Regulations, Dividend Distribution, and major information announcements, etc., in the fastest way, to be provided for the reference of shareholders.



▲ Regular Investors' Conference

Continuing Education for the Directors

In order to advance the Directors' job competence to keep up with current trends, CSRC Group has arranged for the Directors and Independent Directors to continue their education, including participation in necessary and related continuing education courses.

Title	Name	Organizer Unit	Course Name	Hours
Chairman (Note)	Koo, Kung-Yi	Taiwan Corporate Governance Association	How to Detect and Prevent Corporate Fraud and Exploration of Big Data Analysis Application Practice (Lesson 1)	3
		Taiwan Corporate Governance Association	How to Detect and Prevent Corporate Fraud and Exploration of Big Data Analysis Application Practice (Lesson 2)	3
		Taiwan Corporate Governance Association	Taiwan's New Opportunity in the US-China Trade Conflict	3
		Taiwan Corporate Governance Association	International and Cross-Strait Anti-tax Evasion New System Analysis	3

Title	Name	Organizer Unit	Course Name	Hours
Chairman/ Vice Chairman (Note)	Chang, An-Ping	Taiwan Corporate Governance Association	How to Detect and Prevent Corporate Fraud and Exploration of Big Data Analysis Application Practice (Lesson 1)	3
		Taiwan Corporate Governance Association	How to Detect and Prevent Corporate Fraud and Exploration of Big Data Analysis Application Practice (Lesson 2)	3
		Taiwan Corporate Governance Association	Analysis and Practice of Preventing Money Laundering and Combating the Financing of Terrorism	3
		Taiwan Institute for Sustainable Energy	2018 International Economic Trends and Financial System	2
Director	Koo, Kung-Kai	Taiwan Corporate Governance Association	Loyalty Obligations and Legal Responsibilities of Directors and Supervisors: Centered on the Depletion of Assets and Related Party Transactions	3
		Taiwan Corporate Governance Association	Development Trends and Important Regulations of Money Laundering and Financing of Terrorism Prevention and Control	3
		Taiwan Corporate Governance Association	Brand Intellectual Property Strategy Must be Known by Directors and Supervisors	3
		Taiwan Corporate Governance Association	Corporate Governance Behind the Scenes - Company Secretary Operations Practice	3
Director	Wen, Chien	Chinese National Association of Industry and Commerce, Taiwan	Tax Reform and Corporate Governance	3
			Precautions of the 2018 Board of Directors Meeting and Shareholders' Meeting	3
			Global Trend Analysis - Risks and Opportunities	3
		Taiwan Corporate Governance Association	Effective Exertion of Directors' Strategic Guidance Function	1
			Corporate Governance Behind the Scenes - Company Secretary Operations Practice	3
			Taiwan's New Opportunity in the US-China Trade War	3
			International and Cross-Strait Anti-tax Evasion New System Analysis	3
Independent Director	Chen, Yao-Sheng	Taiwan Corporate Governance Association	[Summit] The 14th International Forum on Corporate Governance - Compliance and Supervision Director's Obligations	6
Independent Director	Chih, Ching-Kang	Chinese National Association of Industry and Commerce, Taiwan	Tax Reform and Corporate Governance	3
Independent Director	Ding, Yen-Wei	Taiwan Corporate Governance Association	Latest Trends of Revision and Analysis of the Company Act	3
		Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3

Note : The Board of Directors elected Koo, Kung-Yi as the Chairman of the Board on June 26, 2018, and the former Chairman Chang, An-Ping was re-appointed as the Vice Chairman.

In order to improve corporate governance and reasonable remuneration, CSRC Group established the Remuneration Committee. On June 26, 2018, the Board of Directors re-elected the 4th Committee Members, and passed the appointment of three new Independent Directors to serve as Committee Members of the Remuneration Committee. The Secretary of the Board of Directors evaluates the performance of the Directors in accordance with the "Regulations Governing the Board of Directors Performance Evaluation". After the Directors' compensation is submitted to the Compensation Committee for discussion, the discussion results of the Compensation Committee and the Director's self-evaluation are submitted to the Board of Directors for discussion, and the Directors' compensation is linked to the evaluation results.

Attendance of the 3rd Remuneration Committee Meetings

Title	Name	Number of Required Attendances	Number of Actual Attendances	Number of Proxy Attendances	Actual Attendance Ratio
Convener	Chen, Yao-Sheng	2	1	1	50%
Committee Member	Chih, Ching-Kang	2	2	0	100%
Committee Member	Hsieh, Chen-Chung	2	2	0	100%

Note : The attendance record of the aforementioned Remuneration Committee is for the 3rd Term from January, 2018 to May, 2018, with a total of two meetings convened.

Attendance of the 4th Compensation Committee Meetings

Title	Name	Number of Required Attendances	Number of Actual Attendances	Number of Proxy Attendances	Actual Attendance Ratio
Convener	Chih, Ching-Kang	3	3	0	100%
Committee Member	Chen, Yao-Sheng	3	3	0	100%
Committee Member	Ding, Yen-Wei David	3	3	0	100%

Note : The attendance record of the aforementioned Remuneration Committee is for the 4th Term from June, 2018 to December, 2018, with a total of three meetings convened

CSRC Group developed the Regulations for Audit Committee Organization for compliance in accordance with the Securities and Exchange Act Article 14-4 and Regulations Governing the Exercise of Powers by Audit Committees of Public Companies Article 3. On June 26, 2018, the Annual Shareholders' General Meeting re-elected the 3rd term Committee Members, and elected three new Independent Directors to serve as Committee Members, responsible for the administration of powers of the Supervisor in accordance with the provisions specified in the Company Act, Securities and Exchange Act, and other laws and regulations. The Audit

Committee convenes one meeting every quarter and convenes at any time when necessary. The Audit Committee convened a total of seven meetings in 2018 (convened three times during the 2nd Term and four times during the 3rd Term), and Committee Members shall abstain in the case of having a stake in the meeting business matters that may cause harm to the interests of the Company. Any recommendations and feedback please contact at the e-mail address of csrcwhistle@csrcgroup.com. The main purpose of the Audit Committee is to supervise the following business matters:

- | | |
|--|--|
| <ul style="list-style-type: none"> > Appropriate expression of the Company's Financial Statements; > Appointment (dismissal), independence, and performance of the Certified Accountant; > Effective implementation of Company's internal control; | <ul style="list-style-type: none"> > Relevant laws and regulations followed by the Company; > Management and control of the Company's existing or potential risks. |
|--|--|

Attendance of the 2nd Audit Committee Meetings

Job Title	Name	Number of Required Attendances	Number of Actual Attendances	Number of Proxy Attendances	Actual Attendance Ratio
Independent Director	Chen, Yao-Sheng	3	3	0	100%
Independent Director	Chih, Ching-Kang	3	2	1	66.7%
Independent Director	Hsieh, Chen-Chung	3	3	0	100%

Note : The attendance record of the aforementioned Audit Committee is for the 2nd Term from January 2018 to May 2018, with a total of three meetings convened.

Attendance of the 3rd Audit Committee Meetings

Job Title	Name	Number of Required Attendances	Number of Actual Attendances	Number of Proxy Attendances	Actual Attendance Ratio
Independent Director	Chen, Yao-Sheng	4	4	0	100%
Independent Director	Chih, Ching-Kang	4	4	0	100%
Independent Director	Ding, Yen-Wei	4	4	0	100%

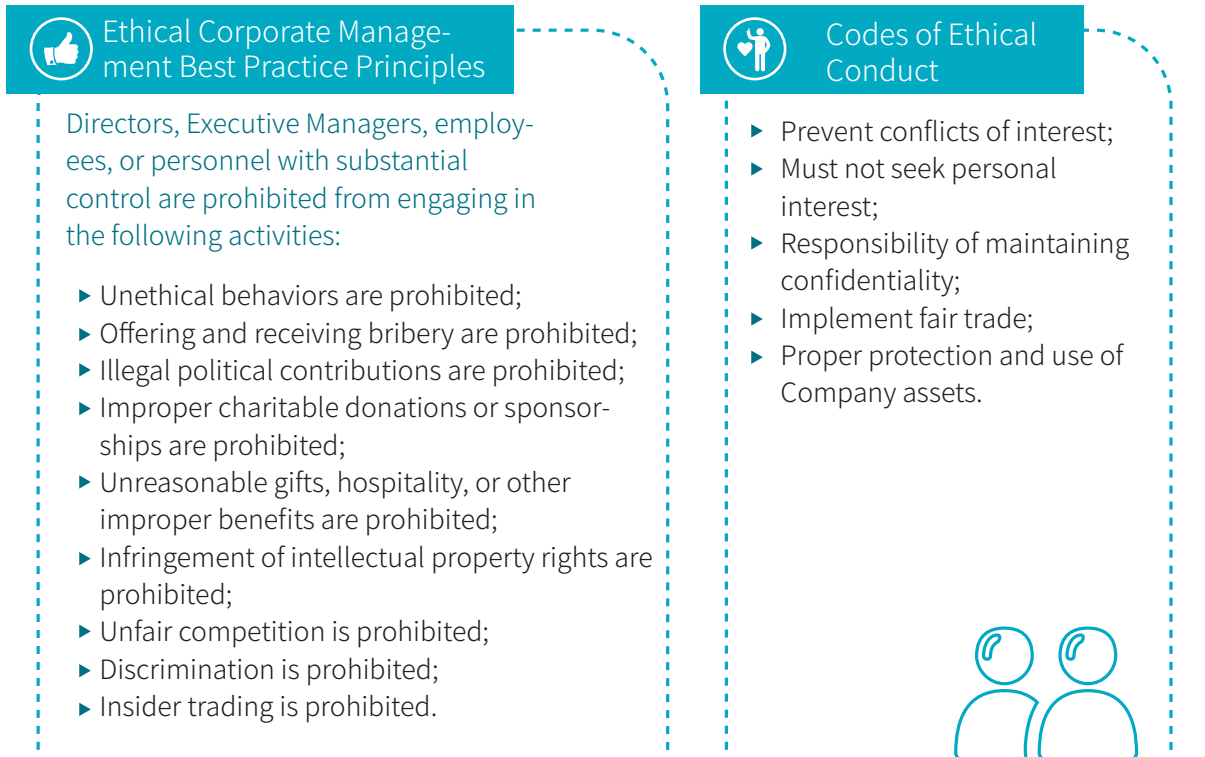
Note : The attendance record of the aforementioned Audit Committee is for the 3rd Term from June 2018 to April 2019, with a total of five meetings convened.

Code of Ethics

CSRC Group upholds the Company's business philosophy of "Modest and Harmonious, With Integrity and Honesty", and expresses the Company's Ethical Corporate Management attitude on the Company's official website. The Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct were established in order to establish a corporate culture of ethical corporate

management and good business operation. The content is reviewed from time to time and modify the content according to the internal and external situation and development. CSRC Group organizes education, training, and publication regularly for Directors, Executive Managers, employees, and personnel with substantial control to understand the Company's determination and policies of Ethical Corporate Management fully, as well as its prevention programs and consequences of behaviors in violation of Ethical Corporate Management.

CSRC Group is responsible for the development and supervision of the execution of Ethical Corporate Management policies and prevention programs, and reports to the Board of Directors on a regular basis. CSRC Group pays attention to the development of relevant norms for Ethical Corporate Management in the country or overseas at all times, and encourages Directors, Executive Managers, and employees to make recommendations, review, and improve the Code of Ethical Corporate Management developed by the Company, to enhance the effectiveness of the Company's Ethical Corporate Management.



Grievance Mechanisms

CSRC Group has set up a specific reporting system. The audit team acts as the responsible department for accepting the grievance, and announces The mailbox and mailing address for reporting for internal and external personnel. The reported offense will be reported to the Independent Directors when a major violation is found or the Company has suffered significant damages after investigation. For accepted cases, the record and protecting of the identity of the reporting personnel, investigation process, investigation results, and generation of related documents shall be done with measures of maintaining confidentiality; to prevent the reporting personnel from being treated improperly due to the report. The CSRC Group e-mail address for

reporting is mp.buster@csrc.com or mail the written report to:

Attn: Audit team

International CSRC Investment Holdings Co., Ltd.

8F., No. 113, Section 2, Zhongshan North Road, Zhongshan District, Taipei City

Internal Audit

The CSRC Group internal audit team is an independent unit and directly report to the Board of Directors; in addition to reporting to the Board of Directors, it reports to the Chairman of the Board and the Audit Committee on a quarterly basis or as necessary. The internal auditors are all full-time personnel, including one head auditor and one internal auditors, one is qualified as international internal auditors. The audit team is responsible for the handling of the Company's Internal Control System self-assessment operations, reviewing the Internal Control System self-assessment reports of all units and subsidiaries of the Company, and assisting and supervising the implementation of the Internal Control System of each subsidiary.

After the audit is completed with risk assessment, the priority of the targets being investigated and the audit items will be determined according to the risk level to develop the Annual Audit Plan. After approval by the Board of Directors and the Audit Committee, the audit will be reported to the Securities and Futures Bureau for reference through the Internet by the end of December each year according to the regulations of the Securities and Futures Bureau, Financial Supervisory Commission.

The audit team shall implement internal audit operations according to the Annual Audit Plan, compose internal audit proposals, and submit audit reports. After the audit report is approved by the Chairman of the Board, the units being audited will be notified to improve within a time limit, the improvement of abnormal matters specified in the internal audit will be tracked, the Internal Audit Tracking Report will be prepared according to the improvement measured developed by the units being audited, and the "Annual Internal Audit Abnormality Improvement Report" will be prepared and disclosed in the Market Observation Post System before end of May every year after approved by the Chairman of the Board and reported to the Securities and Futures Bureau for reference.

The head auditor shall attend the entire course of the Board of Directors Meeting and the Audit Committee Meeting every quarter, to conduct the audit team business report, explain the audit findings, and subsequent improvement of each unit being audited. The Independent Directors may submit comments on the contents of the Audit Report during the Audit Committee Meeting and the Board of Directors Meeting for the head auditor to provide explanation. In addition to communication during the meeting, the head auditor, Accountants, and Independent Directors can communicate with each other directly at any time as required to maintain a good interactive relationship.

1-4 Risk Management

CSRC Group is based on honesty and its operating philosophy is based on the principles of integrity, transparency, and accountability, to implement corporate governance, and strengthen the mechanism of risk management to create a business environment of sustainable development. CSRC Group has developed various internal regulations in accordance with the law, and conducted varied management and control work after assessing all risk factors, and implements them accordingly.



CSRC Group has established an effective accounting system and internal control system, to investigate whether there are off-book accounts or secret accounts are kept strictly for unethical and higher risk business activities. The internal auditors shall review the design and implementation of the system from time to time, audit the compliance of the system in the previous paragraph regularly, and prepare the Audit Report submitted to the Board of Directors.



Capital management focuses on a perfect operating plan. CSRC Group is based on operating plans to maintain sufficient capital to support the expansion and construction required by all businesses. Therefore, CSRC Group maintains good profitability and financial structure in order to support the needs of working capital, capital expenditure, debt repayment, and dividend payment in the mid-and long-term.



The financial instruments used by CSRC Group include equity investment, beneficiary securities investment, accounts receivable, accounts payable, and borrowing, etc., which are prone to exchange rate fluctuations and inflation risks. The exchange rate is mainly affected by fluctuations in the US dollar and RMB market, and since the price of crude oil is linked to the prices of all bulk materials, it will also affect the changes in the cost of raw materials. The extent of the impact on profit and loss depends on the supply and demand of each product market. The financial management department conducts overall planning and coordination of the operation of domestic and foreign financial markets. It monitors and manages related financial risks through internal risk reports of risk level and scope analysis. In addition, a business management analysis department is set up to watch closely the changes in the prices of major raw materials and status of supply and demand, and review the purchasing status of the procurement plan regularly.

For customers with accounts receivable, the customer's credit status shall be reviewed and the rating shall be provided regularly, as the basis to approve the line of credit, execute sales to the customer on credit, and control accounts receivable, and the anticipated accounts receivable shall be reviewed every month to achieve the objective of zero bad debts for the year.



Financial Risk Management

CSRC Group also takes out related insurance policies to avoid operational risks such as fire insurance, business interruption insurance, earthquake insurance, typhoon and flood insurance, third-party liability insurance, Directors and Executive Managers liability insurance, etc. to reduce the loss caused by disaster loss. For accounts receivable customers, the customer's credit status shall be reviewed and the rating shall be provided regularly, as the basis to approve the credit line, execute sales to the customer on credit, and control accounts receivable, and the anticipated accounts receivable shall be reviewed every month to achieve the objective of zero bad debts for the year. CSRC Group also takes out related insurance policies to avoid operational risks such as fire insurance, business interruption insurance, earthquake insurance, typhoon and flood insurance, third-party liability insurance, Directors and Executive Managers liability insurance, etc. to reduce the loss caused by disaster loss.



Risk Management Between Affiliated Enterprises

There is an internal control system between CSRC Group and affiliated enterprises, and relevant risk management and control is implemented according to the regulations, the dealings or transactions with the affiliated enterprises are managed in accordance with the laws and regulations.



Risk Management of Customers and Suppliers

CSRC Group has established the "Regulations for Sales Customers Credit Management" and "Regulations for Suppliers Evaluation Management", to evaluate the risk items related to customer credit and suppliers, and then manage and control them using the SAP ERP system.



Risk Management of Purchases and Sales

The purchases of CSRC Group are mainly carbon black raw materials such as ethylene tar, anthracene oil, and coal tar. In addition to maintaining a stable cooperative supply relationship with domestic main oil product suppliers, the Taiwan production facilities also import oil products to reduce the risks of supply shortages and price fluctuations. In addition to maintaining good cooperative relations with local steel mills in various regions, the Mainland China production facilities also actively develop cooperation with coking plants to avoid excessive concentration of product sources, to obtain the best import oil prices.

In terms of sales, the main customers are major tire factories with sound financial structure, and past account collections are normal and good. In addition, the Company's Sales Department has quota controls for customers, and conducts credit check procedures on a regular basis to avoid the risk of sales concentration and bad debts of accounts receivable.

1-5 Sustainable Management Promotion

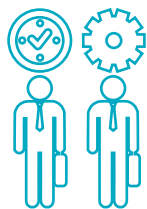
Sustainable Development Committee

In order to ensure the implementation of Corporate Social Responsibility, the Company sets up the Sustainable Development Committee specifically in accordance with the Corporate Social Responsibility Policy of CSRC Group. The Committee sets up the Ethical Governance Team, Circular Manufacturing Team, Sustainable Environment and Product Team, Employee Care Team, and Social Care Team. It also establishes the regulations of the "Corporate Social Responsibility Best Practice Principles", "Corporate Governance Best Practice Principles", and "Ethical Corporate Management Best Practice Principles".

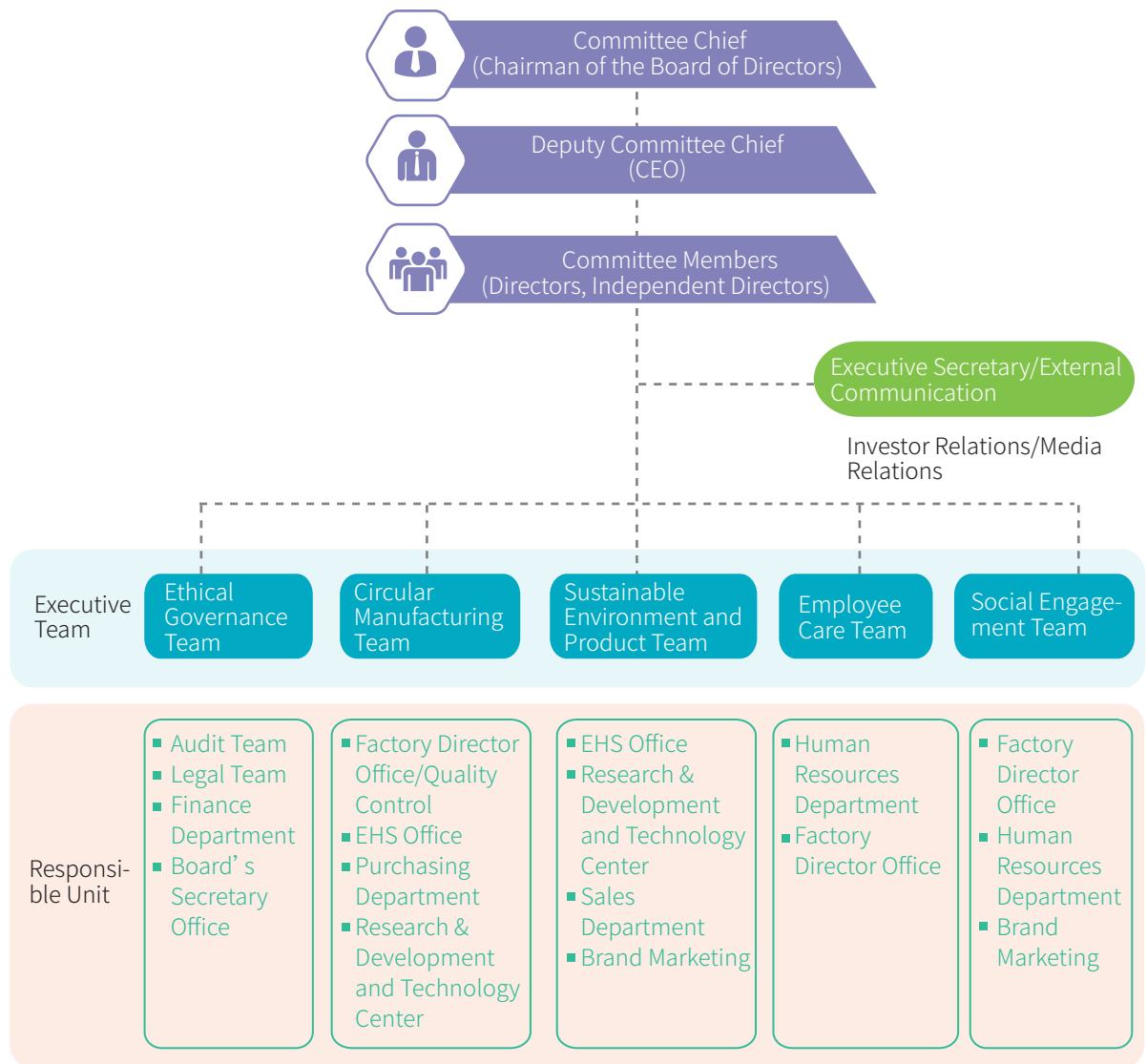
At the same time, CSRC Group strives to practice the environmental protection concept of "Environmental Protection as a Responsibility Instead of a Cost" by promoting economy, society, and environmental ecology balance as the objective of sustainable development. Regarding raw materials, production processes, and products, CSRC Group upholds caring for environment, cherishing resources to implement the concept of the circular economy taking both the economy and environment into consideration.

The Committee shall convene one meeting every six months as the principle, and adjust this schedule flexibly when necessary, but at least convene one meeting every year. The Chairman of the Board serves as the Chairman of the Committee, the General Manager serves as the Vice Chairman, and three to four Directors and Independent Directors serve as Committee Members. The highest level Person in Charge of each responsible unit serves as a Team Member. In addition to the Committee Members and Team Leader of each Team attending the meeting routinely, the Committee Chairman shall invite the Team Members to attend the meeting according to the details of the agenda each time the meeting is convened. The Team Leader shall elect one officer for each team, responsible for communication and coordination of business affairs the team is in charge of and organizing relevant information that shall be provided by the team and other business affairs.

Business Matters Under Review or For Reference by the Committee



- ▶ Examination and approval of annual targets of all scopes of Corporate Social Responsibility;
- ▶ Examination and approval or for the reference of all scopes of implementation programs for Corporate Social Responsibility;
- ▶ Review of the tracking and implementation effectiveness of Corporate Social Responsibility implementation;
- ▶ Examination and approval of the production of Corporate Social Responsibility Report;
- ▶ Examination and approval or for the reference of other business matters related to Corporate Social Responsibility;



Sustainable Development Management Process

CSRC Group engages with stakeholders as an important basis for the evaluation of material issues. In 2017, CSRC Group designed the sustainability questionnaire in reference with the GRI Standards, analysis execution procedures, and industry characteristics, to collect stakeholders' opinions directly. A total of 174 valid questionnaires were collected for the Company's seven senior executives to evaluate the degree of impact on CSRC Group sustainability. They selected a list of internal and external stakeholders' issues of concern and a list of operational impact issues, consolidated them into a sustainable issues matrix, and identified the material issues of their concerns. Important considerations were incorporated into the Company's operations, as well as target material issues to provide prioritized handling and responses in line with the expectations of stakeholders at the same time.



1-6 Stakeholders Communication







In reference to the related principles (materiality, inclusiveness, and completeness) of stakeholders engagement specified in the GRI Standards, CSRC Group is based on the Company's internal operations as the main scope of identification for the employees involved in the internal business operation process; and is based on the Company's external operations as the main scope of identification for the external individuals with consideration of regular and important routine operations with the Company. Both parties create mutual rights and obligations through contracts,






laws and decrees, as well as other agreement procedures to determine the key stakeholders including customers, government's agencies, employees, suppliers/contractors, shareholders/investors, and local communities through internal evaluation and discussion.



CSRC Group discloses information with an open and transparent communication channel to communicate and exchange with the stakeholders, receives information and provides feedback to ensure effective and good communication and dialogue between both parties. In order to accumulate and continue the progress of communication and exchange results, the stakeholders' communication evaluation mechanism and issues of concern management procedures are designed to evaluate the purpose and results of communication with stakeholders, so that the opinions from different stakeholders are properly documented and managed to achieve the desired communication results.

CSRC Group attaches great importance to all stakeholders' expectation for the Company, and the improvement is from the customer satisfaction survey and recommendation of the products and services; CSRC Group strives to reach consensus with suppliers and partners through consultation meetings; and reports the annual operating results and material events to the shareholders through Shareholders' Meetings and investor conferences. It collects the issues of concern from shareholders on the future operation of the Company and all of these are valuable opinions of the diversified groups of stakeholders. CSRC Group incorporates all of these into the reference information for sustainable business decision-making, thereby adjusting to the direction of efforts of CSRC Group in Corporate Social Responsibility. CSRC Group believes that establishing a smooth and effective communication channel with stakeholders will help the Company to keep up with the market, economy, society, and environment, and maintain the Company's upward improvement and create greater value.

Stakeholders	Importance of Stakeholders to CSRC	Issues	Engagement Method and Frequency
 Customers	<p>Customers are the most influential stakeholders of CSRC Group's product development and manufacturing, and they also concern about the CSRC Group's promotion of issues related to the economy, environment, and society.</p>	<p>Social Engagement Sustainability Policy Service and Customer Satisfaction Product quality and Product risks Environmental Protection and Ecological Conservation</p>	<ul style="list-style-type: none"> • Customer service email (at any time) • Telephone visit (weekly) • Sales personnel visitation (monthly) • Customer satisfaction survey (annually)
 Employees	<p>Employees are the Company's most important asset. Providing comprehensive benefits, care, and fields and opportunities for self-value practices are important keys to the continuous growth of CSRC Group.</p>	<p>Sustainability Policy Compensation and Benefits Research & Development and Innovation Workplace Safety Talents Recruiting and Cultivation</p>	<ul style="list-style-type: none"> • Convene the Pension Supervision Committee (quarterly) • Convene the Employee Benefits Committee (quarterly) • Convene the Management and Labor Council (quarterly) • Organize Educational Training (monthly) • Employee Comment Mailbox (at any time) • Sexual Harassment Hotline (at any time)
 Investors/ Shareholders	<p>Comments and recommendations of the shareholders/investors are important reference indicators for the operation of the management team.</p>	<p>Operation Performance and Re-Investment Business Sustainability Policy Information Transparency Corporate Governance Ethical Corporate Management Risk Management</p>	<ul style="list-style-type: none"> • Hold Shareholders' Meeting (annually) • Publish Annual Report (annually) • Hold Investor Conference (semi-annually) • Release Financial Reports (quarterly) • Market Observation Post System (from time to time) • Investor Mailbox (from time to time) • Company Official Website (from time to time)
 Suppliers/ Contractors	<p>Good suppliers/contractors can provide reliable supplies and services of materials, which will enable CSRC Group to produce and operate stably and create the best business performance.</p>	<p>Information Transparency Workplace Safety Sustainability Policy Ethical Corporate Management Energy Use and Energy Saving Carbon Reduction</p>	<ul style="list-style-type: none"> • Supplier Management System (from time to time) • Supplier Tendering Meeting (from time to time) • Supplier on Site Assessment (from time to time) • Pre-construction Work Safety Meeting (from time to time) • Supplier Strategic Alliance (from time to time)
 Local Community	<p>The living environment of the neighborhood community may be affected by the operation activities of the factory area, so CSRC Group is extremely concerned about the results of the implementation of environmental protection measures in the factory area.</p>	<p>Energy Use and Energy Saving Carbon Reduction Information Transparency Material Resource Circulation Workplace Safety Labor-management Relationship</p>	<ul style="list-style-type: none"> • Sponsor Community Public Welfare Events (monthly) • Residents Complaint Channel (from time to time) • Visit or Telephone Contact (from time to time)
 Government Agencies	<p>When promoting various policies or developing/modifying laws and regulations may affect the operation of CSRC Group.</p>	<p>Environmental Protection and Ecological Conservation Workplace Safety Material Resource Circulation Energy Use and Energy Saving Carbon Reduction Legal Compliance Pollution Discharge Management</p>	<ul style="list-style-type: none"> • Hold Shareholders' Meeting (annually) • Hold Investor Conference (semi-annually) • Cooperate with Related Review and Audit Operations (quarterly) • Market Observation Post System (from time to time) • Participate in the Promotion Meeting, Seminar (quarterly) • Filing All Tax Information (monthly) • Pollution Prevention Conference (bimonthly)

Stakeholders	2018 Communication Performance	Methods of Reflection and Response
 <p>Customers</p>	<ul style="list-style-type: none"> • Visited customers on a monthly basis and conducted one annual customer satisfaction survey in 2018. 	<ul style="list-style-type: none"> • Continues to provide products of stable quality with excellent quality service and good communication. Complies with local government operation laws and regulations, complies with environmental protection regulations, complies with customer needs, and creates favorable conditions for long-term cooperation with customers.
 <p>Employees</p>	<ul style="list-style-type: none"> • In 2018, 29 external training courses and 58 in-house training courses were provided for participation. • In 2018, the total amount of education and training reached 3,440 hours, including 905 hours for management job competence and 714 hours for professional job competence. • The number of sexual harassment complaints and mailbox complaints in 2018 was 0. • Convened the Pension Supervisory Committee, Committee of Employees' Welfare, and Labor-Management Meeting regularly. 	<ul style="list-style-type: none"> • Review the effectiveness of education and training expecting the employees and the Company to grow together, and review the compensation and benefits system regularly to provide employees with substantial competitive reward.
 <p>Investors/ Shareholders</p>	<ul style="list-style-type: none"> • Convened one Shareholders' Meeting and eight Board of Directors Meetings in 2018, and convened two investor conferences and participated in one investor conference organized by a security firm. The Investor Relations Department was set up to be responsible for investor communication, and replied to all investor's telephone calls or e-mails. 	<ul style="list-style-type: none"> • Took the initiative to organize a large investor conference to explain operation overview with investors, and the opinions and questions were handled by the responsible department at the same time, to promote exchange and interaction between both parties. CSRC Group will increase the frequency of communication with investors in the future to improve information transparency, and disclose important company information.
 <p>Suppliers/ Contractors</p>	<ul style="list-style-type: none"> • Held 30 tender meetings with suppliers. • Completed 54 supplier evaluations. • Organized a total of 40 safety seminars and related education and training courses for manufacturers and contractors. 	<ul style="list-style-type: none"> • Cooperate closely with suppliers and contractors who are capable and competent in the field to jointly develop materials and build strategic partnerships. • "Rebate" will be added to the 2019 contract to help the factory moving forward on the balance between raw material demand and cost.
 <p>Local Community</p>	<ul style="list-style-type: none"> • Sponsored NT\$1,259,398 of community public welfare activities in 2018, caring for residents in the neighborhood and promoting friendship with residents. • Participated in the Shanwei Elementary School after-school tutoring activities. • Conducted 40 Association Promotion Activities in 2018. Visited local elected representatives and village residents to listen to their suggestions in 2018. • Conducted village residents emergency assistance 16 times in 2018. • Attended seven local temple religious and ceremonial activities in 2018. • Sponsored 28 village office promotion activities in 2018. • Attended four wedding, funeral, celebration etiquette, and custom activities of local elected representatives and village residents in 2018. 	<ul style="list-style-type: none"> • Bring the relationship between neighborhood communities and CSRC Group closer through two-way multi-dimensional communication and exchange, and also allow the community to be aware of the efforts of CSRC Group in operation and environmental protection.

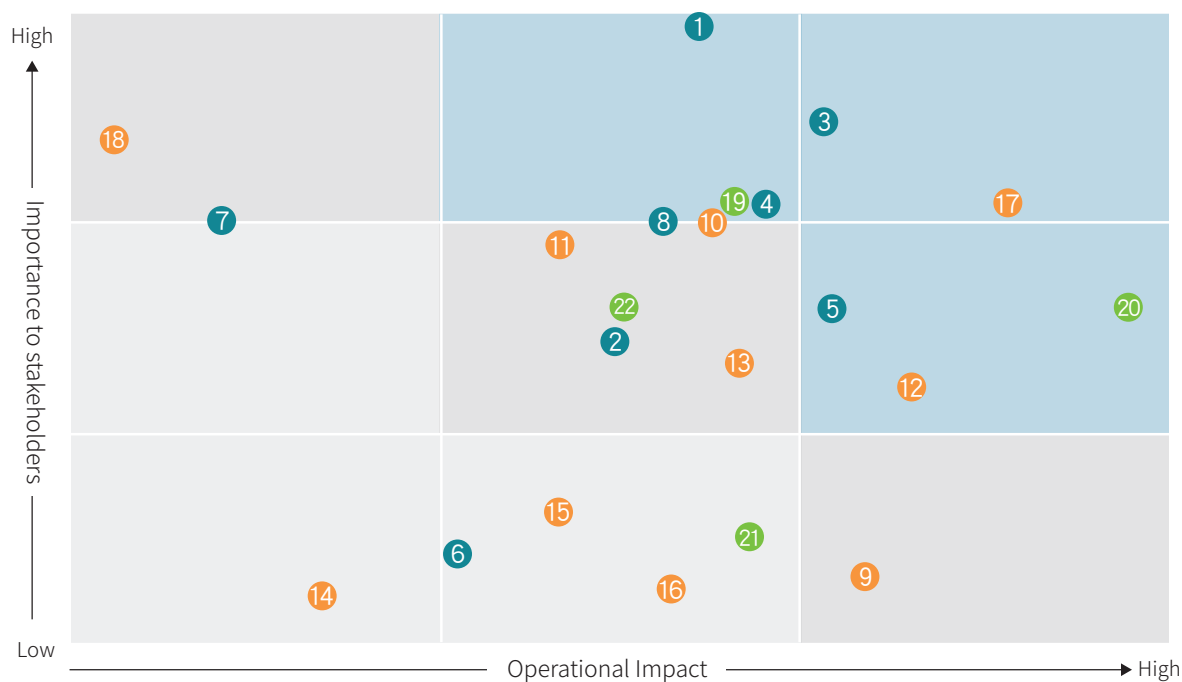
Stakeholders	2018 Communication Performance	Methods of Reflection and Response
 Government Agencies	<ul style="list-style-type: none"> • Convened two investor conferences in 2018, participated in one investor conference organized by the security firm, and participated in the Business Promotion Information Meeting of Listed Companies and adopted the International Financial Reporting Standards "IFRS 16 Leases" to introduce the Practice Seminar. In terms of environment, CSRC Group also participated in pollution prevention meetings six times and monitoring connection meetings four times. 	<ul style="list-style-type: none"> • Maintain the latest information on relevant laws and regulations in a timely manner, actively cooperate with the policy promotion of the Competent Authorities, and comply with various regulations and the operation requirements in accordance with the current laws and regulations as well as the requirements of the Competent Authorities. Actively participate in various meetings to understand the causes of external problems, learn from experience, and prevent problems from occurring.

Keep Commitment to Practice Sustainable Management

1-7 Sustainable Issues Engagement

Continue the stakeholder identification results, since there are no major changes in the overall industry environment and the Company's operation direction, the resolution to continue the nine material issues of 2017 as the material issues of 2018 was passed after the discussion in the meeting convened by the CSRC Group internal CSR related department managers, including the Sustainability Policy, Ethical Corporate Management, Risk Management, Regulatory Compliance, Operational Performance and Reinvestment Business, Research & Development and Innovation, Energy Use and Energy Conservation Carbon Reduction, Pollution Emission Management, and Workplace Safety, etc., are included in the disclosed key items of this report.





- | Governance (G) | | Social (S) | | Environment (E) |
|--------------------------------|--|--------------------------------------|---------------------------------------|---|
| 1 Sustainability Policy | 5 Legal Compliance | 9 Supply Chain Management | 14 Human Rights and Equality | 19 Energy Consumption, Energy Conservation and Reduction of Carbon Emission |
| 2 Corporate Governance | 6 Grievance Mechanisms | 10 Service and Customer Satisfaction | 15 Talent Recruitment and Cultivation | 20 Pollution Emission Management |
| 3 Ethical Corporate Management | 7 Information Transparency | 11 Product Quality and Product Risks | 16 Compensation and Benefits | 21 Resource Recycling |
| 4 Risk Management | 8 Operation Performance and Re-investment Business | 12 R&D and Innovation | 17 Workplace Safety | 22 Environmental Protection and Ecological Conservation |
| | | 13 Labor Relations | 18 Social Engagement | |

1-8 Material Topics and Management Policy

After assessing the impact of topics, the confirmed material topics shall correspond to the topics of GRI Standards for each department to confirm the indicators, management policies, and evaluation mechanisms shall be disclosed, and the relevant management performance results will be confirmed.

Material Issues	GRI Material Topics	Corresponding Chapters	SDGs Corresponding
Workplace Safety	<ul style="list-style-type: none"> Occupational Safety and Health 	4. Diversified Creativity, Shaping Excellent Quality Workplace 4-4 Safe Care	 
Ethical Corporate Management	<ul style="list-style-type: none"> General Disclosure 	2. Advantageous Synergy, Creating Multiple Values 2-4 Business Performance	
Pollution Emission Management	<ul style="list-style-type: none"> Waste Water and Waste Emissions 	3. Recycling Rebirth, Safeguarding a Green Earth 3-6 Water Resource Management 3-7 Air Pollution Prevention 3-8 Waste Resources Management	    
Sustainability Policy	<ul style="list-style-type: none"> General Disclosure 	1. Keep Commitments, Practice Sustainable Management 1-5 Sustainable Management Promotion	
Risk Management	<ul style="list-style-type: none"> General Disclosure 	1. Keep Commitments, Practice Sustainable Management 1-4 Risk Management	
Energy Consumption, Energy Conservation and Reduction of Carbon Emission	<ul style="list-style-type: none"> Energy Emissions 	3. Recycling Rebirth, Safeguarding a Green Earth 3-4 Energy Conservation Carbon Reduction 3-5 Greenhouse Gas Management	 
Legal Compliance	<ul style="list-style-type: none"> Regulatory Compliance Related to Environmental Protection Social Economic Regulatory Compliance 	2. Advantageous Synergy, Creating Multiple Values 2-5 Legal Compliance	
Operation Performance and Re-investment Business	<ul style="list-style-type: none"> Economic Performance 	2. Advantageous Synergy, Creating Multiple Values 2-4 Business Performance	
R&D and Innovation	<ul style="list-style-type: none"> General Disclosure 	2. Advantageous Synergy, Creating Multiple Values 2-3 Customer Services	 

Keep Commitment to Practice Sustainable Management

In response to material topics, CSRC Group has assessed the impacts and disclosure boundaries, in addition to the aforementioned topics, other topics such as water, labor relations, training and education, employee diversity, and equal opportunities were also appropriately disclosed.

Material Topics	Importance	Inside the Organization		Outside the Organization				
		International CSRC	Linyuan Advanced Materials	Government Agencies	Customers	Suppliers Contractors	Investors Shareholders	Neighborhood Community
Economic Performance	The foundation of sustainable development is company's steady growth. Therefore, CSRC Group continues to introduce quality products and services, and continuously pursue improvement and growth in business performance.	●	●	○	●	●	●	○
Regulatory Compliance Related to Environmental Protection	CSRC Group pays close attention to regulatory compliance with environmental protection, and will accordingly regard regulatory compliance as the principle of actions that applies to all employees.	●	●	●	●	●	●	●
Social and Economic Regulatory Compliance	CSRC Group pays close attention to social and economic regulatory compliance, and will accordingly regard regulatory compliance as the principle of actions that applies to all employees.	●	●	●	●	●	●	●
Energy	CSRC Group continues to reduce electricity and energy consumption to practice the responsibility of corporate environmental protection.	●	●	●	○	●	○	●

Material Topics	Importance	Inside the Organization		Outside the Organization				
		International CSRC	Linyuan Advanced Materials	Government Agencies	Customers	Suppliers Contractors	Investors Shareholders	Neighborhood Community
Emissions	CSRC Group is dedicated to investing in environmental protection equipment, and continuously paying attention to reduce conducting emission.	●	●	●	○	●	○	●
Waste Water and Waste	CSRC Group pays close attention to regulations related to environmental protection, and to avoid waste water and waste that might endanger the environment.	●	●	●	○	○	○	○
Occupational Safety and Health	CSRC Group pays close attention to occupational safety management in process of producing activities to maintain colleagues' safety.	●	●	●	○	○	○	○

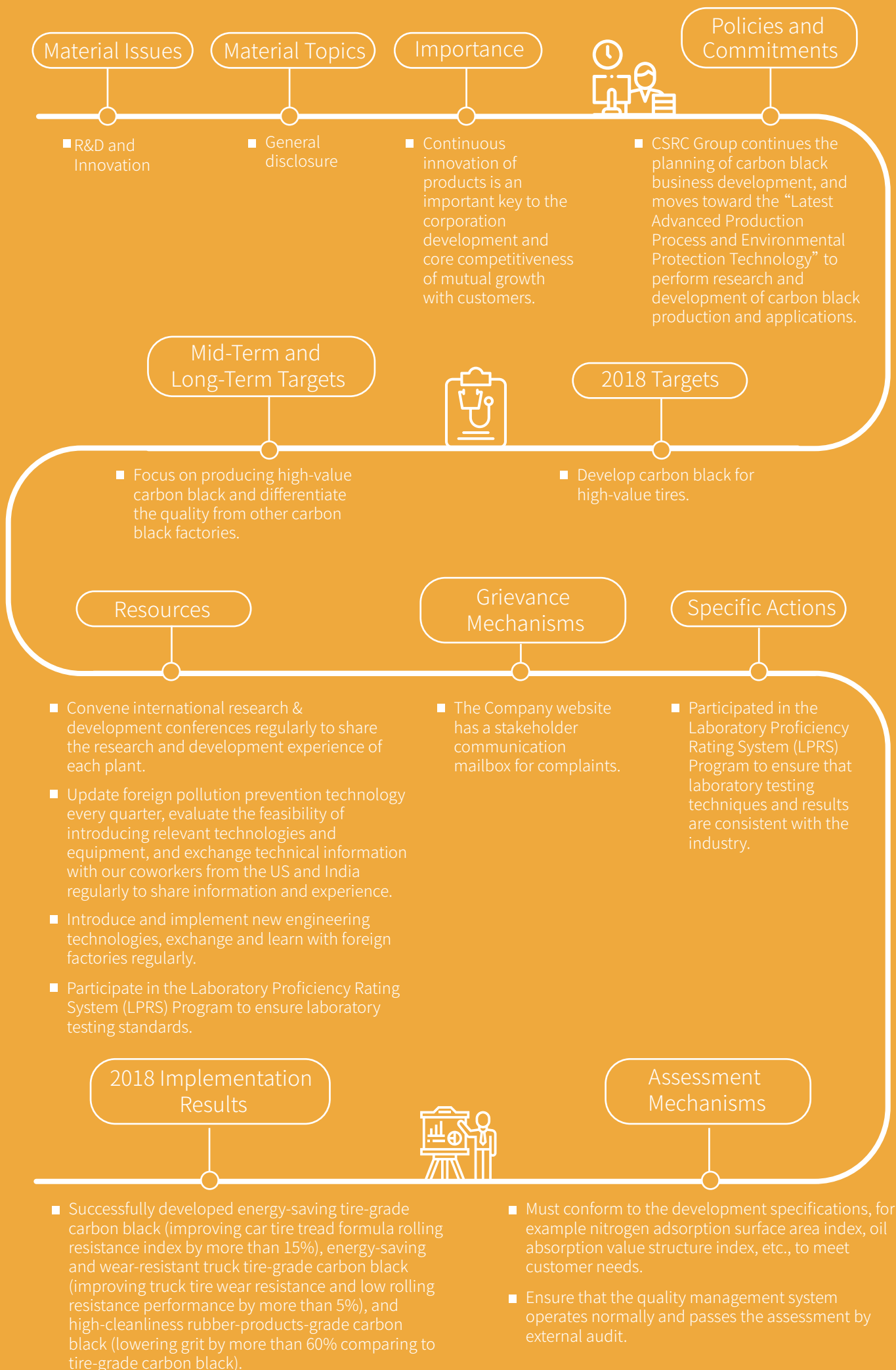
Keep Commitment to Practice Sustainable Management

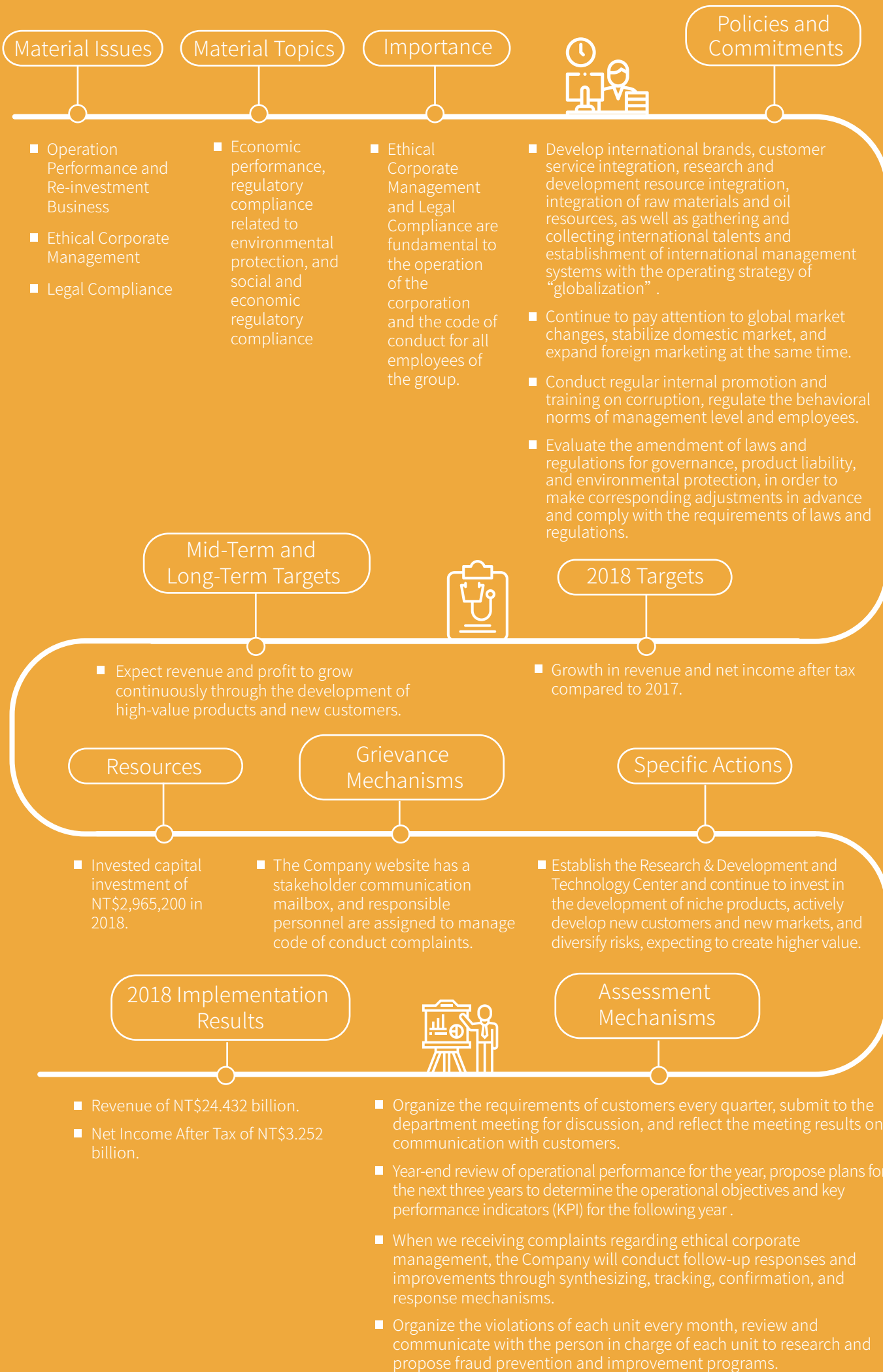
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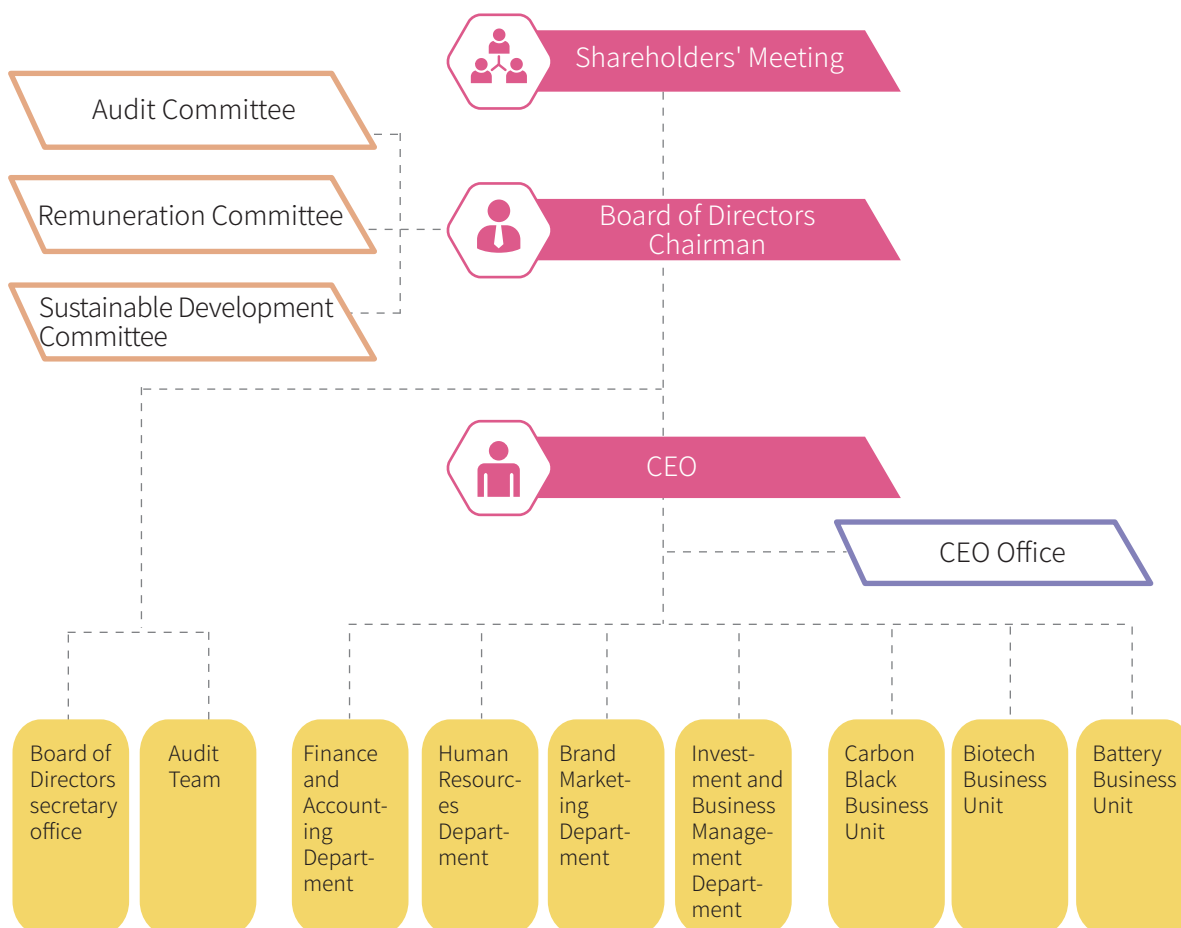
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Advantageous Synergy to
Create Multiple Values





2-1 Organization Structure



In 2018, CSRC Group restructured the organization as an investment holding company to be in line with business development. Under the CEO of CSRC Group, there are five units including the CEO's Office, Finance and Accounting Department, Human Resources Department, Brand Marketing Department, and Investment and Business Management Department. Under the Carbon Black Business (Linyuan Advanced Materials), there are six units including the Research & Development and Technology Center, Carbon Black Facility, Finance and Accounting Department, Human Resources Department, General Administration Department, Sales Department, Procurement Department, and EHS Department. By the end of 2018, the total number of employees was 213. Under the Research & Development and Technology Center, there is the Technology Department and Composite Material Research and Development Department, to effectively strengthen the development and application of carbon black technology and improve the process quality of existing products in response to the Company's future development strategy. In order to clarify the responsibilities of the unit, promote top down management and horizontal communication, job duties and operation key directions were adjusted accordingly.

Unit	Responsibilities
Battery Business Group	<ul style="list-style-type: none"> ■ Research, development, production, and sales of rechargeable lithium-ion batteries with brand name of "MOLICEL" for electric vehicles.
Biotech Business Group	<ul style="list-style-type: none"> ■ Develop medicine for disease and additional research in search for technology breakthrough and to conduct the target of raising people's standard for living.
Carbon Black Business Group	<ul style="list-style-type: none"> ■ Dedicated in carbon black area, and use low value waste from coal and petrochemical industry as raw material to produce carbon black, which has great contribution to rubber industry, and tail gas, which can be reused to generate electricity.
CEO Office	<ul style="list-style-type: none"> ■ Organization and system planning, research, and recommendations. ■ Communication and follow-up of business execution and job performance of each department. ■ Planning of business development and execution of business targets. ■ Related to the implementation of business analysis, internal audit, staff member business planning, and documentation system. ■ Assist implementation of important strategic decision business matters. ■ Management of external public relations affairs. ■ Planning business development affairs. ■ Analysis and execution of investment plans and re-investment projects. ■ Planning and execution of investment plans and re-investment projects. ■ Supervising related affairs, production, R&D and acquiring of all subsidiaries re-investment business. ■ Planning and execution of general affairs, and management of operation and assets. ■ Execution of legal affairs, and management of lawsuits, legal consulting, verification of agreement documentation and intellectual property rights.
Finance and Accounting Department	<ul style="list-style-type: none"> ■ Planning and execution of accounting policies and systems. ■ Planning and execution of budget control and accounting processing system. ■ Planning and execution of fund planning and use. ■ Planning and execution of investment plans and re-investment. ■ Planning and execution of re-investment business management. ■ Sustainable record of fixed assets and implementing corporate governance execution.
Human Resources Department	<ul style="list-style-type: none"> ■ Organization planning and review. ■ Planning and execution of human resources management and salary policies. ■ Human resources planning and employee education and training management. ■ Planning and execution of personnel recruitment. ■ Planning and execution of salary policies and systems. ■ Planning and execution of employee's insurance and welfare business matters. ■ Custody of personnel information. ■ Managing compliance to labor regulations. ■ Supervision and welfare of human resources management of units at all levels.
Brand Marketing Department	<ul style="list-style-type: none"> ■ Design and supervision of applying and using of corporate brand recognition, and application and management of the patterns According to the corporate development requirements, fix, specifically collect, and analyze relevant market information as a reference for relevant decision-making. ■ Execution of marketing activities ■ Relationship establishment with relevant industry associations and professional media. ■ Various project assistance related to the new development direction of the corporation.

Unit	Responsibilities
Investment and Business Management Department	<ul style="list-style-type: none"> ■ Execute promotion and integration of project plans throughout the company, including managing and planning investment and Business related matters. ■ Execute assessment and management of company's investment and business related matters. ■ Coordinate and formulate annual work and strategy targets. ■ Communication and follow-up of formulation assessment and promotion of company's program and project. ■ Communicate with each department's business and planning for related regulations. ■ Assist and supervise execution in the Company's future development, operation development and target.

2-2 Product Introduction

Benefitting from the implementation of the environmental protection audit of the carbon black market in Mainland China, manufacturers with poor capacity were eliminated, the oversupply of local carbon black in the past has been slightly mitigated. The average utilization rate of the major plants has gradually started to rise, which seems to be beneficial to the market supply and demand in the long run, and also good for manufacturers who met environmental regulations like CSRC Group. In the future, CSRC Group will continue to promote various research and development projects, develop equipment and methods to reduce fuel consumption, and create positive growth momentum with energy conservation and carbon reduction, as well as improvement of resource utilization rate as the policy.

CSRC Group currently owns three business units, Carbon Black Business, Biotech Business, and Battery Business. A brief introduction of related businesses and products is as follows.

Carbon Black Business

The main products are carbon black and steam. CSRC Group is the top 6 carbon black manufacturer in the world and is the only carbon black maker in Taiwan. The proportion of niche products will continue to increase, especially with the increase of the penetration rate of electric vehicle sales. The repair and maintenance market will be gradually expanded, and continue to develop the applications of energy-saving low-rolling resistance tires for cars, high-performance tires, ultra-clean rubber products, fiber-grade plastics, and high dyeing grade plastics to increase the proportion of niche products. After the establishment of the Research & Development Innovation Center in Taiwan in 2017, specialty carbon black products should be able to go into small-batch mass production in 2019.



Due to the unique nature of rubber products on the market, they are difficult to be replaced by other materials, so rubber products can maintain stable development. For the carbon black industry, with the trend of globalization, the production of tires and industrial rubber products moves from high-cost regions to low-cost regions, and carbon black manufacturers are also actively setting up factories in areas such as the Pacific Rim, South America, and Eastern Europe.

In recent years, due to the rapid economic growth of emerging countries such as China and India, the automobile industry has developed rapidly, and automobile production in those two areas has maintained a high growth trend in the past five years. Major automobile and tire manufacturers from all over the world have invested in China and India's automobile markets with sole proprietorship or joint venture, which has driven the market demand for carbon black from upstream in China and India.

Due to the strict implementation of environmental protection audits in Mainland China, hundreds of small to mid-sized carbon black plants were eliminated, and the oversupply market conditions was improved. The New Delhi plant, which was acquired in 2000, had suffered from profit loss due to the price competition with imported products. Under the plan of revitalizing the economy of domestic demand by Indian Prime Minister Modi, the automobile industry is listed as a key cultivation project, which raises high tariff thresholds for tires and related raw materials to drive the expansion of local tire factories, followed by the growth of the demand for raw carbon rubber. The US Clean Air Act enacted by the US Environmental Protection Agency (EPA), will go into effect on December 30, 2021. Carbon black plants in the United States must comply with the standards for desulfurization and denitrification to remove suspended particulates. The stricter environmental protection law will result in limitation in production of carbon black plants in the country. In addition, Mainland China has restricted the development of the coking industry, and the cost of coal tar has increased. The export to the US will not stay as competitive as usual. Our facility in the US has established a production line that complies with environmental laws and regulations to get a head start in supply.

Since 2017, CSRC Group has continued to invest in environmentally friendly equipment by upholding the principles of staying ahead of the standards specified in the environmental laws and regulations across all countries. After SCR system was installed at Maanshan Plant in 2018, the reduction rate of NO_x and SO_x has reached more than 96% and 99%, respectively, reaching the ultra-clean emission requirement. In 2018, the Group invested a total of NT\$333 million in desulfurization and denitrification equipment in Greater China, which is six times that of in 2017. In 2018, the Group also invested about NT\$1.5 billion in environmental protection expenditures in the United States. With environmental protection investment, CSRC Group can not only enhance its competitiveness, but also expect to achieve its long-term goal of sustainable operation.



Biotech
Business

CSRC Group continue to develop the Pompe disease orphan medicine agreement, and has collected a certain percentage of royalties based on the new medicine sales revenue from Genzyme since the introduction to the market in the fourth quarter of 2006. Under the steady contribution from the orphan medicine royalty money, CSRC Group is actively seeking appropriate investment target to accumulate energy for the next wave of growth opportunities.



Battery
Business

Battery Business Group E-One Moli Energy focused on the niche market, producing high-priced and high-margin products. In 2018, the Company focused on high-power, high-capacity product development, and strived to increase the energy density of lithium batteries. New products can be used in energy storage systems, hand-held power tools, e-bikes, etc., to achieve the concept of a sustainable green life in addition to improving product performance.

After years of investment and efforts, E-One Moli Energy has finally turned around and made profits in the second half of 2017, and the profit of 2018 has grown steadily. Due to the capital demand brought by the steady and rapid business growth, CSRC Group continues to invest in Lithium-Ion battery market, and is planning to build a new plant. In order to improve the financial structure, the Board of Directors of E-One Moli Energy has resolved in November 2018 to reduce capital of NT\$850 million first, followed by a capital increase of NT\$3.5 billion, to expand production capacity and support customers' future needs.



2-3 Research & Development and Innovation

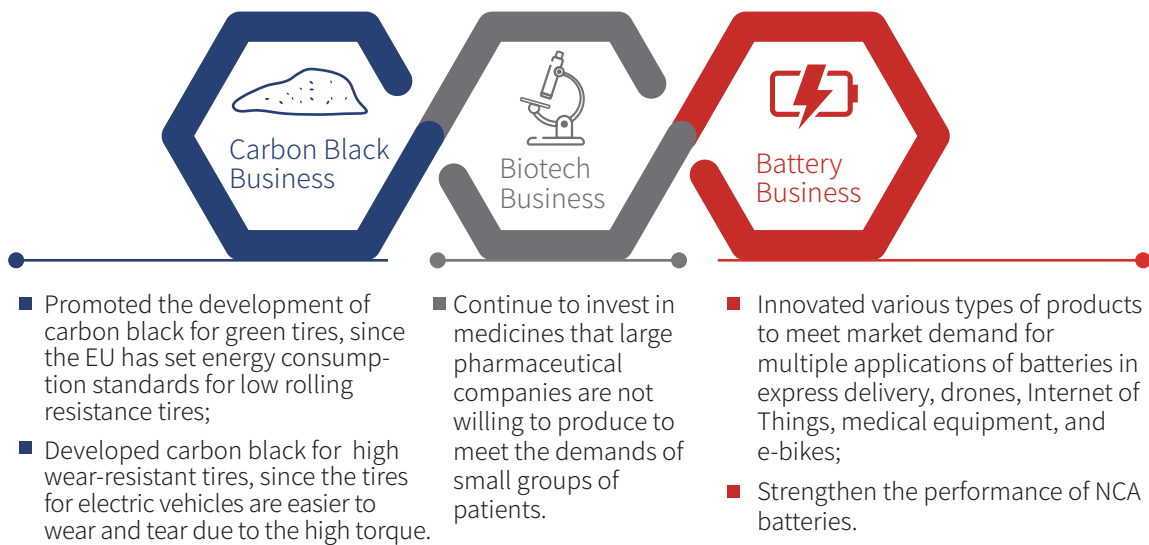
CSRC Group established the Research & Development and Technology Center in 2017. In addition to the original technical department, the Company also established the "Composite Material Research & Development Department", hiring department managers and research and development personnel, making capital expenditure such as research and development equipment. The invested research and development expenses in 2018 reached NT\$416 million.

Research & Development Objective



- Continue to Improve Carbon Black Production Technology, Enhance the Product Quality: Integrate the technologies of subsidiaries US Continental Carbon Company (CCC) and Continental Carbon India Ltd. (CCIL) to link with the academic resources and cooperate with customer needs to develop improvement objectives.
- Reduce Energy Consumption in Carbon Black Production, Enhance Energy Utilization Rate: Analyze the production process, and review the energy consumption and energy utilization rate of each reaction section to set and implement the improvement objectives.
- The Installation and Improvement of Environmental Protection Equipment in 8 Facilities Worldwide: Pay close attention to the amendment of the government's environmental protection laws and regulations, and formulate and implement the corresponding improvement measures.

In 2018, CSRC Group invested more manpower and resources in the three major businesses and produced abundant research and development results.



2-4 Supply Chain Management

The CSRC Group's Procurement Policy includes comprehensive management of understanding, selection, development, use, and control as the basis, and further with the direction of introducing the procurement strategy/purchasing strategy, to achieve the corporation business objectives of CSRC Group. Through analysis of the overall environment on suppliers/supply chains, to conduct long-term/instructive/comprehensive planning and setting for the procurement management.

Overview
 of Raw
 Material
 Supply

The main raw materials of Linyuan Advanced Materials are all types of fuel oils (coal tar, anthracene oil, ethylene tar, carbon black oil). The Company has long-term supply contracts with raw material manufacturers (mainly large state-owned enterprises), and maintains good and long-term partnerships with all of them, therefore, the supplies are more stable. Among them, the source for our facility in Taiwan is mainly from CPC Corporation Kaohsiung (ethylene tar plant) and China Steel Chemical Corporation (creosote oil, anthracene oil or carbon black oil). Furthermore, in order to maintain a flexible procurement strategy and in response to imported oil storage, CSRC Group leased two 5,000 kiloliter and one 3,000 kiloliter oil tanks in Kaohsiung Port for easy distribution management. The acquisition of raw material oils for all regions are mainly based on regional characteristics to acquire the oil products nearby from local steel mills and coking plants to maintain a stable supply.

Supply
 Chain
 Manage-
 ment
 Approach

The Company develops toward a comprehensive management direction of understanding, selection, development, use, and control. Furthermore, conduct planning, organizing, coordinating, and control of the logistics, information flow, capital flow, value flow, and workflow in the supply chain, and seek to establish a strategic partnership between supply, production, and sales, and move toward the best degree of minimizing internal consumption and waste, with the aim of achieving the optimization of overall efficiency and efficiency of the supply chain.

Before the selection of suppliers by CSRC Group, suppliers are required to complete a self-assessment report, including company profile, business registration information of the Ministry of Economic Affairs, photos of the Company's factory environment, equipment list, the environment of R&D center, performance proof (purchase orders and incoming material invoices), the entity's financial status (balance sheet and net income statement), and other information. Furthermore, field surveys for preferred manufacturers are conducted, with the selection principle based on good capability, sound finance, and no bad record in the social environment in order to list the manufacturer as qualified after passing the inspections. In addition, before cooperating with suppliers, CSRC Group request the suppliers sign the "Supplier Integrity and Social Responsibility Commitment". If the contract manufacturer is found to be involved in violation of its corporate social responsibility policy and has significant impact on the environment and society, the cooperation will be stopped immediately, and whether to resume the cooperation relationship after the improvement is confirmed will be re-evaluated.

Supplier Integrity and Social Responsibility Commitment

- Continue to pay attention to environmental protection, energy conservation, and carbon reduction, prioritize local procurement, improve energy use efficiency, comply with environmental laws and regulations, and create a sustainable environment;
- Comply with management standards on waste, waste gas, and wastewater, and the disposal and handling of any waste, pollutants, and other environmental hazards shall comply with statutory or international convention requirements;
- Child labor employment is inhibited and basic human rights shall be protected when hiring employees (including but not limited to labor rights, freedom of association, International Labor Organization Conventions, etc.), and provide reasonable remuneration and legal working conditions;
- Business operations shall adhere to business ethics and comply with anti-money laundering, anti-monopoly, and commercial competition that does not undermine market order;
- A sustainable procurement policy shall be developed for suppliers, and the content of the policy shall cover at least the supplier policy issued by the buyer.

Moreover, in addition to complying with the contract provisions, the contractor shall abide by the government's labor safety and health regulations and the management rules of the contractor's work safety, health, and environmental protection. CSRC Group will organize relevant education, training, and auditing operations regularly to ensure the contractor's workers entering the factory work in accordance with the regulations.

CSRC Group and contractors have agreed on environmental pollution-related issues, requiring contractors to comply with the commitments of the plant's environmental policies, strengthen the environmental cleaning, clean the vehicle tires flexibly during construction or work period, and comply with environmental protection laws and regulations to prevent any behavior of polluting the environment. When general business waste, hazardous business waste, and resource waste are produced by the contractors during the construction period, the supervisor of engineering or department in charge of the work shall be contacted to fill in the related storage and removal forms to manage the storage or removal operations from the storage department managing each type of waste to make sure that the wastes will not be disposed of arbitrarily.

Safety Management Regulations for Suppliers and Contractors



- Construction Safety Regulations
- Regulations for the Use of Temporary Electricity and Water
- Regulations for Electrical Welding and Gas Welding With Cutting Operations
- Regulations for Construction of Scaffolding
- Regulations for Dangerous Machinery or Equipment Operations



CSRC Group convened contractors for annual repair of facility to conduct safety seminars on April 16, 2018, instructing plant operations, management, environmental protection, safety and health, and related coordination and communication.



Safety Seminars for Contractors

- Elaboration on cooperative business matters for instrument and electrical work and safety operation standards
- Elaboration on cooperative business matters for machine repair and safety operation standards.
- Elaboration on cooperative business matters requested by the unit of area under jurisdiction.
- Elaboration on cooperative business matters requested by the plant management unit.
- Elaboration on cooperative business matters required for environmental protection.
- Elaboration on cooperative business matters required for safety and health.
- Elaboration on safety and health management practices and industry examples.
- Work coordination and communication

Advantageous Synergy to Create Multiple Values

Sustainability Evaluation on Suppliers

In order to improve sustainability throughout CSRC Group's supply chain, the Company conducts an auditing evaluation once every year for the major suppliers of raw materials and materials. After the supplier's evaluation, the score is divided into four classes. If the manufacturer is evaluated as a Class C manufacturer for two consecutive years, the purchasing or contracting unit must collaborate with the related unit to visit the site or request the manufacturer to come to the plant for an interview, and make a written record for the content of interview.

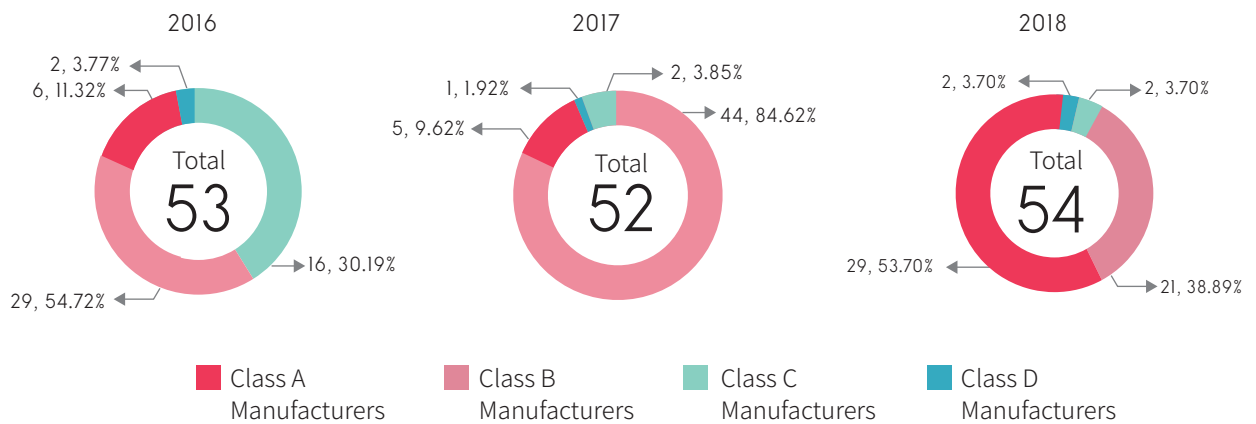
Auditing Evaluation Items

Product Compliance	Continuous Supply Capability	Quality Performance	Delivery Performance
Process Operation Capability	Machine and Tools Equipment Control	Quality Management System	Abnormality Handling
Material Management	Equipment Scale	Degree of Business Service Cooperation	Customer Complaint Response Time

Evaluation Score Rating

Class A: 90 points and above	Class B: 80-89 points	Class C: 60-79 points	Class D: 59 points and below
Manufacturers with Class A can be given priority for bargaining opportunity.	Manufacturers with Class B will be maintained for general bidding or bargaining opportunity.	Strengthen the manufacturer improvement and counseling, reduce the bidding rights, and continue to give bidding rights if there is improvement in the next evaluation.	Manufacturers shall be eliminated, and bidding rights shall be revoked immediately.

In 2018, a total of 54 suppliers received auditing evaluations, and the overall results of evaluation improved significantly compared with that of 2017, with an increase of 24 Class A manufacturers.



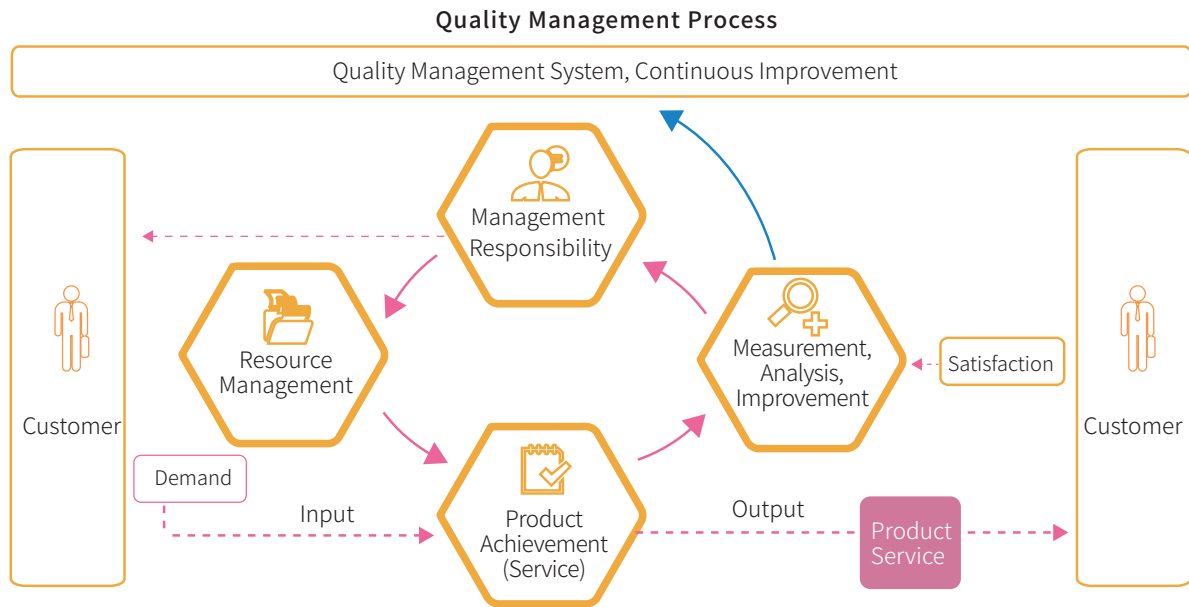
Supply Chain Engagement

In addition to organizing supplier training sessions and communication through emails and calls, other engagement channels include face-to-face meetings to ensure trust and mutual understating of quality improvement. In addition, implement communication and response of sustainability issues through the annual planned audit work to achieve the purpose of a win-win situation.



2-5 Customer Services

CSRC Group adheres to the business philosophy of "Humble to Achieve Harmony, Honest to be Trustworthy" upheld by the founder Mr. Koo Chen-Fu, to maintain the belief of long-term cooperation with every customer, maneuvering adjustment to cooperate with customer needs, and not changing or canceling customer orders simply because of short-term market changes and profit gains/losses. In order to cooperate with the global development of customers, local orders are supplied globally to reduce the inconvenience of communication for customers due to different nationalities, languages, and cultures, and expect an increase in customer satisfaction.



Advantageous Synergy to Create Multiple Values

Based on the material topic of Social and Economic Regulatory Compliance, CSRC Group establishes the Quality Management System with the quality policy of "Full Participation, Customers First" to maintain excellent quality. Fellow employees are selected to participate in International Research & Development Conferences every year to share information with our coworkers at different facilities with the content including the latest foreign production technology, pollution prevention technology, and equipment development. Moreover, through technology exchanges of the global CSRC Group Quality Assurance Laboratories, integrate resources and maximize the use of resources.

Conduct planning and execution of all internal auditing operations in the annual quality management system to ensure that each department implements the execution of quality management and checks the implementation of packaging regulations. Some customers schedule on-site second-party audits every year. In 2018, the CSRC Group received two on-site inspection from customers, and scored as Class A suppliers.

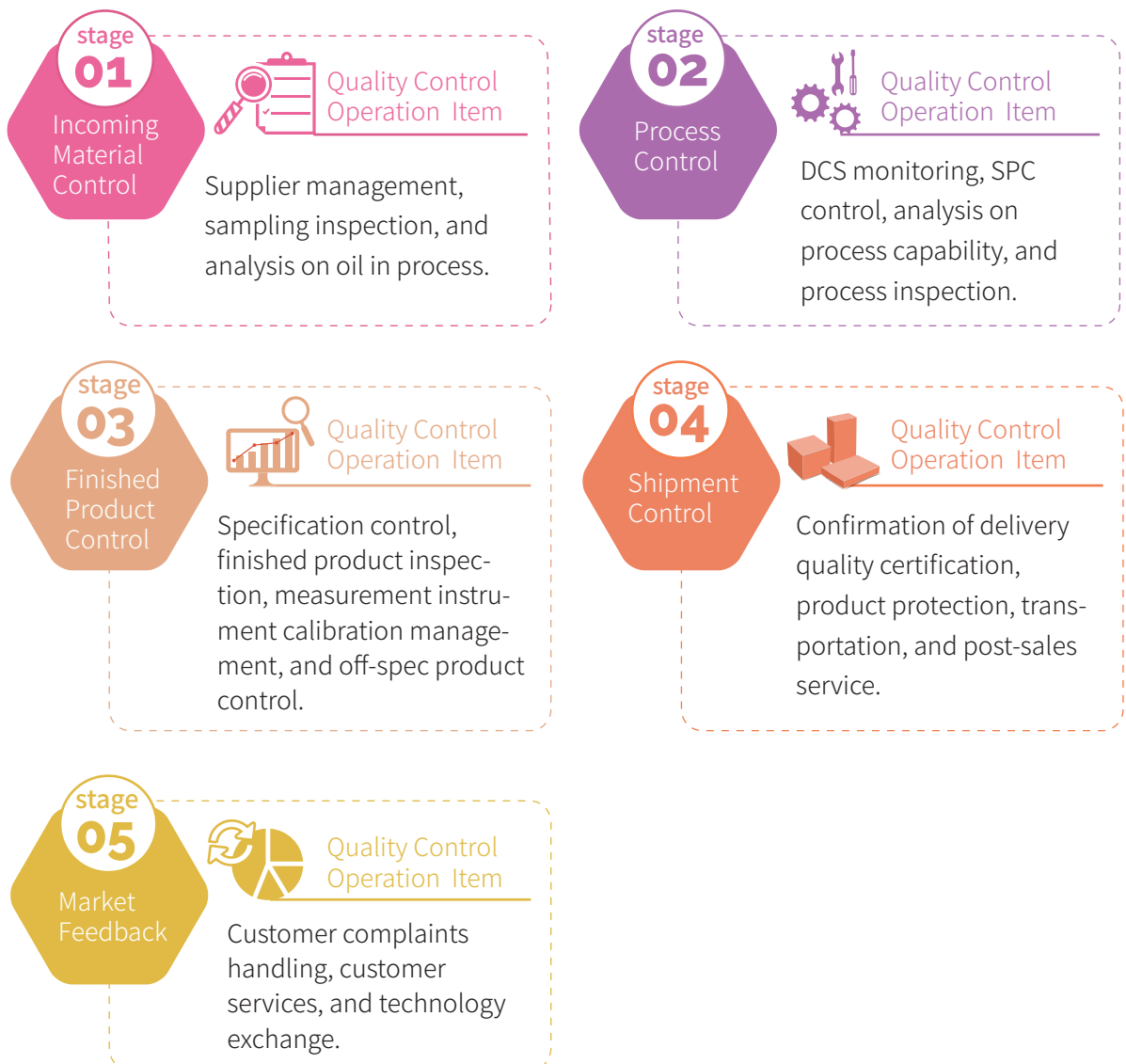
Product Quality

CSRC Group develops the Regulations for Quality Management based on customer requirements and customer satisfaction as the objective to ensure the consistency of product quality control operations through systematic quality management processes, and at the same time, uses the five-phases quality control mode to list the operation items in detail for each phase to ensure the quality of products effectively as the basis for execution and improvement of the Quality Management System. In order to continue to promote quality management with the PDCA mechanism, the Company passed the verification



of the quality management system of IATF 16949:2016 version for automotive industry in 2017, and passed the verification of the quality management system of ISO 9001:2015 version again in 2018 at the same time, with the aim of ensuring systematic continuous improvement management to be implemented for execution.

In order to ensure the customer's opinions are properly recorded and managed, CSRC Group also provides customer-related technical support to achieve the expected communication results, and set up the FAE team for technical support. When customers have concerns about product quality, the team will check with strict inspection standards and assist the customers to clarify the problem. If the inspection result is not a product quality problem, the team will recommend the customers to perform regular rust removal and pipeline clearing to eliminate grits that might affect the product, in order to establish a reliable supply and demand relationship with the customers.




Exchange of Inspection Standards

The Carbon Black Committee (Committee D24) of the American Society for Testing and Materials (ASTM) developed all categories of laboratory inspection standards, and CSRC Group participated in the Laboratory Proficiency Rating System for Carbon Black (LPRS) to conduct exchange and review of D24.61-Carbon Black Sampling and Statistical Analysis to ensure the laboratory testing techniques and results to be consistent with external inspections.

Product Safety Labeling

The product labeling contents required by the laws and regulations such as batch number/production date/product name/product origin/safety, etc., are affixed on the product packaging in coordination with the regulatory requirements of the product importing country, to provide safe product information and avoid misuse by customers, and product labeling will be revised timely if the laws and regulations are amended. In order to ensure the right of awareness for customers, CSRC Group updates the Material Safety Data Sheet (MSDS) of the product regularly to provide a basis of reference for the safety features and waste disposal methods of the latest product, and based on the national regulations, CSRC Group added a carbon black hazard label on the product packaging bag to show the warning message and preventive measures. At the same time, in order to comply with the transportation regulations of each country, all types of transportation permit qualification certificates shall be managed carefully before the products are shipped. In 2018, CSRC Group did not have any violation related to the product safety label.

Items Included on the Material Safety Data Sheet

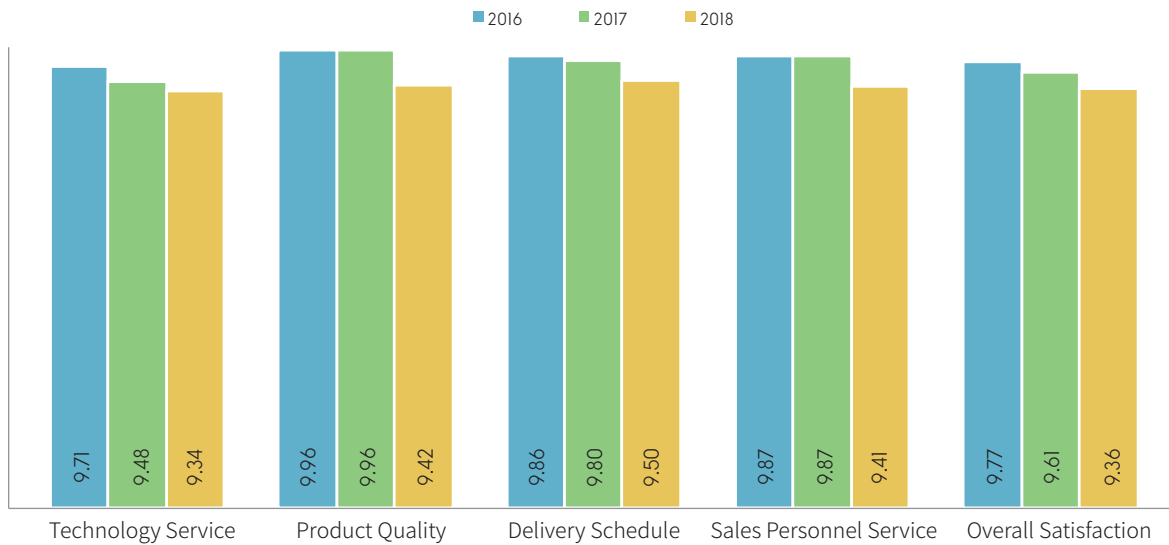


- Chemicals and Manufacturer Information
- Hazard Identification Data
- Ingredient Identification Data
- Emergency First-aid Measures
- Fire Extinguishing Measures
- Leakage Handling Method
- Safe Disposal and Storage Method
- Preventive Measures for Exposure
- Physical and Chemical Properties
- Stability and Reactivity
- Toxicity Data
- Ecological Information
- Waste Disposal Method
- Shipping Information
- Regulatory Information
- Other Information

Customer Satisfaction Survey

CSRC Group is committed to providing the best service for customers and believes that customer service is the key to consolidating customer satisfaction and loyalty. Only by properly recording and managing customer opinions and creating maximum value for customers can CSRC Group accumulate and create more customers. All the information including customer inquiries, purchasing contents, and business information related to quotation and deal price in the form of documents, e-mails, and paper works shall only be disclosed to sales department. At the same time, CSRC Group promotes to all sales employees regularly the concept of confidentiality of customer information. CSRC Group did not receive any complaints regarding violation of customer privacy being disclosed in 2018.

Customer Satisfaction Survey Over the Years



CSRC Group conducts Customer Satisfaction Surveys regularly every year, with a total score of 10 points and a target value of 8.5 points. The rating items include five major aspects of Technology Service, Product Quality, Delivery Schedule, Sales Personnel Service, and Total Satisfaction, as the basis for improvement and supervision, through the understanding of market trends and customer needs to adjust all transaction conditions in a timely manner, and enhance the overall profitability of the Company. In 2018, the total number of responding customers for the CSRC Group Customer Satisfaction Questionnaire accounted for 85.5% of the total business volume. Total satisfaction was 9.36 in 2018, and has been maintained above 9 points for the past five years. It is obvious that customers are affirmative for the CSRC Group's products and services. From the results of the 2018 Customer Satisfaction Survey, all the scores fell between 9.30 and 9.50, and it was obvious that the Company has gained good reputation regarding all aspects.

In addition, a world-class tire customer also requested CSRC Group to conduct CSR evaluation through the third-party CSR evaluation platform (ecovadis).

According to the results of the evaluation analysis, CSRC Group ranked in the top 23% of all manufacturers using this assessment mechanism in the ecovadis rating, and was awarded the silver medal for achieving in the 77 percentile.



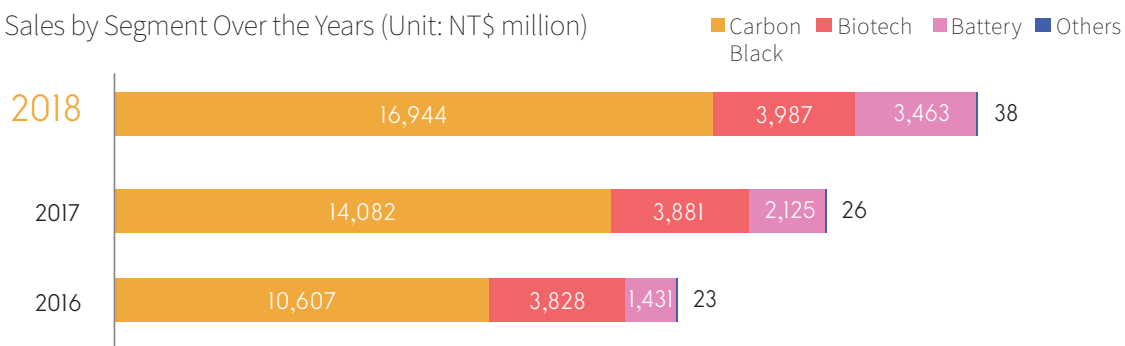
2-6 Business Performance

Operation Results

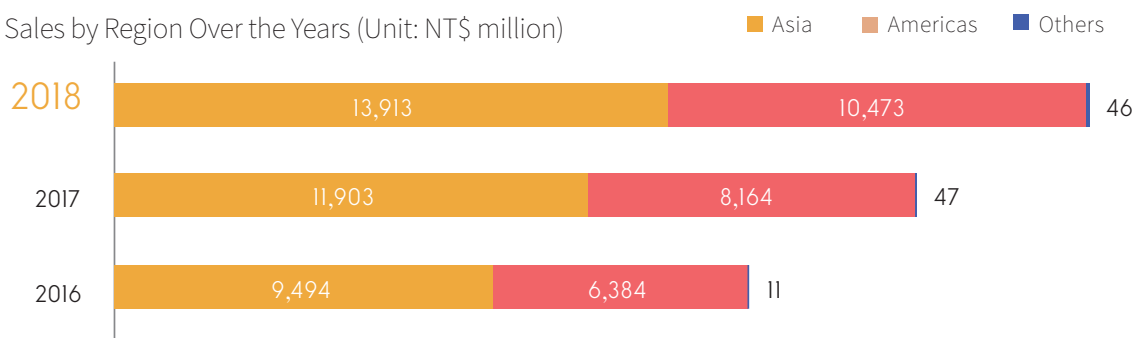
The main products of CSRC Group are three categories: Carbon Black, Biological Technology, and Batteries. The consolidated revenue in 2018 was NT\$24.432 billion, increasing by NT\$4.318 billion (an increase of 21.47%) compared to 2017. Among them, carbon black is the main sales product. The revenue in 2018 was NT\$16.944 billion (accounting for 69.35% of the total revenue in 2018), increasing by 20.32% compared to 2017; the sales areas are mainly in Asia and America, accounting for 56.95% and 42.87% respectively in 2018, and the revenue from Asia in 2018 grew by 16.89% compared to 2017. Total carbon black production was 490,000 metric tons in 2018.

Advantageous Synergy to Create Multiple Values

Sales by Segment Over the Years (Unit: NT\$ million)



Sales by Region Over the Years (Unit: NT\$ million)



CSRC Group is committed to strengthening environmental protection and advancement of environmental protection technology to not only comply with local environmental protection standards, but also set leading standards in the industry. Under the situation of stricter environmental protection laws and regulations in all countries, CSRC Group can continue to operate and maintain production and create profit growth. The concept of "results-oriented" and "precise, simple, and accurate" is the foundation of CSRC Group operation. In the future, CSRC Group will continue to promote all types of research and development projects, develop energy efficient equipment and methods to create positive growth and maximize shareholder interest by setting goals to enhance energy conservation measures, lower carbon emission and increase resource utilization.

Unit: NT\$ million	2016	2017	2018
Revenue	15,889	20,114	24,432
Cost of Goods Sold	11,319	14,544	17,855
Gross Profit	4,570	5,570	6,577
Operating Income (Loss)	2,935	3,641	4,630
Non-operating Income and Expenses	(297)	(75)	(61)
Net Income for the Year	1,414	2,300	3,252
Other Comprehensive Income (Loss) for the Year	767	(345)	522
Total Comprehensive Income (Loss) for the Year	2,181	1,955	3,774
Earnings per Share (NT\$)	2.39	3.35	4.18
Employee Salary and Benefits	1,579	1,682	2,135

The global trend of carbon black is "Integration", since only large corporations are capable of meeting the increasingly stringent global environmental protection standards. The CSRC Group Carbon Black business strategy is integration and diversifying risks. In terms of integration, it includes the merger of small-scale manufacturers that are not capable of complying with environmental protection laws and regulations, and deploying new production capacity in high growth markets, such as entering the fast-growing Indian market (It is estimated that the annual compound growth rate of carbon black demand will reach 4.9% by 2022, which is higher than that of 3.6% in China). In terms of "Diversifying Risks", we develop multiple markets to diversify the risks of the Chinese market, such as entering the Indian market and investing in environmental protection equipment to strengthen our own competitiveness. The battery business will expand production capacity, specialize in high-capacity, high-power niche products, and optimize product portfolio. The Biotech business has commissioned research institutions to research and develop new drugs, expecting to bring more contributions to society.

2-7 Regulatory Compliance

Based on the Ethical Corporate Management Best Practice Principles, CSRC Group stipulates to abide by the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, Regulations related to TWSE Listed Companies, and other Commercial

Activity related laws and decrees as the basic premise for the implementation of Ethical Corporate Management. In addition, CSRC Group complies with international human rights conventions and other relevant laws and regulations, such as gender equality, the right to work, and the prohibition of discrimination, according to the Labor Standards Act and the relevant government regulations to establish working rules. When the directors, executive managers, employees, and the personnel with substantial control of CSRC Group are performing business activities, all shall comply with the laws and regulations as well as prevention programs. At the same time, CSRC Group encourages the reporting of any illegal or unethical behaviors in violation of the Ethical Code of Conduct. When there is any suspicion or discovery of behaviors violating the laws and regulations or the Ethical Code of Conduct, the reporting personnel shall report to the executive manager, person in charge of internal audit, or other appropriate personnel and provide sufficient information to allow the Company to handle the follow-up business matters properly. There were thirteen violations of environmental and social laws in 2018.

Item	Number of Violations	Amount of Fines	Number of Petitions	Explanation of Major Violations	Subsequent Improvement Actions
Violation of Environmental Laws and Regulations	8	1.718 million	0	See violation of environment related laws and regulations explanation.	See violation of environmental laws and regulations explanation.
Violation of Social Laws and Regulations	5	0.26 million	0	The person in charge is negligent in reviewing the employee's overtime work situation.	Have established the early warning system and scheduling system planning to prevent employees from working overtime.
				Violation of workplace related regulations	Strengthen safety supervision management and implement construction safety.
Total	13	1.978 million	0	—	—

In 2018, there were eight violations of environmental related laws and regulations, with fines of NT\$1.718 million. CSRC Group has deeply reviewed and promoted improvement measures, strengthened the supervision function of environmental protection professionals, and completed improvements according to the legal requirements for the process equipment, and established emergency response measures to avoid environmental pollution caused by pollutant discharge.

Details of Violations

- Due to the damage of a bag type separator in the carbon black manufacturing process, the carbon black tail gas in the process was burned and produced granular pollutants that were dispersed on the property outside the plant causing pollution. The Environmental Protection Bureau imposed a fine of NT\$400,000.

Subsequent Improvement Actions

- Established the OPA Abnormality Standard Operating Procedures to check and repair immediately if abnormality occurs. If the pollutant leakage cannot be stopped within two hours, the material incoming will be stopped to avoid effusion outside the plant until it returns to normal. Conduct promotion for the shift person in charge of the Production Unit to request the procedures to be followed through thoroughly.

- For nitrogen oxide (NOx) monitoring data of a cumulative five hours average value in a single day from the continuous automatic monitoring facility of the boiler power generation discharge pipeline that exceeds the emission standard (140ppm), which exceeds the two hours specified in Article 13, Paragraph 1, Subparagraph 2 of the "Stationary Pollution Source Air Pollutant Emissions Standards", the Environmental Protection Bureau imposed a fine of NT\$200,000.

- When the concentration of pollutants exceeds the standard, an e-mail will be sent to warn the related units, and then the Production Unit shall adjust the process to solve the problem and prevent the situation from happening again. In addition, the Company was requested to send a written fax and online notification in accordance with the law and decrees, and complete the abnormality improvement report, and issue the document to the Environmental Protection Bureau for verification within 15 days.

- The pH value of the exhaust gas desulfurization system was partially inconsistent with the approved content of the Fixed Pollution Source Operation Permit, the Environmental Protection Bureau imposed a fine of NT\$100,000.

- Check the air pollution operation parameters every month to avoid penalties.

- The 6-minute record value of CEMS P012 on that day was higher than the extended cumulative time of the emission standard (20%). The plant record did not show abnormal emission on that day, but there was an instrument components failure. Although the failures were reported online within two days according to the law, the Environmental Protection Bureau still imposed a fine of NT\$100,000 for violation of the "Stationary Pollution Source Air Pollutant Emissions Standards".

- Purchased a fax machine to be placed in the Cogeneration Control Room to report the abnormal condition within one hour during holiday and nighttime, and when the CEMS is abnormal, personnel must enter the plant for repair within 24 hours.

Details of Violations

Subsequent Improvement Actions

- Due to the tripped resulfurization windmill that caused the MBF cabin pressure to be too high in the carbon black manufacturing process, the pollutants discharged from the emergency discharge point were dispersed in the air. The Environmental Protection Bureau imposed a fine of NT\$600,000.

- Check whether the windmill has abnormal vibrations or abnormal sounds during the daily PDA inspection, and notify the personnel of the Engineering Section immediately for repair if the abnormality is confirmed.

- The violation of the air pollution prevention and control from the fire incident in Linyuan facility in October 2018 was due to the contractor's lack of attention to fire safety during welding construction operations. Linyuan facility did not notify the authority within one hour, which is a violation of Article 33, Paragraph 1. The Environmental Protection Bureau imposed a fine of NT\$100,000 according to Article 59, Paragraph 1.

- Re-examine the operation procedure for starting a fire: When the contractor is required to enter the construction site, with a hot-fire operation, the application must be submitted beforehand. It will be signed with the management unit, construction unit and EHS Office to confirm the location and protective measures. Do not apply for more than 4 hours per application.
- Modify the form and related content of the construction work flow according to the work procedure mentioned above.
- Strengthen safety supervision and management, and implement pre-construction safety precautions
- For the on-site personnel to strengthen education and training, in case of emergency, operate the oil tank area fire extinguishing equipment (oil tank foam switch, foam fire hydrant and water belt use) to achieve rapid rescue.
- Strengthen notification mechanisms of emergency environmental incidents.

- The odor pollutants and nitrogen oxides were detected at the discharge pipeline of carbon black manufacturing line, and emission concentrations were 17,400 (exceeded the "Stationary Pollution Source Air Pollutant Emissions Standards" of 2,000) and 196 ppm (exceeded the nitrogen oxide emissions standard of 150ppm specified by Kaohsiung City's Combustion Equipment Air Pollutant Discharge Standards). The Environmental Protection Bureau imposed a fine of NT\$200,000.

- Check the operation status of the odor equipment regularly. If the odor exceeds the standard, adjust the spray parameters and arrange the odor detection, and send the results to the Environmental Protection Bureau. In addition, we adjust the ratio of fresh air to avoid NOx exceeding the standard, schedule inspection regularly, and send the results to the Environmental Protection Bureau.

- Unclear marking of waste that does not match the system output. The Environmental Protection Bureau imposed a fine of NT\$18,000.

- Daily storage area inspections shall confirm whether the signs are off, and establish an output balance double check mechanism to avoid false alarm.

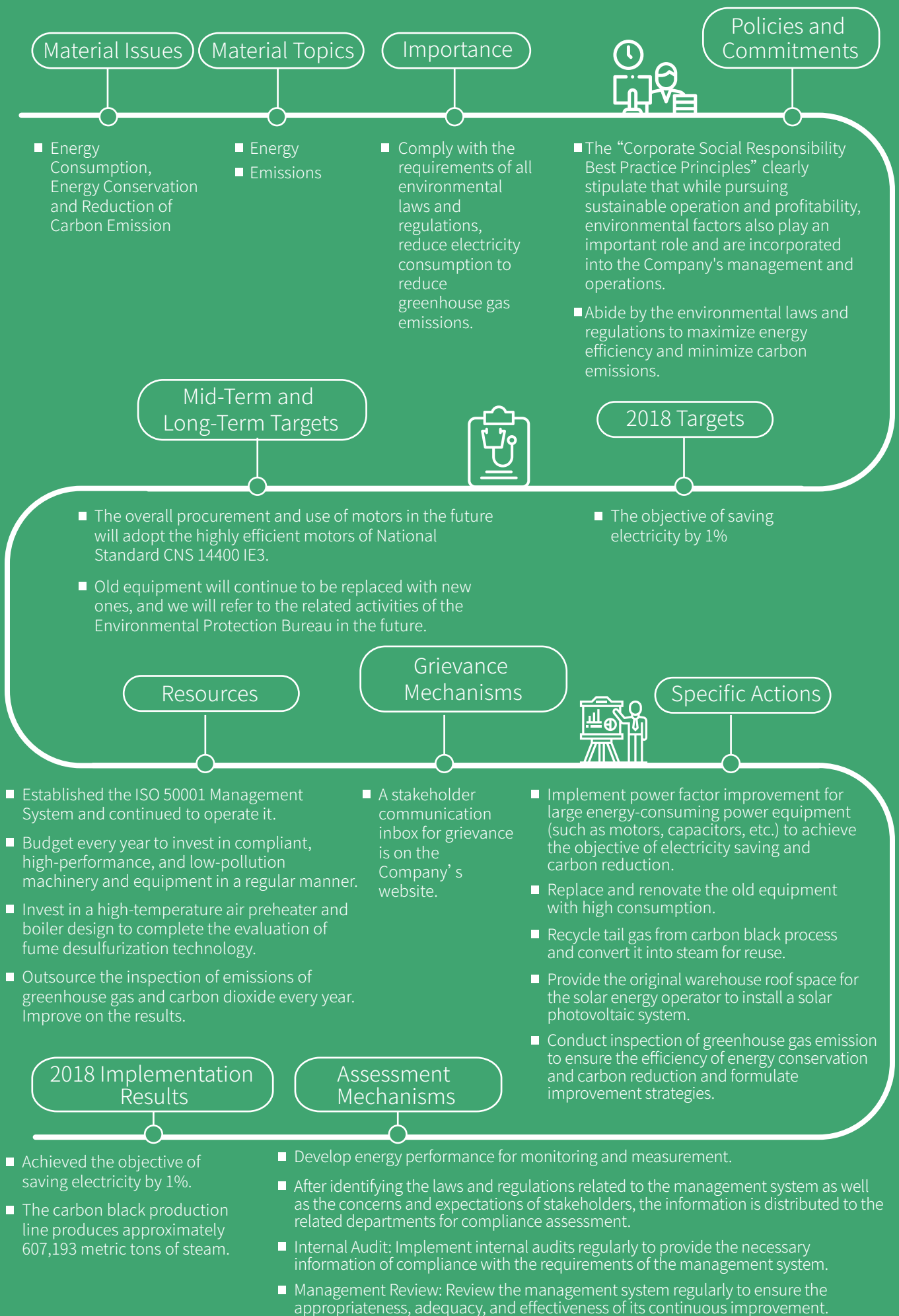
In 2018, there were five violations of social laws and regulations, with fines of NT\$260,000. CSRC Group has established improvement measures and strengthen supervision to avoid such violations in the future.

Details of Violations	Subsequent Improvement Actions
<ul style="list-style-type: none"> ■ The managers were negligent in reviewing the employee's overtime situation. Labor Affairs Bureau imposed a fine of NT\$ 50,000. ■ The Company did not remove flammable substances in advance at the workplace and not confirm accordingly. Labor Affairs Bureau imposed a fine of NT\$60,000. ■ The Company did not proactively adopt contractor “contact and adjustment measures” to require contractors to remove flammable substances and confirm workplace safety. Labor Affairs Bureau imposed a fine of NT\$60,000. 	<ul style="list-style-type: none"> ■ An early warning system and scheduling system have been established to prevent employees from working overtime again. ■ Overflow pipe with anti-tempering device and water and wind facilities ■ Review the procedure for starting a fire, and modify the construction form and content ■ Strengthen safety supervision and management and implement construction safety precautions. The manufacturer's construction permit form has been re-established, and the competent construction area of the construction site must conduct on-site inspection before construction.
<ul style="list-style-type: none"> ■ The Company did not reelect security supervisor and formulate disaster prevention plans accordingly in security supervisor and disaster prevention plan when we changed the company name to Linyuan Advanced Materials Technology CO., Ltd. Fire Department imposed a fine of NT\$30,000. 	<ul style="list-style-type: none"> ■ In the future, the local fire protection authorities will be required to report for inspection. The company name will change accordingly, so as to avoid similar situations.
<ul style="list-style-type: none"> ■ The operation of mixing and mixing carbon raw materials does not maintain the sealing performance of the equipment, resulting in the carbon black dust remaining. Labor Affairs Bureau imposed a fine of NT\$60,000. 	<ul style="list-style-type: none"> ■ Investigation on similar equipment's were conducted, and the defective equipment components were repaired and reinstalled before production to avoid similar situations.



3

Recycling and Regeneration to Safeguard the Earth



Material Issues

- Pollution Emission Management

Material Topics

- Waste Water and Waste
- Emissions

Importance

- Comply with the requirements of all environmental protection laws and regulations to avoid environmental hazards caused by waste water, waste, or gas emissions.



Policies and Commitments

- The “Corporate Social Responsibility Best Practice Principles” clearly stipulate that while pursuing sustainable operation and profitability, environmental factors also play an important role and are incorporated into the Company’s management and operations.
- Comply with the provisions specified in the environmental protection laws and regulations, and continue to invest and improve pollution control equipment based on the principle of resource and reduction.

Mid-Term and Long-Term Targets



2018 Targets

- Pass ISO14046 Water Footprint inspection.
- Set the goal for waste reduction or recycling.
- Plan to set the objectives for air pollution reduction and install highly efficient air pollution equipment.
- The annual wastewater recycling volume increase by more than 1% compared to previous year.
- Complete the waste warehouse construction and re-planning for the waste storage area.
- Achieve reduction rate of 5% for SO_x, 5% for NO_x, 5% for particulate pollutants, and 5% for volatile organic compounds.

Resources

- Built the ISO 14001 Management System and continue to operate it.
- Budgeted regular equipment maintenance expenses for routine maintenance of pollution control equipment.
- The monitoring system went live to monitor the discharge of wastewater and air pollution at any time.
- Installed the De-SO_x desulfurization equipment in the plant with low-spreading facilities to reduce the loading of air quality.
- Boilers were installed with low-nitrogen burners and fume recirculation equipment, and a new SNCR/SCR system was added.
- Oil gas collection system was installed in oil tank. Renew the filter bags regularly and existing lurking dangerous equipment to reduce powder dust emissions.

Grievance Mechanisms

- A stakeholder communication inbox for grievance is on the Company’s website.

Specific Actions

- Refurbished the waste warehouse.
- Re-planned the waste storage area.
- Repair the rainwater collection pipeline in the plant area in phases.
- Promote “Energy Resources Integration” and “Water Resources Integration” after the implementation of “Carbon Footprint” and “Water Footprint”.

2018 Implementation Results

- The volume of wastewater recycled was 240,886 tons, an increase of 9.92% compared to 2017.
- The SO_x emissions reduced by 29,157 kilograms, a decrease of 26.82% compared to 2017.
- The NO_x emissions increased by 38,985 kilograms, due to the increase of steam production in 2018 by 3.1% compared to 2017.
- The discharge volume of particulate pollutants increased by 3,011 kilograms, due to the increase of 3.1% in steam production in 2018 compared with that in 2017. Since the MBF fume filter cabin is old, there is a lurking dangerous powder dust leakage; The U2 line MBF is expected to be replaced in 2019.
- The volatile organic emissions increased by 324 kilograms, due to the increase of 3.1% in steam production in 2018 compared to 2017.
- Built the waste warehouse construction and the waste storage area.



Assessment Mechanisms

- Develop environmental performance for monitoring and measurement.
- After identifying the laws and regulations related to the Management System as well as the business matters of the stakeholders’ needs and expectations, the information is distributed to the related units for compliance assessment.
- Internal Audit: Implement internal audits regularly to provide the necessary information of compliance with the requirements of the Management System.
- Management Review: Review the Management System regularly to ensure the appropriateness, adequacy, and effectiveness of its continuous improvement.

3-1 Environmental Policy and Investment

Environmental Policy

CSRC Group upholds the spirit of caring for the environment and cherishing resources, and develops the environmental protection concept of "Harmonious Coexistence with the Environment, Sustainable Operation for the Society". CSRC Group implemented ISO 14001 Environmental Management System in 1997 in response to international environmental protection requirements, and has received ISO 50001 and ISO 14064-1 international standard certifications successively, enhanced the improvement program of CSRC Group in planning the direction of energy conservation, environmental protection and production process, with the aim of putting environmental policy into practice and reducing impact on the environment. CSRC Group upholds the highest management principle of caring for the environment, cherishing resources of materials, processes, and products, and establishes a system to promote various environmental measures with the PDCA mechanism.

Environmental Protection Policy



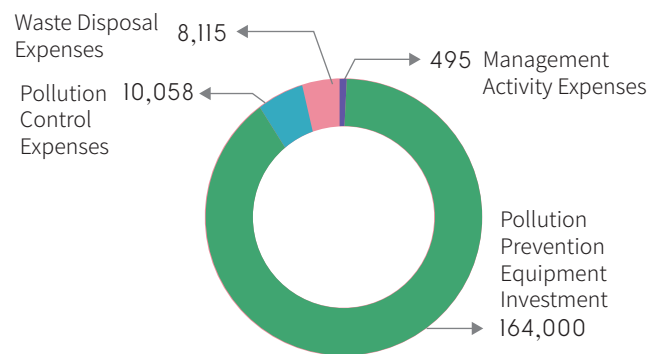
- Comply with the regulations of all environmental protection laws and regulations.
- Ensure the impact on the environment is minimized from raw materials, manufacturing, storage, transportation, and use to disposal.
- Develop a complete and effective environmental management system.
- Establish sound communication channels inside and outside the Company.
- Promote industrial waste reduction actively and strive for resource recycling and reuse.

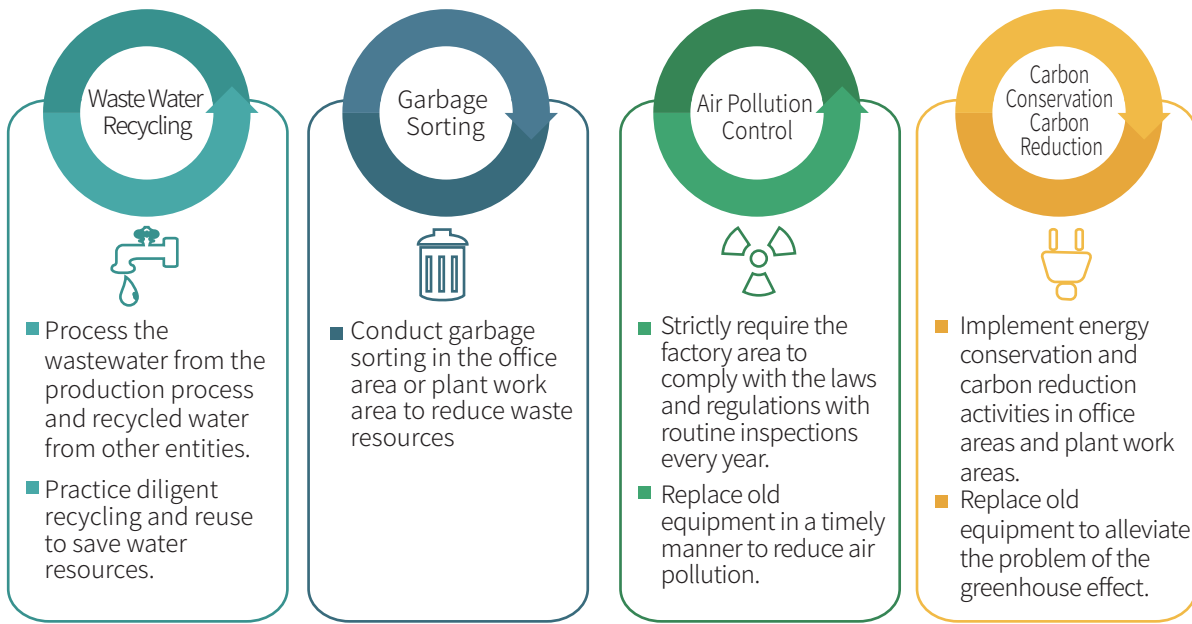
Environmental Expenditure

In order to make good use of thermal energy of the production line, CSRC Group installed the "Production Line Boiler" to recycle waste heat in the carbon black production line and collect the tail gas to convert it into steam and sell it to neighboring plants, reducing air pollutants such as SO_x, NO_x, and CO₂ due to the use of fuel oil to achieve the efficacy of carbon reduction. In addition, in order to comply with future international environmental protection regulations, CSRC Group continues to improve the old cabin retrofit and replace filter bag to reduce particulate effusion, and install SNCR/SCR to reduce NO_x emissions. In 2018, the amount of environmental protection expenditures for CSRC Group was NT\$182,670,000, mainly used in waste treatment and pollution control, as well as investment in pollution control equipment. In the total environmental protection expenditures in 2018, the investment amount of equipment accounted for 97.78% of the total environmental protection expenditures.

2018 Environmental Protection Investment Amount

(NT\$ thousands)





Green Energy Power Generation


In order to promote green energy power generation, CSRC Group provided idle spaces of the warehouse rooftop in the plant to the Solar Energy Operator, Chailease Finance Co., Ltd., to construct a solar energy photovoltaic system with an area of 1,686 square meters and installed capacity of 297.6 kilowatts, contributing our efforts to the green energy industry.

3-2 Energy Conservation and Carbon Reduction

Energy Policies

Led by the Technology Department, CSRC Group promotes the ISO 50001 Energy Management System to avoid daily operations exposed to the risk of energy shortages. Since the energy used mainly comes from heavy oil and electricity, in order to implement energy management and in response

Energy Management Objectives



- Analyze energy use and consumption, strive for energy conservation carbon reduction to improve energy efficiency.
- Comply with energy-related laws and regulations and other energy requirements agreed by the organization truthfully.
- Implement the Energy Management System to promote full participation and raise awareness of energy conservation and carbon reduction.
- Support the procurement of merchandise with energy-saving marks, and resource requirements for services and technologies that can achieve energy conservation and carbon reduction.

to the issues of climate change and energy depletion, carbon black plants regularly budget and invest in compliant, high-efficiency, and low-pollution machinery and equipment to improve operating efficiency and productivity, reduce the production of substandard product waste materials, improve equipment efficiency, and enhance resource utilization efficiency year by year. Furthermore, in order to reduce energy consumption and increase steam

production, CSRC Group invests in a high-temperature air preheater and boiler design to complete the evaluation of fume desulfurization technology, to comply with environmental protection requirements and fulfill social responsibilities.

Energy Consumption

In 2018, the total energy consumption was 2,063,359 GJ, of which electricity consumption was 345,410 GJ and heavy oil consumption was 46,078 GJ, process tail gas consumption was 1,499,582(GJ). Analysis on the energy consumption per unit of product (in NT\$ million as the denominator), 2018 was 24,432. In the future, CSRC Group expects to budget capital expenditures on a regular basis every year to replace old equipment with new and maintain energy consumption efficiency.

Energy Consumption		
Heavy Oil (Tons)		1,130.00
Process Tail Gas (thousand cubic meters)		852,946.77
Purchased Electricity (1,000 KWh)		95,947.20
Self-produced Steam (Tons)	Internal Use	606,704.73
	For Sale	488.27

Conversion to GJ		
Heavy Oil (GJ)		46,078.00
Process Tail Gas (GJ)		1,499,582.77
Purchased Electricity (GJ)		345,409.92
Self-produced Steam	Internal Use (GJ)	172,288.37
	For Sale (GJ)	123.58
Total (GJ)		2,063,359.06

Note 1: Unit Conversion Standard: 1,000 KWh Electricity = $3.6 \times 10^6 \times 1000/109 = 3.6 \text{ GJ}$ (joule $\times 10^9$), 1 Ton Heavy Oil = $1,014.71 \text{ L} \times 9600 \text{ kcal/L} \times 4,186 \text{ joule/kcal} / 109 = 40.7767 \text{ GJ}$ (joule $\times 10^9$), Exhaust Gas Thermal Value is 4200 (Kcal/M3)

Note 2: The source of Thermal Value refers to the Energy Product Unit Thermal Value Table published by the Bureau of Energy, Ministry of Economic Affairs and the Greenhouse Gas Emission Coefficient Management Table of the Environmental Protection Administration, Executive Yuan.

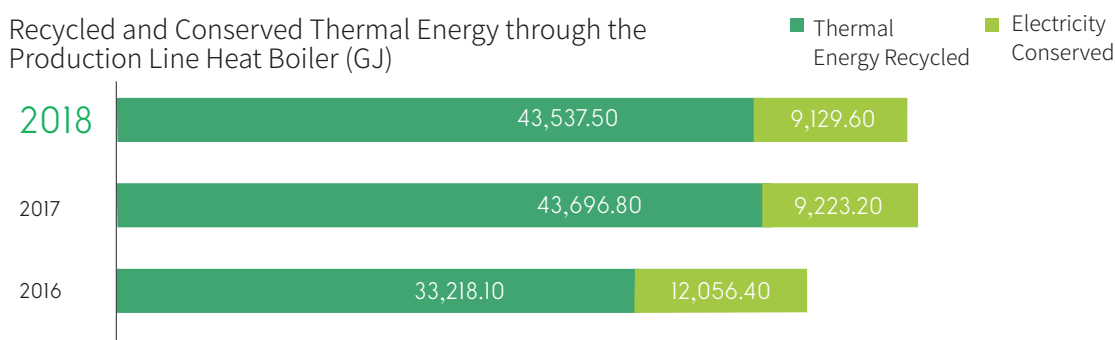
Note 3: GJ Total includes heavy oil, process tail gas, electricity and self-produced steam.

Energy Saving Achievement

In terms of electricity consumption, CSRC Group has been making power factor improvements for large energy-consuming power equipment since 2012, such as motors and capacitors, in order to achieve the objectives of saving electricity energy and reducing carbon. In 2018, the air compressor was replaced and the inverter efficiency was improved, reducing power consumption by 290 degrees, with the reduction of energy indirect CO₂ emission by 153.41 tons of CO₂e.

The carbon black produced by combustion is a gas-solid phase, and the gas and solids of the carbon black are separated by a bag dust collector. The exhaust gas produced by pyrolysis of the oil produced by carbon black has a certain thermal value and is flammable with the contents including H₂, C₂H₂, CH₄, CO and other substances. Through the tail gas recirculation method, the exhaust gas is used in granulating carbon black drying and combustion fuel for the heat-electric boiler to maximize energy utilization efficiency.

In addition, the 540°C residual heat from the reactor high temperature of 2,000°C reaction in the process is used, and the process tail gas for waste heat recovery is used, to produce steam to be used in the process through heat exchange recovery, and through the "Production Line Residual Heat Boiler" which is capable of lowering the fume temperature before entering the filter bag for filtering fumes through this boiler, reducing the water that must be sprayed for cooling to reduce water consumption, and the boiler can produce steam for the use in oil tank heating or carbon black production lines. In 2018, waste heat recovery of the Linyuan Plant produced about 607,193 tons of steam. In addition to being used by the production plants, it was also sold to neighboring plants, to reduce the emission of pollutants such as sulfur oxides, nitrogen oxides, and carbon dioxide from boilers due to the use of fuel in the neighboring plants to achieve the positive benefits of improving energy resources reuse and reducing impact on the environment. In 2019, it is expected to restart the generator to reduce the use of fuel oil through the mechanism of recovering fuel tail gas, and using it in the production process after power generation to reduce the purchase of electricity.



Note 1: 1,000 KWh Electricity = 3.6 GJ (1G = 10⁹); 1 metric ton Steam = 2.7 GJ (1G=10⁹).

Note 2: The statistical method of electricity is the monthly electricity bill; thermal energy is the 2018 production, sales and inventory daily report of Linyuan Plant.

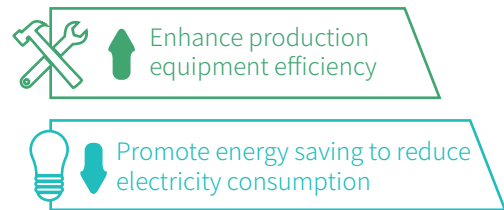
Sprinkler Cooling System

Linyuan Advanced Materials Technology CO., Ltd. installed different sprinkler systems in different production areas. For example, the granulation area and the collection area can effectively conduct temperature control operations through the sprinkler system to ensure the stability and safety of the plant operation and reduce powder dust effusion in the plant.



3-3 Greenhouse Gas Management

CSRC Group shall report the second batch emission sources promulgated by the Environmental Protection Administration. The set up and inventory of the greenhouse gas management system are mainly based on the ISO 14064-1 standards, to keep track of the carbon dioxide emission trends in the production process as the basis for internal greenhouse gas management to clarify the operational efficiency of production equipment and the benefits of operation process, and assess whether there is a need for timely adjustment. At the same time, we also take the Environmental Protection Administration's Greenhouse Gas Verification Guidelines, Greenhouse Gas Inventory and Registration Guidelines, and Greenhouse Gas Management Program into consideration to comply with the relevant Environmental Protection Administration's laws and regulations.



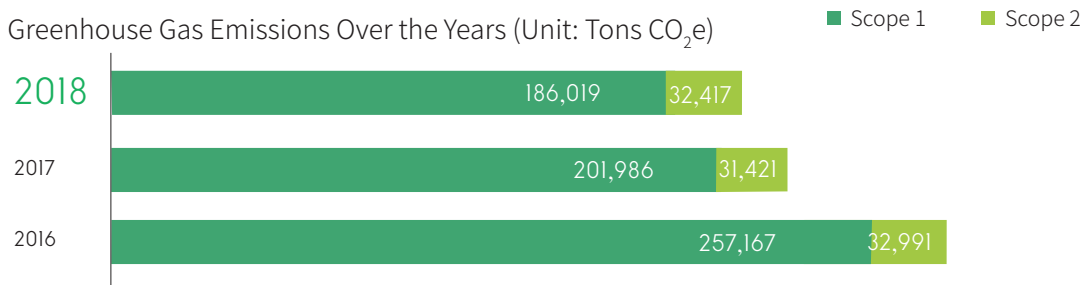
In view of the definition of the boundary of the inventory, as well as the confirmation of all greenhouse gas emission facilities and processes within the boundary to the selection of emission quantification methods and the analysis of inventory results, the greenhouse gas emissions are systematically calculated to ensure the reliability of data. In addition to using the final inventory results as the reference for the subsequent promotion of greenhouse gas management, the results are also reported on the National Greenhouse Gas Registration Platform

Total
Greenhouse
Gas
Emissions

CSRC Group puts emphasis on the reduction of greenhouse gas emissions, and continues to implement three power assessment and improvement. The electricity consumption efficiency is effectively reduced by 10,728 KWh, which converts into greenhouse gas emissions of 56,751 metric tons of CO₂ e (calculated based on the power conversion coefficient of 0.5540 promulgated by the Bureau of Energy).

1. Optimize the process parameters to increase carbon black and steam production and reduce the consumption of feedstock;
2. Continue to upgrade and replace the equipment and improve the efficiency through technical revamping on the equipment with lower efficiency;
3. Increase the yield of carbon black production, and reduce the additional energy consumption derived from the repair of off-spec products.

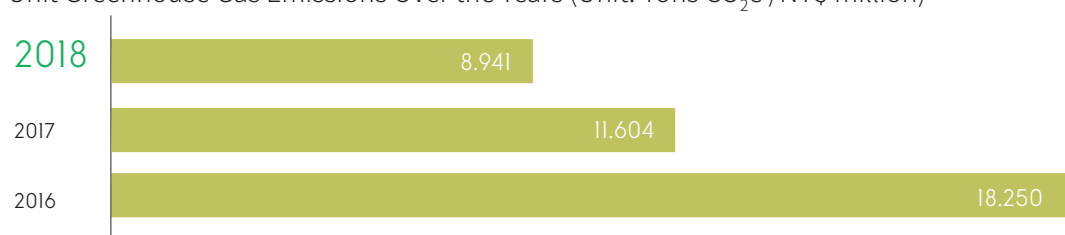
CSRC Group conducts Greenhouse Gas inspection every year, and executes third-party external audit to receive the ISO 14064-1 Greenhouse Gas Verification/Validation Statement. The data cited in the CSRC Group Greenhouse Gas Inventory for 2018 refers to the Global Warming Potential (GWP) value of the IPCC Second Assessment Report (1995). The calculated total greenhouse gas emissions for Scope 1 and Scope 2 were 218,435 metric tons CO₂e/Year, a reduction of 21,029 tons of CO₂ compared with 239,464 tons of CO₂ in the base year of 2014. The greenhouse gas emission density was 8.94 metric tons · CO₂e /NT\$ million based on greenhouse gas emission and revenue of NT\$24,432 million in 2018.



Note 1: The greenhouse gas emission is calculated based on Operation Controlling Right for inspection. The calculation method is activity data* emission coefficient*GWP value (the emission coefficient value uses the Environmental Protection Administration's Greenhouse Gas Emission Coefficient Management Table Edition 6.0.3, and the GWP Value uses the IPCC Fourth Assessment Report (2007), Greenhouse Gases include CO₂, CH₄ and N₂O.

Note 2: Purchased electricity emission of 2018 in scope 2 is calculated using the 2017 emission coefficient of 0.554 kg CO₂e / kWh

Unit Greenhouse Gas Emissions Over the Years (Unit: Tons CO₂e /NT\$ million)

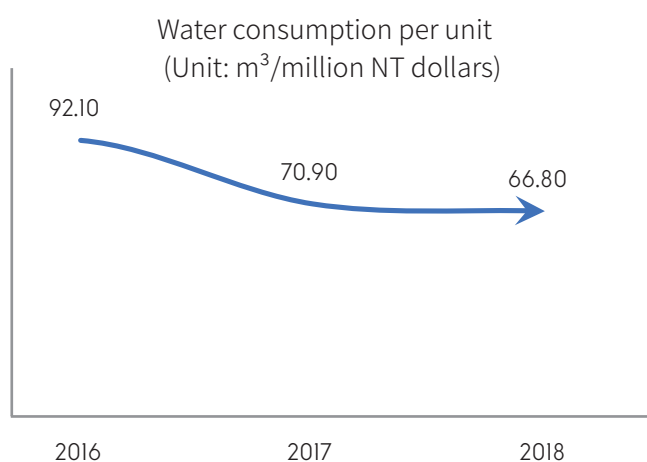


Note: Greenhouse gases include CO₂, CH₄, and N₂O.

In addition to the continuous implementation of greenhouse gas inspection and emission control, CSRC Group is planning to implement certification of "Carbon Footprint" and "Water Footprint" to strengthen the breadth and correctness of environmental management information disclosure, with the aim of playing a key leadership role in the Government's promotion of regional "Energy Resources Integration" and "Water Resources Integration".

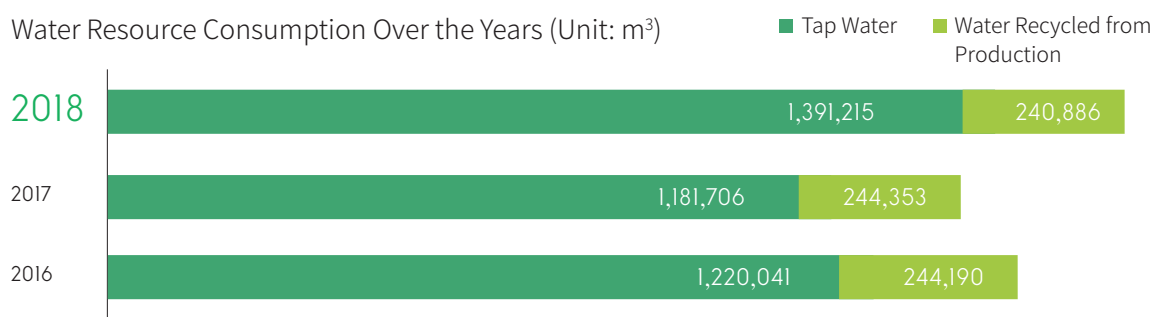
3-4 Water Resource Management

The source of water used for production of Linyuan Advanced Materials Technology CO., Ltd. is from tap water taken from the Fongshan Reservoir, and no groundwater is currently used. In addition, in order to promote the effective use of water resources, Linyuan Advanced Materials Technology CO., Ltd. implements recycling and reuse circulation mechanisms in the process, and the processed wastewater is recycled to a usable level by wastewater treatment, and then reused in the carbon black process.



In 2018, tap water consumption was 1,391,200 tons, an increase of 209,500 tons (an increase of 17.72%) from 2017. The analyzed water consumption per unit (cubic meters/NT\$ million) was 66.80 in 2018, a slight decrease from 2017, and a decrease of 27.46% from 2016.

The wastewater from the plant's rainwater ditch (source: rainwater) is the source of recycled water, with the wastewater recovered from the water treatment system, and pumped to the wastewater recycling plant for recycling treatment after being collected in the rainstorm interception pond. In 2018, the volume of recycled water in the process was 240,900 tons, a decrease of about 3,467 tons (a decrease of 1.42%) from 2017. In 2018, the process water consumption accounted for 16.81% of the water withdrawal for the year, which was lower than the 20.68% in 2017, mainly due to the repair of the tank pump in the wastewater recycling plant from August to November; therefore, the volume of recycled water was reduced.



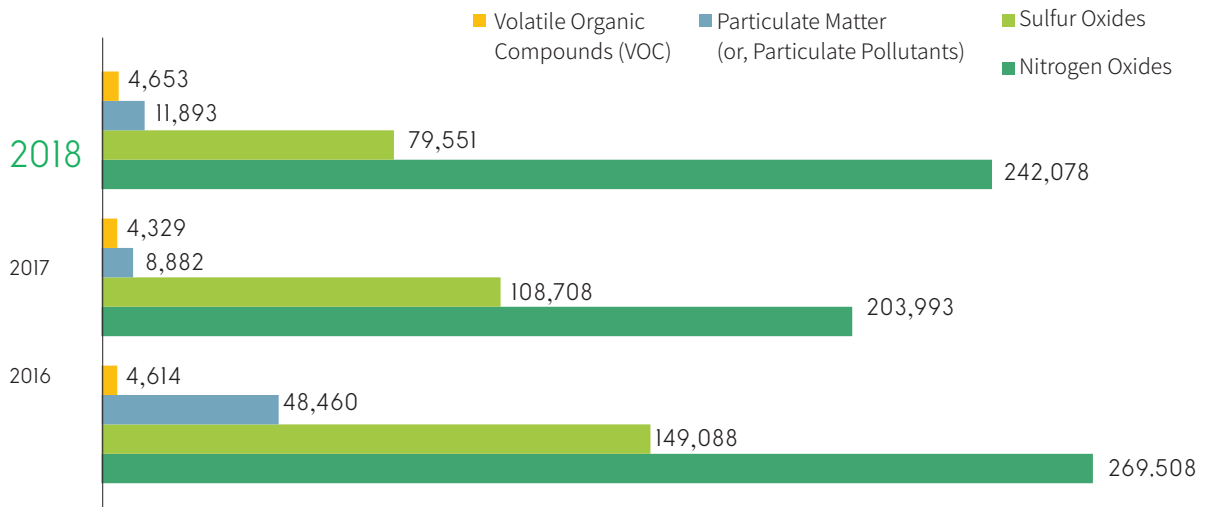
Note: The statistical method is the Taiwan Water monthly bill

- **Water recycled from production and rainwater storage** : The storage tank of 1500m³ provides recycling water to the plant for use. There is a rainwater interception pool in the plant for the rainwater collected and water recycled from production. Therefore, the volume of rainwater cannot be differentiated separately.
- Linyuan Advanced Materials has updated the plant area rainwater pipelines of existing rainwater and sewage diversion in stages. It is expected to complete the replacement of rainwater pipelines on the rooftops of the 900T packaging warehouse area in 2019, and continue the replacement of the 400T packaging warehouse area in 2020.
- **Recycle from Production** : Set up a wastewater recycling field with water intake volume of 20-35 MT/hour.
- **Recycling Water to Suppress Dust** : Use recycled water to suppress dust, daily consumption of 15 MT/day.

3-5 Air Pollution Control

After the feedstock used in the carbon black production process is processed through the combustion pyrolysis and related chemical reactions in the reactor to form tail gas of various composite substances, the main air pollutants remained are Volatile Organic Compounds (VOCs), Particulate Pollutant, Sulfur Oxides (SO_x), Nitrogen Oxides (NO_x), etc.

Air Pollutant Emissions Over the Years (Unit: Kilograms/Year)



Note 1: The data on air pollutant emissions is estimated based on the test methods, emission coefficients, and emission calculation formula promulgated by the Environmental Protection Administration.

Recycling and Regeneration
to Safeguard the Earth

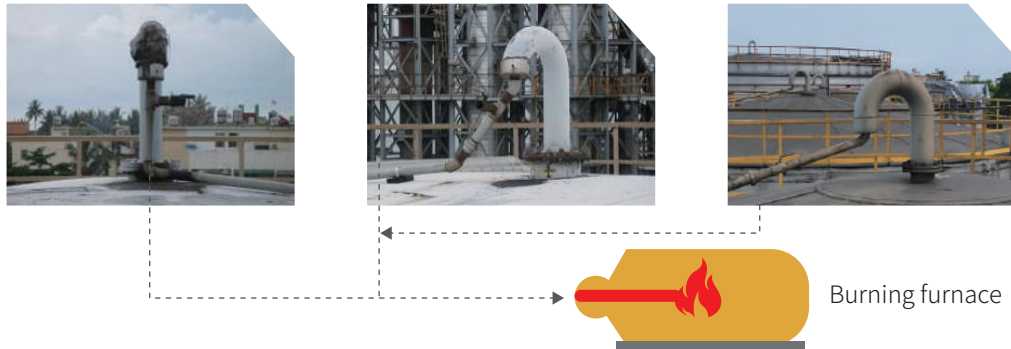
Particulate
Pollutants
Control

In recent years, all air pollutants emissions of CSRC Group have shown a downward trend, and the reduction rate of particulate pollutants is the highest compared with last year. One of the reasons is that CSRC Group continues to improve production equipment and enhance the appropriateness of equipment, such as replacing the filter bag ahead of time on the U1 production line EBF dust collector, and developing the round pulse cleaning bag type dust collector that can reach 99% or better for dust collection efficiency on particulate pollutants control. The U2 production line MBF is expected to complete replacement in 2019. Furthermore, the PDA Inspection System to monitor the production status closely and adjust it in a timely manner will be introduced, in order to efficiently solve the deficiencies of carbon clog and fume leakage on the originally designed bag type collector. In 2018, 11,893 kilograms of particulate pollutants were emitted, an increase of 33.90% compared with that of in 2017. The main reason was the fire incident in the feedstock, which caused a large amount of particulate pollutants emissions due to burning.

Volatile
Organic
Compounds
Control

The CSRC Group's volatile pollutants control work is mainly to control the volatile organic compounds in the feedstock tank, with installing oil gas collection systems on top of all storage tanks, installing connecting pipes in the breathing valve, and using the power windmill to draw air to maintain slightly negative pressure in the tank followed by directing the extracted exhaust gas into the combustion furnace air for use to achieve the control effect. In 2018, 4,653 kilograms of volatile organic compounds were emitted. The cause of increase was the fact of more oil consumption in 2018 compared with that in 2017, and the gas volatilization was higher when loading and unloading oil.

The main control object is mainly volatile organic compounds in the raw material oil tank. The breathing valve is placed above each storage tank, and the connecting pipe is used to draw the air with power windmill. The wind maintains at slightly negative pressure in the tank, and the exhaust gas is introduced into the combustion furnace air to achieve a control effect.



Pipeline Odor Reduction

CSRC Group commissioned the research team led by Professor Ming-Shean Chou, Institute of Environmental Engineering, National Sun Yat-Sen University to conduct industry-academia cooperation. Test the pipeline odor determination through different drug concentrations on the degree of odor reduction by using the THC method with "Test Method of Gaseous Organic Compounds in the Emission Pipeline - Sampling Bag Sampling/ Gas Chromatography Flame Ionization Detection Method (NIEA A722.75B)". The test results showed no abnormalities.



Chemical Spray Equipment

Sulfur Oxides Control

The competition in the carbon black market is intense and competition for carbon black feedstock oil sources is also extremely fierce. In addition to ethylene tar and anthracene oil, coal tar and FCC are important sources of carbon black feedstock oil. All of these are still added to the carbon black process for use currently. However, the proportion of sulphur in coal tar is about 0.3-0.5%, and the proportion of sulphur FCC oil is as high as 2-4%, both are higher than the sulphur content of the current oil on the market. If the oil is not treated with pollution control, the air pollutants from the concentration of SO_x emissions is bound to exceed the emission standards.

Advantages of De-SO_x Desulfurization Tower



- The material used in the washing tower is only 1/2 or 1/3 of the traditional method.
- The pressure loss is relatively small, and the power required for air supply is also small.
- The operation can be continued even during the condition of liquid suspension.
- A nozzle is not required for liquid supply, and the power required for liquid supply is small.
- It is easier to start, stop, and operate.
- The desulfurization rate can also be remain stable when the gas volume varies significantly.
- It is not easy to generate a bias flow of gas, and is particularly suitable for large-scale operation.
- Good gas absorption efficiency and dust removal efficiency.
- Long system operation time, stable operation, and convenient repair and maintenance.

In order to reduce the SO_x generated from the process of carbon black, CSRC Group installed De- SO_x desulfurization equipment in the discharge pipeline of the plant chimney in June 2011. The average monthly concentration of SO_x emission decreased from 160 ppm to less than 50 ppm. The improvement is significant. Meanwhile, the equipment was upgraded again in 2014, and the average monthly concentration of SO_x emission has dropped below 22 ppm. With low-effusion facilities, the air quality improved a lot. In addition, the existing rainwater pipelines with rainwater and sewage diversions in the plant were upgraded in phases. The SO_x emissions were 79,551 kilograms in 2018, a significant decrease of 46.64% compared with that of 2016. The effects of the upgrade are obvious.

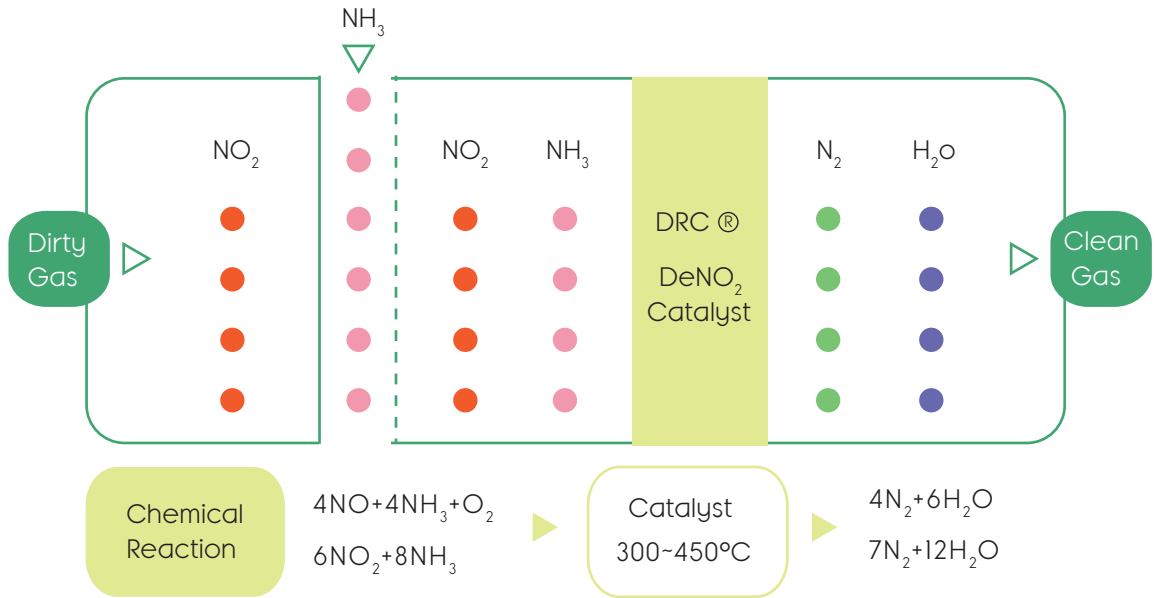


Method	Treatment Theory	Absorbent State	Main Raw Materials	By-products
Mg(OH) ₂	<p>Use Mg(OH)₂ as the absorbent to absorb the SO₂ gas.</p> $\text{Mg(OH)}_2 + \text{SO}_2 \rightarrow \text{MgSO}_3 + \text{H}_2\text{O}$ $\text{MgSO}_3 + 1/2\text{O}_2 \rightarrow \text{MgSO}_4$ <p>MgSO₃, which was generated by chemical reaction, react with Oxygen in the air and produce MgSO₄ that can be directly emitted.</p>	Slurry	Mg(OH) ₂	MgSO ₄ Effluent

**Nitrogen
Oxide
Control**

CSRC Group continues to reduce NO_x emission by means of production improvement, raw material control, and strengthening equipment management. The simple and economic approach is to control in the early stage of the production, applying low NO_x combustion technology to improve the combustion method in the production process to reduce NO_x emission.

The other method of reducing NO_x is to burn the fume reflux in stages. In the first stage, return some of the fumes to the boiler combustion area, supply air with less than the theoretical amount, to achieve the efficacy of diluting the oxygen concentration to lower the flame temperature, and cause the nitrogen in the fuel to not be able to generate Nitrogen Oxides due to lack of oxygen, and set the best fume reflux ratio to reduce the forming of NO_x. In the second and third stages, burn the residual fuel with air. Because it burns at a slower rate, the flame temperature can be lowered to form an environment to reduce the nitrogen in the air and convert it to NO_x.



In order to solve the problem of fume nitrogen oxides emission generated by the existing boiler tail gas of Linyuan Advanced Materials Technology CO., Ltd., CSRC Group combines the installation of a Selective Catalytic Reduction (SCR) denitration system, which is the most widely used currently, and the control technology with the highest denitrification efficiency, with efficiency of more than 90% (calculated by the Environmental Protection Administration's NOX emission concentration of 30 ppm), and has achieved the objective of air pollutant reduction set by CSRC Group after the improvement, and complied with the current environmental protection emission standards at the same time.

In 2018, NOX emissions were 242,078 kilograms. The reason for increase was the production of a large amount of NOX caused by the oil storage tank fire incident. It is scheduled to introduce the latest denitration equipment in 2019, to effectively reduce NOX to below 20ppm.

3-6 Waste Resource Management

CSRC Group upholds the spirit of "Harmonious Coexistence with the Environment, Sustainable Operation for Society", to conduct waste management, implements waste sorting properly, sets waste storage areas, conducts regular inspections, and legit removal and disposal to comply with the requirements of all waste laws and regulations scrupulously.

CSRC Group disposes of waste in accordance with the Environmental Protection Administration's "Industrial Waste Management Operating Procedures" to ensure that the waste that cannot be recycled and reused in the plant are properly sorted and collected, and commissions qualified waste disposal contractors to perform the subsequent cleanup and disposal.

Waste Discharge Disposal



The CSRC Group wastes are not hazardous wastes, and waste disposal shall be implemented through four methods, including sanitary landfill, incineration, thermal treatment, and physical treatment respectively according to the different nature of the waste. Analyzing based on disposal method, incineration disposal accounted for 35.33% and landfill disposal accounted for 34.74% of the total treatment volume in 2018.

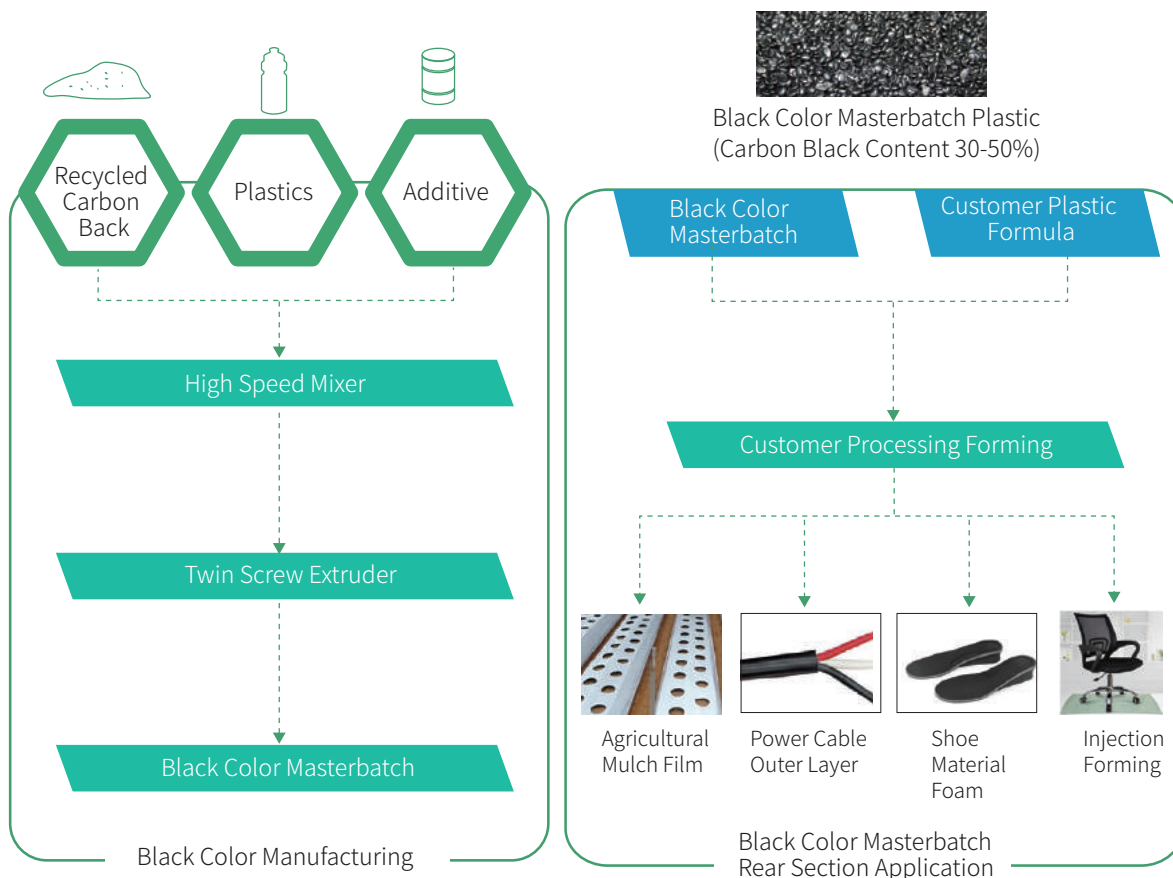
The wastes categorized according to disposal methods in 2018

Wastes Disposal Methods	Wastes Type	Total Weight (Ton)
Landfill	Collected Dust Ash, Inorganic Sludge	366.29
Incineration	Waste Fiber, General Garbage	372.48
Others ¹	Waste Fire Resistant Material, Waste Insulation Material, and Inorganic Sludge	315.66

Note 1: Others include two types of waste treatment methods: Thermal Disposal and Physical Disposal.

Material Recycling and Reuse

Use the recycled carbon black in the production process to be used in the black color masterbatch process through the processes of purification, activation, modification, and grinding, and use part of recycled carbon black in the low-level rubber filling materials to achieve the purpose of waste reduction. There was a total of 3,902 tons of carbon black recycled in 2018.



For the specific customer needs, CSRC Group is planning to use PE plastic film packaging bags in 2019, with the characteristics of being PE soluble in rubber, customers can put the entire bag of materials into the hopper with the packaging bag without disposing of paper bags to save the customer's extra manpower and time to dispose of the material packaging, also reduce the wear and tear of paper bag packaging.

Garbage
Sorting and
Reduction

In addition to the measures of reducing waste of the plant, in terms of office waste reduction, the Company also promoted daily to all employees to encourage them to bring their own cups and chopsticks to print on both sides to save paper, and to reduce the use of paper cups at meetings. The following are the various garbage reduction practices:

Implement Garbage Sorting



- Non-Recycle Garbage: plastic bags and other general garbage.
- Recycle Waste: metal, paper, PET bottle, etc.

Set Up Resource Reuse Area

- Set up the “Resource Reuse Area” for centralized sorting to avoid messy placement and maintain the beauty of the environment.



Reduce Paper



- Inspect the paper used in each plant regularly and review abnormal use.
- Encourage the use of e-mails to transfer data or recycle waste paper for printing to reduce paper waste.
- Set up a “Waste Paper Recycling Area” next to each photocopier for recycling printing.
- Replace paper signing approval with electronic signing approval to reduce the use of paper printing.

Other Promotional Measures

- Reduce paper cups used at meetings.
- Encourage employees to bring their own cups, environmentally friendly reusable chopsticks, etc.
- Recycle envelopes for reuse





**Creativity to Shape an
Excellent Workplace**



Material Issues

- Workplace Safety

Material Topics

- Occupational Safety and Health

Importance

- The safety of employees in the workplace is the most important factor of CSRC Group and only when employees can work with peace of mind can their work efficiency be demonstrated.

Policies and Commitments

- Develop regulations in compliance with the OHSAS 18001 Management System to continuously improve Safety Management.



Mid-Term and Long-Term Targets

- Establish emergency medical team.
- Establish emergency rescue and emergency response plans.



2018 Targets

- Strengthen emergency response plan.
- Introduce ISO 45001 Occupational Health and Safety Management System.

Resources

- Set up OHSAS 18001 Management System and operate continuously
- Participate in the related community of safety, environmental protection, and health, learn and communicate experience from partnering factories to enhance the Company's safety, environmental protection, and health.

Grievance Mechanisms

- There is Stakeholder Communication mailbox on the Company's website that can be used for grievance.

Specific Actions

- Refer to the relevant management approaches related to labor safety for the chemical industry, in order to improve Labor Safety Management SOP.

2018 Implementation Results

- Passed OHSAS18001 External Audit Verification in 2018.
- Purchased field protection gear for all units (small air cylinder respirators, gas detectors).



Assessment Mechanisms

- Develop occupational safety and health performance monitoring and measurement.
- After identifying business matters of the laws and regulations related to Management System and the needs and expectations of the stakeholders, the information is distributed to the relevant units for compliance assessment.
- Internal Audit: Implement internal audits regularly to provide the necessary information to comply with the requirements of the Management System.
- Management Review: Review the Management System regularly to ensure the appropriateness, adequacy, and effectiveness of its continuous improvement.

4-1 Our People and Employment

Employment Policy

CSRC Group regards employees as an important asset, and also the main supports for implementing the Company's policies. The Company recruits for relevant job vacancies according to the operation strategy every year, and measures the interests, expertise, educational knowledge, experience, personality traits, and work experience of job applicants, and assigns them to appropriate job positions, put the right talents to the right place. At the same time, the Company assists every partner who joins the CSRC Group to find the setting point of their career in the workplace, and create a future together with CSRC Group.

The Employment Policy of CSRC Group emphasizes a diverse and inclusive workplace. It is the policy of our company not to discriminate against any employee or applicant for employment because of gender, religion, race, or political parties. In addition to providing a superior salary system, the Company also cares for the health of employees and their career planning. Through diverse performance evaluation, the Company understands the adaptation situation of our employees with their work, so as to assist every employee to familiarize themselves with the content of the job duty, push forward and pursue their career goals. In addition, in physical and mental health and safety care, CSRC Group insists on providing a safe workplace environment, regularly holding health examinations and training courses or lectures, and allowing employees to be capable of being fully involved in what have learned without any concern.

In 2018, the Company also developed and promulgated Human Rights Policy Principles, abided strictly by labor related laws and regulations in the locations of global operating bases, and protected legal rights and interests of employees, complied with the "UN Global Compact", "Universal Declaration of Human Rights", and "International Labor Organization Declaration on Fundamental Principles and Rights at Work", and the spirit of human rights protection and basic principles promulgated by all international human rights conventions, fully reflected the responsibilities of respecting and protecting human rights, treated current employees with dignity and respect, including contract and temporary personnel and interns. This applies to CSRC Group and its domestic and foreign subsidiaries, joint ventures, and other affiliated organizations with controlling interest.

Human Rights Policy Principles



- Diverse and inclusive workplace with equal opportunity for all employees.
- Provide a safe and healthy working environment.
- Respect two-way communication and employee freedom of assembly and association.
- Assist employees in maintaining physical and mental health and a work life balance.

CSRC Group complies with the relevant regulations specified in the Government's labor laws and regulations strictly, and has never employed child labor under the age of 16.

The Company complies with the "Standards for Defining Potentially Dangerous or Harmful Work Prohibited for Child Labor and Female Workers" promulgated by the Ministry of Labor, Executive Yuan as well as work prohibited by other relevant laws and regulations.

In response to the strategic development of CSRC Group globalization, the Company is actively recruiting diversified multinational talents. We strive to strengthen research and development technical capabilities, and reinforce recruitment of product development and application research team. We are trying to improve application development in different areas of carbon black. In addition, providing more technical services to customers from professional and technical personnel in response to the competitiveness of the global market and its supply chain, increasing global business management talents in different regions, and recruiting relevant experts with related experience in the upstream and downstream supply chain. In order to recruit talents from all areas, CSRC Group regularly organizes recruitment activities at the Campus and Military Employment Expo, Vocational Training Center, and the Employment Service Center of the Labor Affairs Bureau, in addition to job postings on the Job Bank, it interacts and exchanges with job applicants through the design of activity contents, in order to discover the talent characteristics and professional capabilities required by the Company, to attract outstanding talents into the ranks of CSRC Group.

In 2018, the Company used LinkedIn to establish a dedicated recruitment employer brand name webpage, to attract overseas talents to join the ranks of CSRC through internal employees' sharing of work experience, points of view, activities, and work environment photos. In addition, the Company also posted job vacancies on LinkedIn and discovered the international talents required by the Company, so overseas talents could join in the ranks of CSRC.



CSRC Group

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The experience of Global Elite Program at CSRC

Published on March 18, 2019

KUAN TING CHI, CSRC Group Engineer

The Global Elite Program is the platform where my qualifications can make a difference and where I learn different professional fields from. There are numbers of departments that I rotated between during this program, such as Production Department where I learned how to control the key parameter in process with the combination with realistic and theory condition and operate the equipment correctly, Mechanical Equipment Department where I learned the important concept of maintaining the equipment regularly and how to check the rolling equipment in advance to prevent the emergency during the production, QC department where I learned different kinds of inspection to avoid defects, and R&D department that innovates products for various markets and applications. The most important thing is how to cooperate with each department to maintain the quality of our product during the manufacturing process.

As a staff member at CSRC, I joined various training programs including project management, presentation skills, and so on. I improved my presentation a lot by practicing and learning the methods that the teacher provided us. I feel very fulfilled not only about the work but also my personal life, because I can develop my professional skill and cultivate the positive attitude at the same time

With Global Elite Program, I look forward to being a person with excellent cooperative and negotiation skills that I can not only benefit in global environment but also bind our team together when we deal with challenges in order to increase the value of our company.

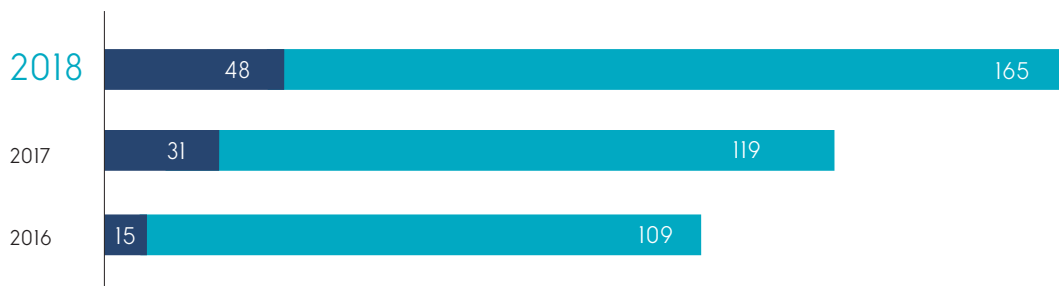


Commit to Future Success

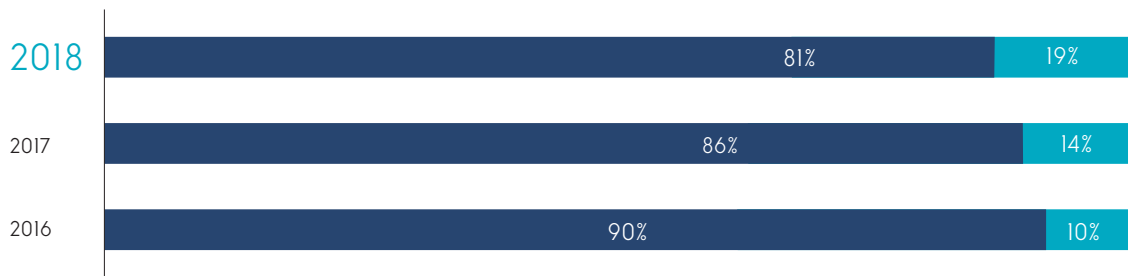
Information
on
Employees

As of the end of 2018, the number of CSRC Group (including Linyuan Advanced Materials Technology CO., Ltd.) employees in Taiwan totaled 213, an increase of 63 (increasing by 42.00%) from 2017. Among them, 4 contract employees were female and no male contract employees. According to analysis by operation sites, in 2018, there were 48 full time employees and no contract employees were hired in Taipei; 161 full time employees and 4 contract employees were hired in Kaohsiung. The number of employees in Taipei and Kaohsiung showed growth in 2018, among them, 165 employees were hired in Kaohsiung (accounting for 77.46% of on-the-job employees in 2018), increasing by 46 employees from 2017. According to the analysis by age, there were 113 employees aged 31-50 in 2018 (accounting for 53% of on-the-job employees in 2018), and 68 employees over 51 years old (accounting for 32% of on-the-job employees in 2018); by gender, there were 40 females in 2018 (accounting for 19% of on-the-job employees in 2018), an increase of 5% in female percentage compared with 14% in 2017.

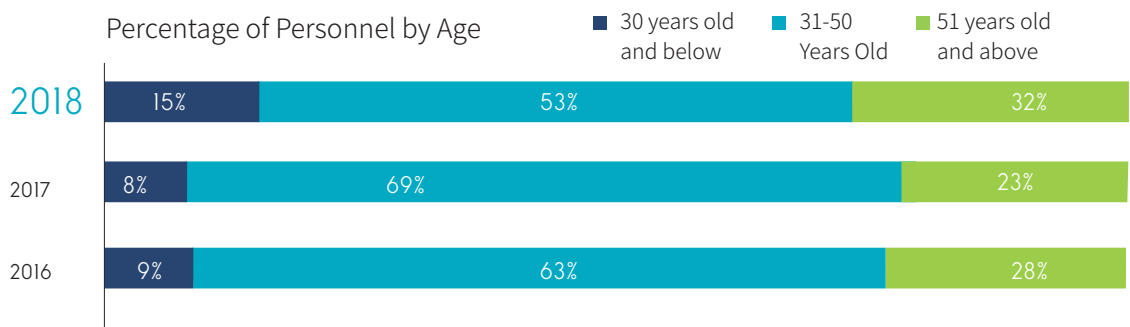
Number of Personnel Employed by Operation Site



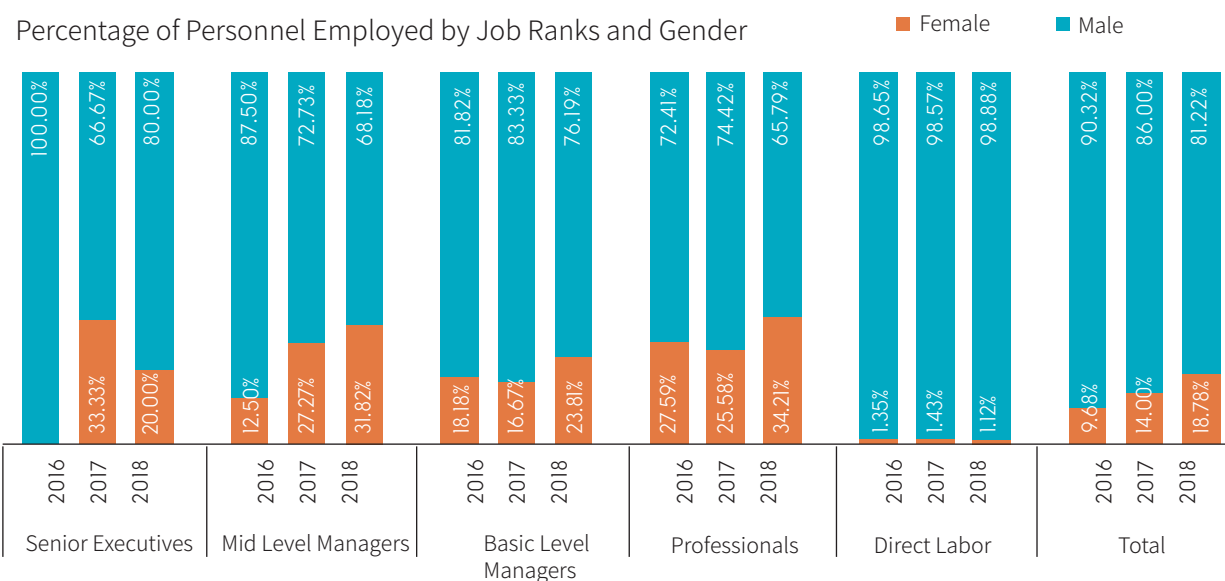
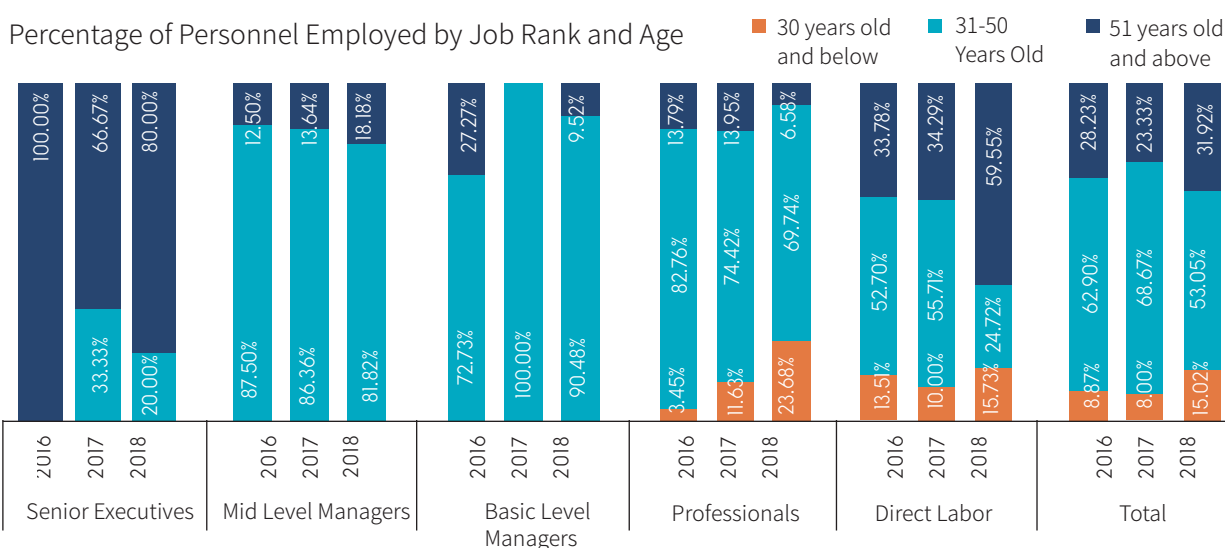
Percentage of Personnel by Gender



Percentage of Personnel by Age

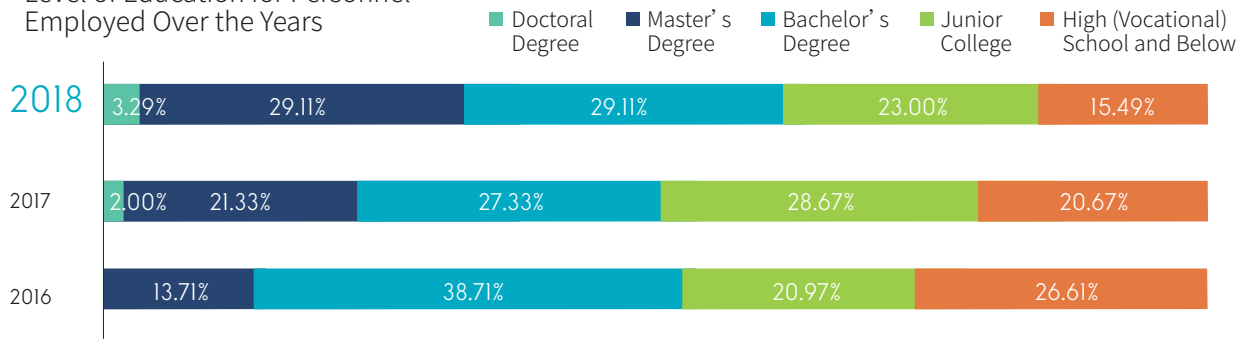


As of the end of 2018, direct labor were mostly males, so female professionals accounted for 34.21%, which is better than the percentage of female on-the-job employees, and the percentage of females in management level and above was also better than the overall percentage of female employees. Due to the significant increase in the number of on-the-job employees in 2018, therefore, the age group is getting younger. In 2018, professionals accounted for 23.68%, which was much higher than 11.63% in 2017, and direct labor accounted for 15.73%, which was also better than 10.00% in 2017. In the second half of 2017, the Research and Development Center was set up in Taiwan, therefore, the number of employees hired in 2018 increased significantly, with a greater increase in employees with Doctoral and Master's degrees. In 2018, those with a Master's degree or above accounted for 32.40% of on-the-job employees, an increase of 9.07% from 2017.



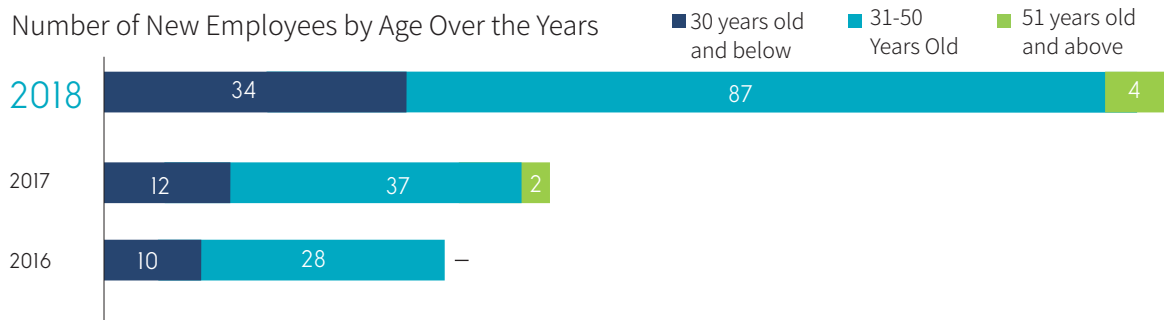
Note: Senior Executives are the Associate Vice President level (inclusive) and above; Mid-Level Managers are the Manager level and the Assistant Manager level; Basic Level Managers are the Junior Manager level and the Supervisors; Professionals are Engineers and Administrators

Level of Education for Personnel Employed Over the Years

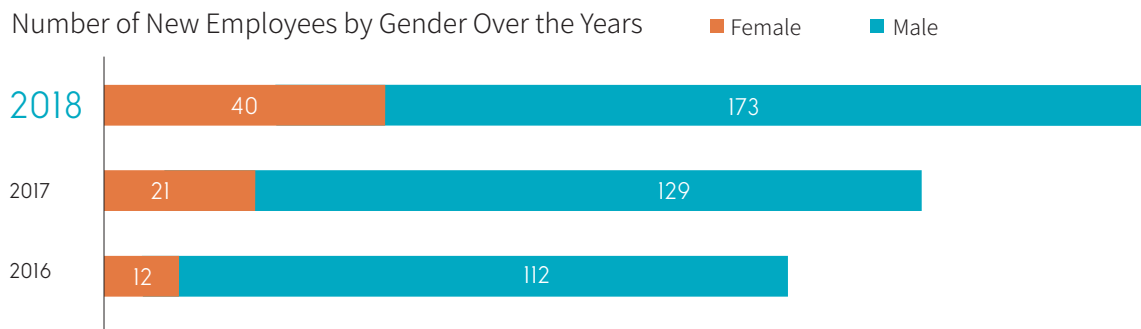


Based on the multi-dimensional considerations of stable employment, enhancing the competitiveness of enterprises, and passing on the torch, CSRC Group maintains a certain turnover rate between new hires and employees resigned. In 2018, there were 125 new employees, including 36 females (percentage of new employees was 16.90%); 87 new employees with the age of 31-50 (percentage of new employees was 40.85%), which accounts for the majority of the new employee's age group. Overall, regardless of gender or age group, the percentage of new employees in 2018 was higher than the percentage in previous years. In 2018, 47 employees resigned, including 14 females (job turnover rate was rate 6.57%), which was better than the male's job turnover rate of 15.49% in 2018. 33 employees resigned were 31-50 years old (job turnover rate was 15.49%), slightly higher than the 14.00% job turnover rate of the same age group in 2017, and 10 employees were under 30 years old (job turnover rate was 4.69%), which was slightly better than the 6% job turnover rate of the same age group in 2018.

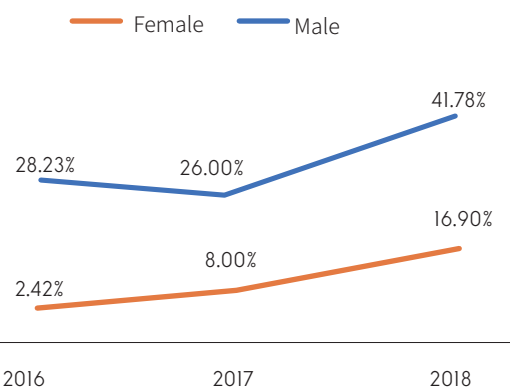
Number of New Employees by Age Over the Years



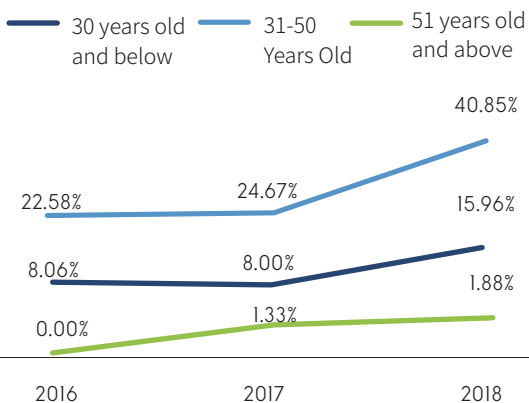
Number of New Employees by Gender Over the Years



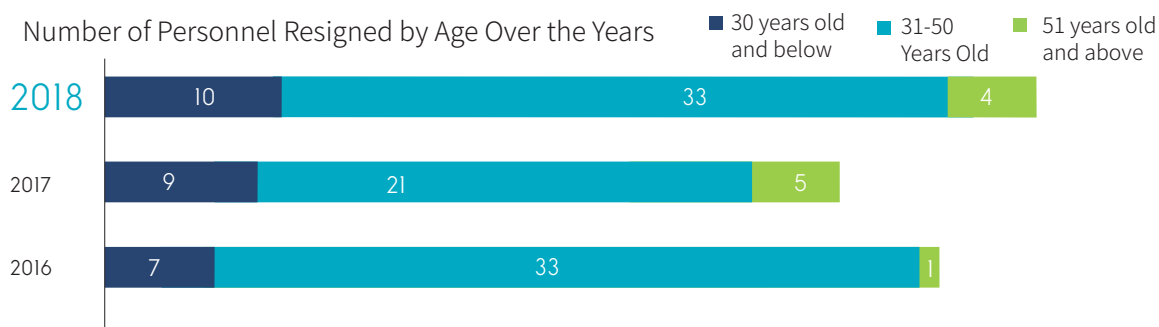
Percentage of New Full Time Employees by Gender Over the Years



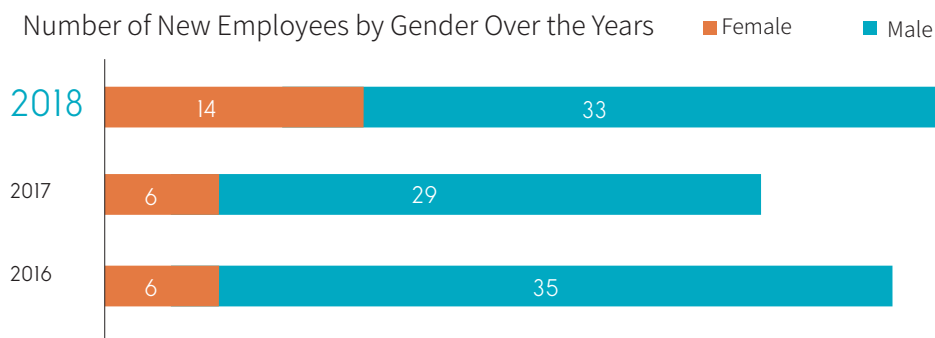
Percentage of New Full Time Employees by Age Over the Years



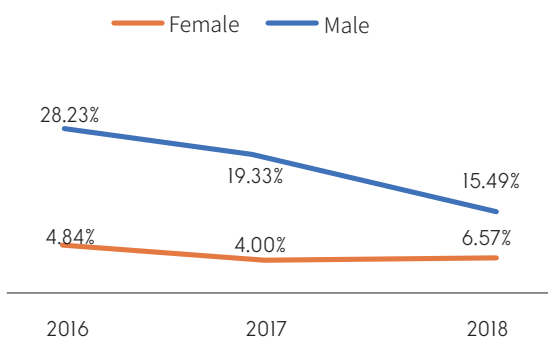
Number of Personnel Resigned by Age Over the Years



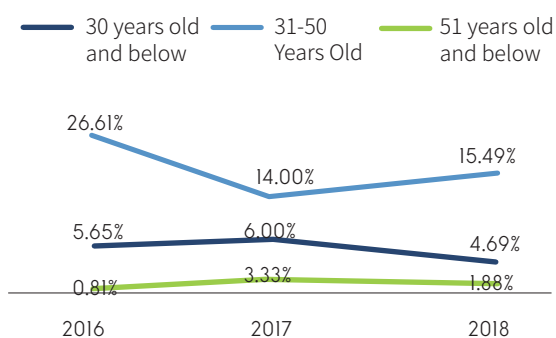
Number of New Employees by Gender Over the Years



Percentage of Full Time Employees Resigned by Gender Over the Years



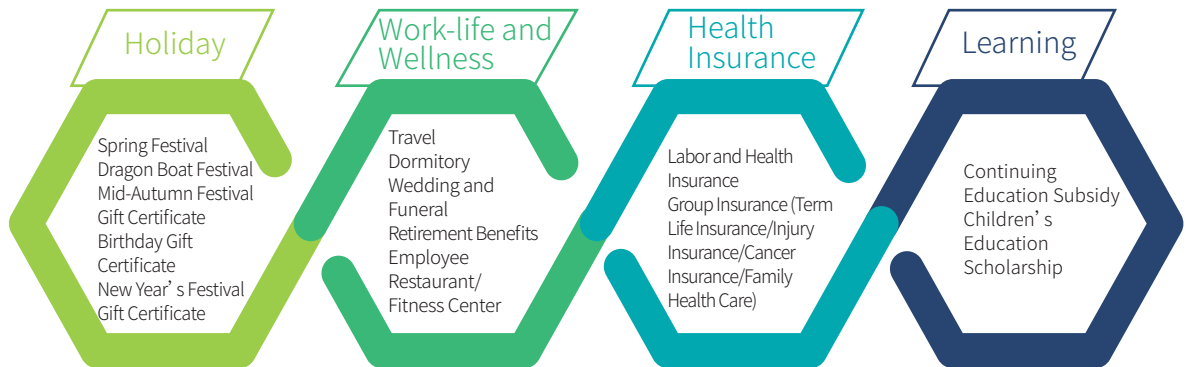
Percentage of Full Time Employees Resigned by Age Over the Years





4-2 Wages and Benefits

Comprehensive Benefits



CSRC Group provides complete and comprehensive benefits, and provides employees with a variety of benefits for holiday, personal life, insurance, and learning. In addition, the Company also will give back part of the operating performance as benefits for employees, so that all employees can share the achievements they put efforts in. In 2018, with the addition of a flexible shift schedule system, as well as the increase in the health examination amount and the adjustment of business trip subsidy, we hope employees can work in an environment free of concerns.

Traveling and Learning Subsidy

CSRC Group encourages employees to participate in travel activities and enhance the sense of coherence. Each year, the Company provides a maximum of NT\$25,000 traveling subsidy for each employee, and the Welfare Committee conducts planning for multiple touring routes of employee's choice, and employees can also arrange their own tours to achieve the purpose of relaxing their body and mind. In addition, in order to encourage colleagues to learn independently and cultivate their interest in reading, the Company provides a subsidy of NT\$2,000 per person every year to achieve a balanced life of work, learning, and leisure.

Employees Health Examination Benefits

The Company holds regular health checkups every year to help employees to learn about their health condition. Starting from the thinking of "people-oriented", the Company helps to take care of the balance of employees' economic and personal development, as well as physical and mental health management, with a continuous and multi-faceted support program, and provides health examination program between NT\$5,000 to NT\$10,000 every year to take care of the health of employees.

The Company is considerate and takes care the needs of work and life for employees, providing a full range of services and facilities in the area of food, housing, transportation, education, and entertainment, so that the employees can balance their work and personal life:



CSRC Group pays close attention to employees' food health, and set up an employee restaurant that emphasizes the use of seasonal food ingredients, cooking with less oil and less salt, and providing healthy meals for employees. At the same time, the Company installed safe fitness equipment in the basement to allow our employees to build strong and healthy bodies through exercise.



The Company thoughtfully provides a fitness gym (treadmills, all kinds of health equipment, and weight lifting equipment) and sports areas (yoga classroom, basketball shooting machines, and billiards tables), and allows employees to sign up and participate with an excellent quality exercise space, exercise equipment, all types of exercise classes, and fitness instructors. It not only allows employees to achieve the purpose of exercising effectively, but also learns the basic elements of exercise and allows employees to exercise correctly and happily.



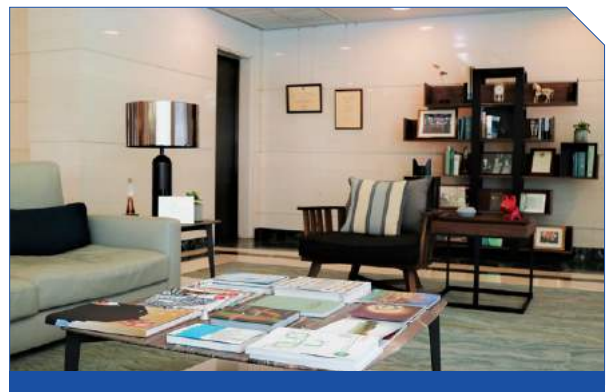
The "Soothing Massage Room" shows compassion to the employees' hard work and provides a free professional massage therapist to help employees relieve stress.



The "Regulations for Nursery Room Management" were established in order to show compassion to female employees' who work hard and must take care of the family and the workplace. The Company set up a Nursery Room in each Company location provided for employees who needs breastfeeding in order to fully protect maternal employment and family care.



The Company built rest spaces for employees at all locations, and allows employees to maintain the best energy at work.



Leave Benefits

CSRC Group provides special leave benefits better than the provisions specified in the Labor Standards Act, allowing employees to enjoy annual leave of 7 days or above annually after their first three months at work, and pays close attention to the balanced development of the mind and body for employees. Therefore, the Company advocates the "5 Consecutive Days of Leave Benefits" to allow employees to pay equal attention to work and leisure, encouraging employees to have at least one consecutive vacation arrangement of more than 5 days in the year, and spend quality time with their family. All other requests for leave are granted according to the law, so employees do not need to worry when they need to request a leave of absence.

In addition, in order to encourage employees to actively participate in charity services, care for, and give back to the society, the Company specifically provides a two-day volunteer work leave of absence for employees to fulfill the Company's corporate citizen responsibilities, puts their efforts into the society, and spreads love and warmth to make the world a better place.



Pension Scheme

CSRC Group has set up a "Supervisory Committee of the Workers' Pension Preparation Fund" to allocate pensions in the Bank of Taiwan on a regular basis, and calls committee meetings regularly to review the allocation and operation status of pensions to protect the rights and interests of employees. In addition, for employees who choose to adopt the 2nd-tier new labor pension plan, the Company will allocate 6% of the employee's monthly salary to the personal account of the employee under the Bureau of Labor Insurance to protect the employee's rights and interests.

Compensation

In order to consider the competitiveness of employee compensation, CSRC Group participates in external salary surveys every year to ensure that the salary level of employees has a certain degree of advantage over that of external corporations. Additionally, for key job positions, the Company will design a salary level better than the market to cultivate outstanding talents as a helping hand for the continuous growth of CSRC Operations. In addition to the fixed salary, CSRC Group also provides performance bonus and dividend for qualified employees. Since 2017, the performance bonus system has been established to effectively link the

Company's operating results, each factory's performance, and individual performance, so as to improve team morale and increase productivity within the organization, to ensure that the overall awards are more competitive and to attract talents to join the Company.

Number of Full-time Non-managerial Employees, Total Salary and Average Salary

Item	2018	2017	Difference
Number of Full-time Non-managerial Employees	589	468	121
Total Salary (NT\$ thousand) of Full-time Non-managerial Employees	415,571	301,921	113,650
"Average salary" (NT\$ thousand) of Full-time Non-managerial Employees	706	645	61

Number of employees and salary are calculated including International CSRC Investment Holdings Co., Ltd. and material subsidiaries

Performance Review

The performance review of CSRC Group in 2018 was based on the performance review start date. The CEO and new employees who have not been on the job for more than 3 months are not included in the review. In 2018, there were a total of 168 qualified employees, and the actual percentage of completed performance review was 100%. At the end of year, the manager of each unit reviews the performance, job performance, and contribution to the Company of the employees, and their review results are divided into five equal parts. With the performance review scheme, the operations of salary adjustment, promotion, and performance bonus are linked with review results to convey the concept of "Pay for Performance" and encourage the performance of employees.

Marriage, Maternity, and Bereavement Care

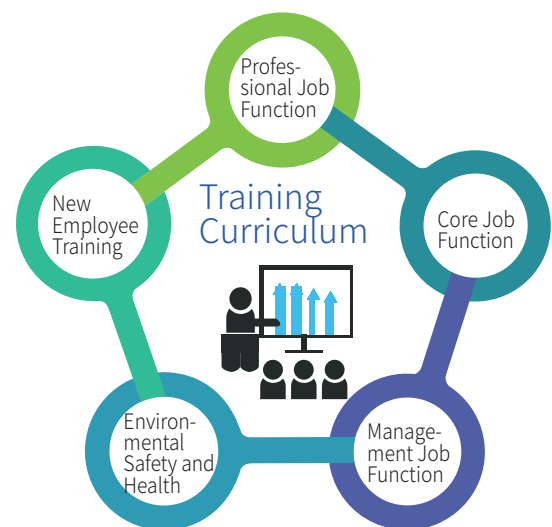
CSRC Group cares about all employees of the Company. When they experience marriage, child birth, or the passing away of relatives, the Company will give congratulatory gift money or funeral gift money to accompany and support employees to go through all important stages of their lives. In addition, in response to the Government's policy of Implementing Unpaid Parental Leave for Raising Children, employees can submit an application of unpaid parental leave for raising children to the Company in accordance with the provisions specified in the "Act of Gender Equality in Employment" and "Regulations for Implementing Unpaid Parental Leave for Raising Children", and submit applications for extension of unpaid leave and early reinstatement according to personal requirements.

	2018	
	Female	Male
Number of Employees Qualified for Unpaid Parental Leave for Raising Children	51	188
Number of Employees that Applied for Unpaid Parental Leave for Raising Children	0	1
Number of Employees Scheduled for Reinstatement for the Year	0	1
Actual Number of Reinstated Employees	0	0
Number of Employees Still on the Job 12 Months after Reinstatement	0	0
Reinstatement Rate Upon End of Unpaid Parental Leave	—	—
Remaining in the Office Rate Upon One Year of Reinstatement	—	0%

CSRC Group pays close attention to employees' opinions and provides a variety of internal communication channels, including regular management and labor meetings, labor union communication and coordination, internal website message announcements, electronic newsletters, and other meetings from time to time, in order to listen to employees' opinions and allow them to express their opinions. The management and labor meeting is held every quarter, with five representatives from both labor and management, to address the issues that are of great importance to management and labor with good and two-way communication. In addition to the management and labor meetings, the Company also provides other grievance mechanisms for employees, including the Company's official website, e-mail, paper grievances, and hotlines, with the aim of providing employees with a communication environment free of obstacles, so that employees can feel at ease to extend their expertise at work. As of the end of 2018, employees did not submit any related application (grievance) cases.

4-3 Talent Cultivation

The training of CSRC is aimed at developing training based on job functions and strategic training for the purpose of implementing the brand spirit. Job function training includes five major management job functions and core job functions. Based on "integrity-based", "committed to work quality", "creating synergistic output through teamwork", "cultivating adaptability in different environments and resource bases", and "using creativity, to seek possible solution". Also, in response to global deployment, the design of strategic training is the talent cultivation plan - Global Elite Program (GEP).



The training focus in the past two years can be generally divided into three directions:

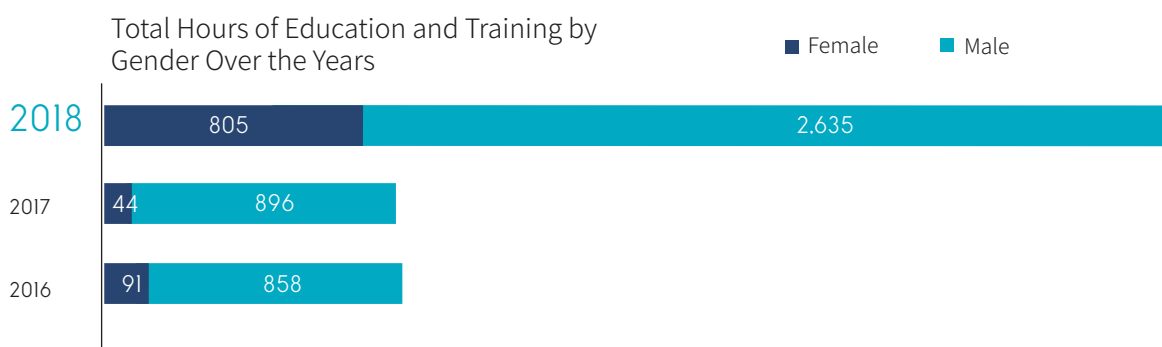
- **Cultivation and Implementation of Target Awareness** : Employees will be able to effectively track performance and implement a positive performance management cycle, starting from strategic thinking with manager's mindset to the awareness cultivation of personal target tracking.
- **Training Based on Globalization** : In addition to rotation cultivation and the recruitment of mobile talents of the Global Elite Program (GEP), the Company also strengthens the use habits of employees through our English training program of everywhere - every week.
- **Calibration and Development of Management Language** : Organizing management skills that are commonly used and equipped by the managers allows managers to have a common language and strengthens the communication network with learning programs and phased-in approaches.

All internal training initiated by the Human Resources Department and external courses applied for by employees shall be conducted with satisfaction surveys, focusing on the aspects of curriculum design, lecturer performance, and personal learning benefits to conduct learning reaction, and return training and related operations will be arranged, if necessary, to facilitate the acceptance of learning results.

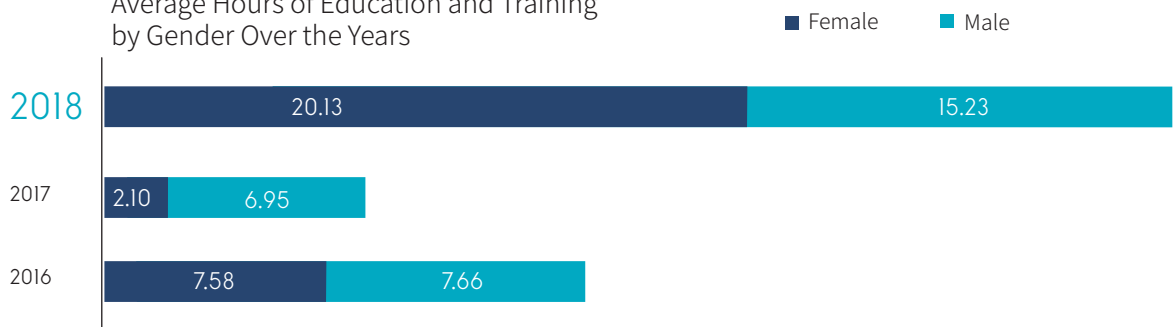
**Job
Function
Training**

In response to the Company's operational objectives and the work requirements of all departments, CSRC Group holds a wide variety of courses for professional techniques, and encourage diversified training to stay competitive. The Company also plans 4 types of courses for new hires, general knowledge, professional function, managerial function. The total training hours of core job functions and general knowledge courses were 788.5 hours in 2018. The education and training expenditure in 2018 was NT\$1,725,800, an increase of NT\$1,268,100 from 2017. The total number of education and training hours in 2018 was 3,440 hours, and the average training hours per person was 16.15 hours. Analyzed by gender, the average training hours for female employees was 20.13 hours, which was 4.90 hours more than that of males. Analyzed by the job ranks, the training hours for the manager level and above was higher than that of the previous years, mainly because the Management Job Function Courses were offered for a total of 905 training hours.

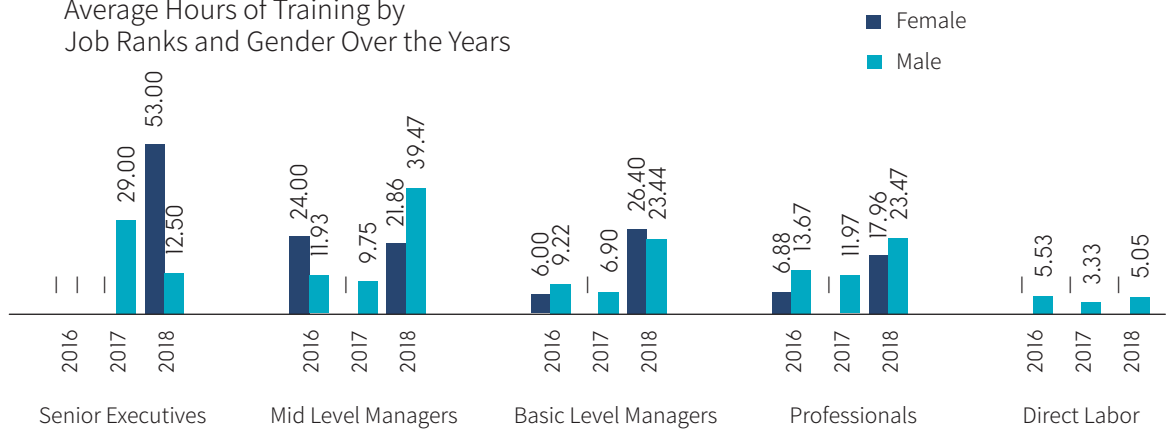
Since the Research and Development Team was established at the end of 2017, the Company has set up the key training objective with the professional job function enhancement of technical research and development of talents for 2018 to encourage the R&D team to actively participate in the international carbon black technical personnel training program and carbon material technology seminar, in order to enhance the professional core job functions for the Personnel of Research and Development in carbon black applications and new product development. Hence the total training hours of for professional job functions in 2018 was 726 hours, an increase of 520 hours compared with that of in 2017.



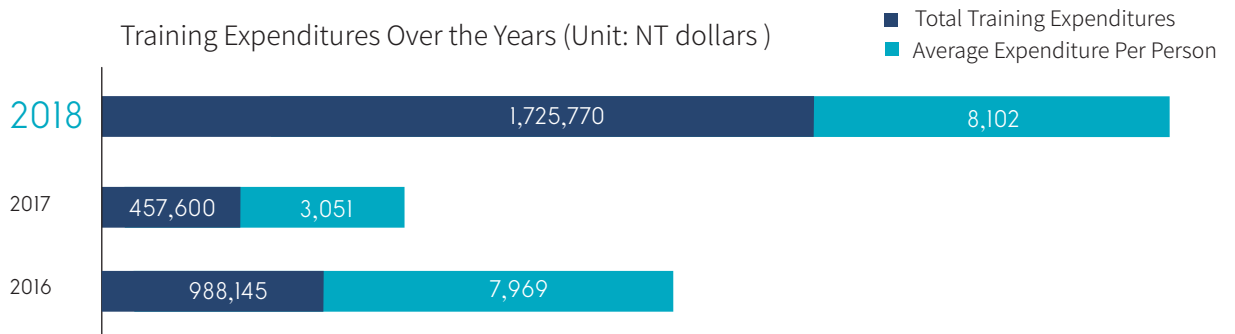
Average Hours of Education and Training by Gender Over the Years



Average Hours of Training by Job Ranks and Gender Over the Years



Training Expenditures Over the Years (Unit: NT dollars)





Strategic Cultivation – Global Elite Program (GEP)

With the overseas territory expansion of CSRC Group, and in response to the new factory areas and new markets, as well as the succession of current factory area management talents, the Global Elite Program (GEP) is launched to discover talents in the market with mobility and pioneering potential. Internship rotations between 12 departments, expatriate experience, as well as the assignment and review of project work allows talents to be able to work independently. In the short term, the final tasks and locations will be assigned according to their learning results and willingness. The purpose of the long-term plan is to create a group of global management talents with good mobility to drive the growth of the organization. 10 elites from the background of business management and production process joined the GEP in 2018. According to the set rotation and training phases, they can cooperate and generate proposals benefiting the organization and fully demonstrate the talent characteristics of the global elites.



Hands-On Experiences

In addition to the product knowledge lectures held by the current in-house lecturers, the Company also invited external scholars to give talents a deep understanding of product characteristics and future viable applications. At the same time, the talents' learning results can be reviewed through regular assessment along with problems discovered from domestic and overseas internships.



Cultivation of On-The-Job Skills

In order to enable students to effectively apply what they have learned and seen to their future work assignments, the Company arranges a series of courses: understanding financial reports, time management, briefing techniques, project management, global leadership, etc. to complete the on-the-job skills required when facing different situations in the future.



Comprehensive Care and Guidance

Each student in the program has a mentor (served by senior executives). In addition to daily caring, the students can also broaden their horizons during the communication process. The Coach guides and controls the leaning progress of students during the internship rotation process to ensure that the learning results conform to the organizational expectations. In addition, in order to complete the quality of guidance by the Mentor and Coach, in the 2018 management training, the training course of guidance skills prompted the mentality and skills of the Mentor before the guidance. However, the Mentees shall organize and share their learning experience, recommendations, and even the production of materials or examples for others to learn the same skills in the future through their recordings and evaluations by the Mentor during the learning process, leaving the Company with competitive know-how.



Employees Experience Sharing :
<https://www.linkedin.com/pulse/growing-challenges-%E5%BE%A9%E5%87%B1-%E8%8E%8A/>

4-4 Safety Care

CSRC Group puts emphasis on the safety and health of the working environment and hopes every employee to be able to work in a safe environment without worry, and establishes relevant software and hardware safety facilities as the basis of a safe environment. However, the most important thing is to abide by safety related procedures and standards for all employees.

CSRC Group Safety and Health Policy and Concept



- Comply with all applicable laws and regulations and other requirements.
- Provide appropriate protective measures, equipment, or operational controls to prevent injury and occupational diseases.
- Strengthen equipment maintenance and continue to improve in order to eliminate or reduce hazards from equipment.
- Implement safety and health education for relevant personnel, and enhance the ability of independent safety and health management capabilities through employees' awareness of the hazards of the workplace.
- Establish good communication channels for participating in consultation, so that stakeholders and employees can understand safety and health

CSRC Group organizes employee safety and health education training and simulation exercises regularly to provide necessary health and first aid facilities in the operation plant area, as well as management education and training promotions for the relevant work environment, equipment, and hazardous substances, such as hazard general education, in service personnel safety and health education, re-training for personnel with safety and health professional licenses, annual repair safety education training, emergency response, and other education training, to enhance employees' safety awareness and protect employees' safety and health, strengthen equipment operation management, personnel training, inspection, repair and maintenance work, as well as improve the dust collection system to ensure proper function of all environmental protection equipment.

In order to implement the occupational safety policy, CSRC Group will set various safety and health management objectives every year according to the annual objective, and comply with the Safety and Health Management System to promote continuous improvement operations to achieve the objectives of reducing the hazard factors that harm safety and health, preventing accidents, and promoting employees' safety and health.



The occupational safety issues in 2018 are mainly divided into three major parts:

- **Industrial Safety Environmental Protection :** Zero disability and zero violation in the plant, and zero pollution outside the plant. Set the annual objective for number of accidents and security protection detection for employees and supply contractors, continue to improve towards zero accidents.



- **Education and Training:** Set the annual education and training topics and the number of times for employees and suppliers, and re-training rate of occupational safety education and training reached 95%.
- **Management System:** Ensure the Certification Achievement of ISO 9001, ISO 14001, IATF16949, TOSHMS, and OHSAS-18001 as well as an examination rate of 95% for the Health Examination.

Key Result Areas (KRA)		Annual Target	Implementation Results
Industrial Safety Environmental Protection	Disability Injury (Number of Times)	0	1 for the Year (expatriate injured in the Mainland China plant)
	Employees in Disciplinary Period of Industrial Safety Discipline Violations (Number of person)	Less than or equal to 2 persons/department	0 for the Year
	Number of Industrial Safety Discipline Violations by Employees / Contractors	Decrease by 10% each quarter since the third quarter.	1. 0 violation by employees for the year. 2. 11 warning notices to contractors, 17 violation tickets for the year.
	False Alarm Incident Report	Lower than 7 cases / department every year (production department) Lower than 2 cases / department every year (non-production department)	1. 4 cases for the year (production department). 2. 0 case for the year (non-production department).
	Industrial Safety Improvement Rate (Completion/Total Number of Proposals)	Higher than 50%	Management program improvements were completed, improvement rate of 100%.
	Field 5S — Organization, Cleaning	Implementation by each department	Each department implemented according to regulations
Education and Training	Training After Revision of the Standard Operating Procedure	Implementation by each department	Each department implemented according to regulations
	Industrial Safety Training (Promotion)and Testing	At least 3 trainings every year	34 times for the year
	Emergency Response Drill	At least 2 times (each shift)	2 Times for the year (one training each for the first and second half of the year)
	Fire Fighting Training (including use of facilities)	At Least 2 Trainings Every Year	2 Times for the Year (one training each for the first and second half of the year)
	Contractor Industrial Safety Training (Promotion) and Testing	3 Times a Year (Education and Training Before Annual Repair)	3 Times for the Year
	Emergency Response Training on Logistics	At Least 2 Trainings Every Year	2 Times for the Year
	Loading Operation Training for Logistic Suppliers	At Least 2 Trainings Every Year	2 Times for the Year

Key Result Areas (KRA)		Annual Target	Implementation Results
System	Review and Revise ISO 9001 Procedures/ Instructions	Passed ISO 9000 Audit Verification Every Year	2018 Audit Verification has been passed.
	Review and Revise ISO 14001 Standard Operating Procedure	Passed ISO 14001 Audit Verification Every Year	2018 Audit Verification has been passed.
	Create CNS 15506 Procedures/ Work Instructions	All departments implement the safety and health audits in accordance with the "Regulations for Safety and Health Reward and Punishment Management".	Implementation Rate 100%

Occupational Safety Investment

The carbon black production process of Linyuan Advanced Materials Technology CO., Ltd. requires high-temperature combustion, so the occupational safety control is extremely important. In addition to regular inspection, repair, maintenance of equipment, and replacement, it also conducts the necessary occupational safety training for employees in the plant. In addition to the building safety inspection expenses in 2018, the total expenses related to occupational safety and health were NT\$510,880, and the occupational safety education was 1,021 hours.

In addition to the equipment and personnel's occupational safety investment, the necessary sprinkler system was also installed according to different process stages and material states, to test the temperature with machines and implement cooling actions in a timely manner to reduce high temperature and prevent fires effectively.

Occupational Safety Investment Items



- International Certification Maintenance and Management
- Dangerous Machinery and Equipment Inspection
- Safety and Health Protective Gears Purchase and Test Instrument Calibration
- Production Process Safety Assessment Fee
- Building Safety Inspection
- Fire Equipment Regular Inspection and Maintenance
- Labor Operation Environment Monitoring
- Occupational Safety Related License On-the-Job Training Expenses

Occupational Safety Performance

In order to do a better job ensuring the safety and health of employees, CSRC Group continues to introduce relevant safety and health mechanisms with the PDCA mechanism to implement, track and improve related procedures. The Company received counseling from the Government Southern Occupational Safety and Health Center in the plant on August 30, 2018 to assist Linyuan Advanced Materials Technology CO., Ltd. in further improving employee health management and disease



prevention, such as the special physical examination for new employees and NMQ Nordic Form Questionnaire Survey to strengthen the health management and services of employees progressively.

CSRC Group conducts employee health examinations every year and all health examination records are kept for at least 7 years. In addition to general health examinations, special health examinations are also planned for employees working under hazardous environments (high temperatures, noise, ionizing radiation, abnormal air pressure, lead, lead alkyl compounds, powder dust, organic solvents, specific chemical substances, yellow phosphorus, and other special health hazardous operating environments). In 2018, the health examination items and amounts for every employee were increased for the Employee Health Examination, and the Company also signed with health examination hospitals to organize health forums and physician's health examination consultations every quarter, with a total of 96 employees participating in the health examinations. After the examination reports are released, the hospital provides health consultation services in the plant for the employees with abnormal examination items. In addition, CSRC Group also provides health information promotions related to physical and mental health regularly, so that all employees can receive good care for their health.



CSRC Group implements the concept of a "Friendly Working Environment", conducts working environment testing regularly, and takes actions proactively to eliminate potential hazards in the workplace through "Proposal for Improvement", "Safety Observation", and "False Alarm Notification". In addition, the plant always strengthens automatic inspections, safety, and health education and training. When an abnormal event occurs, the emergency response procedure will be activated to reduce the impact on the degree of harm. The Occupational Safety System is reviewed every year continuously in order to make improvements continuously and to achieve the objective of creating a healthy and safe working environment for employees. In 2018, there was an injury incident during the performance of official duties in Linyuan Advanced Materials Technology CO., Ltd. 11 days of injury leave were applied for, and there were 88 hours of lost days of work.



2018 Work Injury (Linyuan Advanced Materials)

Facility	Gender	Occupational Disaster		Number of Lost Days	Injury Rate (IR)	Lost Day Rate (LDR)	Absence Rate
		Injury	Death				
Linyuan Advanced Materials Technology CO., Ltd.	Female	0	0	0	0	0	0.87%
	Male	1	0	11	0.74	8.12	0.23%

Note 1: There was no occupational disease in 2018.

Note 2: The data is calculated based on monthly reports of occupational disaster statistics.

Note 3: In 2018, the total working hours for females was 32,720 hours, and the total working hours for males was 270,949 hours.

Note 4: Injury Rate (IR) = total number of work injury incidents/total working hours x 200,000.

Note 5: Loss Day Rate (LDR) = days of loss for work injury/total working hours x 200,000.

Note 6: Absence Rate = absent working hours (hours of injury incident during performance of official duties, paid leave for personal affairs, sick leave, or other leave with salary deductible)/total working hours * 100%.

Facility	Gender	Occupational Disaster		Number of Lost Days	Injury Rate (IR)	Lost Day Rate (LDR)	Absence Rate
		Injury	Death				
Linyuan Advanced Materials Technology CO., Ltd.	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0

Note 1: There was no occupational disease in 2018.

Note 2: The data is calculated based on monthly reports of occupational disaster statistics.

Note 3: Injury Rate (IR) = total number of work injury incidents/total working hours x 200,000.

Note 4: Loss Day Rate (LDR) = days of loss for work injury/total working hours x 200,000.

Note 5: Absence Rate = absent working hours (hours of injury incident during performance of official duties, paid leave for personal affairs, sick leave, or other leave with salary deductible)/total working hours * 100%.



5

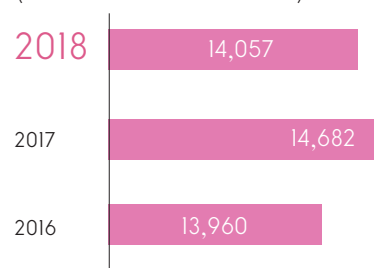
Joint Prosperity to
Promote Social Welfare

5-1 Giving Back to Society

The brand spirit of CSRC Group focuses on Rebirth, which represents improving the efficiency of the circular economy, and continuously improving waste disposal solutions. Communicating and caring for the community is also the direction of continuous efforts. Neighbors are very concerned with the CSRC Group operation and environmental protection. Therefore, when the neighborhood do not understand the Company's situation, or even distrust it, normal operation of the Company might be affected. Therefore, interaction with neighboring communities is very important, and it is the direction of continuous efforts for CSRC Group.

In three aspects of environmental protection communities development (Conservation Center, Community Seminars, see Section "5-2 Ecology Conservation" for details), Culture Preservation and Promotion (Community Art and Culture Activities, C.F. Koo Foundation, Taiwan, see Section "5-3 Culture Promotion" for details), and caring for the disadvantaged, respecting the elderly and helping the young, CSRC Group has continued to care for the work organized by the relevant units for many years. The total donation amounted to about NT\$ 14,057,000 in 2018 to give back to society with substantial sponsorship.

Charity Donations in the Past Three Years
(Unit: thousand NT dollars)



Environmental Promotion and Community Development

- 2018 Shanwei Elementary School after school tutoring (Cement School)
- 2018 Shanwei Elementary School book donation and year-end funfest
- 2018 Shanwei Elementary School summer camp
- Beach cleanup and dengue fever prevention, ecological education and policy promotion, volunteer social activities and gas safety promotion, environmental resource recycling activities.
- Observe and emulate the social activities and culture entertainment, environmental protection volunteer ecological study

Festival Celebration and Cultural Preservation.

- 2018 year-end activity for getting rid of the old and bringing in the new
- 2018 Qingming Festival ancestral worship and caring for the disadvantaged.
- 2018 Dragon Boat Festival respect the elderly and honor the wise activities.
- 2018 Celebrating the Mid-Autumn Festival, family reunion, admiring the full moon celebrating the festival activities.

Caring for the Disadvantaged, Elderly and Youngsters.

- 2018 year-end blessings and sending love activities.
- Organizing happiness right away, peace for every family, rice giving activities
- Offering incense and praying for blessing activities organized by temples

Community Engagement

In order to maintain a good relationship with our neighborhood, we blend into local culture, protect the local natural resources, and continue to visit the neighborhood from time to time to understand the opinions and issues of the neighborhood through good communication with the chiefs of neighborhoods and villages, as well as important local personages. CSRC Group also sponsored about NT\$ 1.1 million in community activities such as environmental protection promotion, cultural preservation, and respecting the elderly and helping the young, to activate community development and economic activities.

In addition, the CSRC Group India Plant invited employees to participate in tree planting activities in 2018 to cultivate an emphasis on life and the mission of maintaining the natural environment for employees with 1,500 seedlings planted. Furthermore, a street sweeping event was organized in October 2018, in order to walk into the community and clean the community environment, and also introduce more people to understand the carbon black industry.



Promoting Quality Education

Shanwei Elementary School is located next to our Linyuan facility and has a very deep long-standing interaction relationship. Over the years, CSRC Group has continued to sponsor Shanwei Elementary School with English, writing and other after-school tutoring courses, and organized a summer camp in 2018 with the activity of "Seeing the World with Discerning Views " to expand the horizons of schoolchildren and cultivate their world views. At the end of the year, in order to encourage the reading habits of schoolchildren, CSRC Group initiated the Book Donation activity and called on employees for book donations of dictionaries, writings, world geography, and nature encyclopedias in 2018, and organized the Shanwei Elementary School Book Giving Activity and Funfest, inviting the teachers and parents of Shanwei Elementary School students to participate in the year-end funfest and meet with our employees happily. The activity also specifically linked with the theme of the circular economy and was held with environmental educational videos and parent-child tournament, to allow the students to understand the application of carbon black economic value and the circular economy contribution toward mankind in easy and lively interactive games.

A series of circular economy charity activities of "2019 – The First Year of Green Gold Action" is expected to be promoted in 2019, sponsoring the first UN environmental protection education comic books, and planning environmental protection educational activities related to green gold, and obtaining environmental protection knowledge in cooperation with environmental protection actions in comic books, to enable schoolchildren to understand that waste resources can also create economic value through recycling. It is planned to donate comic books to

elementary schools in the neighborhood of Linyuan District, Kaohsiung. In addition, CSRC Group will launch the Shanwei Elementary School Scholarship and Assistance Program, to cultivate hardworking students to become outstanding talents of society and give back to society in the future. In the future, CSRC Group will also conduct evaluations for employees to come to Shanwei Elementary School for after school volunteer tutoring of students who falls behind.



2018 Shanwei Elementary School Book Donation and Year-end Funfest.

In Mainland China, CSRC Group improved the dietary nutrition and improved the teaching resources for the poor or disadvantaged school-age children around the plant, through the "Cement School" public welfare activity jointly promoted with the Taiwan Cement Corporation. In 2018, CSRC Group organized the "June 1st" environmental graffiti event with the purpose of allowing the concept of environmental protection become rooted in the hearts of students, and also organized the "World in My Eyes" children's drawing competition.





5-2 Ecology Conservation

Sustainable Ecology

In the face of the degradation of ecosystems resulting in the rapid decline of biodiversity, the "Foundation of Dr. Cecilia Koo Botanic Conservation Center and Environmental Protection Development" was jointly funded by Taiwan Cement Corporation, Ho-Ping Power Company, International CSRC Investment Holdings Co., Ltd., and the Jiantan Ancient Temple, and "Dr. Cecilia Koo Botanic Conservation Center (KBCC)" was established in Gaoshu Township, Pingtung County, with the mission to conserve tropical and subtropical plants to sustain the earth's biodiversity. In 2018, CSRC Group contributed about NT\$8 million to the Botanic Conservation Center to promote plant conservation activities, and implement the concept of sustainable development and environmental conservation with actions.



Dr. Cecilia Koo Botanic Conservation Center (KBCC)

The Botanic Conservation Center adjusts the luminosity with shading nets, and uses a reverse osmosis spray system to perform timed spraying, in order to control the humidity and lower the temperature. Among them, three conservatories specifically use the water curtain greenhouses design, and use large fan equipment and water walls to reduce summer heat and create a cool and humid environment. The indoor and outdoor temperature difference can reach up to 6 degrees Celsius, used for cultivation of Orchidaceae, Theaceae, Pteridophyte, Begoniaceae, Gesneriaceae, and Araceae, etc. As of the end of April 2019 (monthly inventory), 33,244 plant species from all over

the world have been successfully cultivated, mainly tropical and subtropical plants (including cloud forest belt plants), and the current scale reached number one in Asia. Among them, the collection of Orchidaceae, Bromeliaceae, Begoniaceae, Carnivores, and Pteridophyte plants are the most in the world, becoming the world's richest living plant conservation collection. Nearly 80,000 plants planted in the Botanic Conservation Center are digitally managed, with computer label barcodes, and the name, origin, and planting information of plant species can inquired at any time. These plant species will be the materials for the reconstruction of the ecosystem in the future and will be the materials for scholars to study biological relationships, research and development of new drugs, and cultivate new horticultural strains that have been extensively provided for the use by the academic community and published in many academic papers.

Taxa	Number of Species Collected
Musaceae	87
Palmae	263
Araceae	1,585
Marantaceae	143
Succulents	7,731
Bromeliaceae	2,504
Carnivores	823
Pteridophyte	1,995
Begoniaceae	1,321
Gesneriaceae	1,071
Aquaticplants	887
Zingiberaceae	513
Orchidaceae	9,164
Theaceae	702
Bryophytes	364
Others	3,260

Joint Prosperity to Promote Social Welfare

100 Species for Conservation Action

In addition to continuing the expansion of tropical living plants connection, the Botanic Conservation Center is based on living plants preservation in different places and academic research to participate in the world's tropical plant conservation program through international academic exchanges, developing into a world-class tropical plant botanic conservation base, and it plans to reach 40,000 species of living plants by 2027. The content and purpose of the "100 Species for Conservation Action" project carried out by the Botanic Conservation Center are species that have been identified by regional and global conservation communities as threatened under the categories of either Extinct in the Wild, Critically Endangered, Endangered, or Vulnerable to the threat of extinction. Because the living individuals of these species are difficult to obtain, the number of individuals kept in the KBCC is often very small, therefore, the KBCC's collection managers have proposed a list of priority conservation species, and entrusts Professor Chia-Wei Li of National Tsing Hua University to implement work. It also invites scholars of other domestic institutions to go into the wild for collection with the staff of the Botanic Conservation Center, with proliferation of 50 individuals within one year, with the expected aim of securing the plants through proliferation of 100 to 1000 individuals per species within three years. The individuals will be transplanted to their original habitat and shared with the world's major botanical gardens.

Deep Educational Cultivation and Local Promotion

After many years of hard working and rich collections, the Botanic Conservation Center has attracted many domestic and foreign scholars and international botanic gardens to visit and exchange opinions. In addition to participating in the Botanic Gardens Conservation International (BGCI), the Botanic Conservation Center also organizes international academic conferences, such as the Southeast Asian Botanical Garden Directors Conference held annually from 2009 to 2016, and from 2012, the Botanic Conservation Center, International Cooperation and Development Fund, and National Museum of Natural Science signed a Census and Conservation of Plant Resources in the Solomon Islands and Flora Compilation Program in cooperation with the Government of the Solomon Islands. In addition, the Botanic Conservation Center has also cooperated with domestic research institutions, including the Biodiversity Research Center, Academia Sinica (Begonias, Gesneriaceae, Monocotyledon, and other species preservation), National Museum of Natural Science (Herbarium specimen preservation), Taiwan Forestry Research Institute Taitung District Agricultural Research and Extension Station (TTDARES) of the Council of Agriculture, Executive Yuan and (Pteridophytes species preservation, Taxonomy Study), Taiwan Agricultural Research Institute and Taiwan Banana Research Institute (banana species preservation), Xitou Nature Education Area of NTU Experimental Forest (cloud forest plant species preservation), and Ministry of Science and Technology (tropical plant species preservation plan).

In order to enhance the professional knowledge and practice of domestic conservation, the Botanic Conservation Center organizes seminars on conservation of biodiversity and plant resources, and organizes natural science camps in the winter and summer vacations, as well as assists students from the Department of Life Science from universities and graduate schools to conduct internship research and continues to support talent education in biology and botany.

For more information on the Botanic Conservation Center, please see <http://www.kbcc.org.tw/tw/index.htm>



Expand Overseas Conservation Operations

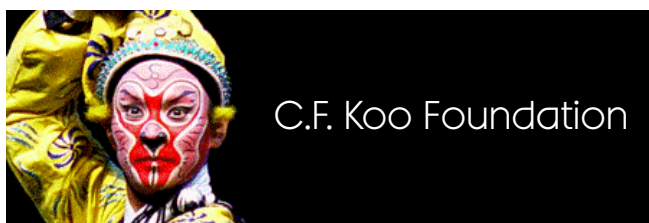
Since 2018, the Conservation Center has started plant census in Vietnam with the National Museum of Natural Science and Taiwan Forestry Research Institute, Council of Agriculture. The work is based on the successful experience of plant census in the Solomon Islands, and the plant census group has been organized in cooperation with the Southern Institute of Ecology, Vietnam Academy of Social Sciences and the local Bidoup - Nui Ba National Park. The plant census group has started three research operations, collected rich specimens and living plants in the jungles of southern Vietnam plateau, and even discovered several new species of Orchidaceae and Pteridophyte.

In December 2018, the " Taiwan Vietnam United Plant Conservation Research Center " was officially formed in the Bidoup - Nui Ba National Park. The Conservation Center will continue to work with botanic researchers in Vietnam to promote the research and conservation of precious plants.



5-3 Culture Promotion

C.F. Koo Foundation was founded in 1988 by C. F. Koo, Honorary Chairman of the Hsin Group. Established in joint contribution by CSRC Group and the Taiwan Cement Corporation, the Foundation promotes



exchanges and activities through domestic and international academic institutions and private enterprise organizations. The purpose of Foundation is business management research, activities related to literature and art, as well as anti-cancer medical research.

Since 1991, the work of the Foundation has focused on "Cultural Preservation": The Peking Opera Promotion Group was started, and the deputy CEO of that time, Ms. Koo Huai Qun, invited the well-known Peking Opera Maestro Baochun Li and cross-straits Peking Opera elites to perform exquisite classics operas (including newly created works and neo-classics), dedicated to "Stem Grafting and Leaves Spreading of Opera Art", integrating Peking Opera and Kunqu Opera, works such as "The Confidants", "Zhao Kuangyin", "The Palace of Eternal Life: a new expression in Peking Opera and Kunqu", "She and Her Men", etc., integrating two ancient operas into one, enriching the performance aspect of the opera, in line with the contemporary audience's appreciation of aesthetics. For many years, the brand "Neo-Classics" has become famous in the cross-straits region, and is a frequent visitor to major art festivals in mainland China such as the China Peking Opera Art Festival, Shanghai International Art Festival, and Beijing International Music Festival. They have even often formed a group that often travels to Europe, the United States, Japan, Mainland China and other places for tour shows, making Taiwan's traditional culture widely known. It is indeed a very active cultural and educational foundation in Taiwan. The Foundation participates in the international association organizational activities actively, and is the senior member of the Association of Performing Arts Presenters (APAP), International Society of Performing Arts (ISPA), and Federation for Asian Cultural Promotion (FACP). The Foundation has also won the right to host the ISPA 2020 Congress in Taipei to promote international art exchanges.

In 1998, the Foundation formed the affiliated Opera Theatre "Taipei Li-yuan Peking Opera Theatre", consisting of a group of professional young performers at home and abroad led by Mr. Li Baochun as the conservation center for opera performers. All members of the Opera Theatre have graduated from professional colleges with rich experience in stage performance. In addition to Peking opera, there are also talents in martial arts, dancing, music, and folk artistry.

In 2002, the Foundation launched the touring theater "Taipei Theatre", with 211 shows in 2018 and a total of 37,978 audiences, and launched a variety of repertoire, including three performances of "Young Artists" of Taipei Li-yuan Peking Opera Theatre, Li Baochun Peking Opera Neo-Classics, and Young Performing Artists Series: Koo Episode Theater, continuing to promote the opera culture. The 2018 tour includes Mainland China Tour and Promotion Seminar in April, with a total of 16 performances and 7 seminars, as well as a European tour from October to November with the repertoire of large new Peking opera "The Power of the Lotus Lantern" for a total of 15 days and 8 performances.

"Young Artists" of Taipei
Li-yuan Peking Opera
Theater

The repertoire includes the Kunqu Opera "The Thorn Beam", Drama "Whose Fault Is It", Zhezi Opera Show (One Act Play), and "The Legend of White Snake".

Li Baochun Peking Opera
Neo-Classics

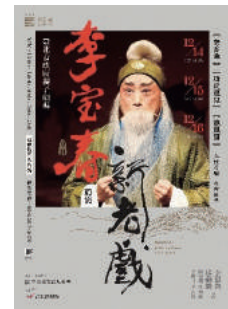
The repertoire includes the large-scale Qing Costume Opera Peking Opera "The Scholar of Ba-Shan", the Neo-Classics "The Moment of Broken Secret Ravine", the Drama of Three Kingdoms "The Battle of Wei-Nan", etc.

Young Performing Artists
Series:
Koo Episode Theater

The repertoire includes "The Painted Skin", Charming and Coquettish Show, and "Turning Back" Li Jiaqi's One-man Show



▲ TaipeiEYE "Legend of Eight Immortals Crossing the Sea"



▲ Baochun Li in Peking Opera Neo-Classics in December, 2018



▲ Mainland China Tour and Promotion Seminar



▲ European Tour "The Power of the Lotus Lantern"

Talent
Cultivation and Chinese
Opera
Promotion

The stage technical team of the Foundation is well known for its production, management, and consultants in performances and events. The team has won the Arts and Business Award with Special Award, Gold Award and Silver Award of the Ministry of Culture for many years, and was voted as best theater service in Taipei City online many times. In recent years, the team has become a technical consultant for 16 new theaters in Taiwan, and also organized theater management courses across the straits to cultivate new talents for theater management.

Since the implementation of Front/Back Stage Technology and Service Management Procurement Project for "Taipei City Government Family Theater" in 2018, the Foundation also won the 2019 "Da Dao Chen Theatre" Educational Arts Far-reaching Education as well as Theater Technology and Front/Back Stage Management Commissioning Project.

The Foundation has repeatedly been entrusted by the government to take charge of multiple comprehensive large-scale performing arts activities, such as the "Prosperous Autumn Art Banquet:

Council for Cultural Affairs Anniversary Exhibition", "From General to Minister: First Children's Traditional Art Festival", "From General to Minister: Second Children's Traditional Arts Festival", and Taipei City New Year's Eve Party. In terms of unofficial activities, performances of "Passing the Torch, Glorifying Peking Opera" were held for several consecutive years, and all proceeds were donated to the old dependent Peking Opera artists. In addition, the Foundation also continuously promotes Peking Opera in all elementary and junior schools as well as universities and colleges to spread cultural seedlings for the next generation.



The Foundation also puts great efforts into cultivation of young talents: in early March, "Young Artists" featuring young new artists is a production that has drawn much of attention from all walks of life. Also, performing "Young Artists" in "Family Theater" will be much better than ever, and putting the young artists in charge shows quite an important role. In addition, it also fostered the young artist Huang Chao-Hsin to lead the performance of "Nie Yin Niang" in the Taipei Li-yuan Peking Opera Theatre, which first passed the selection of Taiwan's first "Creative Performance", and later received an invitation to perform two shows in the "4th Xiqu Opera Black Box Festival", in the Beijing Stars Theater, exchanged with opera creators from China, Taiwan, Hong Kong, and Macau, and demonstrated the strength of Taiwan's Peking Opera Innovation.



6

Appendix

6-1 Cross Reference with GRI Standards

General Disclosure	No	Description	Corresponding Chapters	Page Number
	GRI 101: Foundation			
	GRI 102 : General Disclosure 102			
	Organization profile			
	102-1	Name of the organization	Report Profile	02
	102-2	Activities, brands, products, and services	2-2 Product Introduction	53-55
	102-3	Location of headquarters	Report Profile	02
	102-4	Location of operations	1-1 About CSRC Group	16
	102-5	Ownership and legal form	1-1 About CSRC Group	16
	102-6	Markets served	1-1 About CSRC Group	16
			1-2 Brand Value	21-23
	102-7	Scale of the organization	1-1 About CSRC Group	16
			2-6 Business Performance	65-66
	102-8	Information on employees and other workers	4-1 Our People and Employment	92-95
	102-9	Supply chain	Circular Economy, Green Gold Business Opportunity	11-13
			2-4 Supply Chain Management	56
	102-10	Significant changes to the organization and its supply chain	No significant change to the organization and supply chain was reported in 2018.	-
	102-11	Precautionary Principle or approach	1-4 Risk Management	35-36
	102-12	External initiatives	CSRC did not participate in external initiatives during the reporting period.	-
	102-13	Membership of associations	1-1 About CSRC Group	21
	Strategy			
	102-14	Statement from senior decision-maker	Chairman's Address	4-6
	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	1-2 Brand Value	21
	Governance			
	102-18	Governance structure	1-3 Corporate Governance	24-25
			1-5 Sustainable Management Promotion	37

No	Description	Corresponding Chapters	Page Number
Stakeholder communication			
102-40	List of stakeholder groups	1-6 Stakeholders Communication	41-43
102-41	Collective bargaining agreements	No labor union has been established at CSRC Group, and all employees are protected under the employment contract.	-
102-42	Identifying and selecting stakeholders	1-5 Sustainable Management Promotion	37
102-43	Approach to stakeholder engagement	1-6 Stakeholders Communication	41-43
102-44	Key topics and concerns raised	1-7 Sustainable Issues Engagement	43
		1-8 Material Topics and Management Policy	45-47
Reporting practice			
102-45	Entities included in the consolidated financial statements	Report Profile	02
102-46	Defining report content and topic boundaries	Report Profile	02
102-47	List of material topics	1-8 Material Topics and Management Policy	45
102-48	Restatements of information	No restatements of information.	-
102-49	Changes in reporting	No changes in reporting.	-
102-50	Reporting period	Report Profile	02
102-51	Date of most recent report	Report Profile	02
102-52	Reporting cycle	Report Profile	02
102-53	Contact point for questions regarding the report	Report Profile	02
102-54	Claims of reporting in accordance with the GRI Standards	Report Profile	02
102-55	GRI content index	6-1 Cross Reference with GRI Standards	121-125
102-56	External assurance	Report Profile	02
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundary	1-7 Sustainable Issues Engagement	43
		1-8 Material Topics and Management Policy	45-47
103-2	The management approach and its components (including all the following material topics)	1. Keep Commitment to Practice Sustainable Management	15
		2. Advantageous Synergy to Create Multiple Values	49-50
		3. Recycling and Regeneration to Safeguard the Earth	72-73
		4. Creativity to Shape an Excellent Workplace	88
		1-8 Material Topics and Management Policy	45-47

No	Description	Corresponding Chapters	Page Number
GRI 103: Management Approach 2016			
103-3	Evaluation of the management approach	1. Keep Commitment to Practice Sustainable Management	15
		2. Advantageous Synergy to Create Multiple Values	49-50
		3. Recycling and Regeneration to Safeguard the Earth	72-73
		4. Creativity to Shape an Excellent Workplace	88

Topic-Specific Standards

No	Description	Corresponding Chapters	Page Number
GRI 200: Economic topics			
GRI 201 : Economic Performance 2016			
201-1	Direct economic value generated and distributed	2-6 Business Performance	65-66
GRI 300: Environment			
GRI 301 : Energy 2016			
302-1	Energy consumption within the organization	3-2 Energy Conservation and Carbon Reduction	75
302-4	Energy intensity	3-2 Energy Conservation and Carbon Reduction	76
GRI 303 : Water 2016			
303-1	Water withdrawal by source	3-4 Water Resource Management	80
GRI 305 : Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	3-3 Greenhouse Gas Management	79
305-2	Energy indirect (Scope 2) GHG emissions	3-3 Greenhouse Gas Management	79
305-4	GHG emissions intensity	3-3 Greenhouse Gas Management	79
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3-5 Air Pollution Control	81
GRI 306 : Effluents and Waste 2016			
306-2	Waste by type and disposal method	3-6 Waste Resource Management	85
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	2-7 Regulatory Compliance	68-69
GRI 400: Social			
GRI 401 : Employment 2016			
401-1	New employee hires and employee turnover	4-1 Our People and Employment	94-96
GRI 403 : Occupational Health and Safety 2016			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4-4 Safety Care	109
GRI 404 : Training and Education 2016			
404-1	Average hours of training per year per employee	4-3 Talent Cultivation	101-102

No	Description	Corresponding Chapters	Page Number
Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	4-1 Our People and Employment	92-93
		1-3 Corporate Governance	24
GRI 419 : Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	2-7 Regulatory Compliance	70

6-2 Cross Reference with SDGs

Sustainable Development Goals	Corresponding Chapters	Page Number
 3 GOOD HEALTH AND WELL-BEING	3-5 Air Pollution Control	80
	4-4 Safety Care	104
 4 QUALITY EDUCATION	4-3 Talent Cultivation	100
	5-1 Giving back to Society	111
 7 AFFORDABLE AND CLEAN ENERGY	Circular Economy, Green Gold Business Opportunity	11
	3-2 Energy Conservation and Carbon Reduction	75
 8 DECENT WORK AND ECONOMIC GROWTH	2-6 Business Performance	65
	4-4 Safety Care	104
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	2-5 Customer Services	60
	2-3 Research & Development and Innovation	55
 11 SUSTAINABLE CITIES AND COMMUNITIES	3-4 Water Resource Management	79
	3-5 Air Pollution Control	80
	3-6 Waste Resource Management	84
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	2-3 Research & Development and Innovation	55
	3-2 Energy Conservation and Carbon Reduction	75
	3-4 Water Resource Management	79
	3-5 Air Pollution Control	80
 13 CLIMATE ACTION	3-6 Waste Resource Management	84
	1-4 Risk Management	35
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6-3 Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports

	Description	Corresponding Chapters	Page Number
Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports	A listed company under Article 2 shall disclose the number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year	4-2 Wages and Benefits	96



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會計師有限確信報告

國際中橡投資控股股份有限公司 公鑒：

國際中橡投資控股股份有限公司民國 107 年度企業社會責任報告書，業經本會計師針對所選定之標的資訊執行確信程序竣事，並出具有限確信報告。本次執行確信程序之標的資訊請詳附件一「確信項目彙總表」。

管理階層對企業社會責任報告書之責任

管理階層之責任係依據臺灣證券交易所「上市公司編製與申報企業社會責任報告書作業辦法」及全球永續性報告協會（Global Reporting Initiatives, GRI）發布之 GRI 準則（GRI Standards）及依行業特性參採其他適用之準則編製企業社會責任報告書，且維持與編製企業社會責任報告書有關之必要控制，以確保企業社會責任報告書所列標的資訊未存有重大不實表達。

會計師對企業社會責任報告書執行確信程序之責任

本會計師係依照確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對上開企業社會責任報告書所選定之標的資訊（詳附件一）在所有重大方面是否依照第二段所述準則編製表示意見，並提出有限確信報告。相較於合理確信，有限確信案件所執行程序之性質及時間與適用合理確信案件不同，其範圍亦較小，因是取得之確信程度明顯低於合理確信。

本會計師係基於專業判斷規劃及執行確信程序，以獲取相關標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師執行確信程序包括：

- 取得及閱讀企業社會責任報告書；

- 訪談管理階層及相關人員，以瞭解公司編製企業社會責任報告書有關政策及程序；
- 訪談相關人員了解所選定標的資訊產生之流程、內部控制及資訊系統；
- 分析及以抽查方式測試標的資訊相關文件及紀錄。

獨立性及品質管制遵循聲明

本會計師及所隸屬會計師事務所遵循會計師執業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。此外，本會計師所隸屬會計師事務所遵循審計準則公報第四十六號「會計師事務所之品質管制」，以維持完備之品質管制制度，包含與遵循執業道德規範、專業準則及所適用法令相關之書面政策及程序。

確信結論

依據所執行之程序及所獲取之證據，本會計師並未發現國際中橡投資控股股份有限公司民國 107 年度企業社會責任報告書中所選定之標的資訊在所有重大方面有未遵循其衡量基準暨臺灣證券交易所「上市公司編製與申報企業社會責任報告書作業辦法」及全球永續性報告協會（Global Reporting Initiatives, GRI）發布之 GRI 準則（GRI Standards）及依行業特性參採其他適用之準則之情事。

勤業眾信聯合會計師事務所

會計師 吳 世 宗

吳世宗



金融監督管理委員會核准文號
金管證審字第 1010028123 號

中 華 民 國 108 年 7 月 16 日

確信項目彙總表

編號	GRI 指標編號	指標敘述	對應章節	衡量基準
1.	GRI 303-1 : 2016	依來源劃分的取水量	3-6 水資源管理	107 年度自來水之總取水量。
2.	GRI 306-2 : 2016	按類別及處置方法劃分的廢棄物	3-8 廢棄資源管理	107 年度依非有害及處理方式劃分之廢棄物總重量。
3.	GRI 307-1 : 2016	違反環保法規	2-5 法規遵循	107 年度環境相關法規裁罰件數及金額。
4.	GRI 404-1 : 2016	每名員工每年接受訓練的平均時數	4-3 人才培育	按性別和職級別劃分每名員工 107 年度平均訓練時數。
5.	GRI 419-1 : 2016	違反社會與經濟領域之法律和規定	2-5 法規遵循	107 年度社會與經濟領域方面違反法律或法規之重大罰款和非金錢制裁。

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