



Taste of Gourmet • Taste of Class • Taste of Love

2019

HSIN TUNG YANG

Corporate Social Responsibility Report

2019 CSR

Corporate Social Responsibility Report



About This Report

This Report is Hsin Tung Yang's first publication of Corporate Social Responsibility (CSR) Report. It is prepared in accordance with Global Reporting Initiative (GRI) Standard: Core option. This year's Report will present Hsin Tung Yang's CSR perspectives, strategies, and actions; describe the Company's relevant results and future plans in terms of governance, economic, environmental and social aspects. At the same time, by screening sustainability topics that are material to the Company through materiality identification and topic analysis (please refer to the chapter on Sustainable Development and Management), through disclosures, communications, and giving back via diverse channels, Hsin Tung Yang hopes to create the greatest values for all stakeholders and to achieve the goal of becoming the best food business.

Reporting Period and Boundaries

The reporting period covered in this Report is from January 1, 2019 to December 31, 2019. Certain information may be traced back to relevant CSR performances before 2019. The Report is published in August 2020, and both Chinese and English versions of the Report are disclosed on Hsin Tung Yang's CSR website. Contents of the Report encompass all material topics of stakeholders' concern, as well as Hsin Tung Yang's results and actions in terms of economic, environmental, and social aspects. Hsin Tung Yang will regularly publish the Corporate Social Responsibility report once per year, and the Report will be disclosed on the Company's website at: <https://www.hty.com.tw>.

The reporting boundaries of this Report are mainly focused on Hsin Tung Yang Co., Ltd. and covers the Taipei Head Office and Dayuan Plant. Certain chapters have encompassed our direct shops, department store counters and special channels including the highway service areas and the airport shops. Topics that are covered include product and service innovations, customer health and safety, and product traceability and more. To substantially convey the complete information on Hsin Tung Yang's value chain, the Company expects to gradually focus on the other sustainability topics and include more relevant data from shops and special channels.

Report Assurance

The financial information in the Report are CPA audited and publicly announced information, and all currencies are denoted in the NTD (New Taiwan Dollar). Other data comes from voluntary inventories and statistical results. In addition, the quantitative data on greenhouse gas emissions are calculated from the latest carbon emission coefficients announced by the Environmental Protection Administration and Bureau of Ministry, ROC.

To ensure the reliability of the public information included in this Report, the reference standards and verification institutions for various data are listed as follows:

Item	Standard	Verifying Institution
Sustainability	Article 5 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Seven Indicators of Additional Compulsory Disclosures for Food Industry	KPMG Taiwan (Note 1)
Financial	◆ Regulations Governing the Preparation of Financial Reports by Securities Issuers ◆ Adopts the International Financial Reporting Standards approved of the Financial Supervisory Commission and effective as of 2018	Crowe Horwath (TW) CPAs

Note 1: Limited assurance procedures were executed in accordance with "Standard on Assurance Engagements No. 1: Assurance Engagements Other Than Historical Financial Information" announced by the ROC Accounting Research and Development Foundation. Assurance Report is enclosed as Appendix to this Report.

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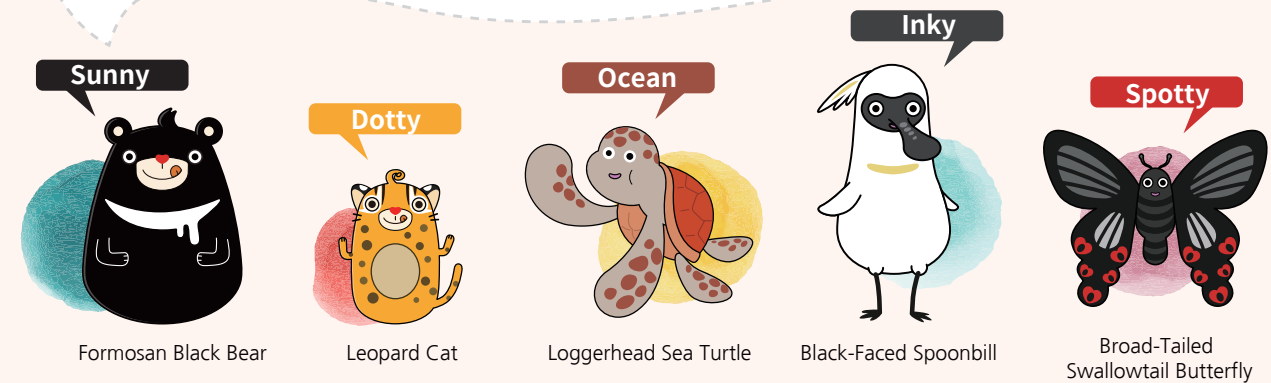
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Hsin Tung Yang has created images of five indigenous and endangered species animals to enhance Taiwan's awareness to ecological conservation. And dedicated brands or products were created one-by-one, and are available throughout Hsin Tung Yang's various channels including highway service areas, airport shops, stores throughout Taiwan, and social media. The visibility of which is designed to encourage Taiwan's awareness for animal preservation, and to join us in the protection of the ecology and environment and to work toward sustainability.



A Message from the Chairman

Realizing Positive Influence: Where There is Chinese, There Shall be Hsin Tung Yang

As we enter the 21st century, the world is faced with even more challenges to sustainable development. Climate change, low-carbon energy and restrictions on water consumption have become risks and opportunities that enterprises cannot overlook, and all sectors are adopting action plans to respond to the United Nations' Sustainable Development Goals (SDGs). In the food and retail channel business, where any small change could lead to a major butterfly effect, it is a company's mission and responsibility to strengthen the supervision mechanism over supply chain management, and to protect the food safety and customers' rights and interests.

Upholding the vision of "Where There is Chinese, There Shall Be Hsin Tung Yang" since being founded in 1967, we have gradually formed a comprehensive value chain that encompasses food production, in-store and online sales, as well as presence at highway service areas and airport shops, through diversified development strategies. In addition, we are actively developing domestic and overseas channels, and currently we have 74 sites offering direct sales in Taiwan, and over 30,000 retail locations worldwide. In addition, on top of continuing to strengthen our own operations and management, Hsin Tung Yang also closely works with government agencies in regards to food safety management issues. We are the first food business to enforce both the "food traceability" and "processed food traceability" in Taiwan. Through introducing sound management and systems at each link of the value chain, Hsin Tung Yang has safely dodged food safety hazards in Taiwan throughout the years. We have stayed true to our roots for more than fifty years, and continue to bring the most trustworthy delicacies and the best experiences to all consumers.

By upholding the vision of "giving back to the society" from our Founder, Mr. Mai, Hsin-Fu, while continuously enhancing product and service qualities, Hsin Tung Yang is also dedicated to social engagement. Mai's Hsin Tung Yang Foundation, founded in 1984, uses the Company's core businesses toward long-term commitment and advocacy for issues including local development, talent empowerment, the right to education, and caring for the disadvantaged groups. With the collective efforts of all Hsin Tung Yang staff, we have demonstrated our positive social impacts by cumulatively reaching out to over 10,000 individuals in each year through planning and organizing social engagement activities and projects.

In prospect of the future, Hsin Tung Yang will continue to uphold our management philosophies of "Integrity, Creativity, Agility, and Sustainability" and to promote corporate sustainable development in line with the SDGs. We will continue to fulfill our corporate social responsibilities, and by conveying our brand values of "Taste of Gourmet, Taste of Class, Taste of Love" we will bring the business philosophy of sustainable development throughout the world.



Jackson Mai
Chairman of Hsin Tung Yang

A Message from the President

Striving for Sustainable Development: A Brand-New Hsin Tung Yang

Not Just An Age-Old Brand, Hsin Tung Yang Represents Our Persistence to Doing the Right Thing! Persisting in "quality at the source," we conduct physical inspections of butcher shops and insist on frying our own lard to ensure the quality of raw materials and to eliminate any food safety risks. By observing the comprehensive animal husbandry management mechanism at Australia, we introduced the "traceability system" to Taiwan. Through long-term development, we have successfully become synonymous with the Chinese food culture throughout the world, and have won the Golden Thumb Awards and Golden Way Awards on numerous occasions. Moreover, we have also been nominated as one of the Top 100 Brands in Taiwan.

Innovation is one of the critical factors in Hsin Tung Yang's sustainable development. We develop foods that follow the LOHAS concept, pay attention to low-carbon vegetarianism and humane eggs, and aspire to promote sustainable health with our consumers via healthy diet. In addition, Hsin Tung Yang also collaborates with foreign businesses so that consumers can enjoy exotic foods and experiences without leaving the country. Concurrently, we also promote unique local cultures so that both domestic and foreign visitors can enjoy products and scenes that are distinctively Taiwanese. In terms of future trends in food technologies, we are closely monitoring developments of revolutionary technologies such as cultured meat and unmanned restaurants in the hopes of reducing impacts from the food industry, as well as to innovate dining experiences that conform to the needs of the new generation.

In response of international sustainable development trends and to strengthen communications with diverse stakeholders, a CSR Team was set up in 2019 to verify and review the performance and results from our implementations over the years. In terms of governance, Hsin Tung Yang was the first food business in Taiwan to to enforce both the "food traceability" and "processed food traceability." Our Hakka Restaurant has also been certified with the highest 3-star designation for restaurant traceability. As for environmental and product aspects, Hsin Tung Yang was also the first food business to receive "Green Factory" certification. Our circular economy gift boxes have received "Green Packaging" seal, and in order to ensure customers' health, our channels were also the first to introduce utensils made from bamboo fibers. For the social aspect, we are committed to promoting contractual farming systems for small-scale farmers, and provide channels including farmers' market and charity sales to help the developments of local agricultural industry.

Since the beginning, Hsin Tung Yang has always been committed to the philosophy of sustainable development. We led industry competitors in investing financial and labor costs to build a more sustainable food value chain, and continue to be a market leader in the sustainable development of the food industry through active ESG actions. We aspire for everyone to see a brand-new Hsin Tung Yang!



Shen Yang Mai

President of Hsin Tung Yang



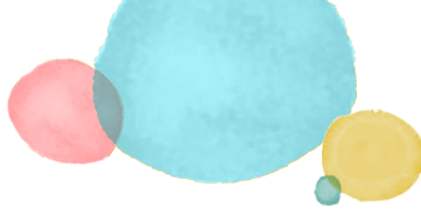
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Sustainable Development Management

1.1 Stakeholder Identification and Communication

1.2 Identifying Material Topics

1.3 Sustainable Development Strategies



1.1 Stakeholder Identification and Communication

Hsin Tung Yang's basis for sustainable management is founded on the Company's continuous provision of quality food and innovative services. In addition, listening to and responding to needs and expectations from each of our stakeholders, is the key to Hsin Tung Yang's growing excellence. Based on the five major principles of AA1000 Account Ability Stakeholder Engagement Standard (2011), namely, Dependency, Responsibility, Influence, Diverse Perspectives, and Tension, we have attempted to understand Hsin Tung Yang's current interactions with various parties via data collected from questionnaire survey and identified nine key stakeholders. To strengthen mutual trust and communications, Hsin Tung Yang collects material topics of stakeholders' concerns via internal and external communications meetings, platforms, and channels. These aforementioned topics of concerns will serve as important reference points in the Company's fulfillment of sustainable development, in which we will actively respond to demands and expectations from stakeholders.

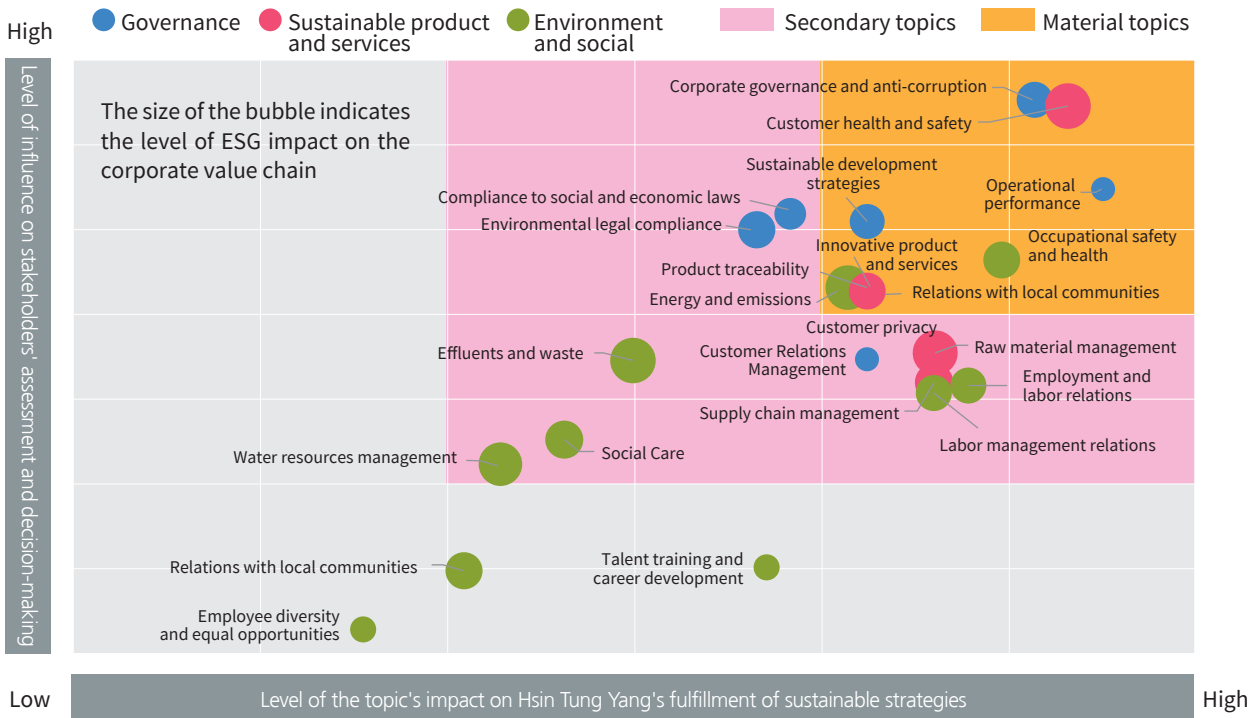
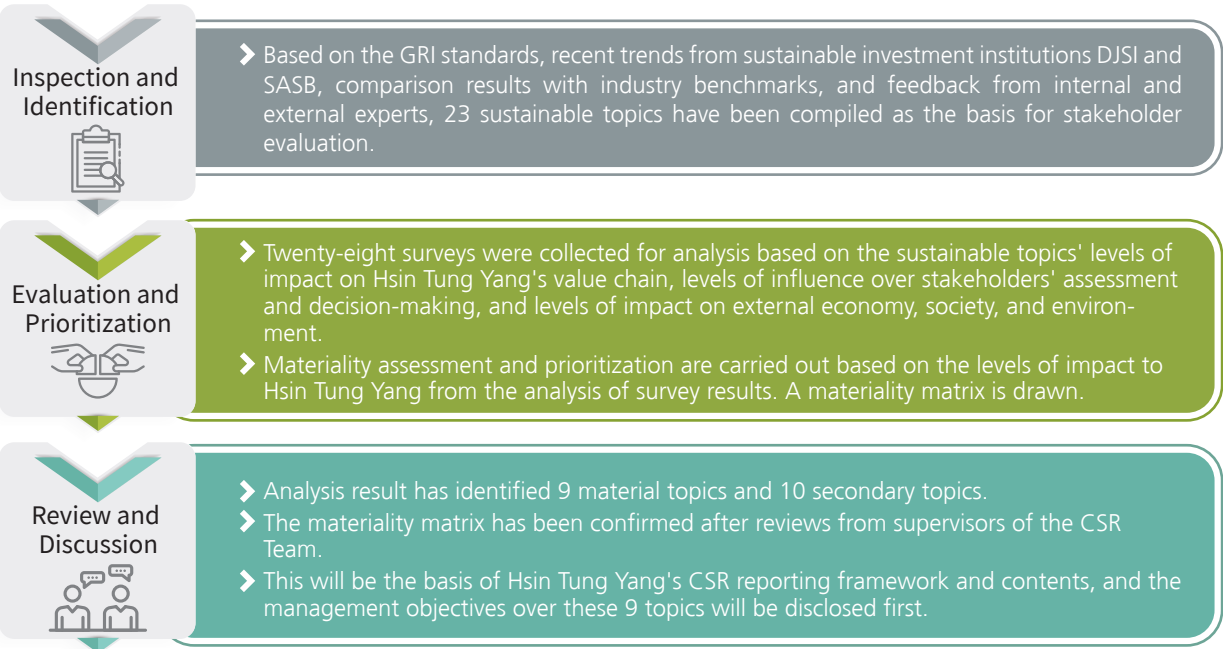
Stakeholders	Significance to Hsin Tung Yang	Topics of Concern	Communication Channel and Frequency	Communication experience and feedback
 Consumers	Consumers drive Hsin Tung Yang to continuously improve. Hence, we persist in the provision of even better products and service and safeguard the health of consumers.	- Customer health and safety - Innovation in products and services - Product traceability - Marketing and labeling - Customer Relations Management - Customer privacy - Social Care	24-hour toll-free customer service hotline and mailbox - Annual satisfaction survey - HTY website, instant messaging (IM) on social media - HTY membership smartphone app	- In response to consumers' request for product information transparency, "food traceability" and "processed food traceability" have been enforced. - To enhance the quality of products and services, processes are reviewed and improved through quality conferences based on consumers' opinions on products and services. - Consumer feedback is used as a factor of consideration in research and development for product specifications and more.
 Employee	Employees are critical foundations to business development. Through diverse nurturing and development opportunities, we encourage employees to grow with Hsin Tung Yang, and establish a healthy, friendly, and happy workplace environment to give back to our employees.	- Occupational safety and health - Employment and labor relations - Labor management relations - Talent cultivation and career development - Employee diversity and equal opportunity - Operational performance	- Real-time update on HTY's internal website - Annual labor management communication meetings - Education and training is organized in each year - Employee Welfare Committee meetings are held in each year - Annual evaluation is carried out every six months	- Labor management communication meetings are organized to discuss, resolve, and adopt matters concerning annual scheduling, working hours, and leaves. - Employee propositions are evaluated and promoted in line with the Company's "Guidelines for Rewarding Proposals on Innovative Product and Service Improvements" - Introduced ISO 45001 Occupational Health and Safety Management system to build a healthy workplace environment

Stakeholders	Significance to Hsin Tung Yang	Topics of Concern	Communication Channel and Frequency	Communication experience and feedback
 Government agencies	Positive cooperation with the government is one of the keys to ensuring sustainable management; it is also our basic commitment to consumers and the environment to comply with legal regulations on the food industry.	- Legal compliance - Occupational safety and health - Customer health and safety - Marketing and labeling - Effluents and waste - Corporate governance and anti-corruption	- In line with directive letters issued by government agencies - Correspond with audits and assessments from government agencies. - Participate in seminars and conferences. - Participate in Industry Innovation Incubation Program.	- Participate in incubation program in line with government policy, and implemented various traceability systems including food traceability and processed food traceability. - In line with government policy, Hsin Tung Yang actively submits packaging and label material to relevant inspections and tests to ensure compliance with applicable laws. - Provide or respond to applicable item status and results in line with onsite inspections/ reviews from government officers.
 Suppliers Contractors Subcontractors	Hsin Tung Yang has formed tight partnerships with suppliers, and they also play a key role in the Company's sustainable development.	- Supply chain management - Product traceability - Raw material management - Operational performance - Customer health and safety	- Annual contract review and communication - Annual audit and traceability inspection - Routine meetings, telephone and email correspondence - Supplier Conferences	- Onsite inspection and assessment on the suppliers' production facility, raw material production, and subcontractors' business operations and engineering; deficiencies are coached and tracked for improvements. - Hsin Tung Yang Supplier Sustainability Conference is held to share the Company's experiences and to encourage participation in transformation to become Green Factory certified - Encourage suppliers to adopt complete and comprehensive non-GMO practices
 Enterprise customers Channel procurement	Positive recognition from enterprise customers is an important source of Hsin Tung Yang's efforts in enhancing corporate value. We hope to attract more enterprise customers through processing innovations and enhancing product quality.	- Innovation in products and services - Customer health and safety - Product traceability - Marketing and labeling - Raw material management	- Routine sales visits - Onsite visit from enterprises - External third-party audits and assessments - Annual contract review and communication	- Market Development Division was formed to be in charge of agency and outsourcing businesses, thereby cultivating new products and markets. - To ensure food safety, we acquired bacterial testing equipment to simultaneously conduct tests with our customers. We track and trace purchasing by batch using information system to fulfill supplier traceability in practice. - Product customization is available per request from bulk-purchase orders.

Stakeholders	Significance to Hsin Tung Yang	Topics of Concern	Communication Channel and Frequency	Communication experience and feedback
 Community NGO/NPO	Communities and NGOs are friendly neighbors to Hsin Tung Yang's local developments. Besides mutually safeguarding the environment with the local communities, Hsin Tung Yang is committed to fulfilling and promoting corporate social responsibility in action.	- Environmental legal compliance - Effluents and waste - Energy and emissions - Relations with local communities - Social Care	- Hsin Tung Yang's website, mailbox, and telephone - Annual CSR Report - Visiting or participating in community and NGO activities - Welcoming visiting groups to HTY Green Factory - Co-hosting activities	- Acquired Green Factory designation to maintain environment and ecology - To promote local development, the Highway Service Area has collaborated with local small-scale farmers and groups (e.g. Leopard Cat Association of Taiwan) to promote fruits, souvenirs, and arts and crafts - Understanding the needs of local disadvantaged groups and donating needed materials or scholarships and more
 Shareholders Investors Financial institutions	Fund providers support Hsin Tung Yang's operations, and our transparent and complete governance objectives are the basis to reinforcing the confidence of fund providers and to create sustainable profits.	- Operational performance - Corporate governance and anti-corruption - Sustainable development strategies - Legal compliance	- Annual General Shareholders' Meeting - Financial and Annual Report information disclosure in every six months - Monthly information announcement on the Market Observation Post System (MOPS) - Information disclosure on HTY's website - Response to questions from investors and analysts	Provide relevant responses to opinions and suggestions from shareholders on product development strategies and management performance at the Shareholders' Meeting, and such opinions will be used as reference in management meetings.
 Media Mass media	Media serves as the bridge of communication between enterprises and external parties. Through media exposure, Hsin Tung Yang's efforts to safeguard food safety and making the environment more green can be seen.	- Customer health and safety - Corporate governance and anti-corruption - Legal compliance - Effluents and waste - Social Care	- Press conferences are held from time to time - Product launch events are held from time to time - Media press release is carried out from time to time - Media interviews are carried out from time to time	- The Company is open to topic interviews, where we organize our experiences and share experiences in promoting food safety management and Green Factory certification - Crisis management measures are adopted in case of negative food safety news. Details on the incident will also be announced on the Company's website and stores.
 Assessment Department Assurance Department Audit Department	Assessment and assurance ensure Hsin Tung Yang's legal compliance and guide our continuous improvement. They are also the strengths that motivate us to research and develop even better products and services.	- Legal compliance - Supply chain management - Customer health and safety - Marketing and labeling - Energy and emissions - Occupational safety and health	- Carry out regularly assess systems and regular assurance-related tests and provide assessment briefing and improvement report. - Products and sales grounds are inspected and audited from time to time.	Systematic assurance is actively carried out; Hsin Tung Yang will immediately respond with improvement measures and timeline needed when the assurance department poses deficiencies or recommends improvement.

1.2 Identifying Material Topics

Hsin Tung Yang implemented the material topic analysis to identify topics of concerns from different types of stakeholders, as well as to continuously improve our operating performance through effective communications with the stakeholders. Based on the principle of materiality from GRI Standards, we have established systematic processes to manage the material sustainable topics and goals, as well as to serve as the basis of preparing this Corporate Social Responsibility Report. Additionally, to comply with the stakeholders' request for Hsin Tung Yang's information disclosure in the Corporate Social Responsibility Report, we have conducted evaluations on three stages, "inspection and identification," "evaluation and prioritization," and "review and discussion."



The levels of internal and external impact and influence of Hsin Tung Yang's material topics on the value chain, as well as the seven indicators of additional disclosure from listed food industry as requested by the Taiwan Stock Exchange, the GRI standards, management objectives, and corresponding chapter on performance and results, are organized in the following table.

Material topics	Corresponding GRI theme	Internal boundaries				Critical stakeholders (high level of impact  ; low level of impact )								Management objectives and corresponding Chapter
		Head office	Production plant	Stores	Other channels	Fund providers	Suppliers	Employee	Enterprise customers	Consumers	Government agencies	Assessment Department	Media	
Sustainable management strategies	General disclosure: Strategies, Governance													Chapter 1
Operational performance	Economic: Management performance													Chapter 2
Corporate governance and anti-corruption	General disclosures: Organizational overview, Strategies, Ethics and integrity, Governance Economic: Anti-corruption													Chapter 2
Innovation in products and services	Social: Customer health and safety													Chapter 3
Marketing and labeling	Social: Marketing and labeling													Chapter 3
Customer health and safety	Social: Customer health and safety													Chapter 3
Product traceability	Social: Customer health and safety													Chapter 3
Energy and emissions	Environmental: Energy, Emissions													Chapter 4
Occupational safety and health	Social: Occupational safety and health													Chapter 5

1.3 Sustainable Development Strategies

Providing Sustainable Products and Services



Developing LOHAS Products

- ◆ Developing healthy food and supplements
- ◆ Packaging design adopts circular economy concept
- ◆ Enhance transparency in food and dining traceability
- ◆ Reduce waste of food and ingredients

Creating Innovative Services

- ◆ Building a smoke-free highway service area
- ◆ Promoting local cultural and ecological education at highway service areas
- ◆ Swapping disposable utensils with eco-friendly utensils
- ◆ Providing thoughtful services to passengers including resting lounge and libraries

Promoting Co-prosperity with Employees and Society



Taste of Gourmet

Taste of Class

Taste of Love

Building a Green Supply Chain



Promote Green Production and Circular Economy

- ◆ Reduce greenhouse gas (GHG) emission in action
- ◆ Enhance processing efficiency to reduce energy and resource consumption
- ◆ Establish renewable energy-based electricity generation system
- ◆ Promote water-saving and recycling programs
- ◆ Promote waste reduction
- ◆ Encourage reuse of resources including building materials at service stations

Promote Sustainable Value Chain

- ◆ Fulfill food safety management and quality inspection in practice
- ◆ Fulfill supplier ESG management and conduct environmental impact risk screening and assessment
- ◆ Strengthen product traceability, and promote information transparency throughout supply chain
- ◆ Enhance ratio of sustainable procurement e.g. The Roundtable on Sustainable Palm Oil (RSPO) and recycled paper boxes etc.
- ◆ Encourage interactions and visits to promote sustainability initiative
- ◆ Empower small-scale farmers who practice organic, natural farming

Enhancing Education and Talent Training

- ◆ Promote industry-academic cooperation and internship program
- ◆ Organize diverse arts and creative contests
- ◆ Sponsor remote areas and education near and far

Promoting Local and Agricultural Development

- ◆ Encouraging channels to achieve local economic development
- ◆ Reinforcing partnerships with products from small-scale farmers and promoting relevant channels
- ◆ Supporting empowerment of young people in agriculture

Building a Healthy and Equal Work Environment

- ◆ Established Occupational Safety and Health Management System ISO 45001
- ◆ Implement workers' human rights policy and gender equality
- ◆ Building an employee caring system to promote health and reinforce relevant advocacy

Caring for the Disadvantaged

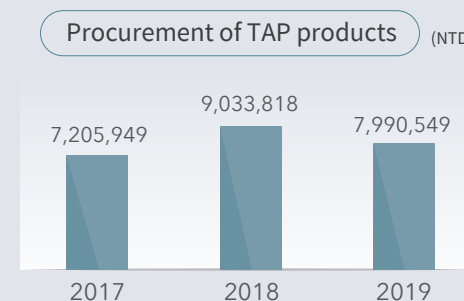
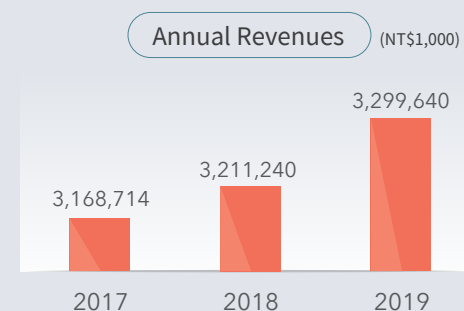
- ◆ Develop charity products to encourage consumers to help
- ◆ Donate food to disadvantaged groups to promote their health and balanced-nutrition
- ◆ Donate to disadvantaged groups



- 2.1 About Hsin Tung Yang
- 2.2 Industry Trends and Management Strategies
- 2.3 Corporate Governance
- 2.4 Risk Management
- 2.5 Customer Relations Management
- 2.6 Supply Chain Management
- 2.7 Sustainable Supply Chain

Corporate Governance

2 Corporate Governance



新東陽 HSIN TUNG YANG **53** Years of Operation

Sold at
30,000+
Locations Worldwide

 **74** Direct Shops in Taiwan

 Available at **15** Countries Worldwide

 **847** Products

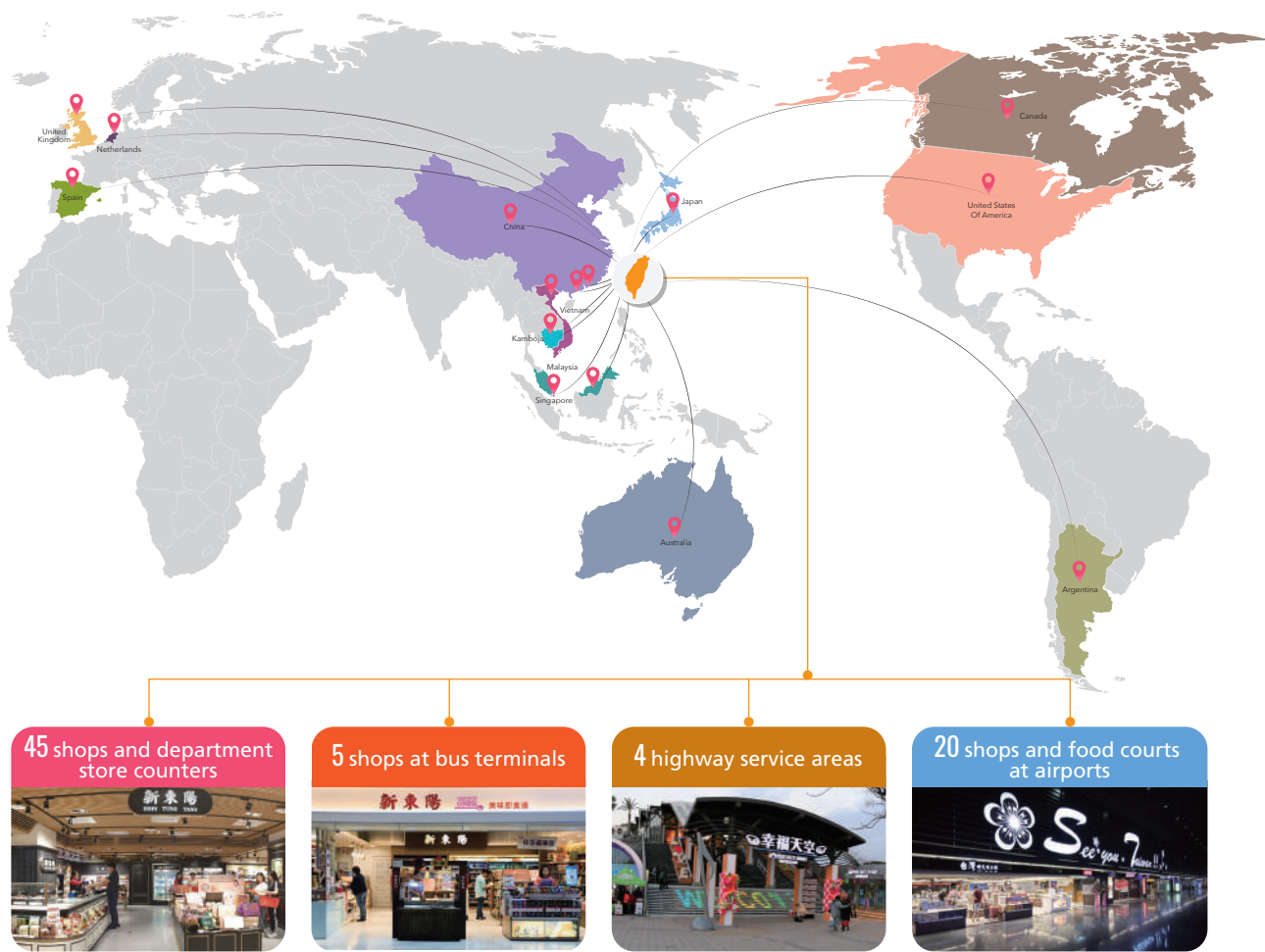
- Our revenues exceeded NT\$3 billion for 3 consecutive years; average revenues grew by 2% for the past two years; and sold nearly 19.01 million products in 2019
- Revenues from Qingshui Service Area surpassed all other highway service areas in Taiwan for 11 consecutive years under our management
- Hsin Tung Yang has been available at Taoyuan International Airport (previously known as Chiang Kai-shek International Airport) since 1979; commenced operations and management of highway service areas since 1992 and we are the only private management team to win "Golden Thumb Award" for five times in Taiwan
- Fengshan Store was honored with "the 22nd TCFA Outstanding Store Manager Award" while Zhong-zheng Store in Taichung was awarded "the 6th TCFA Best Services Award" from the Taiwan Chain Stores and Franchise Association in 2019
- Formed CSR Team in 2019 to take the initiative to prepare and publish our first CSR Report
- 100% of purchased cardboard boxes are made from Green Mark-certified recycled cardboard boxes
- All new suppliers have undergone ESG screening

2.1 About Hsin Tung Yang

Global Strategic Blueprints

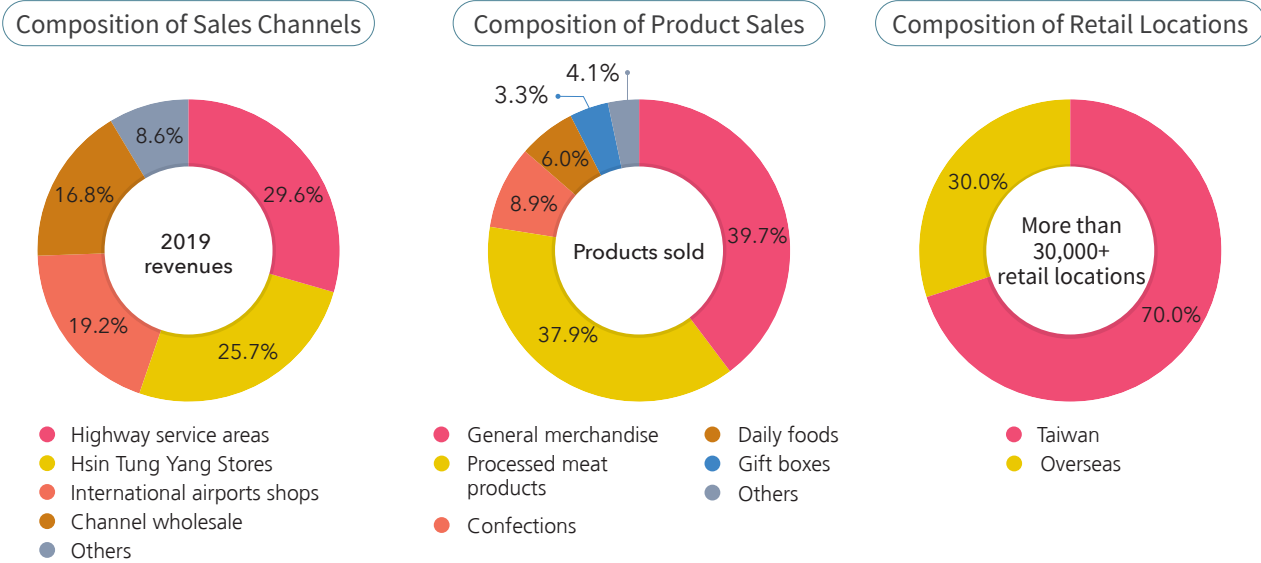
Headquartered at Taipei City, Hsin Tung Yang was founded more than 50 years ago in 1967 at a shop at Wuchang Street. Since then, we have gradually expanded our retail locations to supermarkets, convenience stores and hypermarkets throughout Taiwan. We have also expanded to special retail outlets at highway service areas and international airports. Priding ourselves on being "international spokespersons of the Chinese food culture," we export to over a dozen countries including the United States, Canada, UK, Spain, the Netherlands, Japan, Hong Kong, Macau, Australia, China, Argentina, Singapore, Malaysia, Vietnam, and Cambodia. Having set up more than 30,000 retail locations, we bring Chinese delicacies to all corners of the world step-by-step.

Over the past decades, Hsin Tung Yang has become the No. 1 brand to consumers with our "taste of gourmet, taste of class, taste of love". On top of classic, nostalgic flavors which accompanied many consumers' childhoods such as meat jerkies, shredded pork and fish, and canned pre-cooked delicacy, we also strive to research and develop various Chinese pastries and holiday gifts. We sell 847 products that span more than 14 categories, and also offer a selection of local specialties and unique imported foods to satisfy the one-stop-shop needs for the public. Not only have we become a popular destination for both international travelers to Taiwan and locals before going abroad, but also one of the best souvenir stores throughout Taiwan.



Hsin Tung Yang's Retail Venues

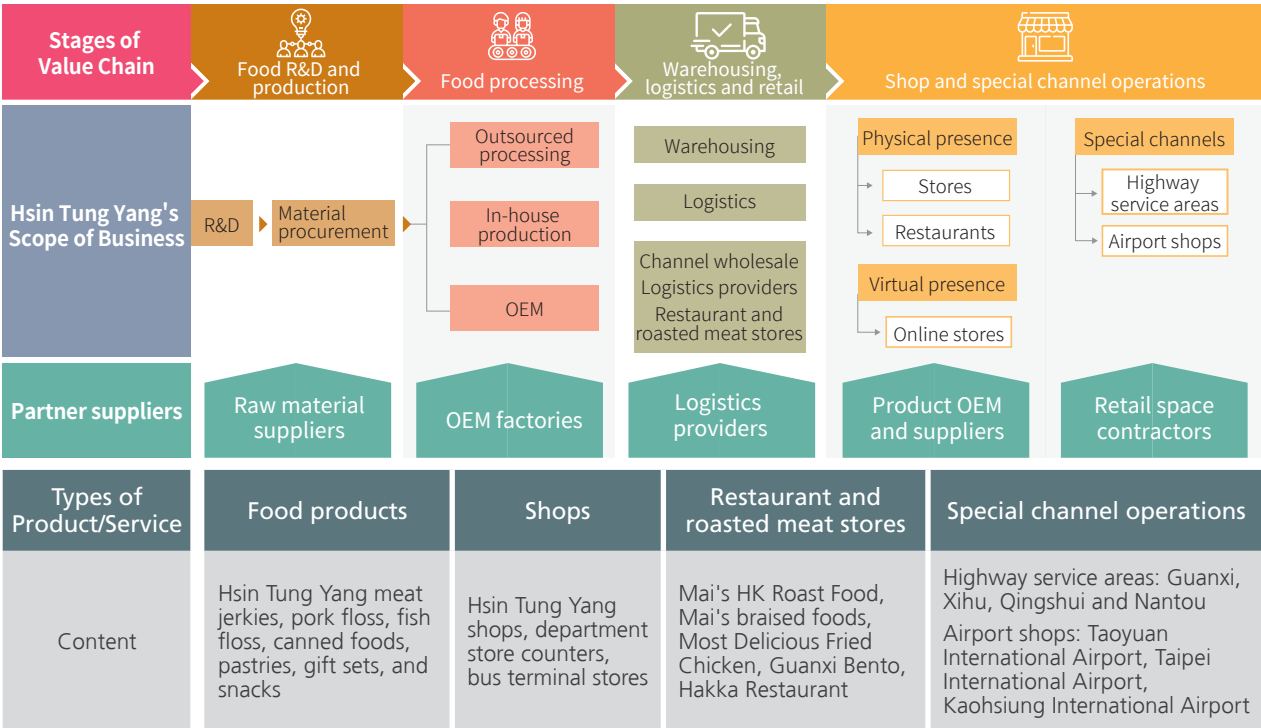
Value Creation



Since our founding over 50 years ago, we have built a solid foundation in food production and gradually expanded to diversified operations, thereby building a complete value chain in the food industry. Net sales revenues have continuously grown for the past three years, and the total revenues in 2019 were nearly NT\$3.3 billion. Most of the revenues came from shops, highway service areas and airports, accounting for approximately 74.6% of all revenues.

Hsin Tung Yang has set up a physical presence at the Taoyuan International Airport (previously known as Chiang Kai-shek International Airport) since its commencement in 1979, and we expanded to highway service area management in 1992. As of December 31, 2019, Hsin Tung Yang has set up retail and food court services at Taoyuan, Taipei and Kaohsiung international airports, as well as Guanxi, Xihu, Qingshui, and Nantou highway service areas.

We have always prioritized consumers' food safety and quality. Hsin Tung Yang's rigorous and solid management mechanism has helped the company to stay clear of various food safety hazards and crises, and to continue to provide the best products and diverse services to consumers from various types of operations throughout the years.



Business Milestones

As a leader in the food industry, besides taking the lead to introduce ISO quality management system, product traceability system, processed food traceability system, clean production technologies, and green production processes to build the foundation for sustainable industry development, Hsin Tung Yang is also actively leading partners throughout the value chain to collectively promote sustainable development.

Sustainability Milestones	Awards
◆ 1967 - The first Hsin Tung Yang store was founded. ◆ 1976 - The first production site was built at Sanchong District at New Taipei City. ● 1984 - Founded the Mai's Hsin Tung Yang Foundation. ▲ 1988 - Dayuan Factory began operation and the wastewater treatment system from the Netherlands was implemented. ● 1991 - Assisted in building the Hsin Fu Children's Home. ◆ 1992 - Expanded into management and operations of highway service areas. ◆ 1994 - Received "Certified Agricultural Standard (CAS)" from the Council of Agriculture. ◆ 1996 - Became Taiwan's first food company to receive ISO 9001 certification. ◆ 2002 - Received Hazard Analysis and Critical Control Points (HACCP) certification.	▲ Environmental ● Social ◆ Governance 
◆ 2008 - Selected as a model enterprise for "processed food traceability" and became the first meat processor in Taiwan to implement product traceability and processed food traceability systems. ◆ 2013 - Guanxi Service Area received the ISO 22000 food safety management system and HACCP international certification. ◆ 2013 - Increased traceable food products to 58 items and CAS certified categories to 7 categories. ▲ 2016 - ISO 22000 and FSSC 22000 food safety and health management system certification is received for all products produced in-house.	1967-2002 2004-2016 ▲ 2004 - Green packaging design received Taiwan Packaging Star Award and "Eco Packaging Design Award". ◆ 2004- Nantou Service Area honored with "Outstanding Private Management Team" from the "Golden Thumb Awards". ◆ 2010 - Hsin Tung Yang's product received "iF Design Award" and "Golden Pin Design Award". ◆ 2011 - Named "Top 100 Taiwan Brands" by the Bureau of Foreign Trade, Ministry of Economic Affairs. ◆ 2015 - Highway service area received "Excellent" rating for both restaurant and recreational area category from the Ministry of Interior's "Friendly Building" evaluation. ● 2016 - Healthy shredded meat products received "Top 10 Age-friendly Foods" by the Council of Agriculture, Executive Yuan.
▲ Received ISO14064-1 Greenhouse Gas Inventory certificate. ▲ Received the Green Building Label. ▲ Received Clean Production certification. ▲ First in the food product industry to receive Green Factory Label in Taiwan. ▲ Received Talent Quality-management System (TTQS) certificate. ● Received ISO 50001 Energy Management Systems certificate. ◆ Hakka Restaurant at Guanxi Service Area and Taoyuan International Airport were recognized as "traceable restaurants" by the Agriculture Multi-Discipline Management of Technology (AMOT) in Taiwan.	2017 ● Shredded chicken floss was named a "Age-friendly food" by the Council of Agriculture, Executive Yuan.
● Received ISO 45001 Occupational Health and Safety certificate. ● Received Taiwan Occupational Safety and Health Management System (TOSHMS/CNS15506) certificate. ◆ Hakka Restaurant received "3-star traceable restaurant" designation from AMOT. ▲ Received ISO 14001:2015 Environmental Management System certificate.	2018 ▲ Received "Bronze Medal in the 27th ROC Enterprise Environmental Protection Award" from the Environmental Protection Administration, Executive Yuan. ▲ Honored with Silver Medal from the Bureau of Energy's 2018 Energy Saving Leadership Award.
	2019 ◆ Fengshan Store was honored with "the 22nd TCFA Outstanding Store Manager Award" and received said award from the Presidential Office. ◆ Zhongzheng Store in Taichung was awarded "the 6th TCFA Best Services Award" from the Taiwan Chain Stores and Franchise Association in 2019. ● Healthy Pure Shredded Pork Floss for Babies and Grilled Honey Pork Jerky were chosen to receive "age-friendly foods" designation from the Council of Agriculture, Executive Yuan.



Hsin Tung Yang's History

Vision and Core Values

"Where There is Chinese, There Shall be Hsin Tung Yang."

From the very beginning, Hsin Tung Yang has set a far-reaching goal of promoting exquisite Chinese delicacy to the international community. Having started out by ensuring outstanding food production and sales processes by advancing production technology, operation and management, and marketing techniques, we then set out to plan diverse channel blueprints via offering retail locations at stores and highway service areas throughout Taiwan, thereby strengthening our brand value and impact and setting strong foundations for the globalization of Taiwanese food. Furthermore, we became dedicated to developing local specialties to satisfy the souvenir needs for visitors to Taiwan or Taiwanese citizens traveling abroad. By managing channels at airport terminal shops, we offered accessible gift choices to travelers. In addition, by setting a business division in China and overseas branches, we also strengthened product exports starting from areas with overseas Chinese residents in Southeast Asia, Europe, and America. By offering quality products, Hsin Tung Yang wishes to convey the beauty of Chinese culture to the whole wide world!

Bringing Tastes to Your Life

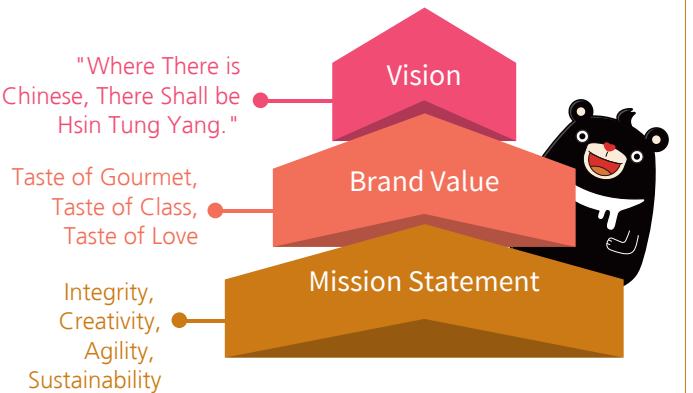
"Taste of Gourmet" In the pursuit of tasty foods, Hsin Tung Yang continues to innovate using traditional flavors. We continue to pass on unique Chinese food culture and to touch the hearts and souls of our consumers through tasty products.

"Taste of Class" In present days, people look beyond quality in food, and continue to pursue for an exquisite taste and lifestyle in what they eat. Hsin Tung Yang has never wavered in our pursuit for well-executed taste in life.

"Taste of Love" - Gift-giving creates a bond between the giver and the receiver. For the average conservative Chinese person who may shy away from expressing his/her emotions out loud, gift-giving is a way of conveying unspoken appreciation.

Integrity, Creativity, Agility, Sustainability

Hsin Tung Yang continues to operate on our four major management philosophies, "Integrity, Creativity, Agility, Sustainability" and to deliver our core brand values to each and every customer.



Hsin Tung Yang's Introduction

2.2 Industry Trends and Management Strategies



Analysis of Food Industry Development and Market Trends

Changes in population structure and eating habits

The market has become more segmented and niche, with a preference for customization, convenience, and social community. Population aging has led to changes in consumers' dietary habits and preferences. People are increasingly focused on health while searching for taste. In addition, people are also beginning to pay attention to environmental impacts from product life cycle, and more attention is being paid to sustainable products.

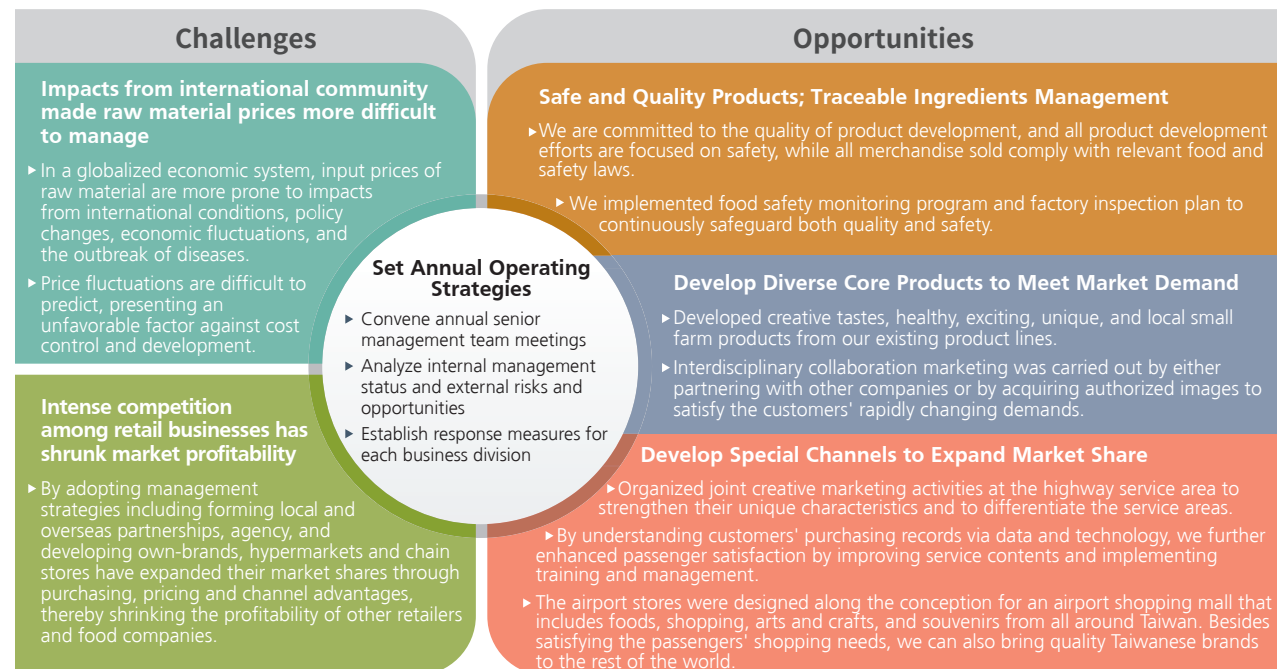
Inflation in pork prices

Compared to 2018, poultry prices have risen by 2.34% in Taiwan in 2019. The inflation was mostly attributable to the continuing African Swine Fever in China, which led to significant decreases in pork production and impacted global pork and other livestock markets and thereby increasing Taiwan's pork prices.



Challenges and Opportunities

Hsin Tung Yang has identified the following external challenges and analyzed business development opportunities:



Operating Strategies

Hsin Tung Yang organizes management conferences in each year to review the operating status of each business division. The overall economic environment, current food industry environment and developments, and market supply/demand and growth opportunities are analyzed, and risks and opportunities in developing our visions are also clarified, thus allowing us to form response strategies for each business division and an annual business plan to ensure the sustainable management of the Company. To respond to the aforementioned external trends and opportunities, Hsin Tung Yang will propose short- and long-term business development plans for channels and products and to conduct timely performance review and propose strategies accordingly. We will seize opportunities to create business value through our core strengths, and to maintain sound after-tax net profit.



2.3 Corporate Governance



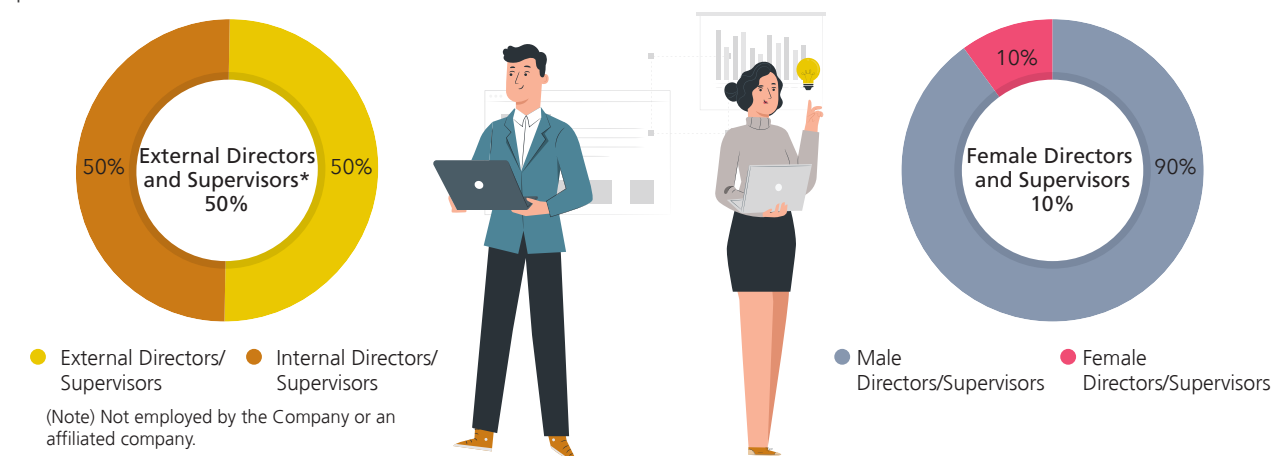
Organizational Structure

By building a positive governance system and sound supervision mechanism and implementing internal control, Hsin Tung Yang is committed to practicing the spirit of integrity in our day-to-day operations and internalizing integrity as our core corporate culture. Hsin Tung Yang has set up corresponding departments such as Product Business Division and Channel Business Division for different types of businesses ranging from food production to channel management. Please see the 2019 Annual Report for detailed information on organizational structure and roles and responsibilities of each department.

Board of Directors

Hsin Tung Yang is a publicly listed limited shares company. The Board of Directors is the highest decision-making governance body and is comprised of 7 Directors (one of whom is female) and 3 Supervisors. The composition of the Board is diverse, and for relevant information on the academic and work experiences, professional knowledge, remunerations, and concurrent positions of its members, please see the 2019 Annual Report for details.

The Board of Directors convenes at least 4 meetings in each year. Four Board meetings were convened in 2019 with 100% attendance rate from all Directors. Hsin Tung Yang has enacted the Regulations Governing Procedure for Board of Directors Meetings in line with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" as the guiding principles of procedures for such meetings. When convening a Board meeting, when a Director or Director holds either a self interest or an interest in the entity he/she represents in a proposal, pursuant to applicable regulations, the Director(s) must describe reasons for recusal, and to refrain from discussions or voting on the proposal to prevent conflicts of interest. The Board of Directors has set up a dedicated secretary to handle resolutions from the Board of Directors, and to evaluate the effectiveness and to follow-up on resolutions during each Board meeting. Standards of remuneration for Directors and Supervisors are in reference of industry standards, levels of contribution, and management performance.



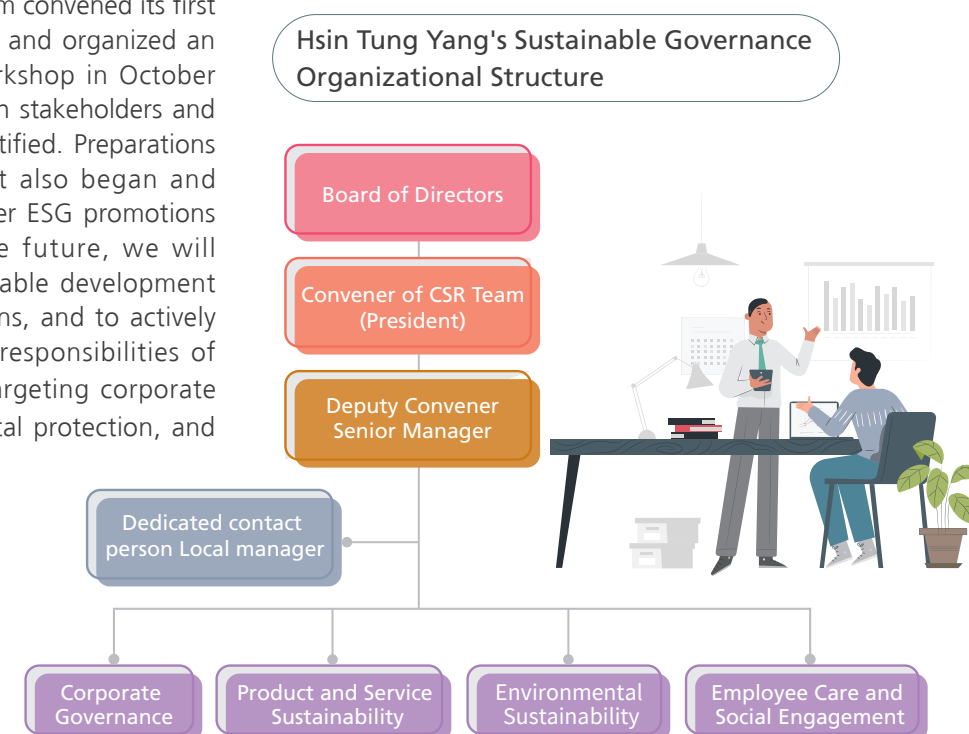
CSR Team

Hsin Tung Yang has formulated a CSR Team in 2019 in order to enhance the quality of information disclosures on sustainable business development and to build a long-term strategic and integrative environmental, social and governance (ESG) management mechanism. The CSR Team is headed by the President and a deputy convener and dedicated point of contact have also been designated. In addition, supervisors from each relevant business are responsible for topics on "corporate governance", "product and service sustainability", "environmental sustainability", and "employee care and social engagement". The highest-ranking managerial officer in the CSR Team is the President, who would submit key topics and aspects for ESG sustainable

developments, and corresponding strategies for the Sustainable Development Goals (SDGs) to the Board of Directors for approval.

In terms of the reporting processes of relevant sustainable development topics, based on our current organizational framework, staff from each business division will first report to the deputy convener, who would coordinate and report such information to the President, and finally, the President would report to the Board. In terms of action plans targeting each ESG topic and decision-making regarding material topics, senior managers and the CSR Team will either collectively handle related matters, or handle them by their functional authority. Decision-making regarding material topics would be the responsibility of the President, who would also report relevant decisions and implementation results to the Board of Directors.

Hsin Tung Yang's CSR Team convened its first meeting in August 2019, and organized an educational training workshop in October in the same year, in which stakeholders and material topics were identified. Preparations for the first CSR Report also began and systematic inventories over ESG promotions were conducted. In the future, we will continue to plan sustainable development strategies and action plans, and to actively promote and fulfill the responsibilities of a corporate citizen by targeting corporate governance, environmental protection, and social engagement.



Ethical Business Management

For more than 50 years, Hsin Tung Yang has persisted in ethical business management and fulfills our core business philosophies while responding to external trends and legal requirements, thereby formulating a corporate culture of integrity. To ensure ethical business management, we abide by relevant regulations and systems including the Statement of Internal Control approved by the Board of Directors. To implement risk control, the Statement has established the functional authority of each rank, employee work rules, and established an effective accounting system and internal control system.

Based on the aforementioned system, Hsin Tung Yang implements different functional authority by rank and reviews the effective management of the ethical management system through regular management conferences, annual performance reviews, and third-party CPA audit over the financial statements. In addition, personnel from the Audit Office are in charge of drafting and executing the annual internal audit plan and regularly verifies the status of compliance in each system and reports such findings to the Board of Directors. The Board of Directors shall carefully supervise the Company in the capacity of good administrators to prevent unethical conduct, and to review and to continuously improve the effectiveness of such implementations at all times.

Hsin Tung Yang has stipulated work rules that specify occupational ethics, service principles, and performance incentive and disincentive measures (including anticorruption Policies and Procedures). In addition, promotions and reminders of ethical business management are carried out through scheduled departmental meetings that include Board of Directors meetings, management conferences for senior managers, and monthly channel management meetings. To encourage employees' compliance and emulations, positive performances are rewarded, while unethical conduct is inhibited as a warning.

In case a violation has been found, employees or contractors can actively report such incident to appropriate supervisors, Audit Office, a senior manager, the President, a Director or a Supervisor. Hsin Tung Yang will incentivize whistleblowers through either recording a merit or by awarding bonuses based on the conditions of the incident. Externally, a dedicated service hotline, website, and mailbox have also been set up to receive whistleblowing incident. A public conference will be held to evaluate the incident by related units, and the result of which will be announced. Hsin Tung Yang has authorized each unit to receive whistleblowing incident and adopts rigorous measures to protect the confidentiality of the whistleblower to prevent any form of inappropriate treatment as a result of the whistleblowing incident. In 2019, no whistleblowing incident related to corruption and violation of integrity conduct or principle of ethical business management was received.

Participation in Associations/NGOs

Hsin Tung Yang actively participates in associations and organizations related to our industry and has formed positive interactions with the industry and relevant competent authorities. Through interacting with and learning from one another, we aim to promote co-prosperous partnerships in the industry. We will evaluate the possibility of joining organizations advocating for sustainable developments and to sign relevant initiatives in the future, where we will share our experiences with relevant promotions in order to mutually advance with sustainable benchmarks across all industries and to co-create sustainable values.

Name of association/organization that the Company participates in	Identity of participant	Hsin Tung Yang's topics of concern
Importers and Exporters Association of Taipei	Director	Corporate sustainability
Taiwan Frozen Meat Packers Association	Director	Food safety
Taiwan Visitors Association	Member	Corporate sustainability
Taipei Bakery Association	Member	Corporate sustainability
Taipei Department Store Commercial Association	Member	Corporate sustainability
GS1 Taiwan	Member	Corporate sustainability
New Taipei City Chamber of Commerce	Member	Corporate sustainability
Taiwan Cannery Association	Member	Corporate sustainability
Taiwan Chain Stores and Franchise Association (TCFA)	Member	Corporate sustainability
National Federal of Rice Business Association of the Republic of China	Member	Corporate sustainability
Food Association of Taiwan	Member	Food safety
International Life Sciences Institute Taiwan	Member	Food safety

2.4 Risk Management



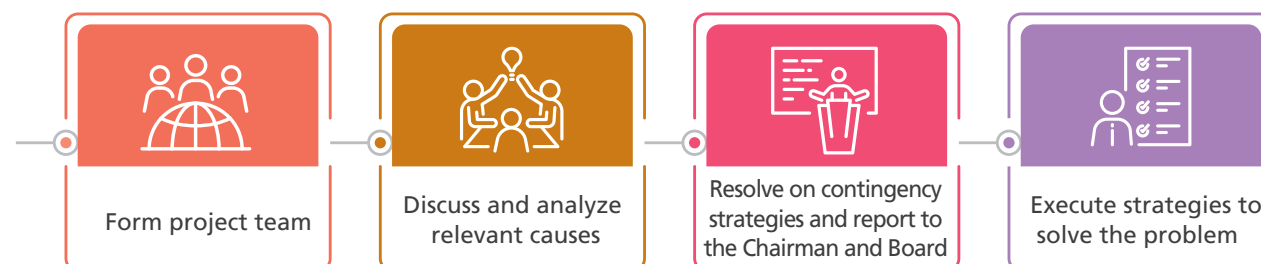
Risk Management Framework

For potential risks that Hsin Tung Yang may face during operations, the organization has adopts countermeasure management based on the nature of each type of risk to ensure effective risk management while also achieving operational strategies and goals. In terms of risk management, the following strategies and executions have been implemented by each respective functional unit:

Type of Risk	Implementation of risk management	Responsible unit
Climate change risks Climate change may impact the stability of raw materials in the supply chain, leading to increased energy, resource and environmental management costs, as well as changes in the market demand.	Hsin Tung Yang actively conducts environmental management measures, ranging from green factory processes during food production, introducing ISO energy management system, conducting greenhouse gas inventories, building renewable energy supplies, to reducing energy and resource consumption and environmental impacts. We are also aiming to build a sustainable supply chain through measures that include conducting supplier ESG screening and environmental impact risk assessment, as well as including sustainable concepts such as low-carbon vegetables and circular economy into creative product development.	All business units
Food safety risks The government and the public are increasingly strengthening their demand and regulations for food safety, and applicable laws are continuing to be amended. On top of compliance, food companies also need to actively protect the health and safety of customers in order to ensure sales volume and revenues, thereby strengthening brand reputation and achieving social responsibilities.	Management organization: each business division will regularly meet to monitor and track the current implementations of food safety through units which include the Food Safety Decision-making Team. Processes: To systematically control relevant risks, we would enact processing documents which include food safety monitoring plans and ensure that such documents are executed in actual operations. Source control: We implement supplier screening, scoring, auditing, and inspecting mechanism in practice. Product traceability: We have built a product traceability information chain system that ensures product traceability and timely response in case of emergency food safety crisis.	Food Safety Decision-making Team and all business units
Product and market risks Changes in industry and market demand lead to changes in companies' sales revenues and costs.	Each business division is responsible for analyzing relevant changes in laws and regulations and the market, and to evaluate and draft countermeasures. In case of emergency, senior managers and supervisors from relevant departments will form a special contingency team.	All business units
Financial, liquidity, and credit risks A company's capital movement and utilization can only be made in a manner that ensures stable organizational operations by controlling both capital and non-capital financial risks.	Our Finance Department is in charge of evaluating cash flow and financial risks, and executes relevant activities within its functional scope authorized by the Board of Directors. Relevant processing procedures have been enacted for high-risk investments or financial decisions based on the Securities and Exchange Act; in addition, firewalls and related mechanisms have been implemented for risk control for affiliated companies, and the Audit Office is in charge of supervising and verifying such implementations.	Finance and Accounting Department
Information security risks Digital transformation has increased the volume of information enterprises need to process, while the increasingly rigorous information security and Personal Data Protection Act also imply that businesses need to ensure compliance to prevent information security hazards from impacting their operations, customers' rights and interests, as well as their brand reputation and sales.	We have specified contracts with partner vendors including information systems to ensure information security and personal data protection. Personal data is acquired based on our privacy policy, and we also ensure that the processes of which comply with applicable laws. Internally, we classify the usage rights regarding personal data through access management and hierarchical management to prevent misappropriation. In addition, educational training on personal data protection is also implemented on relevant personnel.	Each relevant department
Occupational safety and health risks Occupational hazards could negatively affect the rights and interests of employees and impact the human capital and business capacity of an organization.	The ISO 45001 Occupational Health and Safety Management system has been implemented at Dayuan Plant, and the Occupational Safety Committee meets once every four months to ensure that relevant personnel have been trained and received occupational safety certificates. Seminars are organized to promote relevant awareness; while occupational safety risks at the workplace environment are identified to plan emergency response, and onsite patrols and human-factor inspections at the headquarters, channels, and factories are reinforced to ensure the effectiveness of occupational safety and health.	Dayuan Plant and related administrative departments at the headquarters

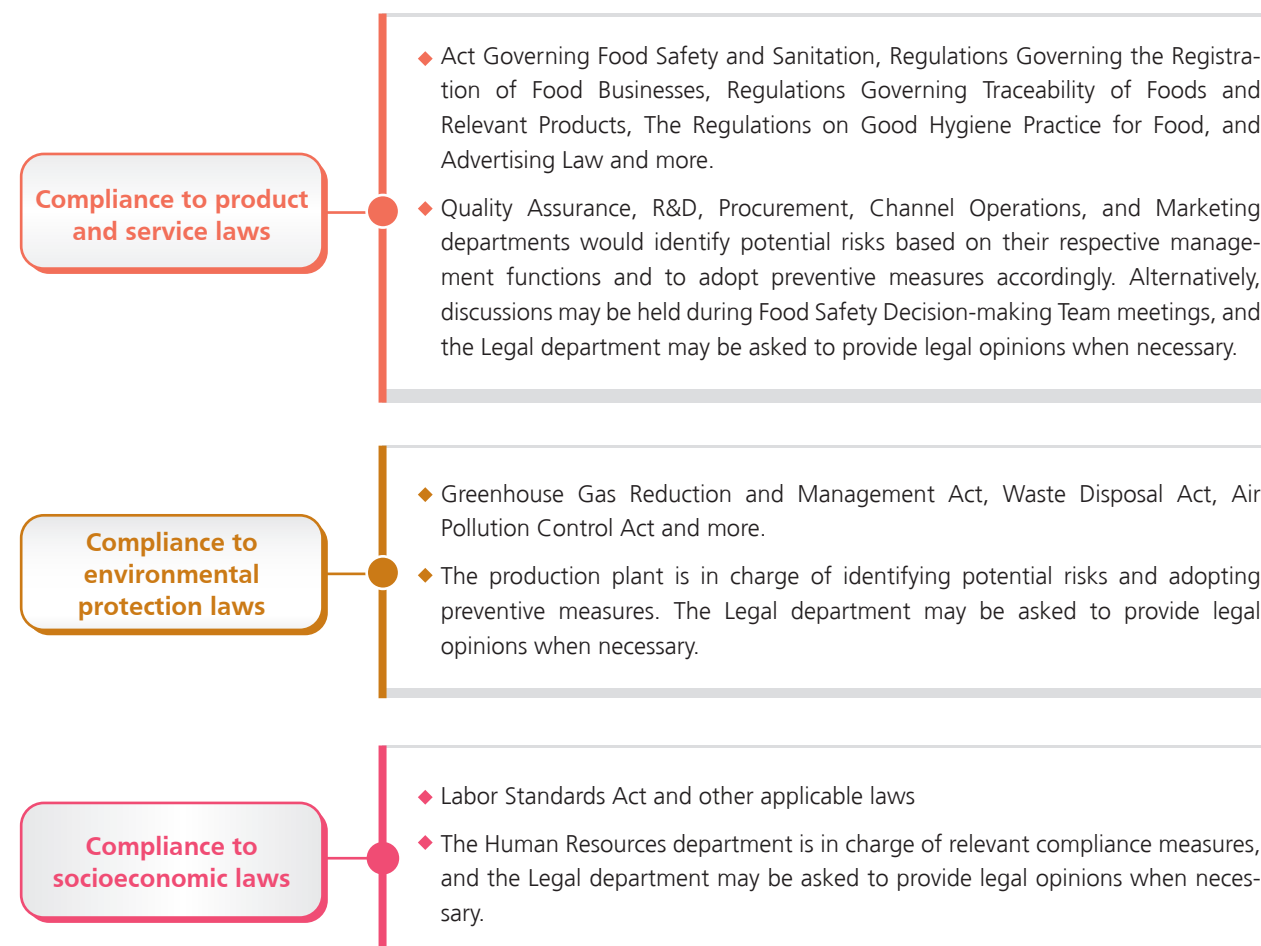
Crisis Management Mechanisms

To timely respond to and to appropriately handle various operational crisis, Hsin Tung Yang's President will form a project team with relevant units to discuss and resolve on contingency measures, as well as to immediately report to the Chairman and the Board of Directors in times of crisis.



Legal Compliance

Running diverse business operations means that Hsin Tung Yang has to comply with applicable laws from each field. To strengthen legal compliance and reduce risks, we have established multiple management mechanisms targeting diverse legal aspects and relevant operational management responsibilities. Key compliance items include the following:



2.5 Customer Relations Management

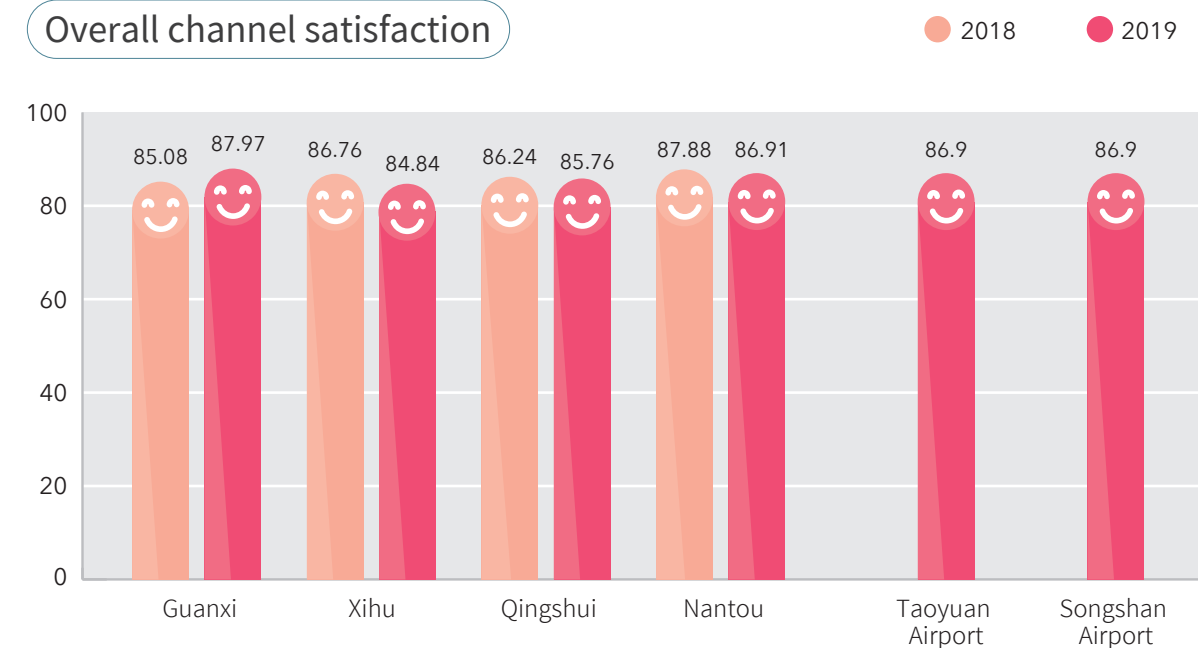
Enhancing Customer Satisfaction

To understand customer needs and to continuously improve product and service qualities, third-party agencies have been asked to conduct customer satisfaction survey for Hsin Tung Yang at highway service areas and airport shops since 2018. Through analyzing the results of such surveys, we can better understand consumer behavior of customers while using our service areas; we can understand customers' levels of satisfaction for various facilities, services, activities, dining, and spatial arrangement at the airport and highway service areas, as well as understand the nature of passenger travels and their consumption as basis for planning future marketing strategies. In addition, by coordinating passengers' topics of concern and needs, we can use such data as basis for decision-making in future service improvements.

In terms of the highway service areas, satisfaction surveys were conducted on all four service areas in 2018 and 2019. Aspects of the surveys included dining, convenience stores, souvenir counters, bathrooms, other environmental facilities, and customers' overall satisfaction.

Alternatively, for the airport shops, customer satisfaction surveys have been conducted at our shops at Terminal 1 of Taoyuan International Airport since 2018, and survey on shops at Taipei International Airport also began in 2019. Aspects of these surveys included: restaurants, souvenir counters, convenience stores, public areas, and unmanned stores. The average overall satisfaction for highway service areas has reached 86.4 points in recent years, while the overall satisfaction for airport shops has reached 86.9 points.

Overall channel satisfaction



Listening to the Voice of Customers

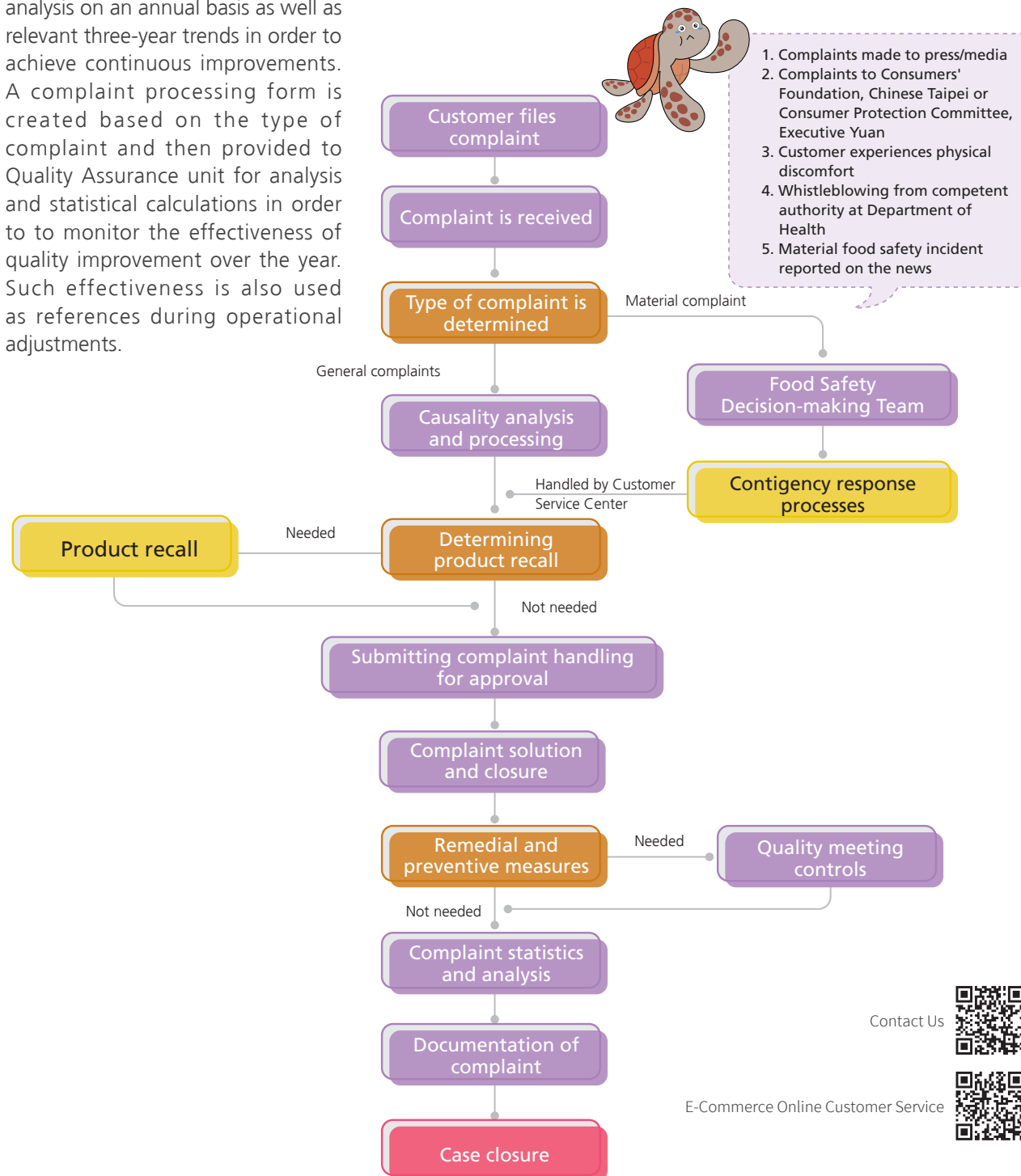
Hsin Tung Yang's customers include consumers and business entities. To obtain customers' real-time thoughts and opinions on our products and services, we strive to communicate with customers through diverse channels that include toll-free customer service hotline, channel mailboxes, customer satisfaction surveys, and paying visits to corporate customers.

When a customer has concerns over product or service flaws, feedback or complaints can be delivered through fluent customer service hotline and the point of contact on our website. In order to reflect customers' opinions to relevant business, logistics and production units, dedicated contact persons have been set up for four types of our products and services, namely merchandise, shops, businesses and trading. Customer opinions will

be submitted to our management when necessary, and would be processed after clarifying relevant causes to ensure customers could receive satisfactory solutions and response, thereby enhancing Hsin Tung Yang's trustworthiness.

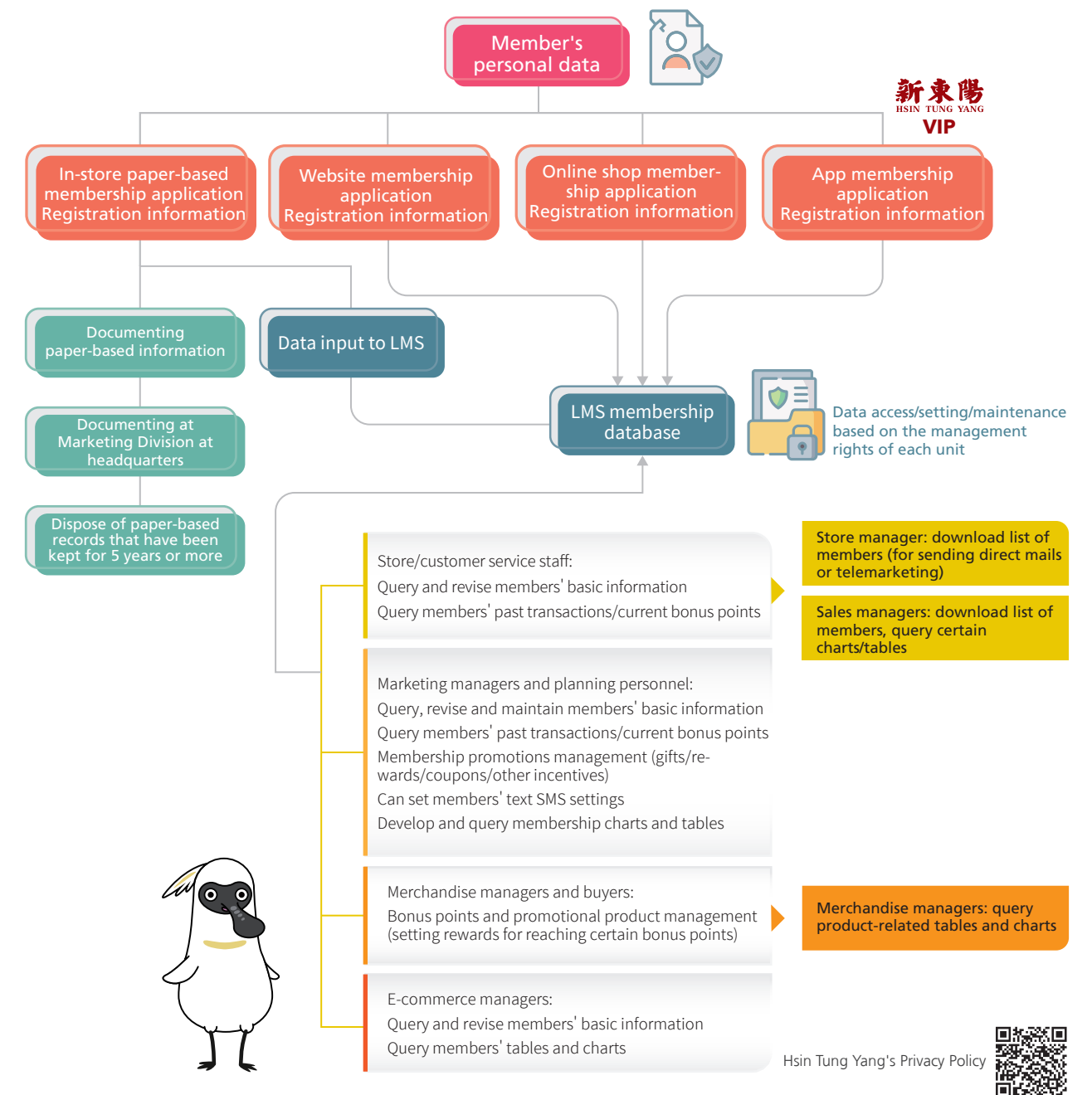
For instance, in case of flaws in products manufactured by Hsin Tung Yang, the Production Division would compile and analyze relevant customer complaints during monthly quality management meetings. Causes would be analyzed and changes in the ratio of complaints would be compared and contrasted with the previous month and on a month-on-month basis. In addition, remedial and preventive measures would be established to reduce occurrences of inferior products. In case of material complaint regarding food safety, the Food Safety Decision-making Team would immediately implement contingency processes, and relevant measures including product recall would be executed when necessary.

Hsin Tung Yang analyzes complaint analysis on an annual basis as well as relevant three-year trends in order to achieve continuous improvements. A complaint processing form is created based on the type of complaint and then provided to Quality Assurance unit for analysis and statistical calculations in order to monitor the effectiveness of quality improvement over the year. Such effectiveness is also used as references during operational adjustments.



Protecting Customer Privacy

Trustworthiness and security are the foundations to forming and strengthening long-term relations with customers to any brand; hence, Hsin Tung Yang is highly focused on customer privacy management, and achieves our commitment for protecting members' privacy against data leak through measures which include reinforced data protection and access control. Hsin Tung Yang acquires members' registration information via our online shop and store membership registration. All consumers are asked to review the privacy policy in "Hsin Tung Yang membership terms," and their consent is always achieved before collecting, processing, using, or documenting any member's information. Through access control and hierarchical management, usage rights related to members' information is segregated, and every department can only use such information in ways specified for their business needs. The use of specific data requires authorization from supervisors, and to strengthen supervision and control over information and to prevent data leak, all relevant salespersons are also required to undergo compulsory educational training for "Personal Data Protection Act". Hsin Tung Yang also specifies customer information protection regulations with information system vendors, and will also sign "Statement of Confidentiality" with data erase & disposal services in the future and to store "document disposal treatment records" in the future to ensure privacy protection.



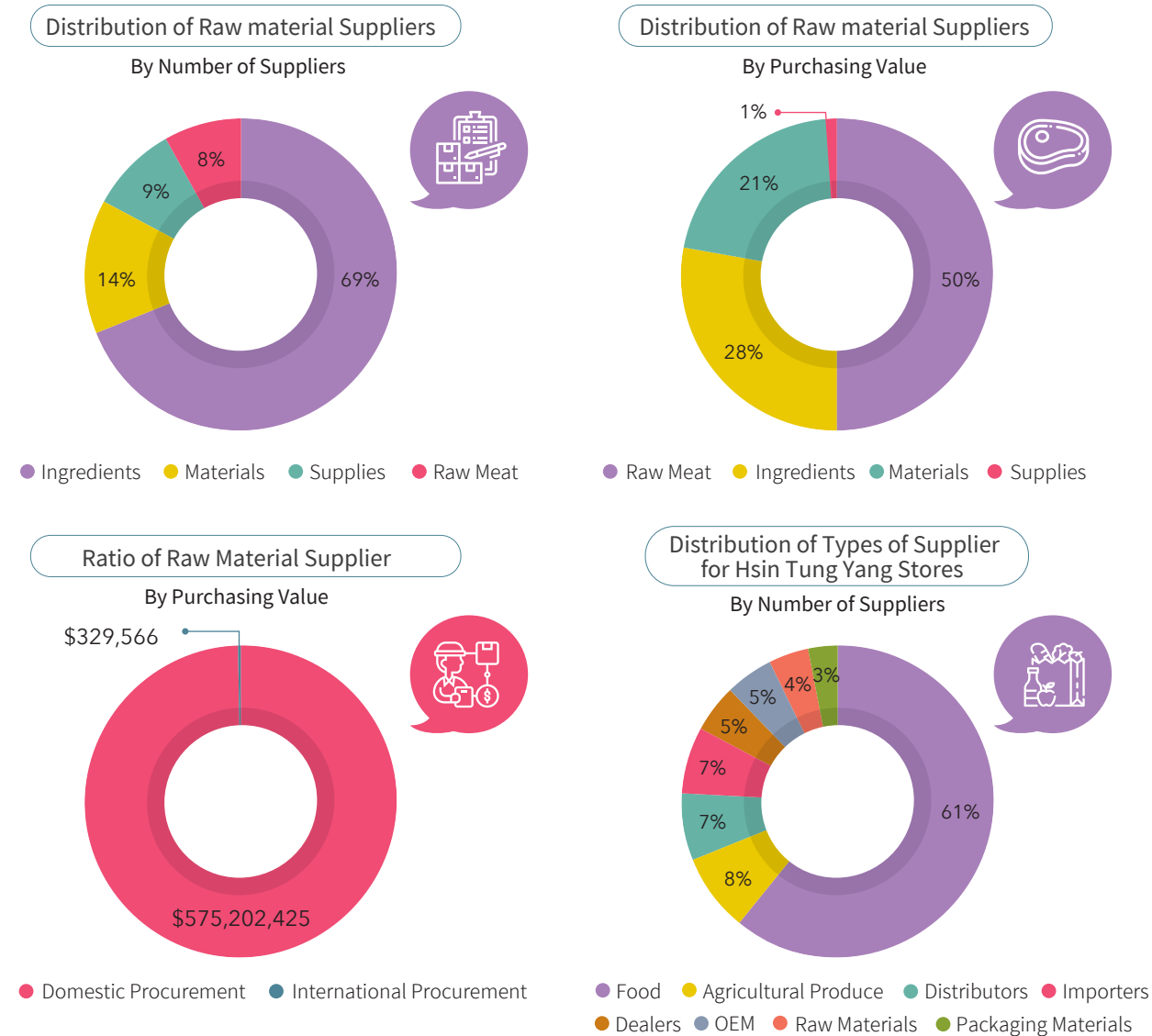
2.6 Supply Chain Management



Hsin Tung Yang has established a comprehensive food value chain, and every supplier and vendor is a collective management partner who helps us to achieve co-prosperity. Through rigorous management measures, Hsin Tung Yang ensures food safety and achieves sustainability, and together, we are committed to enhancing brand image and product and service quality, and for providing the best customer experiences.

Types of Supplier

Suppliers of Hsin Tung Yang's own brands include raw material suppliers and OEM suppliers, while most of the suppliers for our stores are merchandise suppliers, and external vendors for highway service areas. Raw material suppliers include raw meat, ingredients, materials, and supplies, and we had 224 of such suppliers in 2019. In particular, 223 of which were Taiwanese manufacturers and trading companies, and only 1 was a foreign enterprise (a German importer of spices). The local raw material procurement ratio at Dayuan Plant has reached 99.9%. In terms of OEM, Hsin Tung Yang's Dayuan Plant has had 10 OEM suppliers in 2019, and all of which were food processing companies from Taiwan. We have had 524 suppliers to our shops; most of which were suppliers for food, agricultural produce, raw materials, importers, logistics, and distributors.



Sustainable Procurement

Hsin Tung Yang purchases environmentally-friendly and sustainable raw materials to ensure that environmental impacts are mitigated while being committed to the quality of products and services. Additionally, we also support suppliers of green products to promote sustainable transformation of the industry chain.

Roundtable on Sustainable Palm Oil

Starting in 2019, Hsin Tung Yang began to use oil products certified by the Roundtable on Sustainable Palm Oil (RSPO), an international product responsibility standard, as the raw materials for fruit fillings in pastries. RSPO certified products need to meet 8 principles and 144 indicators across 39 categories in order to ensure that legal compliance, information transparency, local environmental protection, biodiversity, and community and farmers' rights are all protected during palm production processes.

Statistics on RSPO Purchases

	Procurement amount (NTD)	Ratio
RSPO certified oils	4,134,976	14.29%
Total oil purchases	28,944,637	100%



Green Mark Certified Cardbord Boxes

Hsin Tung Yang collaborates with suppliers who have achieved the government's Green Mark designation in terms of cardboard box procurement in order to achieve circular economy and to reduce deforestation. We only use cardboard boxes made from recycled papers, and total cardboard box procurement in 2019 had been 842,492 boxes, or NT\$7.81 million.

Colorful Box Printing from Soy Ink

Starting in 2004, to mitigate environmental impacts and to promote environmental protection, all of the color ink used to print Hsin Tung Yang's colored boxes has been soy-based ink in place of petroleum-based ink. The number of colored boxes printed via soy-based ink in 2019 has been 2,963,057 boxes, and related procurement has exceeded NT\$34.30 million.

Carbon Footprint Products

In response of sustainable consumption practices, Hsin Tung Yang prioritizes procurement of carbon footprint certified products for our highway service areas and airport shops. Carbon footprint products purchased in 2019 included FIN Healthy-Support Drink, Coca-Cola, Taishan Pure Water, HeySong Sarsaparilla, HeySong Camellia Green Tea, Minute Maid Aloe & White Grape and more. Total procurement was approximately NT\$4.7 million, and with the exception of Taisun Pure Water, which is sold exclusively at highway service areas and bus terminal, all certified products are sold in all Hsin Tung Yang channels throughout Taiwan.

Traceable Agricultural Products

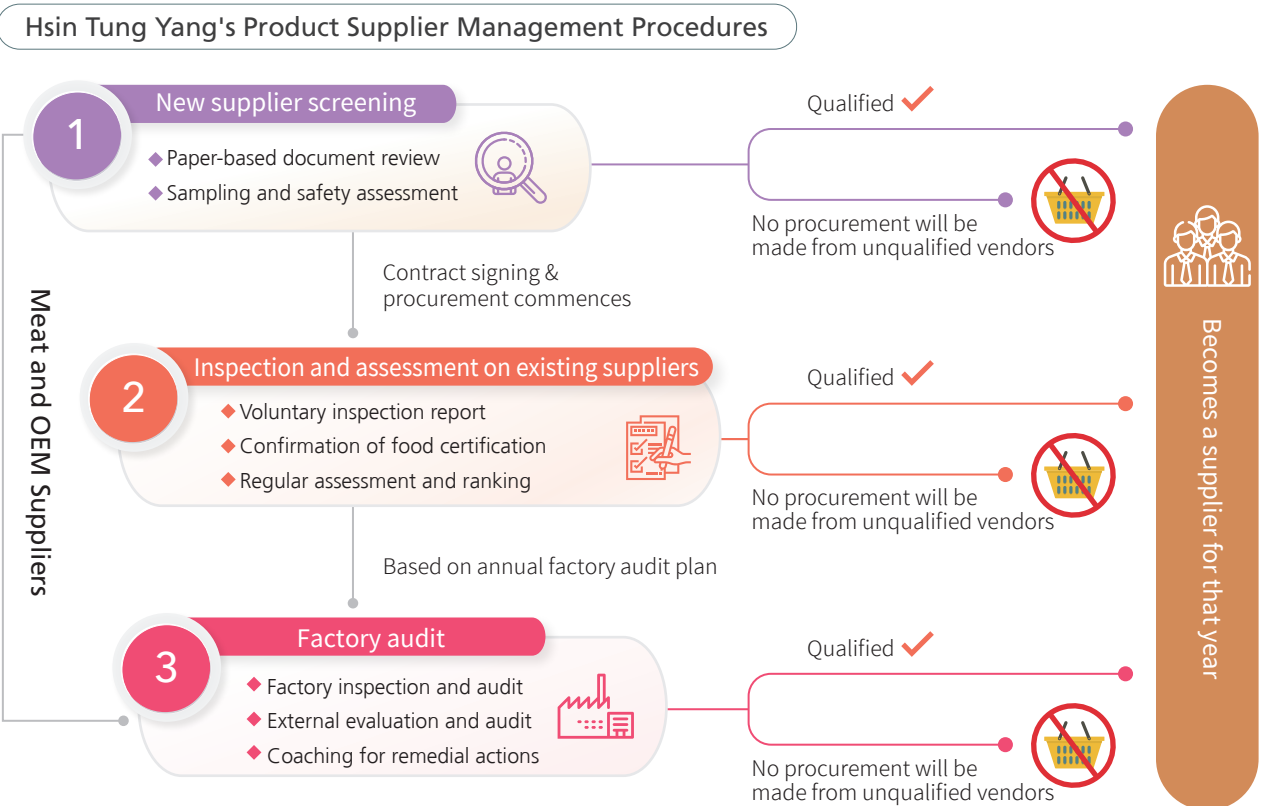
To promote transparency in the agricultural product supply chain and local agricultural development, Hsin Tung Yang has also actively purchased products with Traceable Agricultural Products (TAP) certification on top of establishing the product traceability system. Procurement of TAP products has exceeded NT\$7 million in each year over the past three years.

Hsin Tung Yang's Total TAP Procurement Over the Past Three Years

	2017	2018	2019
Procurement (in kg)	33,778	44,600	38,971
Procurement amount (NTD)	7,205,949	9,033,818	7,990,549

Product Supplier Management

Suppliers for Hsin Tung Yang's branded and in-store products include raw material suppliers, OEM suppliers, store merchandise suppliers. Suppliers are managed in line with "Supplier Management Procedures" to ensure product quality and compliance with food safety and health laws, thereby protecting brand reputation and protecting the rights and interests of consumers.



Step 1 New Supplier Screening

Hsin Tung Yang adopts the following processes to manage new supplier screening:

- (1) Paper-based document: confirmation of basic information such as vendor and factory registration, and meat suppliers need to be qualified butchers approved by competent authority and to pass butchery hygiene and sanitation inspection. Food suppliers need to be registered food companies.
- (2) Factory inspection: Quality Assurance unit will conduct onsite inspection to further understand the suppliers' product quality, production processes and technologies, and services, and to confirm that the suppliers are actively managing their environmental impacts.
- (3) Sampling and safety assessment: samples would be tested by the R&D unit for evaluation of safety and characteristics. After confirming its safety, our design unit, production unit, or R&D unit will also determine its qualification.
- (4) Supplier evaluation: After compiling the aforementioned information, the suppliers would be comprehensively evaluated on factors including paper-based review, quality control, and service quality based on our "Supplier Review Table". Raw material and merchandise suppliers who achieve 70 points total, and OEM suppliers who achieve 80 points or more, can become qualified Hsin Tung Yang suppliers.

Step 2 Supplier Assessment and Ranking

Food certification and voluntary inspection report

To ensure the quality and safety of raw materials, we require suppliers to enclose relevant voluntary inspection reports during product delivery. Examples of requirements for various products are as follows:



To ensure that raw material and OEM products from suppliers can meet Hsin Tung Yang's quality, quantity and delivery standards, we regularly score our suppliers with the following criteria: product quality standard, timeliness of delivery, and stability of supply. The following are frequency of assessment, ranking, and incentive/disincentive methods for various suppliers:

Assessment and Ranking of Raw Material Suppliers

Hsin Tung Yang scores and ranks raw material suppliers in every two months. Suppliers are classified into five ranks and corresponding measures would be taken based on their total scores. The number of suppliers being assessed has continued to increase over the past three years. In 2019, 224 suppliers were assessed, accounting for 100% of all raw material suppliers. The following table indicates assessment results in recent years; the ratio of suppliers who achieved A ranking in 2019 has been 97.8%.

2019 Raw Material Supplier Assessment Results

Number of suppliers Ranking	2019	Reward/disincentive method
AA	122	- Increase order volume - Supplier would be prioritized when new product (or new material) was to be produced
A	97	Maintaining status quo
B	5	- Order volume may be reduced - Supplier required to improve within a deadline and factory visit would be made to understand its current conditions - Suggestions for improvement and continuous coaching/observation for one month
C	0	Transaction to be paused for three months in case a supplier receives C ranking during two consecutive assessments
D	0	Transaction to be paused for five months after receiving D on any single assessment
Number of suppliers assessed	224	

Assessment and Ranking of OEM Suppliers

OEM suppliers of Dayuan Plant would be scored and ranked once every two months. Evaluation criteria include: product quality standards, timeliness of delivery, and stability of supply. Suppliers would be divided into five ranks, and corresponding measures would be adopted based on their total scores. In 2019, 10 suppliers were assessed, accounting for 100% of all factory OEM suppliers. The following table indicates assessment results in recent years; the ratio of suppliers who achieved A ranking in 2019 has been 100%.

2019 OEM Supplier Assessment Results

Ranking	Number of suppliers	Reward/disincentive method
AA	0	◆ Increase order volume ◆ Supplier would be prioritized when new product (or new material) was to be produced
A	10	Maintaining status quo
B	0	◆ Order volume may be reduced ◆ Supplier required to improve within a deadline and factory visit would be made to understand its current conditions ◆ Suggestions for improvement and continuous coaching/observation for one month
C	0	Transaction to be paused for three months in case a supplier receives C ranking during two consecutive assessments
D	0	Transaction to be paused for five months after receiving D on any single assessment
Number of suppliers assessed	10	

Step 3 Factory Visit & Audit

Hsin Tung Yang establishes annual audit (factory inspection) plan, and the list of suppliers to be audited is determined based on factors that include annual transaction volume, product significance, customer complaints, and special circumstances. The types of factory audits include: factory certification, raw material management, processing and finished goods management, factory quality system, and onsite personnel and environmental inspection and more. The purpose of such audits is to understand product quality, production technologies, and to ensure food safety.

Raw material Factory Inspection and Audit

We planned and actually carried out the audit for 24 raw material suppliers in 2019, accounting for 17.9% of all suppliers whose transaction volume reached NT\$200,000 or above. For 2020, we plan to audit (or visit the factories of) an average of 2 suppliers in each month, and are expected to visit 24 suppliers throughout the year.

Raw Material Suppliers Audited/Inspected For the Past Three Years

Year	2017	2018	2019
Number of transacting suppliers (NT\$200,000 or above)	121	131	134
Actual number of suppliers audited/inspected	23	33	24
Number of qualified suppliers	21	33	21

Supplier Coaching and Improvements

For suppliers with quality concerns, our Quality Assurance unit will also participate in the factory inspection/audit and to propose a "Supplier Audit Report" (including supplier deficiencies and supplier's response and proposed improvements) for deficiencies found during our onsite inspections. Hsin Tung Yang will work with the supplier to find underlying reasons and guide the supplier through the "supplier deficiencies and supplier's response" form to make necessary improvements within a given deadline. Additionally, unqualified suppliers may be replaced. Audit results will also be provided to procurement unit as references for continued partnership.

Channel Contractor Management

Hsin Tung Yang views all contractors across all highway and airport channels as our management partners toward co-prosperity, and we are mutually dedicated to enhancing brand image and service quality via coaching and management at each stage along the way.



Step 1 Preemptive Management

To ensure customer safety, Hsin Tung Yang's Business Development Division at our headquarters will confirm product-related certificates or approved inspections for vendors who wish to collaborate with us. In terms of contract agreements, our court-notarized agreements are based on relevant procedures enacted by government agencies including the Freeway Bureau, MOTC, and we require vendors to strictly abide by contents of the agreements. In case the contractor experiences management issues or commits a major contract violation during the operating period, as a good administrator, Hsin Tung Yang will assist the contractor to retreat from the service area operations based on contract terms and on a principle of fairness and integrity.

before the contracted vendor enters the service area, our Highway Service Area Division will organize internal educational training to ensure the vendor's understanding of relevant regulations and service needs.

Step 2 Day-to-Day Operations Audit

Hsin Tung Yang has established the "Retail Space Management Regulation" that specifies the principles of "personnel management, product management, sales management, and venue management" for retail space, and disincentive measures are stipulated for violations. The audit mechanism covers three major aspects, and responsible units include service area managers, on-duty supervisors, Audit Office at headquarters, Customer Satisfaction Team, Highway Service Area Division, and the Freeway Bureau, MOTC. The service quality, management performance, and operational quality of contractors are confirmed through various investigation methods ranging from regular reviews, audits, to mystery shoppers.



Key Channel Audit Items



Moreover, Hsin Tung Yang also confirms the cleanliness, sanitation, and service quality of the retail space via periodic scoring systems. Scoring items include the cleanliness and sanitation of personnel, counter area and space, and equipment and facilities, and deficiencies found are tracked for improvement progress. Scoring results are compiled and submitted to the headquarters for inspection and documentation on a monthly basis.

2019 Highway Service Area Retail Space Scoring Results (Average Results of Monthly Scores from Jan to Dec)

Score	Guanxi Service Area		Qingshui Service Area		Nantou Service Area		Xihu Service Area	
	Number of retail counters	Ratio	Number of retail counters	Ratio	Number of retail counters	Ratio	Number of retail counters	Ratio
Outstanding	4	23%	13	39%	4	29%	7	37%
Good	6	33%	5	16%	6	38%	3	13%
Qualified	8	45%	15	45%	5	32%	10	50%
Total	18	100%	33	100%	15	100%	20	100%

Step 3 Contractors' Retail Space Evaluation and Incentives

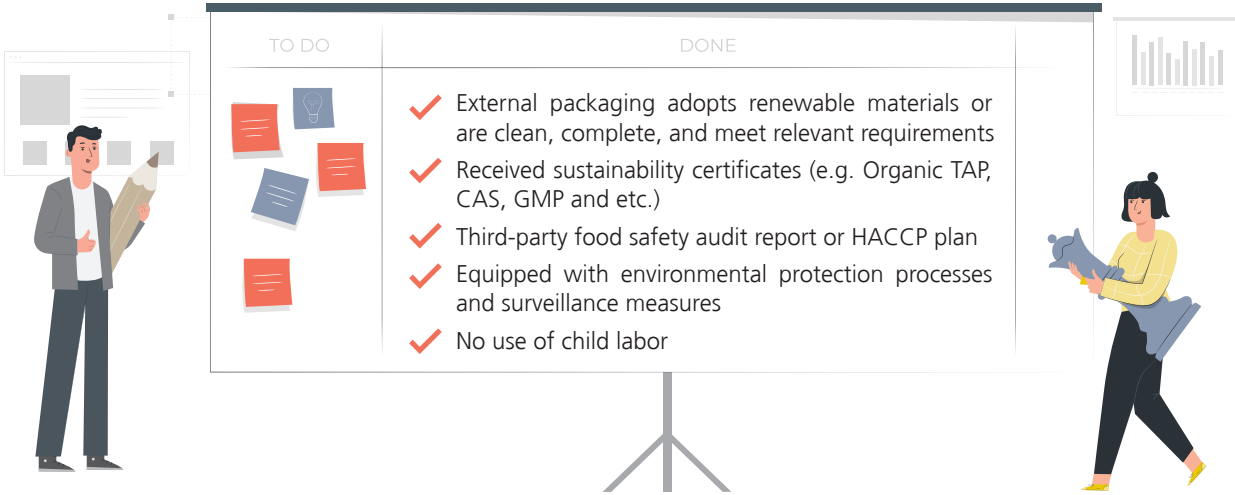
To encourage contractors to enhance their service quality and to ensure food safety, Hsin Tung Yang has been implementing the "contractors' retail space evaluation system" in as early as 2009. Relative weights are given for criteria that include "daily operations," "food safety evaluation," and "percentage of revenue from retail space," and contractors with scores above 70 points are qualified, while "good" indicates a contractor that scores more than 80%, and "outstanding" contractors are those who score above 85 points. Seals are placed at obvious locations at the retail space, thereby enhancing contractors' sense of accomplishment and pride, and high-performing contractors will also be prioritized in future contract renewals.

Evaluation items	Evaluation unit	Evaluation method	Weight	Evaluation results
Daily operations	On-duty supervisors	Based on the table of retail space evaluation	30%	"Qualified" for 70 points or above, "Good" for 80 points or above, and "Outstanding" for 85 points or above
Food safety evaluation	Impartial third-party	From time to time in each month	40%	
Percentage of revenue growth from retail space	Service Area managers	Compared with sales revenues from the previous year	30%	

2.7 Sustainable Supply Chain

ESG Management

To encourage raw material suppliers to join us in sustainable development and clean production processes, Hsin Tung Yang has incorporated ESG criteria in the criteria for "Supplier Review Table," where such criteria account for 35% weight. Suppliers that meet three or more of the following criteria will be deemed as "green suppliers," and procurement from such suppliers would be prioritized. Between 2017 to 2019, all of Hsin Tung Yang's new suppliers have passed the ESG screening process.



	2017	2018	2019
Number of new suppliers	11	23	17
Number of suppliers screened using ESG standards	11	23	17
Ratio of new suppliers that passed the ESG screening standards	100%	100%	100%
Number of physically inspected suppliers	9	9	2

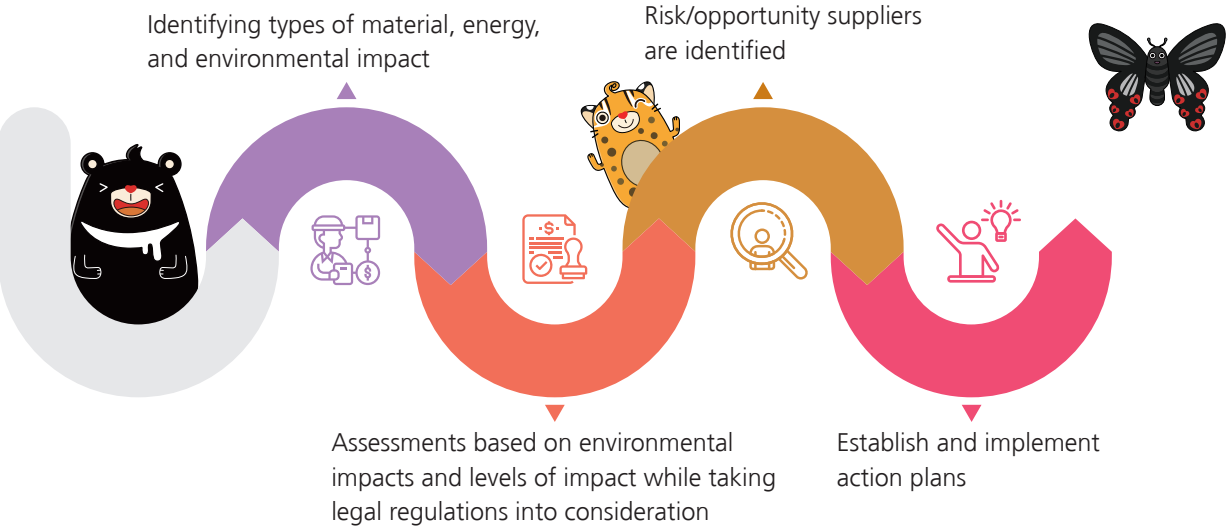
Suppliers' Statement of Environmental Sustainability

Hsin Tung Yang has established sustainable development terms and invited our raw material suppliers to sign and to conform to such terms. Besides specifying regulations for products' conformity to the Act Governing Food Safety and Sanitation, our procurement contracts also stipulate the following: To promote conservation of the Earth's environment and reduce impacts on the ecosystem as well as an awareness for sustainable consumption and recycling, the supplier shall comply with applicable laws and to promote relevant environmental protection awareness including energy conservation, carbon reduction, and to protect the planet. Starting from 2019, Hsin Tung Yang has signed the aforementioned statement with 165 raw material suppliers, which accounts for nearly 74% of all raw material suppliers.

Environmental Impact Risk Assessment

To understand the risks of environmental impact in our supply chain, Hsin Tung Yang has carried out the identification of non-manufacturing environmental factors based on 49 of our existing raw material suppliers. Eight high-risk suppliers have been identified, and relevant action plans have been drafted. The procurement unit will audit the high-risk suppliers, and 50% of such audits are expected to be completed in 2020.

Suppliers' Environmental Risk Management Procedures



Supplier Certification and Advocacy for Sustainability

On top of ESG screening, signing the statement of sustainability, and environmental impact risk assessment, Hsin Tung Yang also conducts general inspections overall raw material suppliers in each year. We encourage our suppliers to receive international certifications on food safety and environmental sustainability, such as ISO, HACCP, product traceability system, organic certifications, and the Green Mark.

Certification standards	Number of raw material suppliers	Percentage
HACCP certification	73	54%
ISO 22000 certification	65	49%
Hsin Tung Yang's green suppliers	99	74%
Number of all transacting suppliers*	134	100%

*Cumulative transactions reach NT\$200,000 in a year

Additionally, to promote a green supply chain, Hsin Tung Yang organized the Supplier Sustainability Forum in 2018, where we joined Foundation of Taiwan Industry Service in discussing and sharing our experiences related to the theme, "Responding to International Sustainability Trends and Green Factory Promotional Strategies". The forum was participated by 32 companies. Hsin Tung Yang will continue to advocate to and to interact with suppliers based on our commitment to achieve sustainability, and we aspire to join all vendors throughout our industry chain to build a green food value chain.



3

- 3.1 Product Creativity
- 3.2 Service Creativity
- 3.3 Food Safety Management
- 3.4 Quality Management and Inspection
- 3.5 Product Traceability

Product and Service Sustainability

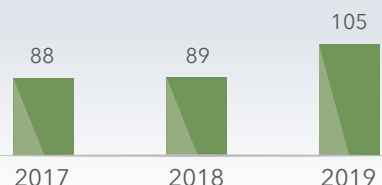
3 Product and Service Sustainability

R&D investments

(unit: NT\$1,000)

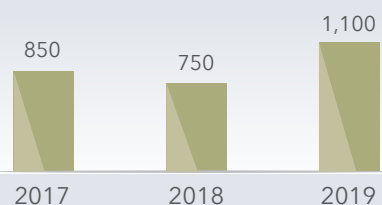


Number of merchandise R&D



Product quality optimization and process improvement investment

(Unit: NT\$1,000)



 **282** Product development projects

 Received "Eatender" award

 Full adoption of eco-friendly bamboo fiber utensils and straws

First food company in Taiwan to receive dual traceability certification 

 Restaurant received "3-star" designation

- 👑 We developed 282 products and completed 53 product quality optimization and production process improvements over the past three years.
- 👑 Hsin Tung Yang's Grilled Honey Pork Jerky and Healthy Pure Shredded Pork Floss for Babies, Frozen Mung Bean Cake, Shredded Chicken, and Healthy Shredded Pork were chosen to receive "Eatender" designation from the Council of Agriculture, Executive Yuan.
- 👑 Eco-friendly bamboo fiber kitchenware and straws are used throughout highway service areas.
- 👑 Food Safety Decision-making Teams have been separately established at production side and at channels.
- 👑 We have established food safety monitoring plans and received food safety system certifications from ISO 9001, HACCP, ISO 22000, and FSSC 22000.
- 👑 Hsin Tung Yang was the first food company to receive both "traceable agricultural product (TAP)" and "processed food traceability" system certifications.
- 👑 Chen Hao Shih Hakka Restaurant's "traceable restaurant" designation from Agriculture Multi-Discipline Management of Technology (AMOT) in Taiwan was enhanced to three-star in 2019 from the two-star in 2018.

3.1 Product Creativity

Innovation Strategy

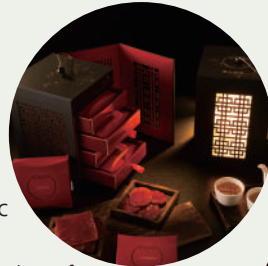
Hsin Tung Yang's product innovations are founded on the conception of "LOHAS," and various product development projects are planned based on six major strategic themes, including eco-friendliness, market growth, buzz marketing, quality and cost, customer demand, and business expansion. The creativity behind product planning takes sales data and product trends into consideration. Besides meeting customers' actual needs, our creative concepts are also infused with local ingredients, seasonal delicacy, and culture and humanities as well as social welfare promotions, thereby achieving the qualities of "unique products, local connections, social welfare, and food safety". Through developing and promoting creative products and gift packaging, Hsin Tung Yang provides choices that are nutritious and healthy to consumers, as well as friendly to the nature, thereby allowing the public to promote sustainability to encourage for more responsible consumption and production while enjoying delicious tastes.



Eco-friendly Packaging

Festive Garden Gift Box

- This exquisite and eco-friendly gift box can be used as a classic lampshade or a jewelry box.
- From instilling a design philosophy of circular economy from the beginning, we ensured that the packaging could be reused, thereby reducing waste.



Wealth and Fortune Gift Box

- A creative design of a lucky mouse-shaped piggy bank designed by crafts master Brandon Lin from "Cilin"
- The "Wealth Treasure Trove" contains Truffle Black Pork Jerkies and is great for gift-gifting; the recipient can enjoy the tasty treats while admiring the classic ceramic



Eco-friendliness Traceability System



Traceable Black Pork Sausages

- Received "Traceable Agricultural Product (TAP) certificate" from the Council of Agriculture, Executive Yuan
- Received "Processed Food Traceability" certification
- The best black pork in Taiwan is used in an optimized fat-to-lean ratio and marinated at a low temperature for 48 hours after adding our exclusive seasoning.

Ton Pineapple Cake

- Received "Traceable Agricultural Product (TAP) certificate" from the Council of Agriculture, Executive Yuan
- A collaboration with local small farms at Bagua Mountain, Nantou and uses Taiwan's No. 2 pineapple as the main ingredient
- No food coloring, spices, preservatives, or bleaching agents were added



Market Growth Products for All Ages



Grilled Honey Pork Jerky

- Receive "Eatender" designation from the Council of Agriculture, Executive Yuan
- Tenderized to make it softer and easier to chew
- Single packs that are easy to open
- No preservatives added to reduce possible health burdens

Healthy Pure Shredded Pork Floss for Babies

- Receive "Eatender" designation from the Council of Agriculture, Executive Yuan
- Formulated by nutritionists and delicately processed to ensure its safety
- Only three ingredients are used: pork, cane sugar, and pure soy sauce
- Protein content: an industry-leading 58%
- 17% less sugar, 45% less sodium, and 38% less fat
- No preservatives, MSG, or potassium salt, it is safe for all ages



Market Growth Healthy Trend of Using Less Sugar



Sugarless Pork Jerky

- A low-carb sugar alcohol is used in place of sucrose or maltose.
- Inspected and proven to be a "sugarless food" that is safe to consume by both generic consumers and those with restricted sugar intake.
- The unique texture and taste makes it both juicy and firm.

Sugarless Shredded Black Pork

- Confirmed to be a sugarless product by Food Industry Research and Development Institute; this shredded pork uses sucrose, making it the ideal choice for diabetics.
- It has 18% less calories, 30% less fat, and 34% less sodium than other market competitors.
- Confirmed to be a low-glycemic food by a nutritional Ph.D.'s laboratory in a medical university.



Buzz marketing



Hello Kitty Honey Glazed Pork Jerky

- This inter-disciplinary and limited edition collaboration comes in appealing packaging that includes a free tote bag
- Product launch at Taipei 101 invited the "Goddess of Baking" Casey as a special guest
- Free pork jerky was given out as gifts for photo tags on social media

Mazu's Bubble Milk Tea Cake

- A creative formulation of a popular drink into a delicate pastry
- A novelty and delicious souvenir that best represents all of Taiwan
- A collaboration with Dajia Mazu Temple; brings luck to everyone who eats it
- Free of preservatives and artificial flavoring



Customer demand



Hsin Tung Yang Multi-grain Shredded Black Pork

- Twenty-five grains are added for enhanced health.
- Quality wheat fibers are added for digestive benefits.
- Healthy and secure palm oil is used.
- No preservatives or MSG.

Savory Pork Zongzi

- Rated No. 1 Hakka zongzi by Apple Daily.
- Reduced salt formula makes this zongzi a much healthier choice.
- By infusing traditional Hakka salted pork made from black pork with traditional Hakka fried shallot, this zongzi comes with a unique savory taste.



Creative Management

Creative Product R&D

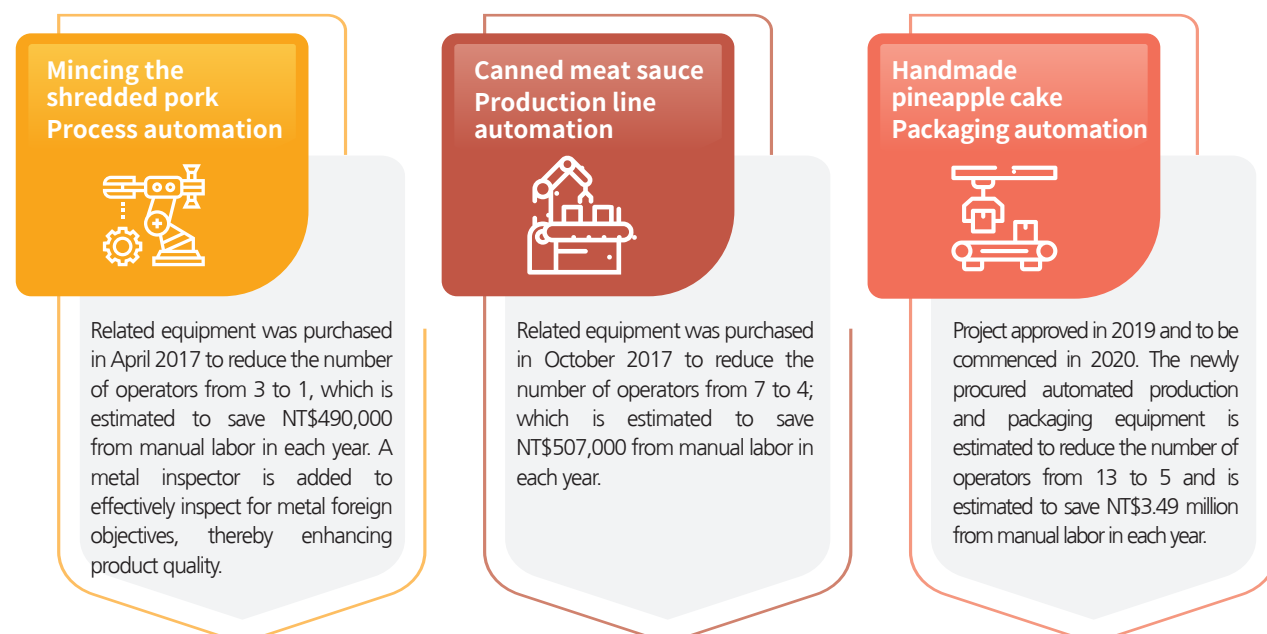
Hsin Tung Yang is actively committed to research and development, and upholds the principles of legal compliance and quality over cost. Related tasks include: new product development, existing product improvement, raw material review and evaluation for new/existing products, product labeling, future legal adjustments, and providing assistance to internal departments or external vendors. Our R&D expenses have significantly risen over the past three years; in 2019, related expenses (including R&D projects, personnel salaries, educational training, equipment, miscellaneous fees, and transportation fees) have reached NT\$5.17 million, which is twice as much as relevant expenses in 2017. On top of being very experienced in food R&D, our R&D team also continuously receives seminar training and attends relevant forums from external training institutions to enhance their professional skills. In 2019, we had a total of 105 product R&D projects.

Quality Optimization and Process Improvement

To ensure product safety and to enhance quality, Hsin Tung Yang's Dayuan Plant actively improves food production processes. In 2019, product quality optimization and processing improvements amounted to NT\$1.1 million, and 12 projects were completed.

Production Equipment Upgrade and Automation

In terms of production management, in order to enhance productivity and achieve standardized and automated processing, Hsin Tung Yang continues to implement new hardware facilities and to revolutionize processing procedures, thereby reducing labor expenses and enhancing product quality. From 2017 to 2019, over NT\$19.79 million was invested, and we are expected to invest NT\$27.65 million toward the automated packaging for handmade pineapple cake project, which was proposed and approved in 2019 and to be commenced in 2020. The following are summaries of related key implementations.



Manual processing



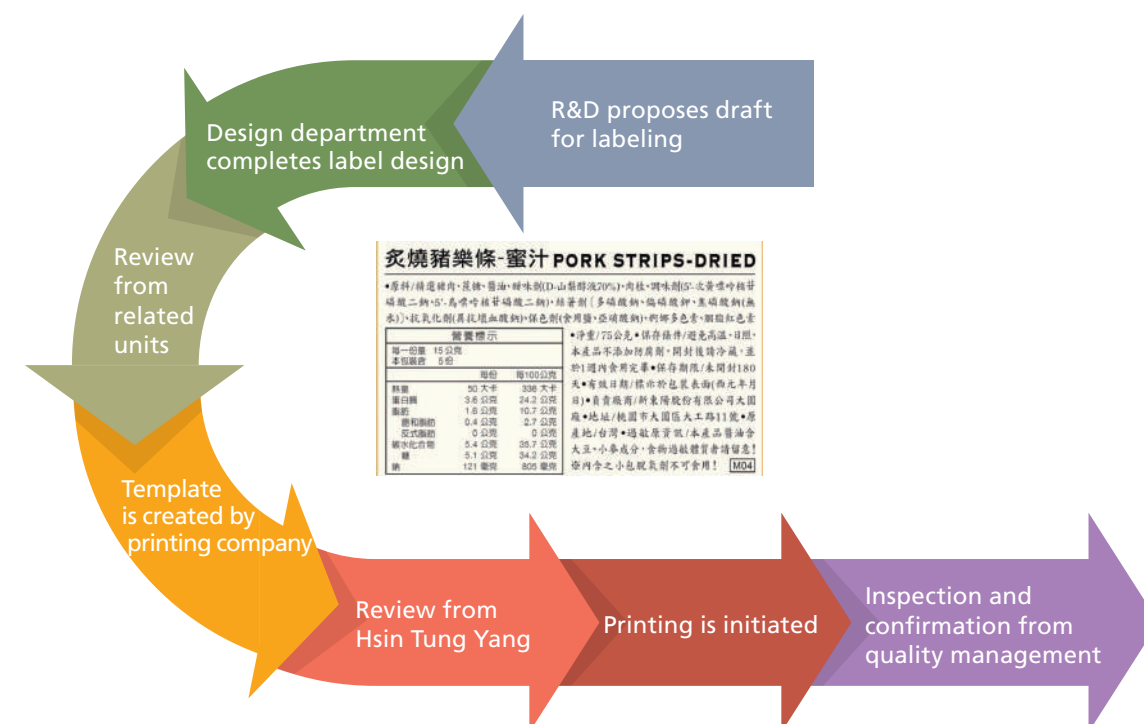
Automated processing



Product Labeling

All containers or packaging for foods and food ingredients produced by Hsin Tung Yang are dedicated to specific and complete labeling. Hsin Tung Yang ensures that applicable regulations for food labeling and advertisement management stipulated in the Act Governing Food Safety and Sanitation and Enforcement Rules of the Act Governing Food Safety and Sanitation are met through establishing and implementing internal "Finished Product Labeling Management Procedures". Currently, all compositions of Hsin Tung Yang's products are clearly specified, so that consumers can understand information on product ingredients, nutritional value, allergens, and GMO, and promotional appeal and slogans are not included. Hsin Tung Yang has actively implemented such measures to comply with the rigorous labeling standards before relevant laws were enacted. In 2019, we have not had any violation on product and service information or labeling.

Product Packaging Labeling Review Process



3.2 Service Creativity

Creative Channel Services

In terms of service innovations for our diverse channels, Hsin Tung Yang has been promoting both internal and external creative programs through building relevant systems, management and communications, audit and improvement, and providing incentives. Relevant measures are as follows:

In 2018, Hsin Tung Yang enacted the "New Product and Creative Service Improvement Proposal Method" at the Channel Business Division in order to enhance employees' skills in finding and solving the problems. Employees were encouraged to submit proposals regarding new products, creative service and process improvements to improve business and service quality. When a proposal is confirmed to be submitted for discussion and to be further implemented by a departmental supervisor, the employee would be rewarded by gift vouchers. Those who make significant contributions to the organizational performance will be further rewarded based on the Employee Incentive Method. Additionally, "Retail Space Incentive Method" has been enacted for vendors of our retail space. Assessment for the retail space is carried out in every six months, and individual outstanding performance is also rewarded.

Thoughtful In-store Service

Thoughtful services at provided across all Hsin Tung Yang stores based on their respective locations and characteristics, whether the store may be a corner food shop, a department store counter, or at a bus terminal or highway service area and airport shops. Aforementioned services include roast foods, freshly grilled meats, and tax return services and more, and are all aimed to bring the best experience for all customers.

Drive-Thru Pickup

Drive-thru pickup service is available at Hsin Tung Yang stores, thereby saving your time and solving any parking issue.

Gift Packaging Service

Gift packaging and contents are available based on your budget and needs. Our professional and thoughtful service can provide you with the ultimate gift-giving experience.

Watching Over Your Car

We watch over your vehicle free-of-charge as you shop at any of our Hsin Tung Yang stores.

Gift-giving on Your Behalf

Complimentary shipping to a single address within the city of our local store is available for every purchase of NT\$3,000 or above.

Shipping to China

We can help any customer to ship products from Hsin Tung Yang stores in Taiwan to China (shipping fees apply).

Hsin Tung Yang Member Service

Enjoy discounts when shopping at Hsin Tung Yang stores with Hsin Tung Yang's co-branded credit card and membership card.

Hsin Tung Yang's Customer Service



Sustainable LOHAS Highway Service Area

To emphasize the importance of environmental conservation and to encourage the public to adopt sustainable actions, we have been implementing four major environmental protection measures at our service area operations at Guanxi, Xihu, Qingshui, and Nantou since 2017. By adjusting the scope of our services, Hsin Tung Yang is striving to pursue for sustainable solutions while providing excellent services in order to encourage road users to take environmentally-friendly actions.

Building a Smoke-free Highway Environment Promoting Health of Road Users

- We became the first company to stop tobacco sales at highway service areas in Taiwan since the first World No-Tobacco Day in 2017.
- Hsin Tung Yang was also the first company to install new cigarette butt barrels at highway service areas. The new barrels were less likely to be mistaken as trash cans, thereby reducing environmental pollution.
- Smoke-free areas were set up at the service stations; on top of caring for the health of road users, we are also committed to building a smoke-free highway environment.

Eco-friendly Bamboo Utensils Promotes Safety and Circular Economy

- All dine-in kitchenware was replaced with eco-friendly utensils made from bamboo fiber rather than plastic, melamine or single-use kitchenware.
- Natural wastes from agricultural processing, such as straw, bran, wheat stalks were used to make our heat- and oil-resistant and biodegradable bamboo fiber utensils, thereby reducing further damage to the planet. The utensils are also SGS and FSI certified since we are committed both environmental protection and the health of road users.
- In line with the ban on plastics policy in 2019, bamboo fiber straws are now exclusively used.

New Recycling Bins Promoting Waste Reduction through Recycling

- The bustling traffic flow at highway service areas generate an enormous amount of trash. By referencing Japan's method, Hsin Tung Yang created brand-new recycling bins that classify trash into five types, including ordinary garbage, paper, PET bottles, metal and aluminum cans, and glass. Recycling bins for waste battery and consumer electronics are also placed at the cashier's counter at convenience stores and service counters.
- Besides encouraging the public to sort their trash, the new recycling bins also help to beautify the service areas. Many international visitors have even posed in front of the bins.
- At least 55 tons of trash was reduced in the single month after the introduction of the new bins in December 2017.

Local Green Procurement Initiative for Sustainable Living

- To reduce food miles and carbon emissions, we prioritize sourcing from locally produced ingredients at nearby areas in terms of cooked foods, including Hsin Tung Yang's lunch boxes (bento boxes) sold at our convenience stores.
- In line with "Green Procurement" practices, we prioritize sourcing from products that have received "Carbon Footprint" and "Eco Label" designations.
- Encourage road users to turn off ignition after idling for three minutes to reduce exhaust emissions.
- To encourage green lifestyle through learning and experience, we organized environmental education activities that fit the particular characteristics of highway service stations in line with related events such as Earth Day on April 22nd.

Hsin Tung Yang is a pioneer in the trend to go green, and bamboo fiber kitchenware and straws have been adopted throughout our highway service station operations.

Hsin Tung Yang's Guanxi, Xihu, Qingshui and Nantou service areas have adopted bamboo fiber kitchenware free of plastics in as early as October 2017 to be more aligned with sustainability trends and the enactment of the policy to ban single-use plastics. Our bamboo fiber kitchenware uses bamboo fiber materials made in Taiwan. A plant-fiber based production technique that took 20 years to research and develop went into making these utensils and no plastic was added, allowing them to dissolve overtime in nature, thereby preventing further harm to the planet. The utensils have also passed SGS and FSI inspections, thereby protecting the health of all customers and road users.

In June 2019, to contribute toward the conservation of the planet, Hsin Tung Yang advocated for going green by adopting biodegradable straws made from Taiwan's bamboo fibers before the enactment of the government's policy to ban plastic straws. As a testament of the biodegradable nature of the straws, a biodegradable experiment of the bamboo fiber straws was carried out in March at Guanxi service area. The Freeway Bureau, MOTC, environmental NGOs and bamboo fiber straw suppliers were invited to plant bamboo fiber straws, plastic straws, and single-use bamboo fiber chopsticks into soil. Results of this experiment will be shared with the public in the future, and we also invite all citizens to pay more attention to environmental conservation.



Special Features at Highway Service Areas

Hsin Tung Yang has thoughtfully planned and organized every channel through integrating arts and culture, local specialties, and environmental protection awareness with a well-rounded management approach. We have planned travel service destinations that integrate sight-seeing, recreation, food, and shopping, and created the most thoughtful and LOHAS experiences, thereby becoming a leading brand in diverse retail channels.

Service station	Unique features	Creative and Sustainable Services
Guanxi	LOHAS Inn: A New Face of Guanxi	- Green building architecture used to create a wall of green and large floor-to-ceiling windows, creating a greeting area for all guests. - Industry-academic cooperation for low-carbon vegetable production. (merge) - Form alliance with Korea's Daebo Concession & Distribution to sell popular Korean merchandise - Pet-friendly Cafeteria, bidet toilets, and free umbrellas
Xihu	Happy Mountain and Sweet Forest	"Xihu Farm" vegetable garden promoted food and agricultural education. "Pomelo Trail" made for a more comfortable and enjoyable pedestrian walk.

Service station	Unique features	Creative and Sustainable Services
Qingshui 	Qingshui: A Happy Natural Rhyme	- Sustainable energy and circular ecology education, visits and initiatives including solar tracking panel, wind power corridor, and aquaponics - Largest aquarium that has not required water changes for 10 years in Taiwan 3D touch-panel interactive zone and optical illusion painting from a renowned master painter - JAPAN SKY DINE, a site dedicated to all things Japanese in partnership with Central Nippon EXIS Company
Nantou 	Aborigine Arts and Taste	- Purple crow butterflies corridor - Taiwan's oldest snake kiln is transformed into a corridor dedicated to ecological education that promotes conservation of purple crow butterflies - Indoor air quality monitoring, national freeway and Nantou travel information - Library, children's playground and barrier-free facilities

For more information on service areas and sustainable and LOHAS facilities and services, please visit the website for Hsin Tung Yang's highway service areas at <http://freeway.hty.com.tw/home.php>



• Enviro, Taiwan's First Smart Table-Bussing Bot

Since receiving the store management rights at Taoyuan International Airport in 1979, and the management rights of the souvenir shops in 2007, Hsin Tung Yang has constantly provided the best and most thoughtful channel experiences to domestic and international travelers through our shops.

In line with Taoyuan International Airport's smart transitions in recent years, Hsin Tung Yang has collaborated with TECO Corporation to launch Taiwan's first customized table-bussing bot, Enviro, at the cafeteria at Terminal 1. After one year of research and development and customized according to the spatial design of Taoyuan International Airport and passenger movement, the bot is installed with 6 ultrasonic sensors and optical radar scanners and can detect barriers up to 25 meters away and prevent close-up collisions. The bot is navigated by artificial intelligence (AI), can achieve a maximum speed of up to 1.1 meters per second, and continuously work for 8 hours. Modeled after a Formosan Black Bear, the bot adopts lively expressions and reminds passengers to pick up their own trays.

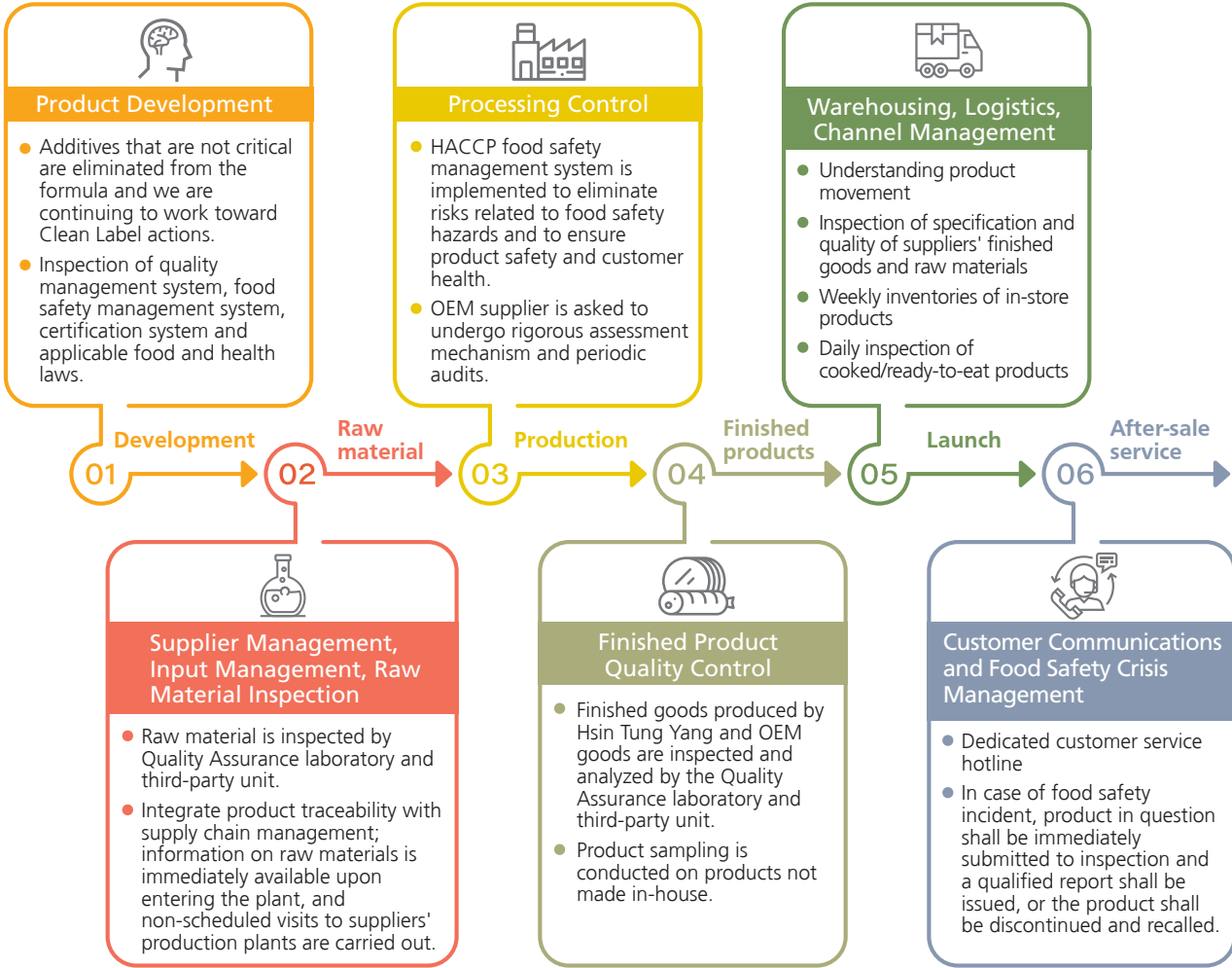
By implementing high-tech services, Hsin Tung Yang allows passengers to not only experience unique Taiwanese foods at the cafeteria, but also to bus their own tables through the help of an exciting robot, thereby helping everyone to enjoy a more convenient and comfortable dining environment and to experience brand-new technological services. We further implemented the Enviro Table-Bussing Bot at Guanxi, Xihu, Qingshui, and Nantou service areas at the end of 2019.



3.3 Food Safety Management

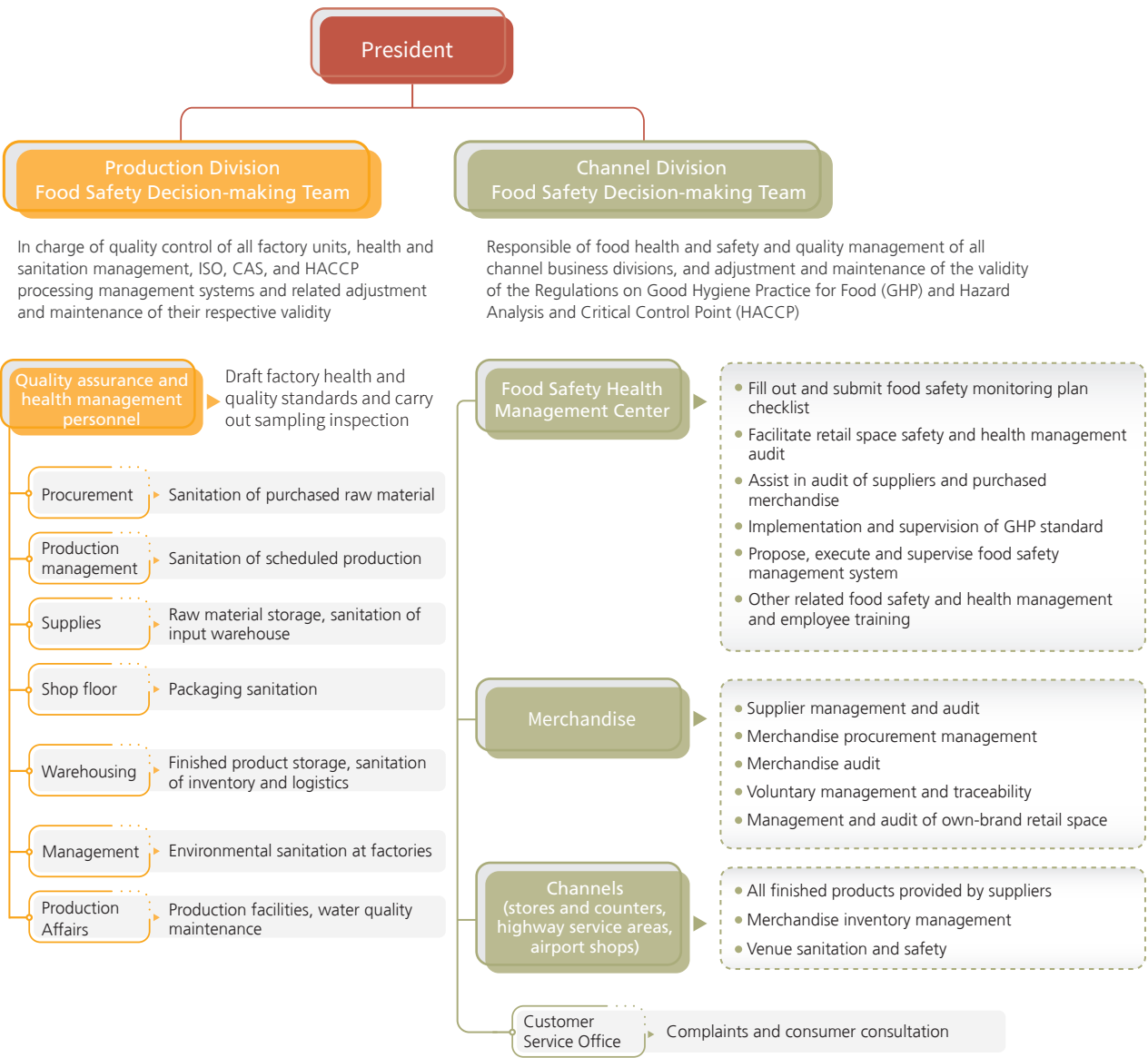


Hsin Tung Yang persists in our commitment to "faithful production" and "customer health," and has established separate, inter-departmental Food Safety Decision-making Teams at both the production side and the channel side. Rigorous measures are implemented to ensure food safety throughout the production cycle, from product development, raw material supply, production processes, finished product quality control, product launch, to after-sale services. By installing a comprehensive management system and procedures, not only do we comply with the latest Act Governing Food Safety and Sanitation; in addition, we also actively promote third-party certified management systems, such as HACCP, ISO 22000, and FSSC 22000, to incorporate the awareness for risk and hazard management into our processes. For instance, in terms of our meat products, we insist on preserving traditional techniques and produce all lard in-house to completely eliminate any possible food safety risk from externally procured oils. Though numerous food safety hazards had occurred in Taiwan in recent years, our efforts have steered Hsin Tung Yang clear of such hazards and allowed us to continuously retain consumers' trust.



Food Safety Management Framework

Hsin Tung Yang's food safety management is coordinated by the President, and product quality and food safety issues are discussed through regular monthly Company-wide meetings. Additionally, separate Food Safety Decision-making Teams have been set up both at production side and at our channels, thereby construing a complete food safety management team. The food safety team at the production side is in charge of input, production, and output processes, while the food safety team at the channel side is in charge of managing sources of merchandise, suppliers, product launch and discontinuation, sales, and dining and beverages at our channels. Additionally, the Customer Service Office understands consumers' opinions through the dedicated customer service hotline, 0800-011367, and reflects such opinions to the headquarters, production division and business division on a timely basis.



The Food Safety Team of Hsin Tung Yang's Production Division convenes annual review conferences and inspects the implementation status of quality management systems such as HACCP and ISO and quality objectives during monthly meetings. In addition, abnormal incidents and customer complaints are inspected and relevant departments are asked to make improvements, and related laws and standards are also regularly updated. Additionally, food safety management personnel are also arranged to receive internal and external

training to ensure that they are aware of the latest food safety technologies and legal information. In 2019, 36 personnel from quality management, production management, and procurement department have participated in related training, and this figure covers 100% of all production lines at Production Division.

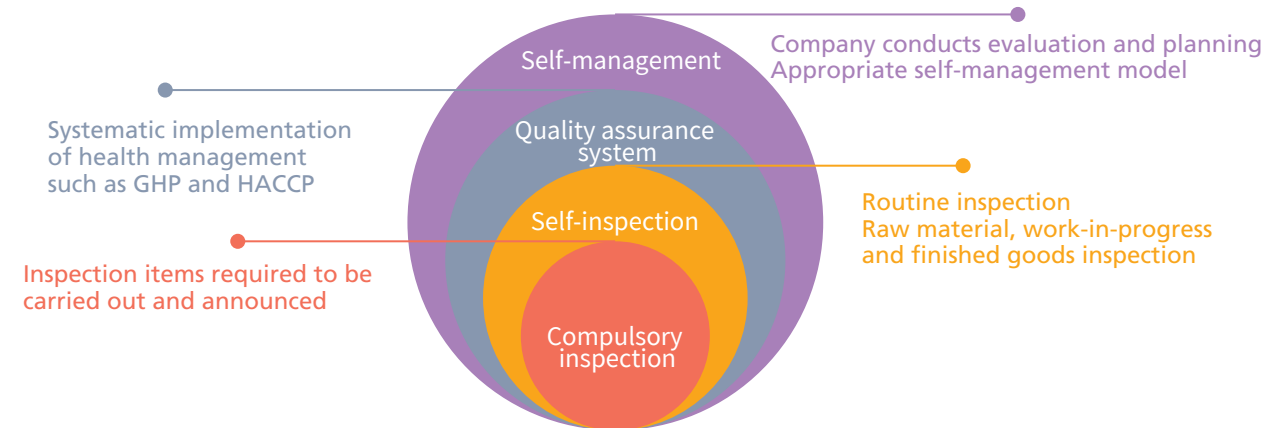
Category	Course/item	Hours	Number of participants
Functional training	2019 Food Industry Personnel Functional Training and Practicum for Introduction of Planned Audit	16	1
	2019 CAS Enterprise Laboratory Experimental Skills Training Course	16	1
	Food Factory Raw Material Management Practicum	28	2
	Organic Solvent Operations Supervisor Training	18	1
ISO Articles	A Thorough Study of ISO 22000:2018	6	1
	ISO 22000:2018 Food Safety Management System Training	12	1
	ISO 14001:2015 Environmental Management System - Articles and Internal Auditor Training	132	22
Regulatory Briefings	2019 Conference for Promoting Food Company to Retain Product Sourcing Document (Traceability Training)	3	1
	2019 Course and Conference for Food Company Traceability System and Guidance on Applicable Food Safety Laws	7	1
	2019 Conference for Self-Management from Metallic Food Containers and Packaging Companies	4	2
	2019 Conference for Promoting Food Production Packaging Material Management and Self-Regulation Enhancements	8	2
	2019 Skills Testing and Updated Legal Environment Conference	4	1
Subtotal		254	36

In 2019, a series of courses and training encompassing diverse topics were organized by Hsin Tung Yang to facilitate food safety personnel from various channel units to comprehend related food safety management mechanisms and to understand the latest legal environment.

Training department	Type of course	Total hours	Number of trainees
Merchandise Division	Food safety monitoring plan, general catering sanitation and hygiene seminar and related legal seminar	51	15
Airport Operations Division	Food sanitation and hygiene seminar, HACCP food safety management system	304	64
Highway Operations Division	Dining and beverage sanitation and hygiene seminar	62	40
Subtotal		417	119

Food Safety Management System

By using food safety management system as a roadmap, Hsin Tung Yang evaluates and analyzes risks in the overall production and sales chain and taken the initiative to create a food safety management system and established "food safety monitoring plan" to ensure the safety and health of our food products. On top of complying with applicable food safety laws, Hsin Tung Yang also actively meets international quality standards and achieves third-party assurance. Take HACCP food safety management system for instance, our Dayuan Plant has already received relevant certification in as early as 2002, before the system was made mandatory by the government. In 2019, we have confirmed Hsin Tung Yang's compliance with both the Act Governing Food Safety and Sanitation and Enforcement Rules of the Act Governing Food Safety and Sanitation, and there has been no record of violation of applicable food safety laws.



Self-management

- We implement self-management based on the Act Governing Food Safety and Sanitation and Guidelines for Retail Sale of General Merchandise to Establish Food Safety Monitoring Plan.
- Hsin Tung Yang adheres to the Regulations on Good Hygiene Practice for Food (GHP), Hazard Analysis and Critical Control Point (HACCP), Regulations of Recall and Destruction for Food and Related Products, and various health standards, restrictive volume standards and related safety and health regulations.

Quality assurance system

- Setting HACCP as the basis of self-quality assurance system, management is enforced on four aspects including operators, processing grounds, facility health management, and quality assurance system. We systematically plan appropriate measures for the supply chain and have received third-party management system certification, thereby achieving sound food safety management.
- Hsin Tung Yang's Dayuan Plant has received certifications of HACCP food safety management system, ISO 22000 food safety management system, and FSSC 22000 food safety management system and food business health and safety management system. Boundaries of aforementioned certifications cover all product lines for meat and poultry processing, canned pork meat, aquatic produce, pastries, and snacks from Production Division, and ratio of coverage is 92.1%.

Self-inspection

- Based on our risk analysis and management principles, Hsin Tung Yang evaluates and implements inspections and other matters that are either on par with or more rigorous than the basic requirements from compulsory inspections based on the characteristics of products sold, quality assurance system, and capacity for carrying out self-inspection. And such inspection results are used to demonstrate the effectiveness of our quality management measures.
- Samples are taken from Hsin Tung Yang's major products, and submitted to a third-party assurance unit for inspection on an annual basis.
- Hsin Tung Yang's quality assurance personnel will conduct sampling inspections based on the criteria and number of samples stipulated in the quality management programs for each product.

Compulsory inspection

- Hsin Tung Yang carries out compulsory inspections for items required by the law; for instance, annual sampling inspection plan is established for raw meat materials for processed meat products, egg products, and baking products. Reasonable inspection items are carried out after evaluations, and samples are also submitted to third-party assurance unit for inspection on a quarterly basis.

To continuously enhance our food health, safety and quality, Hsin Tung yang implements active measures targeting operators, processing grounds, facility health management and quality assurance system to safeguard the health of our consumers. The boundaries of impact from related implementations in 2019 covered meat and poultry processing, canned pork meat, aquatic produce, pastries, and snacks and traditional zongzi, or 100% of all in-house products and OEM products at Hsin Tung Yang's Dayuan Plant.

Food Health, Safety, and Quality Improvement Programs in 2019

Category	Program			
Quality assurance system	Quality Enhancement Programs achieved in 2019:			
	Indicator	Target	Performance	Completion Rate
	Customer complaint rate	Lower than 14ppm	5.6ppm	100%
Quality assurance system	Abnormalities found during monthly production QA inspection	Maintain at 28 or below in each month	Completed for 11 months for the year	91.7%
	Due to increased production volume, August 2019 had 29 abnormalities, exceeding target by 1 incident. In terms of management mechanism over abnormalities detected during quality inspection, Hsin Tung Yang analyzes the causes through "quality abnormality reporting form" and drafts improvement measures to prevent further occurrence.			
Facility Management	Installed hypochlorous acid (HOCl) generators at the production site and implemented HOCl disinfectant processes for production equipment and environment. 3M Molecular Detection System (MDS) was installed at the laboratories to conduct rapid and specific detection of Listeria and Salmonella, allowing for supervision and control over all in-house production at Dayuan Plant.			
Processing Grounds	Total renovations were carried out for the four bathrooms for operators at Hsin Tung Yang's processing grounds, enhancing the sanitation and health quality of employees' restrooms and ensuring that products are free of human contamination.			
Operators	Food safety personnel are encouraged to participate in educational training courses.			

3.4 Quality Management and Inspection



To ensure that Hsin Tung Yang's production quality can meet customers' expectations for taste while complying with relevant safety and health standards, we carry out and maintain our quality system while strengthening both "laboratory inspection" and "food retail management" at production and sales end

Strengthening Laboratory Inspection

From raw material input to product output, all Hsin Tung Yang products are required to go through inspections from our Quality Assurance lab and an external third-party unit. Relevant inspections are carried out via standardized procedures (national standards or methods announced by the Taiwan Food and Drug Administration) and utilize standardized equipment. In terms of legally required compulsory inspections, annual sampling inspection plans are established, and samples are also submitted to third-party assurance unit for inspection on a quarterly basis. In addition, self-inspection is also reinforced; for major products and festive products, samples are submitted to third-party assurance unit for inspection in each year, while quality assurance personnel will also conduct sampling inspections based on the criteria and number of samples stipulated in the quality management programs for each product.



Currently, Hsin Tung Yang has already established a food safety laboratory at Dayuan Plant in compliance with applicable laws, and the facility can carry out general chemical analysis, tests for microorganisms, and rapidly screen for veterinary drug residues. To enhance the capacity for inspection analysis, 3M Molecular Detection System (MDS) was installed in 2019 to conduct rapid and specific detection of Listeria and Salmonella, allowing for supervision and control over all in-house production at Dayuan Plant.

The human resources used to maintain food safety at Dayuan Plant, and the inspection expenses and facility maintenance at the food safety laboratory and third-party inspection expenses in 2019 amounted to nearly NT\$5.48 million, accounting for 0.54% of the revenues from Dayuan Plant. Our future target objective is for the food safety laboratory to be certified.

Hsin Tung Yang Product Inspection Items

Self-inspection items at Hsin Tung Yang laboratory	Third-party inspection items
- General chemical analysis: water activity, moisture, fat, protein, sulfur dioxide, acidity, sugar content, salinity, and pH value - Microorganisms: number of bacteria, E. coli strains, E. coli, Staphylococcus aureus, Salmonella, Listeria, and fungi - Veterinarian drug residues (quick screen)	- Veterinarian drug residues: Tetracycline, ractopamine (21 types of β-Agonists); veterinarian drug residue analysis (II) 48 items; chloramphenicol or β-lactam antibiotics (8 types); Nicarbazin (multiple residue analysis of 7 items of antiprotozoal drugs); aflatoxin - Heavy metals (lead, cadmium) or pesticide residues - Microorganisms: Salmonella, E. coli, Staphylococcus aureus and more - Packaging migration test: plasticizers - Additives: preservatives, coloring, and sweeteners

Hsin Tung Yang's Own Laboratory Inspection Results in 2019

Category	Inspection Item	2019 Inspection Results	
		Sample size	Ratio of certified products
Raw material	Veterinary drug residues	120 items	100%
	Microorganisms	1866 items	98.55%
	General chemicals	2669 items	98.80%
Meat products	Microorganism	6607 items	99.88%
	General chemicals	6776 items	98.86%
Pastries (including festive products)	Microorganism	451 items	99.78%
	General chemicals	1139 items	98.33%

Third-party Inspection Results in 2019

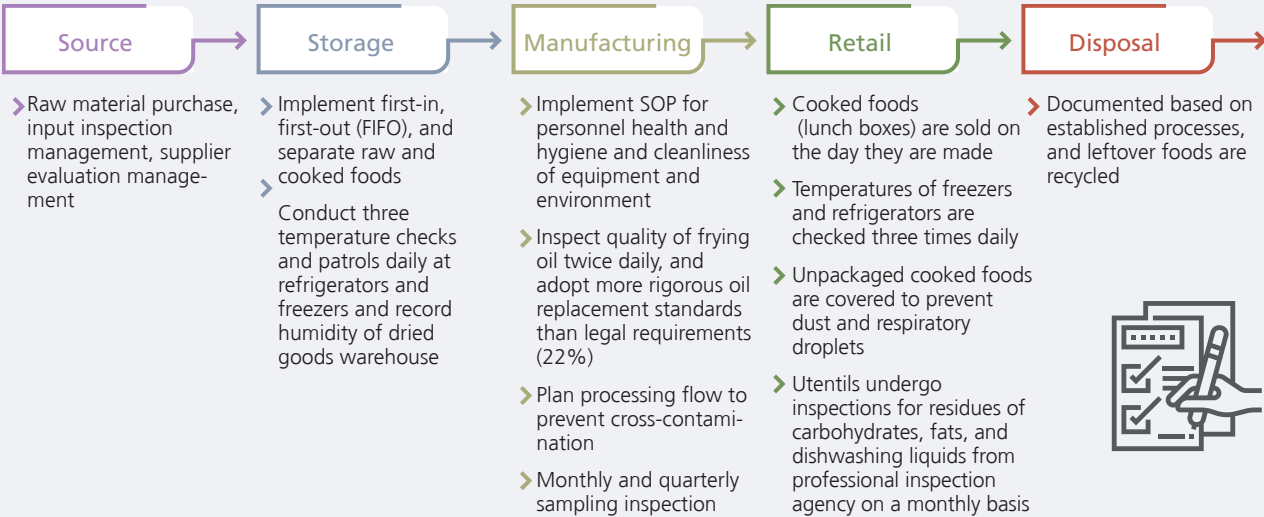
Category	Inspection Item	2019 Inspection Results	
		Sample size	Ratio of certified products
Raw material	Veterinary drug residues, heavy metals, pesticide residues, microorganisms and aflatoxin	50 items	100%
Finished food product (including OEM products)	Veterinary drug residues, heavy metals, pesticide residues, microorganisms and aflatoxin, plasticizers, preservatives, coloring, sweeteners etc.	180 items	100%
Mai's HK Roast Food lunch boxes and ingredients	Microorganisms, pesticide residues etc.	10 items	100%

Strengthening Channel Food Retail Management

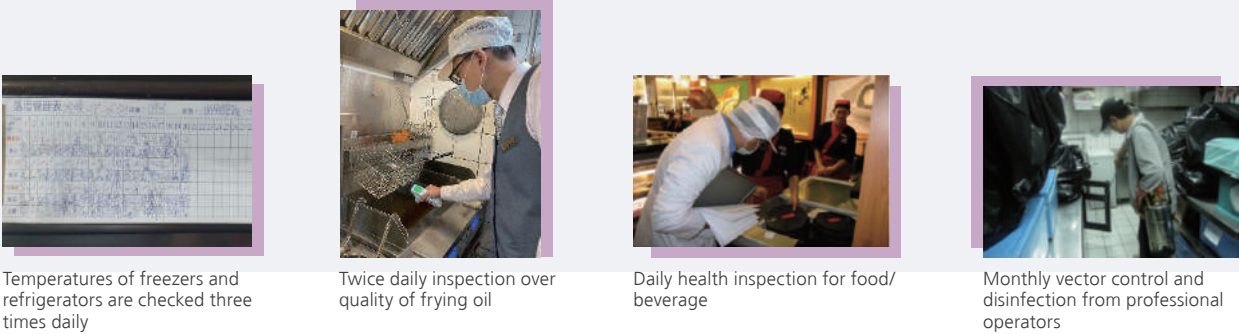
From inspection before product launch to sales management of in-store products, a comprehensive merchandise management system, one that is integrated with supply chain management, has been set up at our channels. The smooth, systematic operations at our headquarters, store personnel, and suppliers are coordinated to ensure a satisfactory shopping environment for our customers. Verification, inventories, and validity inspection of in-store merchandise is conducted on a weekly basis, in which merchandise checklist and merchandise review form are filled and documented.

We pay particular attention to the quality and cooked meals served at highway service areas and airport shops. Besides implementing the "merchandise retail SOP" and "Detailed Regulations on Using Oils and Seasoning" at all food and beverage counters, all cooked meals produced by Hsin Tung Yang have also passed inspections from third-party units. Additionally, relevant protective measures and cooked meal quality management procedures are also established and enacted at the same time. Hsin Tung Yang has created the cooked food health inspection table for daily self-inspections. Retail of any food or beverage can only be made after review and approval from our "food and beverage review team," comprised of our food professional technologists, cooked food developers, and food and beverage counter developers. An independent third-party unit is also commissioned to conduct sampling inspection on a monthly basis.

Self-Management of Quality and Finished Goods of Cooked Foods



Daily	Immediately	Subsequently
- Establish cooked food health inspection table for daily self-inspections. - Frequency of sampling inspection is increased for merchandise with higher risks to protect consumers' health. - Self-inspection of fresh vegetables/fruits from time to time.	- In case of likely food safety incident, Hsin Tung Yang will immediately inspect the safety of related products, and to ensure consumers' health, the product may be discontinued when necessary. - Merchandise in question will be immediately submitted for inspection, and relevant suppliers will be requested to conduct inspections at the same time.	- If the merchandise passes relevant inspections, it will be re-launched and an announcement regarding its safety will be made. - Information on related food safety concern will be documented and remedial/protective measures will be developed to prevent recurrence.

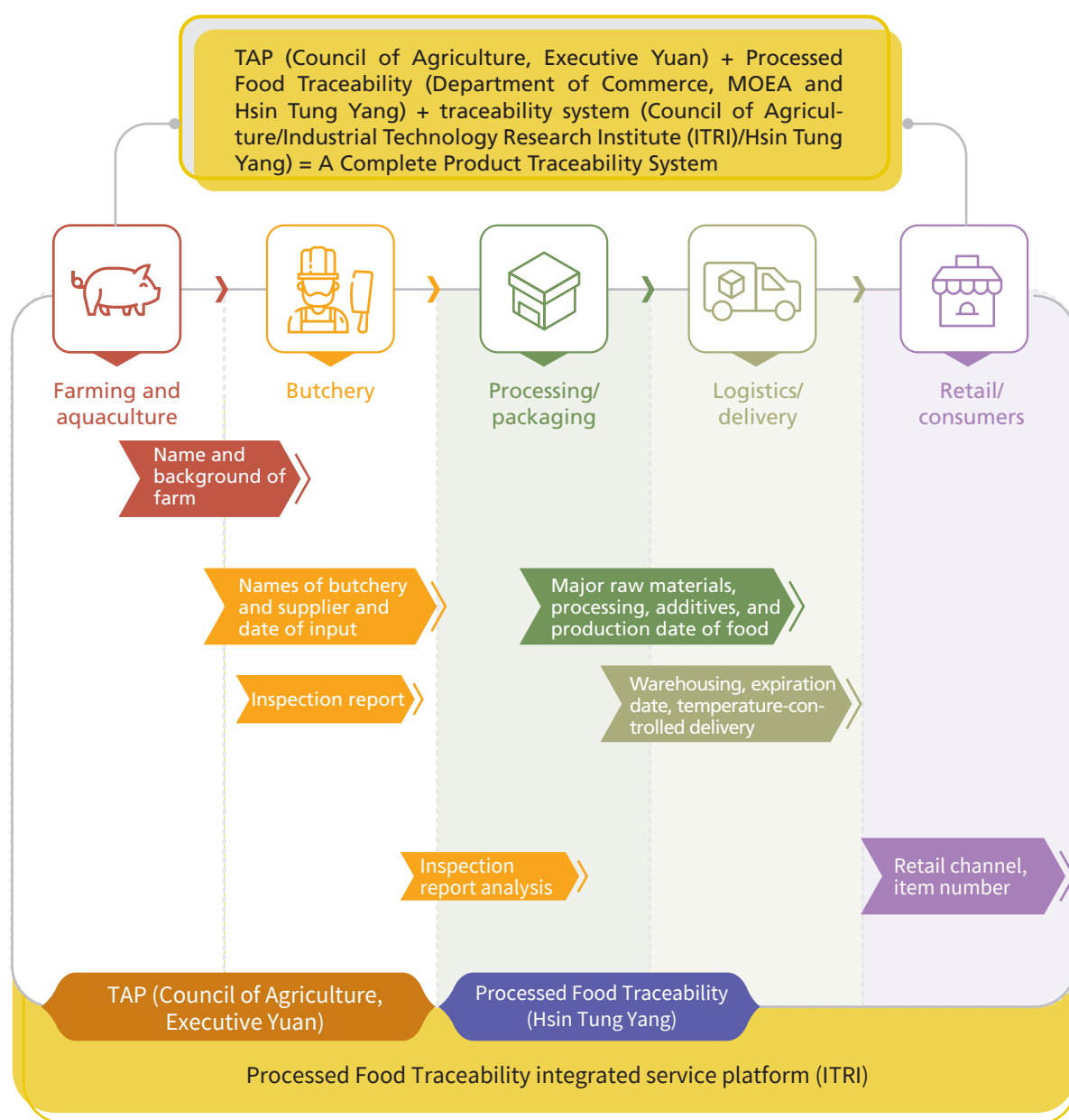


3.5 Product Traceability



To encourage safe consumption and enhance the farm-to-table food transparency, Hsin Tung Yang has actively enhanced product traceability by implementing a traceability system that tracks each cycle of the food production processes. On top of our internal ERP system and private cloud, Hsin Tung Yang is also the first food company to be certified for Traceable Agricultural Products (TAP) and Processed Food Traceability systems. From farming, butchery, factory production, to in-store sales, complete information is available on the production of Hsin Tung Yang's classic favorites, such as pork jerky. By making food safety visible to all, we can enhance consumers' confidence in our brand, fulfill corporate social responsibilities and accountability, thereby becoming a leader in green food production!

• Building Hsin Tung Yang's Food Traceability System



Source: Hsin Tung Yang Corporation, summarized by DIGITIMES in Sep, 2009

First food company in Taiwan to receive dual traceability system certificates

To ensure food safety and traceability and to enhance consumers' trust in our brand, beginning in 2007, Hsin Tung Yang has led the industry in collaborating with the Department of Commerce and ITRI to build "product traceability" and "processed food traceability" systems, which trace every step of food production starting from raw materials, manufacturing, processing, to logistics. The dual certification system provides sufficient product traceability information to consumers and ensures consumers' food safety.

• Benefits Achieved from Building Traceability Systems

Protecting Food Safety by Rejecting Counterfeit Products

Food movement can be precisely understood throughout the product traceability cycles, including production, sales, and inventory. In addition, it is also integrated with the POS system so that immediate sales information can be achieved, thereby eliminating any possible counterfeit or unsafe products and preventing any potential food safety incident.

Enhanced Product Quality by Optimizing Production Processes

The traceability system has led Hsin Tung Yang to reexamine sources of our raw materials, and to improve deficiencies found during processing and sales processes. It also simplifies the quality management over raw material and production processes, therefore ensuring food safety and consumers' rights.

Coordinating Industry Chain to Build a Transparent Food Value Chain

By building a product traceability system, we can create a transparent and traceable food value chain. Not only can we trace relevant food information, but all stakeholders can also trace food information throughout the value chain. For instance, a producer can track product storage, processing, and retail processes, and consumers can also trace a product back to logistics, processing, or production processes.

Transparent Product Information Leads to Worry-free Purchases

Consumers can query Hsin Tung Yang's product traceability information and understand relevant production processes through the QR code system. This enhances our product transparency, allows for more worry-free purchases, and helps us to earn more trust from consumers.

Taking the Initiative to Encourage Industry-wide Food Safety Actions

Hsin Tung Yang became the first food company to introduce product traceability and processed food traceability systems, thereby setting an industry benchmark and encourages vendors throughout the supply chain and all industries to collectively promote food safety and safe consumption.

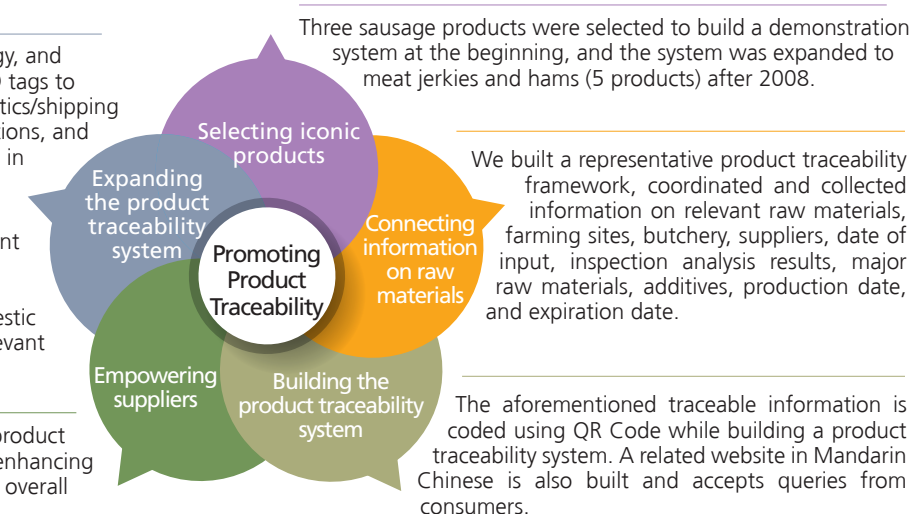
• Building a Traceable Agricultural Products (TAP) System

Beginning in 2007, Hsin Tung Yang commenced the establishment and implementation of a Traceable Agricultural Products (TAP) system, which contains the following five aspects:

We introduced ITRI's RFID technology, and utilized temperature-controlled RFID tags to document information such as logistics/shipping from company/factory to retail locations, and gradually expanded the information in our traceability system.

Additionally, we promoted the product traceability system at relevant market and social welfare activities, and provided websites in Simplified Chinese and English, allowing domestic and foreign consumers to query relevant information.

We coached key suppliers to build product traceability systems and assisted in enhancing the information transparency of the overall production processes.



• Comparison Table of Hsin Tung Yang's Traceable

Traceable Agricultural Product (TAP)	Hsin Tung Yang Black Pork Taiwanese Sausage (Sorghum Liquor), Hsin Tung Yang Black Pork Taiwanese Sausage (Garlic), Hsin Tung Yang Black Pork Taiwanese Sausage, Hsin Tung Yang Fried Pork Fiber, Ton Pineapple Cake
Cloud-based Traceability System	Hsin Tung Yang Black Pork Taiwanese Sausage (Sorghum Liquor), Hsin Tung Yang Black Pork Taiwanese Sausage (Garlic), Hsin Tung Yang Black Pork Taiwanese Sausage, Hsin Tung Yang Canton Curd Pork, Hsin Tung Yang Black Pork Smoked Ham, Hsin Tung Yang Black Pork Loin Ham

• Promoting Traceable Foods with Pig Farmers

We began to promote the TAP project for pork sausages and shredded pork in 2009. To achieve a consistent farm-to-table management, we needed to find pig farmers and pig butchers who would jointly promote our systems. These upstream suppliers needed to share our visions and to be dedicated to promoting the TAP project; besides receiving CAS certification, their raw and fresh pork materials also need to pass relevant inspections from the TAP system before these vendors could become qualified suppliers to Hsin Tung Yang's TAP-certified meat products.



• The First Traceable Pineapple Cake

Upholding our mission of "buying local and eating local," Hsin Tung Yang chose to collaborate with the pineapple production co-op at Nantou for our TAP-certified pineapple cake project in 2012. Our food professional technologists coached local small farmers including pineapple farmers and pineapple jam factories to pass the TAP inspection, and together, we were able to complete this TAP project. While enhancing product transparency and traceability, we also empowered our suppliers and promoted local agricultural development, thereby promoting partnerships dedicated to sustainable developments.

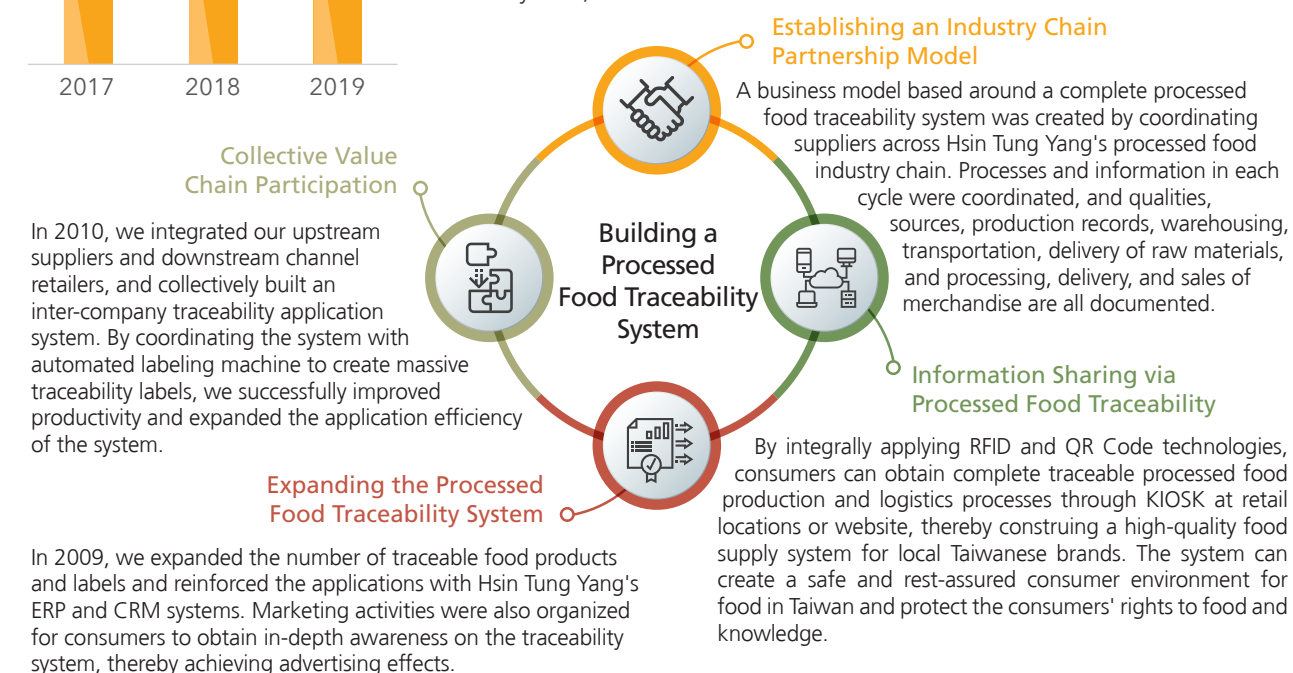
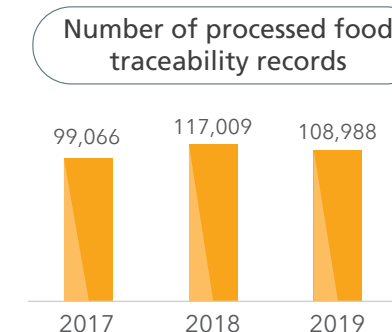


Hsin Tung Yang has 5 TAP certified products, including 3 black pork sausages, 1 shredded pork, and 1 pineapple cake. Total product values in 2019 were nearly NT\$13.657 million, and these products were estimated to have reached over 330,000 consumers. We successfully encouraged three upstream suppliers to build product traceability systems. In terms of geographical distribution and number of suppliers, we have four contracted pineapple farmers in Nantou, four livestock farmers located at Tainan, Pingtung, Yunlin, and Changhua respectively, two pork butchers at Pingtung and Taoyuan, and two pork suppliers located at Pingtung and Taipei. The validity of each TAP certificate is for three years. The Council of Agriculture has commissioned Food Safety Institute International to carry out the external TAP audit inspection, and the scope of the rigorous audit covers production grounds, drug-use safety, as well as environmental sustainability and the health and sanitation of packaging grounds.

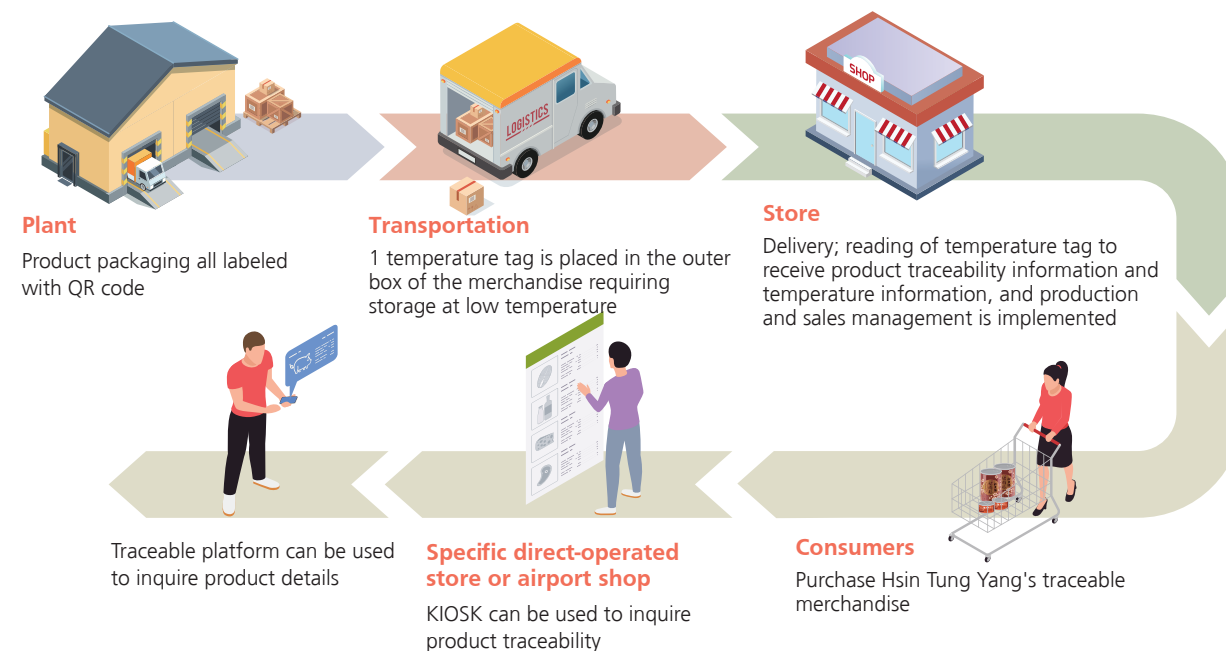
• Building a Processed Food Traceability System

Hsin Tung Yang joined the "processed food traceability" program, which was a part of the u-Taiwan program from the government, and aimed to coordinate food manufacturers, logistics industry, and retail industry to build a processed food traceability system. The system was designed to strengthen the transparency of business processes involved in processed foods from production output to end-user (consumer), in order to build a safer food consumption environment. The process of building this system had four major aspects:

Processed Food Traceability system continues to track food records through using QR code labeling in recent years, and in 2019, the cumulative processed food traceable records have cumulatively reached nearly 109,000.



Hsin Tung Yang's Processed Food Traceability System Operations



Internal Management of Product Traceability: ERP Information System

Internally, we require all records along each stage of production process, from raw material management, product inspection, packaging labels, to finished product inventory, to be retained, and manage these records in line with "Product Identification and Traceability Management Procedures".

To compile and coordinate the product information, Hsin Tung Yang's Dayuan Plant has implemented the enterprise resource planning (ERP) system as the systematic basis of product traceability. Computerized procedures allow us to separately identify, label, and record product input, production, packaging, and output delivery processes, as well as to retain such information in a cloud-based server to further connect with the rest of the industry chain. This allows us to rapidly trace information on our foods' raw material suppliers and to track the downstream retail channels; furthermore, it also allows us to efficiently track product movement in case of problems with raw materials. In 2019, as many as 715 of Hsin Tung Yang's products are tracked and monitored via the ERP system, accounting for 100% of all products at Dayuan Plant.

By practicing "simulation product recalls" in each year to attest that we can trace to upstream raw materials as well as downstream finished goods, the effectiveness of the product traceability system has been confirmed. In addition, when a customer conducts an unscheduled audit at our plant, we can also accomplish the traceability of designated products within 2 hours, which verifies the validity of the system.

Founded on the the aforementioned system, Hsin Tung Yang has connected with the government's public cloud, and the Food Business Registration from the Taiwan Food and Drug Administration. We have also received the Traceable Agricultural Product certification from the Council of Agriculture and developed our private cloud-based traceability system.

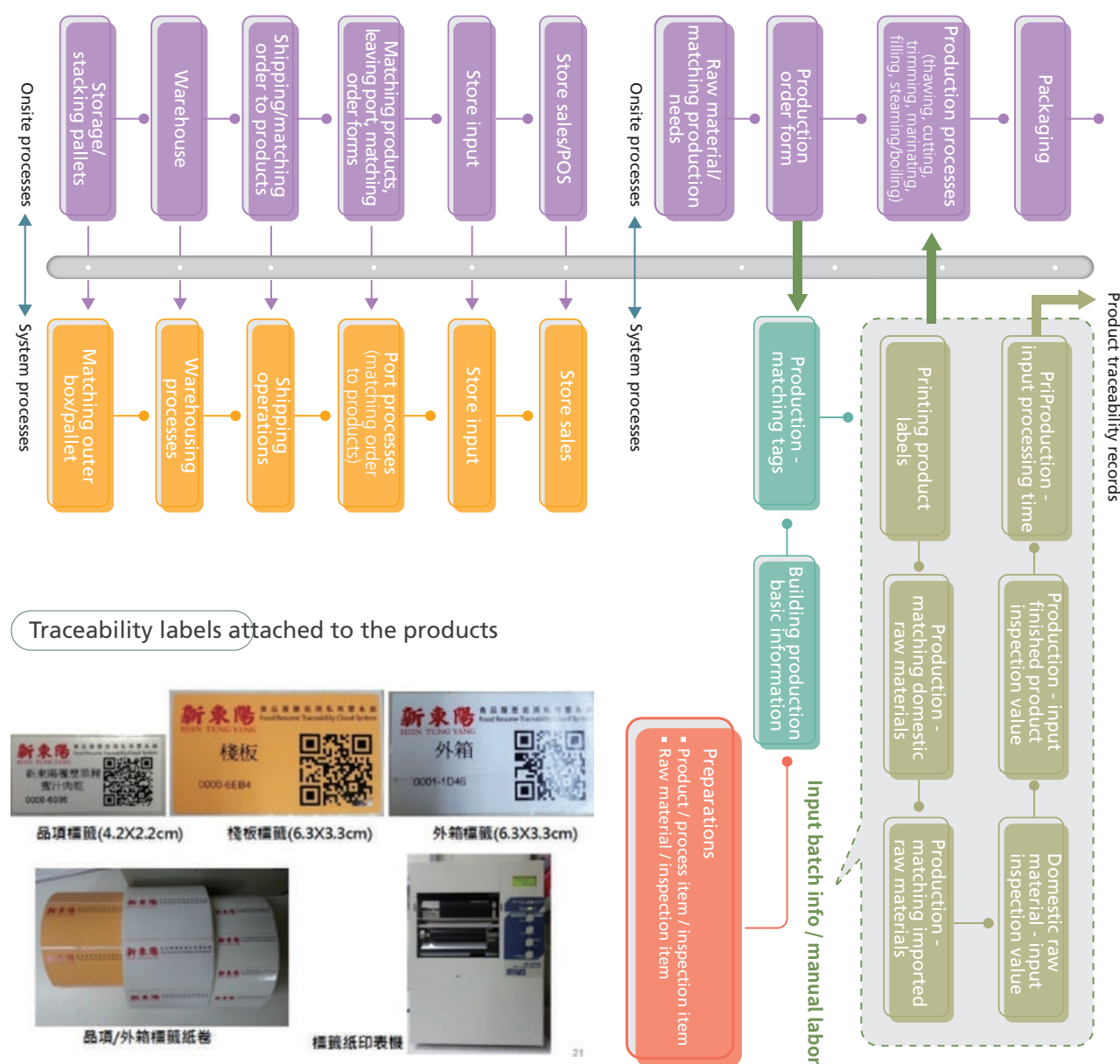
Linking with Government Cloud via Food Business Registration

Hsin Tung Yang has completed the registration for the compulsory Food Business Registration, which includes building a database of basic information, business scope, and factory information and more. Moreover, Hsin Tung Yang has also uploaded the traceable information for all merchandise produced in-house at Dayuan Plant, including meat jerkies, low-temperature meat products, snacks, grilled foods, shredded meat, and canned foods, to the government's food traceability management information system. The system requires the input of basic company information, monthly traceability information (input, production batches, output, and product movement), and by linking with the system, the government's goal for digitized traceability management could be achieved. In 2019, Hsin Tung Yang's Dayuan Plant uploaded 2,255 tons of production volume to the government's food traceability management information system, which accounts for 70% of all production volume at Dayuan Plant.

Building a Private Cloud-based Traceability System

In line with the Industrial Technology Development Program (ITDP), a technological R&D project from the Ministry of Economic Affairs in 2013, we have implemented the "Hsin Tung Yang Food Traceability Private Cloud-Building Demonstration Project" to further enhance and promote the digitization of food traceability management system. Through system automation and data interface such as the "Food Safety Traceability Platform", we can automate internal traceability control, and reduce the labor and other costs related to relaying data to the public cloud. Hsin Tung Yang promoted creative developments for 10 of our industry partners through this project, and we integrated the farm and production ends to gradually build a comprehensive traceability system.

Traceability Management Applications - System vs Onsite Process 2/2



Traceability labels attached to the products

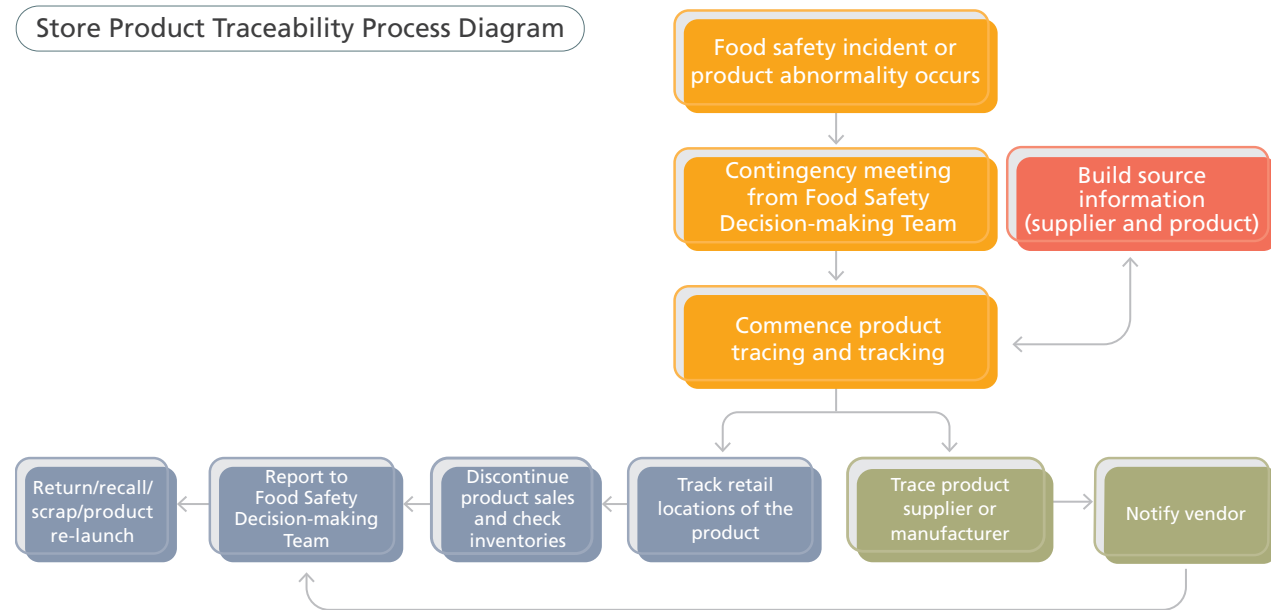


In-store Food Traceability

Hsin Tung Yang implements traceability management for gift boxes, meat jerkies, and low-temperature products sold at stores. Pursuant to the internally enacted "Product Traceability SOP" from the Channel Division, when a merchandise arrives at store, its name, specifications, quantity, and expiration date is confirmed and traceability information would be recorded in the system, allowing for traceability of product information and product movement. In line with the aforementioned SOP, all food products delivered from Hsin Tung Yang's Dayuan Plant to retail locations can be traced. By recording identifiable information in the system when each batch of product arrives at stores, we can efficiently trace product information and track for its movement should a food safety incident occur. This will facilitate us to rapidly complete discontinuation and other related processes to protect the safety of consumers.



Store Product Traceability Process Diagram



• "Chen Hao Shih Hakka Restaurant" - First 3-Star Traceable Restaurant at Taoyuan International Airport

Upholding the down-to-earth Hakka philosophy, Hakka Restaurant uses traceable, seasonal ingredients from small farmers, and infuses traditional Hakka flavors with modern creativity. On top of various classic dishes, Hakka dishes that best meet modern dietary awareness are also served. International passengers at Taoyuan International Airport, and road users of the freeways, can all enjoy the most authentic and the safest Hakka taste at our restaurant.

Taoyuan International Airport store - 4 traceable ingredients and 9 traceable dishes (received 2-star designation in 2018, and the highest honor of 3-star designation was received in 2019)

- ◆ Traceable eggs: Radish Omelette; Radish Omelette Fried Rice; Red Yeast Fermented Dried Plum and Grilled Beef Burger; Pork Chop Burger with Pumpkin Sauce
- ◆ Traceable beef: Taiwan-styled Fried Flat Noodles with Beef; Taiwan-styled Fried Flat Noodles with Assorted Beef
- ◆ Traceable Black Pork Taiwanese Sausage (Sorghum Liquor): Fried Rice with Sausages
- ◆ Traceable white shrimp: Fried Shrimp Balls in Orange Sauce
- ◆ Traceable Milk Fish Radish Cake

Guanxi Service Area store: 3 traceable ingredients and 6 traceable dishes (received 2-star designation for 2018 and 2019)

- ◆ Traceable beef: Stir-fried Beef with Basil; Beef Onion Stir Fry; Beef Brisket with Tomato
- ◆ Traceable eggs: Radish Omelette; Salted Pork Fried Rice
- ◆ Traceable Milk Fish Radish Cake

Chef Sheng-Ming Yang created the "Fresh Grouper Marinated in Mustard Meal"

- ◆ The only highway service area in Taiwan to be invited to participate in "Central Japan Service Area Cooking Contest"
- ◆ Received "Food Culture Special Award" from Central Nippon Exis Company
- ◆ Special report and recommendation from renowned Japanese cooking magazine, "Cuisine Kingdom"

Traceable Restaurant: Taoyuan International Airport Store



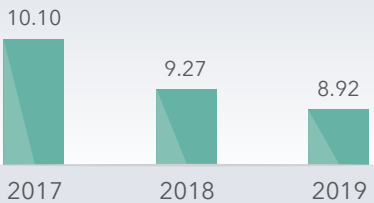
Traceable Restaurant: Guanxi Service Area Store



4 Environmental Sustainability

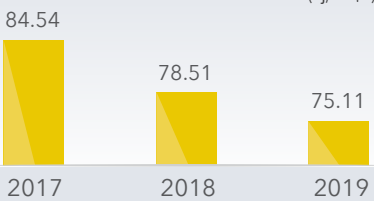
GHG emissions intensity

(ton CO2e/NT\$1 million)



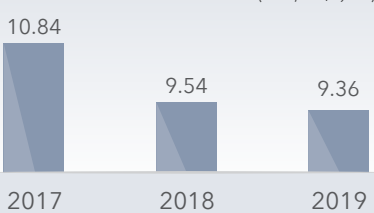
Energy use intensity (EUI)

(kj/NT\$1)



Power use intensity (PUI)

(kWh/NT\$1,000)



First company to receive Green Factory designation



Reduced total greenhouse gas emissions by 8%

No. 3 in Energy Conservation Award



Reduced 6,756 kg of meat from going to waste



Conserved 12,015 tons of water

- First food company in Taiwan to receive Green Factory designation
- Carbon reduction: we have reduced GHG emission density year-by-year; having set 2016 as the base year, the Scope 1 GHG reductions in 2019 have reached 40.1% and overall emissions reductions by 8%, while carbon density has been reduced by 17.1%
- Energy conservation: we have reduced energy intensity and energy use intensity (EUI) year-by-year; cumulative energy savings in Dayuan Plant from 2016 to 2019 have reached 1.238 million kWh
- Power conservation: our airport channels received No. 3 in power and energy conservation and carbon reductions award from Taoyuan International Airport in 2019
- Renewable energies: Dayuan Plant has cumulatively generated 680,000 kWh of power and Qingshui service area's annual generation is 25,696 kWh
- Water conservation: by recycling and reusing cooling water, we have saved 12,015 tons of water consumption/year
- Circular economy: we have promoted recycling and reusing food ingredients and hardware/materials and have cumulatively reused 3,000 wooden pallets and reduced 6,756 kg of meat from being wasted

Hsin Tung Yang's Environmental Management Strategies



The food and retail industries are strongly influenced by environmental and climate change, and in order to respond to multiple potential environmental challenges including fluctuations in raw material prices and volumes, unstable water supplies, and increased energy costs, Hsin Tung Yang has established and implemented green transformation strategies, and we are gradually establishing a greenhouse gases (GHG), energy, water resources, and waste management system and measures from Dayuan Plant, headquarters, to our channels. In addition, we have also been planning and promoting creative circular economy actions in our value chain. Hsin Tung Yang received the Green Building Label in 2017, and awarded the Clean Production certification in 2018. Furthermore, the same year, we are the first food company in Taiwan to be honored with the Green Factory certification. Looking forward, we will plan to gradually implement related management framework including carbon footprint and water footprint, and continue to advance in our energy conservation and carbon reduction actions, as well as collaborate with value chain partners to research and develop creative circular economy models in the hopes of becoming the leader in sustainable foods.

Management aspect	Operating unit	Management strategy and objective	Action plan and measures	2019 results/performance
GHG Management	Dayuan Plant	Setting 2016 emissions as the base year, we plan to reduce 50% of GHG emissions before 2030	Carry out GHG inventories and promote annual energy conservation and carbon reduction plan	Reduced GHG emissions by 8% in 2019 compared with 2016 data
	Airport channels	Join airport energy conservation and carbon reduction initiative	Participate in joint carbon reduction plan at Taoyuan and Kaohsiung International Airports and practice voluntary carbon reduction	Received No. 3 from power and energy conservation and carbon reductions award from Taoyuan International Airport in 2019
Energy Management	Dayuan Plant	Conserve 1% of power in each year beginning in 2015	Implement energy inventories and establish action plan and to promote renewable energies	Reduced power consumption by 8.5% in 2019 compared with 2016 data Generated approximately 330,000 kWh of solar power in 2019
	Airport channels	Join airport energy conservation and carbon reduction initiative	Join green lighting initiative at the airport and to promote energy conservation and carbon reduction	Replaced existing lights with LED lighting at Taoyuan Airport store in 2019, thereby saving 11,826 kWh of power
	Highway service area	Plan relevant measures in line with the unique features set up at each service area	Air conditioner and lighting control, venue heat source management and promotion of renewable energies	In 2019, Qingshui service area generated over 8,000 kWh of solar power
	Headquarters building	Enhance employees' awareness for energy conservation	Promote power conservation	Headquarters used approximately 23,461 kWh of power in 2019, showing a 3% decrease from 2017
Water resources management	Dayuan Plant	Reduce water consumption by 1% in each year	Digitize data on water use management, circular use of cooling water	Water consumption in 2019 was 93,242 tons, showing a 17% reduction from 2017
	Headquarters building	Enhance employees' awareness for water conservation	Promote water conservation	Water consumption in 2019 was 3,684 tons, showing a 3% reduction from 2017
Waste management	Dayuan Plant	Reduce waste by 1% in each year Recycle 80% of waste	Extend useful life of objects, reduce scraps and in-crease recycling rate	Recycling rate was approximately 71.2% in 2019
	Headquarters building	Enhance employees' awareness for recycling and reuse	Promote recycling	Recycling rate was approximately 24% in 2019

4.1 Green Factory Promotions



Hsin Tung Yang has always held true to a spirit of continuous improvement. We have actively promoted green production measures, including energy and water conservation, waste reduction, and pollution prevention as well as clean production improvements including implementing green production processes since our Dayuan Plant was built in 1988.

Stage	Action Plan/Measures	
	Green Production Goal	
Plant construction and ad-justments (1987 to 1992)	Environmental self-management at standards more rigorous than the minimum legal requirements.	- Implemented the NIJHUIS wastewater treatment system from the Netherlands - Building and air conditioner energy conservation: installed PU insulation panels at air conditioned processing areas and set up ice storage centralized air conditioning system - Coordinated management over power equipment and installed public power system and central control room for the entire plant - Implemented energy and resource self-management; established, statistics and analysis of energy management charts
Production cycle (1993-2016)	- Promote clean production, source reduction and recycling and reuse - Promote energy conservation and improvements - Solve air pollution problems	- Promoted green processes compliant with the concept of green production, making processes more reasonable, energy-saving and more automated - Properly managed commercial waste - Implemented energy inventories system and formulated an Energy Inventories Team - Stopped using heavy oils to heat boilers and opted for external purchase of steam gas
Pursuing Green Factory certification (2017-2018)	- Receive certifications for Clean Production, Green Building, and Green Factory in Taiwan, becoming a benchmark in green production and management - Promote greenhouse gas management and to be aligned with the government's green energy policy	- Promoted and received Green Building certification; improved air conditioning and lighting systems - Promoted and received Clean Production verification and certification - First food company in Taiwan to receive Green Factory designation - Promoted and received ISO 14064-1 Greenhouse Gas Inventory Standard - Installed 283.2kW renewable energy (solar power) generation system, and annual green power generation can reach 350,000 kWh
Green Management System Implementation (2018 to 2019)	- Establish and receive third-party assurance for energy management system - Establish and receive third-party assurance for environmental management system	- Promoted and received certification for ISO 50001 Energy Management System - Promoted and received certification for ISO 14001 Environmental Management System
Green Growth (Short, mid and long-term goals) (2020 to 2025)	- Become aligned with international green product trends - Digitize information on energy management - Information disclosure on sustainability and fulfill corporate social responsibilities	- Promote product carbon footprint and water footprint - Establish energy management system (EMS) and promote manufacturing execution system (MES) along with IT department - Promote disclosures in Corporate Social Responsibility Report

First Food Company in Taiwan to Receive Green Factory Designation

To stay on top of international environmental protection trends and to lead the food industry toward green production and sustainable management, Hsin Tung Yang began related promotions to achieve the Green Factory certification in 2016. No detail was spared from hardware equipment to software processes, and all staff worked diligently to achieve the dual inspections for the Ministry of Interior's "Green Building" label for factory building and the "Clean Production" evaluation system for production processes. Finally, we were awarded the "Green Factory" certification in 2018 by the Industrial Development Bureau, MOEA, thereby becoming the first food company in Taiwan to receive this honor.

Taiwan Green Building Label

Air conditioning improvements

Lighting system improvements

Clean Production assessment

Sustainable energy management

Sustainable water management

Green production

Pollutant management

Environmental-friendly product design

Sustainable supply chain and green procurement

First Green Factory certified food company

Environmental Protection

Green Building

Energy conservation, waste reduction & going green

Clean Production

Automated production and disinfection

Renewable Energy

Installed solar power generation panels

Recycling and Reuse

Recycling sludge from food processing

QR code: 節能好味道！新東陽獲節能標竿銀獎

Energy-saving Reform of Existing Buildings

Why can't old factory plants go green? Though we hold a long history, Hsin Tung Yang continues to pursue modern environmental protection awareness, and air conditioning and lighting system improvements were planned for the production facilities at Dayuan Plant in line with "Green Building Assessment Handbook - Reforming Older Buildings" from the Ministry of Interior. The improvements led to a carbon reduction benefit of 15.08%, and we received the Bronze-level Green Building Label from the Ministry of Interior in December 2017.

System	Measure	Energy conserva-tion (kwh/year)	Carbon reduction (ton CO ₂ /year)
Air condi-tioning	Installed inverter control at existing pumps	210,376	111.9
Lighting system	Replaced high-energy consum-ing lights with energy-efficient lights	622,009	330.9
Total		832,385	442.8

68

69



Implementing Clean Production

In terms of environmental impacts from production and operating processes, Hsin Tung Yang continues to implement improvements based on the six Clean Production aspects, which not only covers energy and resource conservation, green processes, pollutant management and end-of-pipe treatment technologies, but also includes eco-friendly design, green management, social responsibilities, and other clean production philosophies. After various qualitative and quantitative evaluations, Hsin Tung Yang achieved the "Compliance with Clean Production Evaluation System" certification from the Industrial Development Bureau, MOEA in January 2018.

Sustainable energy management

- Implement energy inventories and established an Energy Inventories Team to actively promote energy conservation and improvements.
- Replaced worn energy-consuming equipment to increase energy efficiency.
- Installed renewable energy (solar power) generation system. Implemented ISO 5001 Energy Management, ISO 14064-1 Greenhouse Gas Inventories, and ISO 14001 Environmental Management systems.

Pollutant management

- Various waste types are all properly treated based on principles of source management, reducing process waste and end-point control.
- Increased ratio of waste recycling, building a tracking mechanism for waste clearance and reuse.
- Implemented wastewater and sludge treatment and strengthened hazardous substance management system to properly treat hazardous substances.

Sustainable water management

- Proposed water resource management programs and promoted diverse water-saving measures by using consumption reduction, recycling, and reuse strategies.
- Conducted thorough water resource inventories and established a water use chart and water balance chart.
- Installed digital water grid to clearly understand the water consumption at each primary water pipe.

Environment al-friendly product design

- Based on the concept of product life cycle, we used environmentally-friendly product design concept to avoid over-packaging.
- Environmental awareness is included in the design phase of a product's life cycle to reduce environmental impacts throughout its life cycle.

Green production

- Optimized production processes and management measures to enhance productivity in food processing and production.
- Implemented Clean Production technologies and methods to maximize the effectiveness of resource consumption and to minimize negative environmental impacts.

Sustainable Supply Chain and Green Procurement

- We have established a sustainable supply chain management system and included environmental sustainability into the supplier screening mechanism. In addition, we also confirm that materials selection of products are environmentally-friendly to reduce the harm to the environment or to human bodies.
- Promoted Green Procurement, and purchases are predominantly products with Green Mark, Energy Label, FSC, RSPO seal, and Green Building Label.

Green Factory Visits and Interactions

Our enriched Green Factory designation and performance have set benchmarks for governmental and school visits, thereby creating external benefits. From 2017 to 2019, we have received visiting groups from the Industrial Development Bureau, MOEA; the Department of Economic Development, Taoyuan, and Importers and Exporters Association of Taipei. In addition, we have also received 573 visiting students and faculty from 19 related food and fowl and livestock health care departments from domestic and overseas colleges and universities, and were invited to attend seminars and forums organized by the Bureau of Energy, MOEA; Industrial Development Bureau, MOEA; and to share our experiences with energy and water conservation and renewable energy promotions throughout Taiwan. Cumulatively, we have influenced approximately 560 persons spanning food, dining and beverage, biotechnology, chemical engineering, technology, spinning and textile, paper-making, and rubber industries.

Hsin Tung Yang 2018 Silver Awards of Energy Saving Leadership Award



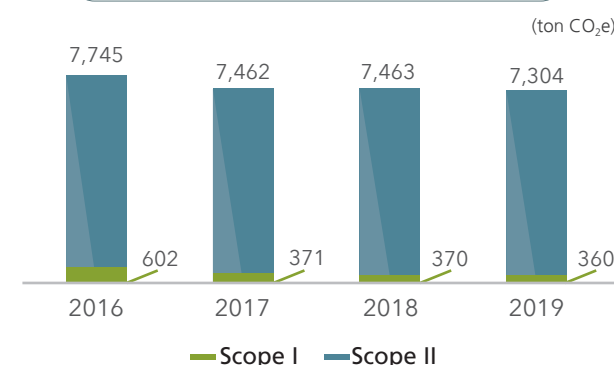
4.2 Greenhouse Gas Management

GHG Emissions Overview

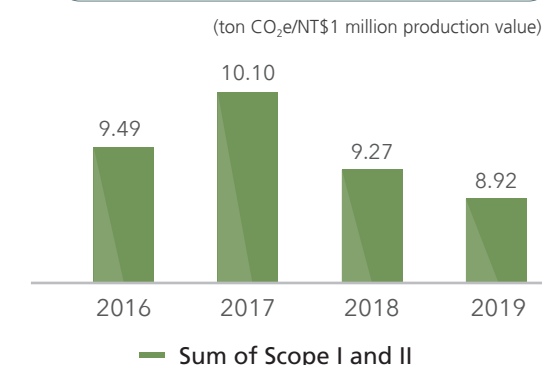
Hsin Tung Yang's total carbon emissions in 2019 were 7,676.5 ton CO₂e. This includes GHG emissions from power consumption at Dayuan Plant and the headquarters building. In terms of Dayuan Plant, most of its GHG emissions were carbon dioxide (CO₂), methane (CH₄) and perfluorinated chemicals (PFCs). Scope I direct emissions in 2019 were 360 tons of CO₂e and most of which was generated from liquefied petroleum gas (LPG), accounting for 55% and followed by diesel at approximately 19%. The rest of which were fugitive emissions from sources including coolant from air conditioners. Scope II indirect emissions were approximately 7,304 tons CO₂e, in which power utilization from production processes accounted for 55.5% of all emissions and the rest of which was from externally procured steam, at around 37.3%. Compared with 2016, carbon emissions at Dayuan Plant have been reduced by 8% in 2019. Additionally, in terms of emission intensity, the 2019 GHG emission intensity at Dayuan Plant was 8.92 (tons CO₂e/NT\$1 million), which indicated a 6% decrease from that of 2016.

(Note: 2019 GHG emissions data have not been verified by a third-party agent, and the data from headquarters are only calculated based on electricity bills)

Scope I and Scope II GHG Emissions



Scope I and Scope II Carbon Intensity



2019 Total GHG Emissions

	CO ₂	CH ₄	PFCs	Total (ton CO ₂ e)
Scope I	356.849	2.881	0.36	360.09
Scope II	7238.043	58.43	7.304	7303.777

Management Measures

Formulating a GHG Inventories Team

Hsin Tung Yang began conducting greenhouse gas (GHG) inventories in 2017, and a GHG Inventories Team was established for this means. Inventories on all greenhouse gases generated within the boundaries of Dayuan Plant's operations were taken based on ISO 14064-1 standards, and 2016 was set as a base year. We complete total inventories of Dayuan Plant's emissions before July in each year based on the GHG management procedures stipulated in ISO 14064-1 standard and our own operating procedures enacted based on internal assurance protocols. In the future, our headquarters building will also be included in the GHG inventories. In addition, since power consumption accounted for 55.5% of all emission sources, we have implemented annual energy-saving and carbon reduction programs in line with ISO 50001.

• Participating in Joint Carbon Reduction Plan from Taoyuan and Kaohsiung International Airports

Hsin Tung Yang's stores at Taoyuan and Kaohsiung International Airport have voluntarily joined "Taoyuan International Airport Joint Carbon Reduction Plan" and "Kaohsiung International Airport Joint Carbon Reduction Plan" in 2018 and 2019 respectively. We have set up dedicated energy management units and management personnel, as well as annual power-saving goals and carbon reduction goals. Besides monitoring power utilization in each month, we have also opted for voluntary carbon reduction measures. On top of estimating GHG emissions through calculating externally-procured electricity and coolant, oil consumption, waste and transportation activities to/from the airports, we have also achieved outstanding energy-saving and carbon reduction results. Our power consumption from June to September 2018 was reduced by 2.3% YoY, and received No. 3 in power and energy conservation and carbon reductions award from Taoyuan International Airport in 2019.



4.3 Energy Management



Energy Use Overview

Hsin Tung Yang's energy management covers data from Dayuan Plant and the headquarters building, and most of the consumption occurs at Dayuan Plant. Most of the energy sources at Dayuan Plant come from externally-procured steam gas, procured electricity, liquefied petroleum gas (LPG) and diesel, whereby diesel (46%) is used toward steaming and drying in our production processes, electricity (43.85%) is used in air conditioning in public power and air compression equipment, while LPG (9.1%) is used in baking and heating in production processes, as well as some diesel and gas. In particular, diesel presents more pollution, and though it is currently used by some of our machines, we have already planned to phase out diesel step-by-step. Most of the energy sources at the headquarters building is externally procured electricity. Total electricity consumption in 2019 was 23,461 kWh.

Scope	Category	Type of energy	2017	2018	2019
Dayuan Plant	Non-renewable Fuels	Diesel	2018	2019	666
		Liquefied petroleum gas (LPG)	5,820	6,041	5,726
	Purchased	Electricity - non-renewable energy	30,262	29,007	28,941
		Steam	29,470	31,480	30,011
	Self-generated	Electricity	-	1,269	1,204
Headquarters	Purchased	Electricity - non-renewable energy	87	86	84
Total consumption			66,307	67,292	65,429
Total production				1,269	1,204

Unit: 1 billion joules = 10⁹ joules = GJ

Source of information for heat coefficient: Energy Statistics Handbook from the Bureau of Energy, MOEA and Ta-Yuan Cogen Co., Ltd.

Management Measures

In terms of Dayuan Plant, energy-saving goals are achieved by establishing energy management system, replacing lighting equipment and by implementing annual energy-saving processes and equipment, as well as by installing solar panels to generate energies. For our channels, we have infused energy-saving and carbon reduction thinking into the architectural design of service area buildings and public space. Besides improving air conditioning and lighting, we have also targeted heat sources at external heat insulation and internal dining areas as well as established a renewable energy system, thereby promoting energy conservation on top of creating brand-new looks for the highway service areas.

- Building an energy management system**
 - Dayuan Plant:** we established an Energy Management Committee and achieved ISO 50001:2011 Energy Management System certification, as well as implemented energy inventories system, documented monitoring, and calculated energy consumption to create an electricity and heat balance chart in order to understand and analyze the energy efficiency of major energy-consuming equipment.
- Improving indoors lighting and air conditioning**
 - Dayuan Plant:** air conditioning, lighting, and pump facilities were improved.
 - Airport shops and highway service areas:** LED lighting and energy-saving light bulbs were adopted in line with natural light. Energy-saving air conditioners with higher EER value were used, and the hours of using the air conditioners were adjusted based on the size of the area and number of persons.
 - Headquarters:** we adopted energy-saving lights and LED lights and fully utilized the available natural light to reduce artificial lighting. Temperature of air conditioners is also appropriately adjusted.
- Outdoors heat insulation**
 - Highway service areas:** we reduced solar radiation heat by putting up glass heat insulation films and installing shading panels and blinds, thereby maintaining the indoor environment at a comfortable level.
- Treating heat sources at dining area**
 - Highway service areas:**
 - Food retail counters are grouped together and heat sources are properly collected through heat ventilation system. Heat is collectively discharged via ventilation fans and ventilation tubes, and external fresh air is adequately inducted to reduce air conditioning in the service area halls from escaping and impacting the cooling effect of the air conditioners.
 - Hot and prepared foods at the convenience stores are heated via electrical means whenever possible to reduce heat sources and environmental impacts.
- Installing renewable energy**
 - Dayuan Plant:** installed solar power generation system in line with the government's green energy policy.
 - Service area:** installed power generation systems including solar tracker system and wind turbines to not only generate power in an environmentally-friendly manner, but also allows road users to get to know renewable energies.
- Advocating for energy conservation**
 - Airport shops and highway service areas:** we advocated energy conservation to all retail counters and employees, and put up slogans for energy conservation.
 - Headquarters:** promoted energy conservation and turning off lights at sparsely used/vacant areas.

Effectiveness of Energy Conservation

Clean Production Energy-saving Measures at Dayuan Plant

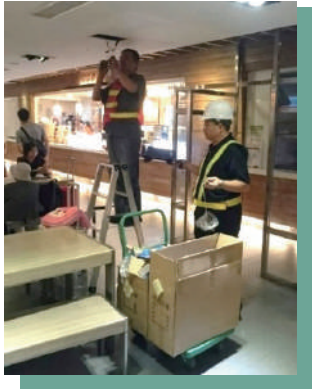
For the past four years, Dayuan Plant has achieved significant clean production results through promoting energy-saving improvement measures. Consumption of major energy sources did not increase with enhanced productivity, but rather, a year-by-year reduction trend has been achieved. To achieve our 1% annual energy conservation goal, annual energy conservation action plans are proposed and progress of implementation is also reported at the energy management review conference in each year. Key targets have included buildings (replacing lights, cooling tower), processes (air conditioning, cooling water pump, evaporative condenser, air compressor, steam cookers and meat floss fryers).

Year	Major energy-saving measure	Energy savings (year)
2016	Replacing mercury lamps at the warehouse and street lamps throughout the plant with energy-saving metal halide lamps	Saved 79,650 kWh
	Installed pressure control device at cooling tower	Saved 95,935 kWh
2017	Installed energy-saving inverters at cooling water pump and brine pump	Saved 123,120 kWh
	Installed descaler cleaning kits at the three evaporative condensers for air conditioners	Saved 454,206 kWh
2018	Installed descaler devices at the three evaporative condensers at the roof	Saved 338,160 kWh
	Opted to use energy-saving lights	Saved 5,788 kWh
	Used energy-saving lights at inventory warehouses	Saved 5,299 kWh
2019	Replaced 1 Hitachi air compressor with inverter air compressor	Saved 122,400 kWh
	Replaced 89 T8 light bulbs with LED lights in basement	Saved 14,098 kWh
	Updated steam cookers and installed additional gauge	Saved 377.76 tons of steam
	Replaced traditional burners with ceramic burners at the meat floss fryers	Saved 23,535 kg of LPG

Energy-saving Measures at Taoyuan International Airport Channel

In line with the energy-saving and carbon reductions program at Taoyuan International Airport, our Taoyuan airport channel has drawn up substantive annual energy-saving program which conserved 100,685 kWh/year and reduced 53.2 tons of CO₂e.

Year	Program	Results
2018	Replaced LED lights	Energy-saving: 27.594 kWh/year Carbon reductions: 14.6 ton CO ₂ e
	Adjusted operating hours of small fans	Energy-saving: 61,265 kWh/year Carbon reductions: 32.4 ton CO ₂ e
2019	Replaced 300 lights at public seating area with ener-gy-saving LED lights	Energy-saving: 11,826 kWh Carbon reductions: 6.2 ton CO ₂ e/year



External Heat Insulation at Highway Service Areas

External heat insulation was achieved at our highway service areas through comprehensive green building planning: we reduced solar radiation heat by putting up glass heat insulation films and installing shading panels and blinds. In addition, heat dissipation equipment including heat exchanger and ventilation fans were installed at the ventilation windows at the seating areas under the persimmon scaffold to facilitate air exchange and heat dissipation, thereby maintaining the indoor environment at a comfortable level.

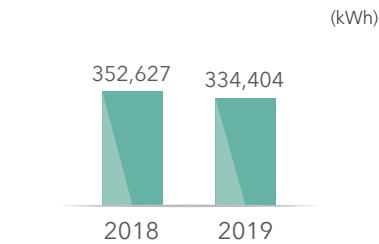


A wall of green was planned for the front hall of the service area since plants could facilitate in reducing the heat energy from sun exposure. In addition, a wooden grille was set up to provide shading against direct sunlight and also to reduce heat radiation from the outdoors.

Implementation of Renewable Energies

The capacity of the solar panels installed at Dayuan Plant is approximately 283.2 kWh. Most of the energy generated is sold back to Taipower Company, and the cumulative power generation from 2018 to 2019 was over 680,000 kWh. Among our highway service areas, a sunflower design and solar panels have been erected at the large rooftop of the southern toilets at Qingshui service area so that the multi-functional toilets are used for power generation, environmental protection, and a sightseeing destination. The power generated is used internally indoors, and the power generation in 2019 had been 8,276 kWh. Additionally, newly-erected solar panels at Guanxi service area had also begun operations at the end of 2019, and the power generated thereby is supplied to the indoor retail area at the parking area for buses. Hsin Tung Yang continues to build a more environmentally sustainable business model through developing and using renewable energies.

Sales of self-generated power



Qingshui service area



Dayuan Plant solar panels / Dayuan Plant power generation



Guanxi service area

4.4 Water Resources Management



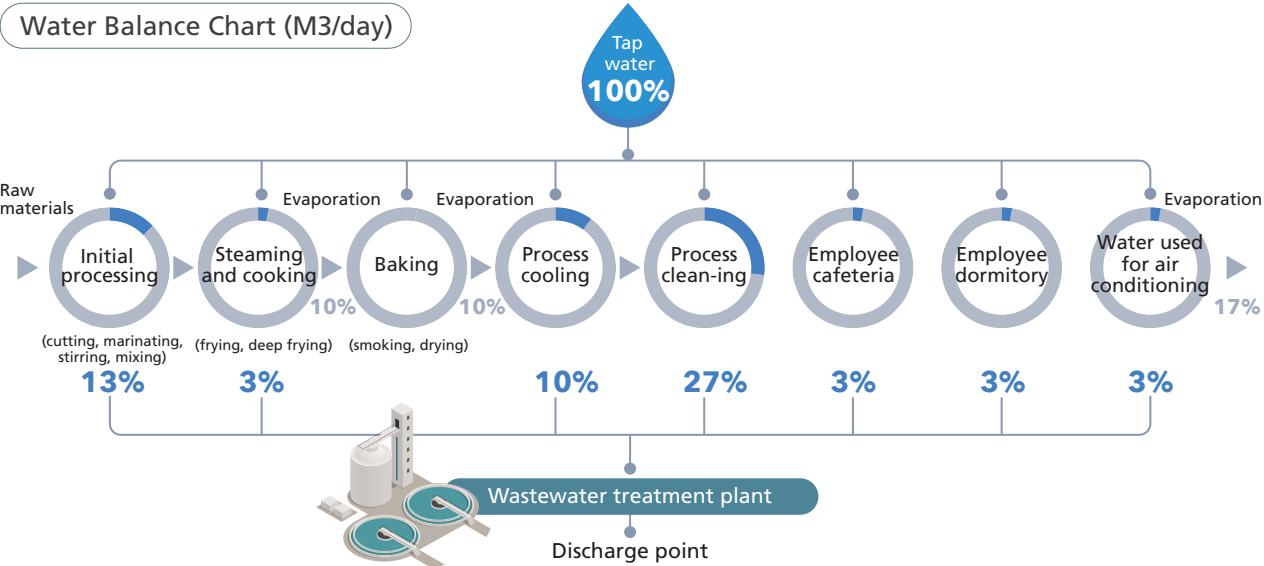
Water Resources Overview

Hsin Tung Yang's water consumption management encompasses data from Dayuan Plant and the headquarters building. All water consumed comes from tap water, and Dayuan Plant's water use accounts for approximately 96% of all Hsin Tung Yang's water use.

(Unit: tons)

Scope	Item	2017	2018	2019
Dayuan Plant	Water consumption (tap water)	96,863	163,989	80,159
	Water consumption (recycled water)	-	14,573	13,083
	Wastewater treat-ment volume	77,372	90,467	52,727
Headquar-ters	Water consumption (tap water)	3802	3762	3,684
Total	Total water use	100,665	182,324	96,926

(Note: water consumption in 2018 had increased due to water leakage from two concealed pipes)



Upholding our principle for "water conservation and effective water use," Hsin Tung Yang has proposed water resource management programs through setting three strategies, namely, reducing water use, recycling, and reuse.

1. Water intake: average daily water use during production was approximately 300 tons.
2. Water use: our process water is tap water treated with precision filter and activated carbon filter, and is used during production and processing. The water is classified as generic water consumption, or tap water directly supplied to dormitory, and fire prevention consumption, and soft water, which is tap water softened with ion-exchange resin and used as cooling water for air conditioners.
3. Discharge: wastewater mostly comes from the process cleaning water in the plant and domestic wastewater. It is organic and all of which flows through the wastewater pipes within the plant to the wastewater treatment plant at Dayuan industrial area.
4. Storage: to maintain the real-time water loading during production and external water outage or limitations, a storage reservoir and water tower have been established within the plant. Approximately 600 tons of water can be stored cumulatively, and can supply up to 2-3 days of water for the plant.

Water Resources Management Measures

- Digital management**
 - Dayuan Plant: a water consumption chart and water balance chart are established, and electronic water grids are set up at each major pipeline of the water supply system.
- Ensuring water quality**
 - Dayuan Plant: water quality detection and control is conducted three times in every week, and water storage reservoir is cleaned once every six months
- Water resource recycling and reuse**
 - Dayuan Plant: cooling water for sterilizers is recycled and reused, saving 12,015 tons of cooling water in a year
 - Highway service areas: water circulation system is adopted for ponds or aquariums, and rainwater is collected at the rooftop for watering of plants
 - Headquarters: touchless faucets and water-saving toilets are used

Effectiveness of Water Conservation

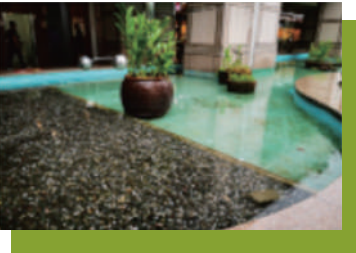
Dayuan Plant - Recycling Cooling Water of Processing Equipment

There are three aluminum can sterilizers at Dayuan Plant and each uses water heated up to 120°C for sterilization. After recycling, the sterilizers are cooled at room-temperature, which requiring 15 tons of water for cooling, which is directly discharged to wastewater treatment plant. Not only does this process consume large quantities of water, but also incurs wastewater discharge processing fee. In 2016, Dayuan Plant resolved to recycle and reuse the 15 tons of cooling water to conserve water use and to reduce waste. After implementation of this program, approximately 12,015 tons of cooling water can be conserved in each year.



Xihu service area - Installation of Water Circulation System at the Pond

The pond at Xihu service area filters impurities with three types of natural minerals, and uses nitrobacter generated through the natural ecosystem to activate the water in the pond and thereby keeps the water clear. Since minerals can extend the filtration effect, the cycle of the pond is extended from two weeks to one quarter, and helps to conserve 4,800 tons of water in each year.



Wastewater Management Measures

Wastewater from the plant mostly comes from cleaning processing waste and domestic wastewater. It is organic and approximately 300 CMD of wastewater is generated on average. All wastewater flows through the wastewater pipes within the plant to the wastewater treatment plant at Dayuan industrial area. Wastewater treatment is carried out and managed in line with Water Pollution Control Act and "Wastewater Treatment Facility SOP" and "Water Pollution Preventive Measures Program" within our plant. Dayuan Management Center audits the water quality of wastewater discharged from our plant on a monthly basis, and commissions external wastewater quality inspection in every six months in line with regulations. The average water quality inspection data from 2019 is as follows:

Item	Water quality			
	BOD ₅	COD	SS	pH
Control standard	240mg/L	480mg/L	240mg/L	5~9
Wastewater at source	336.5mg/L	704.5mg/L	220mg/L	6.25
Wastewater discharge	9.3mg/L	46.2mg/L	14.3mg/L	7.05

Wastewater facility enhancement

- Dayuan Plant: wastewater treatment system designed from NIJHUIS from the Netherlands is adopted, which integrates physical, chemical, and biological treatment
- Highway service areas: filter, oil-water separator, and oil collecting tank are installed at the kitchen drainage system to filter oil from being discharged into the wastewater system. The waste oil remains are also regularly disposed of.

Centralized treatment

- Dayuan Plant: after treatment, when the discharge has reached industrial area discharge standard, the wastewater is discharged to the Dayuan industrial area wastewater sewage, and centralized treatment is carried out by wastewater treatment firm.
- Highway service areas: after the water reaches wastewater pipelines, all of which will be discharged to wastewater treatment firm.

Regular inspection and maintenance

- Dayuan: Dayuan Management Center audits the water quality of wastewater discharged from our plant on a monthly basis, and commissions external wastewater quality inspection in every six months in line with regulations.
- Highway service areas: we regularly commission professional environmental protection company to extract the sediment of the retention tank and to perform relevant treatments including cleaning and maintenance of the oil collecting tank, the dredging of pipelines, and biodegradation and deodorization to maintain normal functions.

Reducing pollution from the source

- Highway service areas: eco-friendly detergent is used throughout to reduce deterioration of water quality and to reduce phosphorus pollution.

4.5 Waste Management



Waste Overview

Hsin Tung Yang's waste includes data from Dayuan Plant and the headquarters building; most of the waste is generated by the Dayuan Plant, and accounts for 99% of all waste.

	2017		2018		2019	
	Waste	Recycling ratio	Waste volume	Recycling ratio	Waste volume	Recycling ratio
Dayuan Plant	618.6	68.5%	662.4	75.4%	594.2	71.2%
Headquarters	4.5	23.8%	4.4	22.9%	4.4	24%
Total	623.1	68.1%	666.8	75.1%	598.6	70.8%

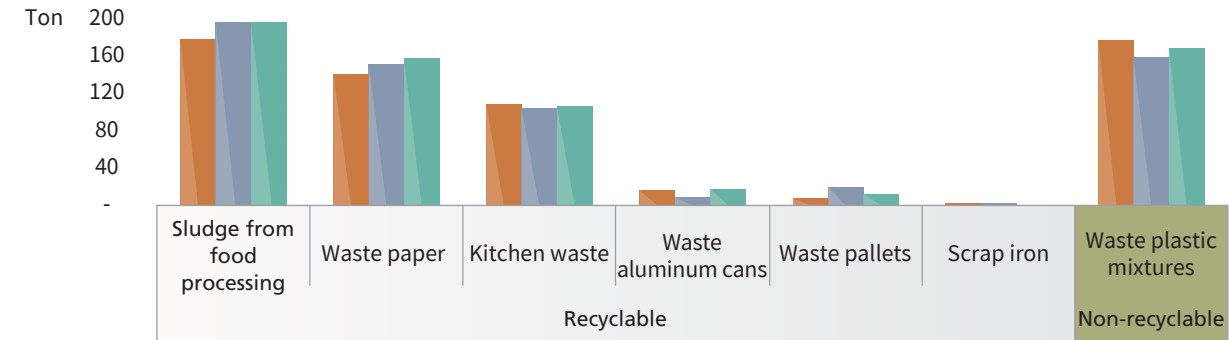
Dayuan Plant

Waste at Dayuan Plant are classified as recyclable and non-recyclable. Recyclable waste includes (ranked by weight): sludge, waste cardboard boxes, kitchen waste, waste cans, waste pallets, and waste metals, and are treated in line with vendors' recycling channels. Non-recyclable waste includes: waste products, waste materials, waste packaging and employees' domestic waste (collectively referred to as waste plastic mixtures), and are mostly incinerated. In 2019, 594 tons of waste was generated and the ratio of recycling was approximately 71.2%. Recyclable waste amounted to 423 tons, while non-recyclable waste amounted to 171 tons.

Headquarters building

The waste from Hsin Tung Yang's headquarters building was mostly generated during office works. Approximately 4.4 tons of waste was generated during 2019, in which 3.3 tons were non-recyclable (76%), and 1.1 tons (24%) were recyclable. Recyclable waste included 0.79 tons (18%) of cardboard boxes, Tetra Paks, PET bottles, and aluminum cans and 0.26 tons of plastics and acrylics (6%).

Waste Treatment Volume at Dayuan Plant over the Past Three Years



Implementa-tion Sorting

- Dayuan Plant: a dedicated area is set up for temporary storage and separate management. Washed daily and disinfected twice a month. Scrap is dismantled proactively, and the categories of sorted waste within the plant have been increased.
- Highway service areas: kitchen waste and garbage sorting are carried out in practice. Moisture in kitchen waste is dried and the waste is contained in dedicated sealed containers to prevent odors. The containers are kept in a kitchen waste storage corner at low-temperature.

Promoting waste sorting Resource conservation

- Dayuan Plant: select qualified waste disposal and final treatment company; after weighing at the plant and online announcement, the waste disposal and reuse process is tracked via GPS and online confirmation.
- Highway service areas: the waste is disposed of by qualified vendor on a daily basis.

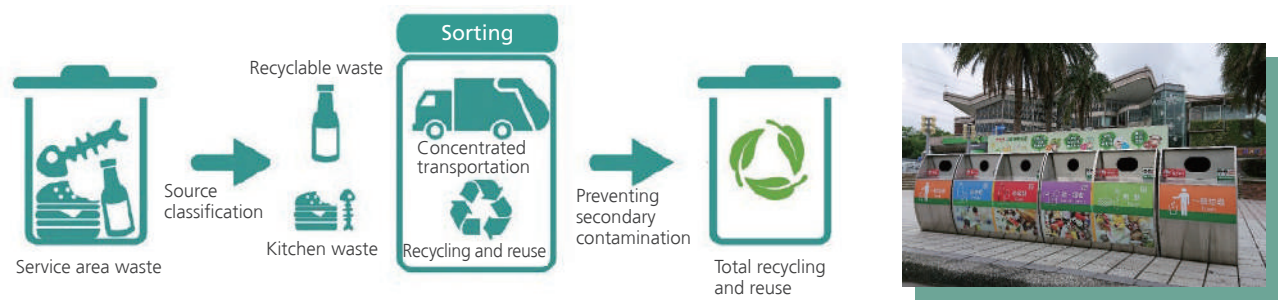
Promoting waste sorting Resource conservation

- Highway service areas: by referencing the practice at service areas in Japan, besides setting various sorting bins at appropriate, obvious locations outdoors, we also adopted garbage cans that are easy to identify, easy to clean, and difficult for people to throw domestic waste or industrial waste.
- Headquarters: we advocated for employees to make dual-sided xerox copies and to reuse paper. In addition, we also encouraged employees to use their own mugs to implement recycling and garbage sorting in practice.

Effectiveness of Waste Reduction

Hsin Tung Yang's Dayuan Plant has adopted reduction measures against food sludge and other waste, and has set a goal of increasing waste recycling ratio to 80%.

Year	Measure	Results
Food sludge reduction measures		
2017	Improved sludge de-hydrator	Decreased water content of sludge from 95% to 85%
2018	Added collecting trays for the excess water and oil clot from drum fil-ters	Fixed the water dripping issue of sludge barrels, making the sludge dryer
2019	Improved the sludge barrels by making them taller, and relocated to better positions	Improved sludge leakage and con-tainer bag contamination, by moving them with trucks
Other waste product reduction measures		
2017	Fixed broken pallets and purchased plastic and metal pallets to replace wooden ones	Reused broken pallets; fixed ap-proximately 1,000 wooden pallets in each year
2018	Dismantled scrap	Removed the outer packaging of scrap so contents may enter into the kitchen waste recycling system
2019	Increased types of waste to be recycled	On top of existing recycling measures for waste paper, metals, empty cans and barrels, we also began to recycle paper-based utensils, waste motor oil and waste solvents to reduce waste



4.6 Promoting Circular Economy



Hsin Tung Yang also practices the concept of circular economy and uses renewable materials and reuses waste. We are dedicated to reducing resource wastage from production, buildings at our channels, to various cycles of merchandise sales.

Implementation of circular economy	Implementation	Content	Schematic diagram
Factory end	1 Repair and reuse broken pallets	Wooden pallets at the factory are gradually worn from repeated use. To this means, Hsin Tung Yang began to repair wooden pallets in 2017 so they could be further reused rather than incinerated. We cumulatively repaired approximately 3,000 wooden pallets over the past three years, thereby reducing deforestation.	
Highway service area	2 Highway service area decorations and construction are founded on the principle of reuse	Large quantities of materials are often used during construction processes. Therefore, when we construct and dec-orate our service areas, we will maximize the use of recycled building materials and to simplify designs. For in-stance, green building design concept was used in Guanxi service area; we used "energy-saving bricks" made from recycled monitors by Spring Pool Glass, and old building materials that were no longer needed during renovation of the Highway service area hall were used to build the "3R - Reuse, Reduce, Recycle Diagram" as part of the outdoors land-scape. Various information regarding environmental conserva-tion is made to go along with the diagram, so that the people may understand the concept of recycling and reuse while taking a break at the Highway service area.	
Factory end	3 Reusing excess food ingredients	To reduce environmental impacts from food wastage and to optimize food use as well as to assist in caring for dis-advantaged groups, we joined in donations from "Cherish Food Taiwan" at New Taipei City in 2007, and we collect and donate the excess ingredients from meat production to the Social Welfare Department, which then allocates the ingredients to dedicated sites for food-sharing. We have cumulatively donated 6,756 kg of meat. By connecting resources from our core business to public need, we can also disseminate the beautiful concept of cherishing food.	
Channel end	4 Promotional sale of soon-to-expire products	The life cycles of food products are short. To reduce scrap from expired food, Hsin Tung Yang has set up a promotional section based on our "Soon-to-expire Products Promotional Procedures" to encourage consumers to purchase soon-to-expire products. Promotions are also available for soon-to-expire products at our stores and online shop. In addition, we also allow internal employees to purchase such items at discounted prices so that soon-to-expire products would have more chances of being reasonably used.	



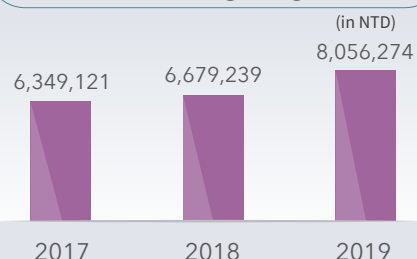
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- 5.1 Human Capital and Development
- 5.2 Employee Benefits and Healthy Workplace
- 5.3 Social Engagement

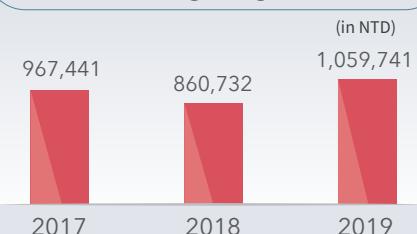
Employee Care and Social Engagement

5 Employee Care and Social Engagement

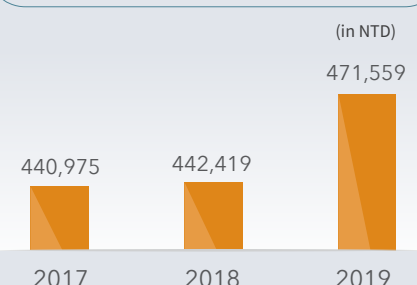
Total Social Investments from Hsin Tung Yang



Social Contributions from Mai's Hsin Tung Yang Foundation



Median of Hsin Tung Yang Employees' Pay



HTY Magic, Taiwan's largest magic competition, reaches over

10,000 persons/year

Donated over **35,000** "Spreading Love" gift sets

Dedicated to the right to education for disadvantaged students; reached **57,482** persons through social/charity activities

- Ratio of pay for females to males in 2019 across all ranks was between 0.95 to 1.21
- In 2019, Hsin Tung Yang's store managers participated in 22nd TCFA Outstanding Store Manager Award and received 1 Special Prize, 1 Outstanding Store Manager Award, and 5 Quality Store Manager Awards
- Organized annual "HTY Magic Festival," the largest magic show in Taiwan from 2010 to 2019 that reaches over 10,000 audience members in each year. Cumulatively participated by 300 contestants, approximately NT\$1.75 million has been given as rewards for winners.
- Supported local small organic farms from 2015 to 2019, the "HTY Happy Moon Festival" events purchased over 7,000 Hakka Pomelo and cumulatively raised over NT\$590,000 from charity sale
- From 2015 to 2019, we donated over 35,000 meals to disadvantaged groups including physically and mentally challenged individuals, senior citizens, and low-income families through "Spreading Love" gift sets
- Industry-academic cooperation project was initiated in 1999, cumulatively we have benefited 456 students, and a total of 88 students participated in industry-academic cooperation projects from 2017 to 2019.
- We have donated over NT\$35 million since Mai's Hsin Tung Yang Foundation was founded in 1984. We invested nearly NT\$2.9 million to education for disadvantaged groups between 2017 to 2019; the funds benefited 340 groups and reached 57,482 persons.

5.1 Human Capital and Development

The nurturing and development of human capital is a critical part of sustainable business development. Through recruitment, employment, and talent development strategies, Hsin Tung Yang enables every employee to work in a worry-free environment, to continuously realize their potentials, and to grow with the organization, thereby achieving mutual-win for both long-term employee development and sustainable business development.

Placement

Respect employees' diversity and human rights; ensure fairness and equality in talent selection and remuneration system; implement performance management system correlated with work objectives and publicly award outstanding employees.

Selection

Recruit suitable talents based on the Company's management strategies and objectives; understanding trends in labor market to strengthen promotions of Hsin Tung Yang as an employer brand and employ middle-age to senior citizens

Training

Plan educational training based on functions and departmental needs; utilize rotational system and subsidies for continuing studies to help employees discover their potentials. Refer store managers to participate in Outstanding Store Manager Competition to interact with other industries and broaden employees' horizons.

Talent Recruitment and Structure

Hsin Tung Yang's recruitment is aligned with the Company's management strategies for the year. Contemporary trends in the labor market including lower birth rate, aging population and consolidation of universities and colleges, have led to a decline in the number of available workforce. To this means, Hsin Tung Yang is striving to implement two strategies, "employer brand promotions," or to attract outstanding talents through performing well as an employer; and "recruitment of middle-aged and senior citizens," - by designing customized roles and functions, we can build a more friendly work environment. The total number of Hsin Tung Yang's employees in 2019 was 925 persons, and 66% of which were females. In 2019, we had 213 new employees, and turnover ratios for males and females were 0.18 and 0.21 respectively, which did not show a significant gender imbalance.

Employee Demographics		2017			2018			2019		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
By Type of Employment Contract	Non-fixed term contract	299	612	911	303	621	924	315	610	925
	Fixed-term contract	0	0	0	0	0	0	0	0	0
By Type of Employment	Full-time employee	225	485	710	230	496	726	244	463	707
	Part-time employee	74	127	201	73	125	198	71	147	218
	Total	299	612	911	303	621	924	315	610	925

Employee Diversity (%)		2017			2018			2019		
		Managerial	Non-managerial	All employees	Managerial	Non-managerial	All employees	Managerial	Non-managerial	All employees
Gender	Female	70%	66%	67%	71%	66%	67%	71%	64%	66%
	Male	30%	34%	33%	29%	34%	33%	29%	36%	34%
Age	Under 30	19%	40%	35%	17%	40%	34%	13%	40%	33%
	30-50	56%	42%	46%	57%	43%	46%	57%	42%	46%
	Over 50	24%	17%	19%	26%	17%	19%	31%	18%	21%
Other	People with disabilities	0.9%	1.3%	1.2%	0.9%	1.6%	1.4%	0.9%	1.9%	1.6%

Statistics on New Employees and Turnover		2017			2018			2019		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
New Em- ployees	Under 30	34	103	137	47	88	135	44	97	141
	30-50	9	38	47	16	46	62	20	42	62
	Over 50	0	4	4	2	1	3	5	5	10
	Total	43	145	188	65	135	200	69	144	213
Employee Turnover	Under 30	39	73	112	33	68	101	30	70	100
	30-50	13	47	60	22	45	67	22	50	72
	Over 50	4	7	11	3	4	7	4	8	12
	Total	56	127	183	58	117	175	56	128	184

● Performance Evaluation and Management

Performance evaluation and behavioral management are strategic, comprehensive management methods designed to bring continuous success to an enterprise through enhancing employees' work performance, individual development, and teamwork abilities. Hsin Tung Yang's performance evaluation is founded on the basis of aligning goals, knowledge, skills, work status and individual career development objectives. Our organization has identified the following aspects, "individual goals, departmental goals, business goals, and overall goals". In the future, we will plan to establish "Work Rules" and "occupational assessment," which will be designed to cover the framework for required goals, standards and competencies, thereby allowing employees to better comprehend and implement management conduct.

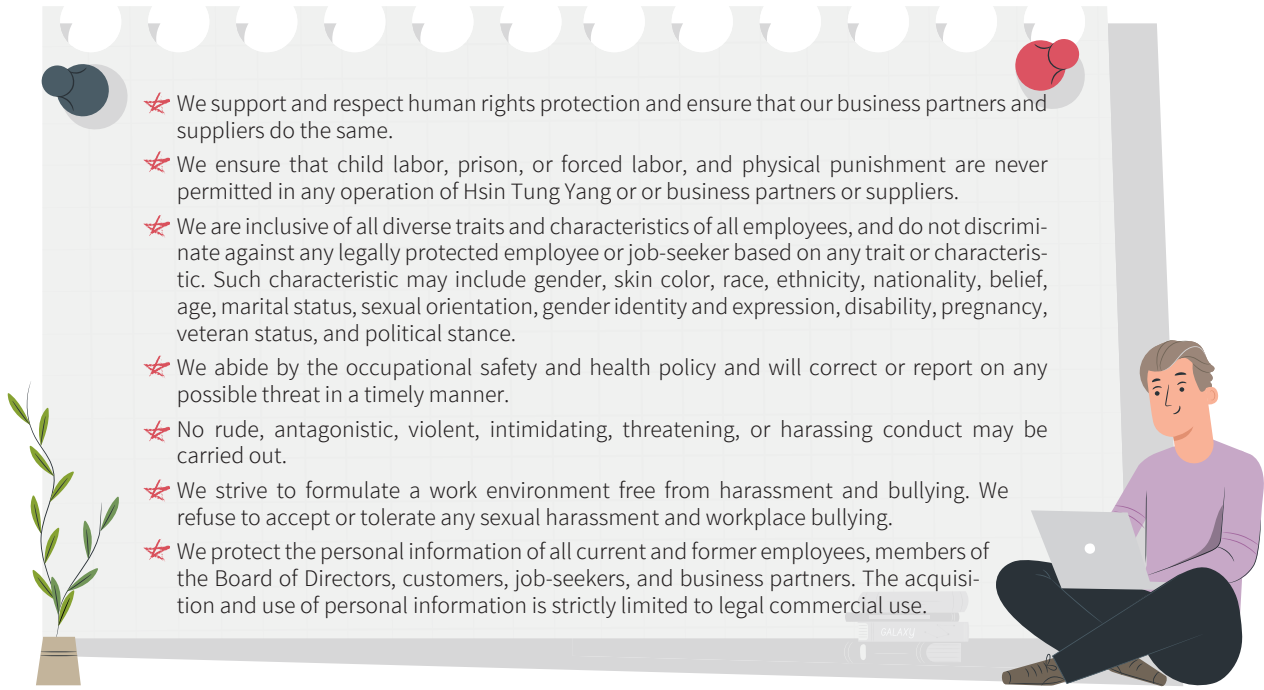
● Publicly Reward Excellent and Senior Employees

To reward high-performing employees, thereby creating positive internal competition, we provide cash bonuses or gold coins to high-performing staff who have either received TCFA Outstanding or Quality Store Manager Award, senior employees, or the Best Services Award from Taiwan Chain Stores and Franchise Association. In addition, the aforementioned high-performing employees are also publicly awarded by the by the President at the spring party in each year. Recipients of the Outstanding Store Manager Award can also receive overseas internship opportunities. In 2019, we publicly awarded 1 recipient of Outstanding Store Manager Award, 5 recipients of the Quality Store Manager Awards, and 71 senior employees.



● Employee Diversity and Human Rights

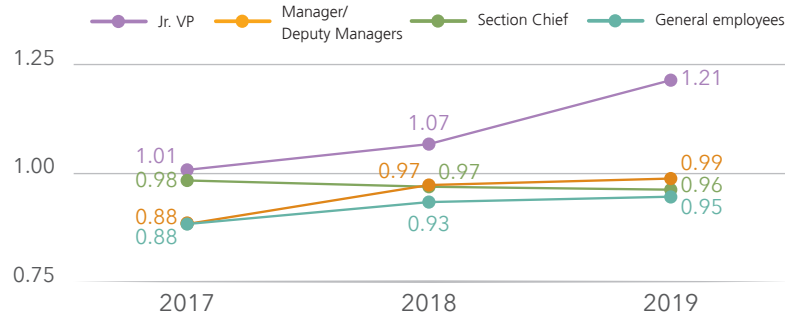
Hsin Tung Yang respects and supports the Act of Gender Equality in Employment and the Employment Service Act, and has also established the following human rights policy:



- ★ We support and respect human rights protection and ensure that our business partners and suppliers do the same.
- ★ We ensure that child labor, prison, or forced labor, and physical punishment are never permitted in any operation of Hsin Tung Yang or or business partners or suppliers.
- ★ We are inclusive of all diverse traits and characteristics of all employees, and do not discriminate against any legally protected employee or job-seeker based on any trait or characteristic. Such characteristic may include gender, skin color, race, ethnicity, nationality, belief, age, marital status, sexual orientation, gender identity and expression, disability, pregnancy, veteran status, and political stance.
- ★ We abide by the occupational safety and health policy and will correct or report on any possible threat in a timely manner.
- ★ No rude, antagonistic, violent, intimidating, threatening, or harassing conduct may be carried out.
- ★ We strive to formulate a work environment free from harassment and bullying. We refuse to accept or tolerate any sexual harassment and workplace bullying.
- ★ We protect the personal information of all current and former employees, members of the Board of Directors, customers, job-seekers, and business partners. The acquisition and use of personal information is strictly limited to legal commercial use.

We advocate for a corporate culture of gender equality in promotional opportunities. The ratio of females in our management level accounts for 71%, which is higher than the 66% of females in total employees. In terms of equal pay, the ratio of female to male compensations is gradually approaching 1, and the ratio of pay for females to males in 2019 across all ranks was between 0.95 to 1.21, which demonstrates that Hsin Tung Yang does not distinguish between genders for pay or promotional opportunities.

Female/Male Pay Ratio



Note: Currently, all VP's and above levels are all male

● Educational Training and Development

Hsin Tung Yang is committed to employees' occupational development, and has planned an educational training system based on possible challenges that each rank may face and the skills needed by each department. The training system is further classified into training for new employees, core competences, professional skills, and management functions. An annual training program is drafted for each department, and the ratio of external training hours is approximately 82%. Moreover, opportunities for internal employee and manager rotation, in which employees can rotate between functions to meet career goals or personal plans are also provided, so that employees can realize their potential at the most suitable positions as their careers progress, and to make sure that employees do not have to pause their work in response to personal or family plans. Additionally, we also encourage employees to self-study and provide incentives for continuing studies and for receiving foreign language certificates.

Hsin Tung Yang's Educational Training System

Rank	New employees	Core competences	Professional Skills	Management function	Rotation	Self-study
Senior managers and re-serve managers	Orientation training	Creativity and Innovation Integrity Customer-oriented service Quality management & Instructor training	Based on annual training program for each department	► Crisis management ► Change management ► Business Management ► Strategic planning	Personnel and supervisor rotational plan	Foreign language certification incentive program Changes to academic background of current employees
Mid-level and re-serve managers				► Leadership ► Planning skills ► Mentorship ► Problem analysis and responsiveness ► Conflict resolution		
En-try-level and re-serve managers				MTP manager training		
Regular employees				Time management Communica-tions		



Hours of Educational Training for the Past Three Years

Employee educational training		2017	2018	2019	
By rank	Managerial (store manager/deputy manager, divisional head or above)	Hours of training	958	428	711.5
		Number of partici-pants at end of year	290	282	267
		Average hours	3.30	1.52	2.70
	Non-managerial	Hours of training	156.5	341.5	160.0
		Number of partici-pants at end of year	633	656	674
		Average hours	0.25	0.52	0.24
By functional role	Operations management (store manager/deputy manager)	Hours of training	368.0	208.0	484.5
		Number of partici-pants at end of year	460	448	426
		Average hours	0.8	0.5	1.1
	Administrative management (administration/professional training)	Hours of training	746.5	561.5	387.0
		Number of partici-pants at end of year	463	490	512
		Average hours	1.61	1.15	0.76
Total hours of training		1114.5	769.5	871.5	
Total participants at end of year		911	924	925	
Average hours of training		1.21	0.82	0.93	

On top of our internal mechanisms, we also assist store supervisors from our channels to participate in external interactions and corporate visits. High-performing store supervisors are also nominated in each year to participate in the TCFA Outstanding Store Manager Awards. We are committed to training and development of channels, which are not only responsible for selling our products, but also act as the front-line in understanding customers' opinions. On top of encouraging and rewarding our hard-working store managers, the competition also helps to broaden their horizons by interacting with competitors and other industries.



• TCFA Outstanding Store Manager Awards

The Outstanding Store Manager Awards is organized by the Taiwan Chain Stores and Franchise Association (TCFA) in each year to provide a platform for store managers to recognize their own accomplishments and to realize any gaps in their management skills and competencies and to improve accordingly; to build team cohesion; to learn and to interact with other industries; and to enhance the brand image of all attending companies. Hsin Tung Yang has been submitting 6 store managers to this competition in each year since 2007, and our goal is to receive two Outstanding Store Manager Awards in any year. The competition lasts for six months and includes a three-phased written qualification review (store task management, creative ideas, and community cleanup), mystery shopper audit, and social activity engagement. The winning company and store manager can receive a chance to meet the President of R.O.C. at the Presidential Office.

A professional consulting simulation training is implemented during the competition, which also enhances the management and logical thinking skills, and communications skills of store managers.



5.2 Employee Benefits and Healthy Workplace

Employees are the most valuable assets in business management. Having suitable, skilled, and high-performing employees can promote continuous, robust company development and advancement. To this means, Hsin Tung Yang has built a comprehensive management system dedicated to employee care, which is based around our social responsibilities policy of "humanistic caring" and management thinking of "people-oriented" as well as the concept for creating a "home" for employees. We provide a healthy and safe work environment for employees, in which we have built diverse and open communications platforms for labor relations management, as well as sound benefits system and an open, transparent profit-sharing system. These measures allow employees to contribute their skills and performance and to grow and develop with the Company in a worry-free setting, thereby promoting a positive labor relations and a harmonious atmosphere at the workplace, and sets solid foundations to sustainable business development.

Employee Care

Employees are the most valuable assets to us. We are committed to employees' health and occupational safety and health, and take preventive measures to identify occupational risks.

Retention

Competitive remuneration policy and benefits system have been established, and we also reinforced communications, are focused on employees' opinions, and continue to promote labor relations.

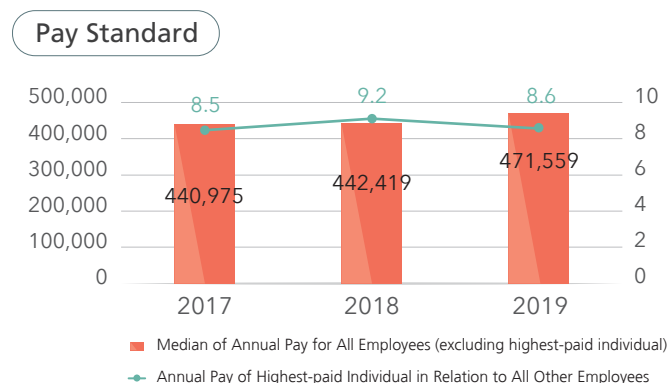
Employee Rights and Communications

We are focused on maintaining positive labor relations, and have fully reinforced communications and mediation with employees. Labor relations conferences are organized in line with applicable laws, and in 2019, six such conferences were held and attended by 5 representatives from each side of the labor relationship. To build consensus between employees and the Company, implementation status of current labor relations topics were described, and material labor benefits or labor relations topics including pay, job rotation, and amendments to management charters were also discussed. Additionally, communications and grievance procedures have also been specified, and employees' opinions are collected through dedicated employee grievance hotline and e-mail inbox. In terms of grievance incidents, after sorting and classifying the grievances received by topic, dedicated personnel would be assigned to receive, investigate, respond, and to prevent recurrence of the incident. Diverse and functional communications channels have been set up, and we strive to build consensus with our employees through our principle of integrity.

Remunerations Policy

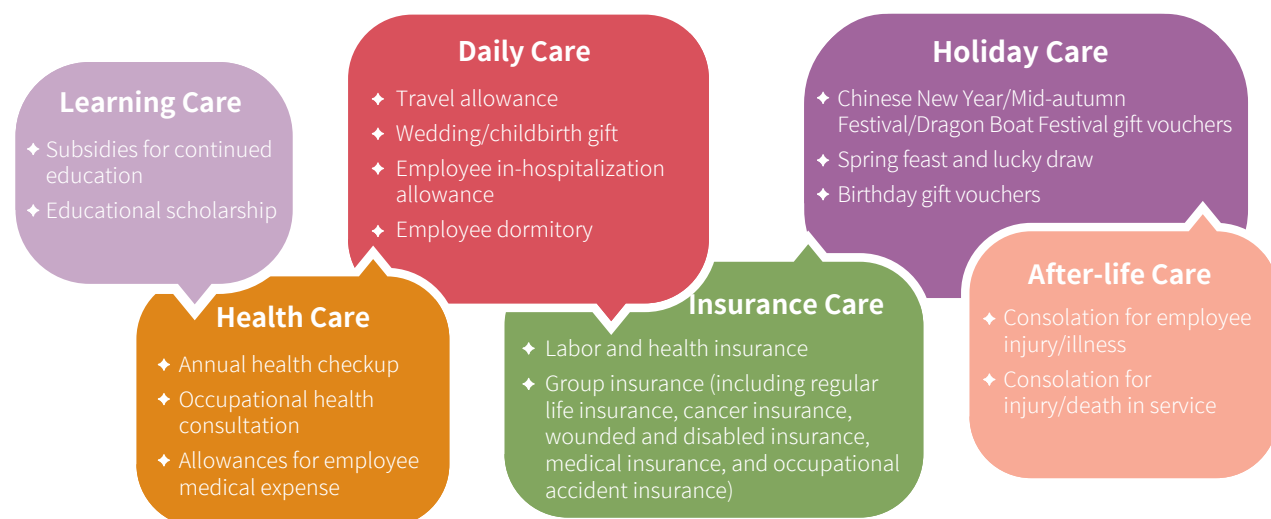
A transparent remunerations policy has been adopted here at Hsin Tung Yang. The ratio of fixed to variable pay is 6:4 for supervisors with ranks of manager or above, and 7:3 for non-managerial staff. In terms of overall pay, the starting salary standard for entry-level staff is NT\$25,000, or 1.1x of the legally stipulated basic salary in Taiwan. Salary standards for all employees continue to rise from year-to-year, and the median pay in 2019 was NT\$471,599, while the highest individual pay (President) was approximately 8.5 to 9.2 to the annual pay of other employees. The percentage of increase for the highest individual annual pay for the past two years were 23.95 and 0.03 respectively.

In addition, Hsin Tung Yang may ask retired senior managers to serve as short-term consultants as needed or to recruit them as fixed-term employees based on the Middle-aged and Elderly Employment Promotion Act, so as to benefit from their years of experience. In prospect of the future, we will evaluate the feasibility of correlating the pay for senior managers to the Company's sustainable development performances (e.g. R&D of green foods, reducing plastic consumption and reducing multiple packaging, and employee cohesion) in order to encourage supervisors and employees to promote environmental, social, and governance action plans, and to strengthen the organizational momentum toward sustainable ESG development.



Employee Care and Benefits

Hsin Tung Yang has been actively implementing employee care system in recent years, and our employee care covers six aspects, ranging from health, insurance, learning, living, holiday, and death in service benefits, in which all full-time employees can enjoy life insurance, medical insurance, wounded and disabled insurance, parental leave, and retirement system. In addition, we are expected to publish our Employee Care Handbook in 2020.



Statistics on Parental Leave	2017			2018			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees eligible for parental leave in 2019 (A)	4	14	18	6	11	17	5	10	15
Number of employees applying for parental leave in 2019 (B)	0	12	12	0	9	9	0	10	10
Application rate (B/A)	0%	86%	67%	0%	82%	53%	0%	100%	67%
Number of employees who should be reinstated from parental leave in 2019 (C)	0	14	14	0	10	10	0	12	12
Actual number of employees applying for reinstatement in 2019 (D)	0	9	9	0	7	7	0	4	4
Reinstatement rate (D/C)	-	64%	64%	-	70%	70%	-	33%	33%
Number of reinstated employees in 2018 (E)	0	4	4	0	9	9	0	7	7
Number of employees reinstated in 2018 who have worked for more than one year (F)	0	3	3	0	6	6	0	4	4
Retention rate (F/E)	-	75%	75%	-	67%	67%	-	57%	57%

Occupational Safety and Health

Safety, sanitation and health are the most important factors in a workplace environment. A Safety and Health Office has been set up at Hsin Tung Yang's headquarters, and Dayuan Plant has received ISO 45001:2018 Occupational Safety and Health Management System certification in 2019. The Occupational Safety Committee meets once every quarter, and one-third of all committee members are current workers. Hsin Tung Yang is dedicated to occupational safety and health training, and relevant professionals have been designated at Operations, Production, and Channel units. The employees who have acquired occupational safety and health certificates through training throughout all channels and plant include 1 Grade A Occupational Safety Management Specialist, 1 Grade B Occupational Safety Management Specialist, 17 Grade A Occupational Safety and Health Affairs Managers, 2 Grade B Occupational Safety and Health Affairs Managers, and 47 Grade C Occupational Safety and Health Affairs Managers.

For all potential accidents at the production plant which may be triggered from various types of disasters, we have planned contingency plans beforehand and carry out annual practice drills that are mandatory for all factory staff, thereby preventing and reducing possible personnel, equipment, and financial losses. The ratios of occupational injury for the past three years were between 0.43 to 2.05; major cause of occupational injury had been traffic accidents (commuting to/from work), which accounted for approximately 62%, and followed by tripping, falling, and bruising, which collectively accounted for approximately 25%. Finally, knife injury and burns accounted for approximately 13% of all injuries. No severe occupational injury had occurred in 2019. In the future, patrols at the headquarters, channels, and plant will be reinforced to prevent hazards from environmental facilities.

Statistics on Occupational Hazards over the Past Three Years

Statistics on occupational hazards	2017	2018	2019
Total number of work hours	2,246,032	2,297,292	2,327,632
1a. Deaths from occupational hazards	0	0	0
1b. Severe occupational hazards (excluding deaths)	1	2	0
1c. Recorded number of occupational hazards	23	17	5
Percentage of deaths resulting from occupational hazards	0	0	0
Percentage of severe occupational hazards (excluding deaths)	0.089	0.174	0
Percentage of recorded occupational hazards	2.048	1.480	0.430
2. Number of high-risk occupational accidents	0	0	0

Employees' health is the responsibility of a company. On top of organizing annual health checkup, we also actively identify commonly-seen occupational and processing health problems and risks, and organize ergonomic visits, sarcopenia health seminar, and cancer screening tests for employees with different processing procedures. In the future, we will also hire contractual occupational health nurses for onsite health services, and we plan to gradually establish "Preventive Program Against Illegal Infringement at Work", "Protection Program for Mothers' Health at Work", "Preventive Program Against Ergonomic Hazard", and "Preventive Program Against Diseases from Abnormal Workload" with the occupational health nurses.

Ergonomic Hazard Visitation

Professional medical staff have visited employees at each production line to find safety hazards in related work procedures in order to prevent musculoskeletal damages from undertaking repetitive actions.



Health Seminars and Screening

We regularly organize occupational health promotional activities; in 2019, we held a health seminar on sarcopenia, in which occupational health nurses led our staff to train their muscle strength through physical activities. In addition, we also collaborated with Tao Yuan General Hospital to organize cancer screening tests.



5.3 Social Engagement



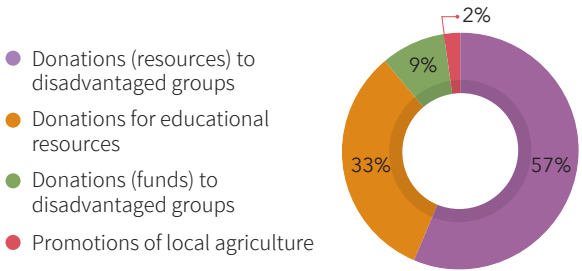
By continuing to realize our brand values of "Taste of Gourmet, Taste of Class, and Taste of Love ", and our vision of "giving back to society", Hsin Tung Yang is dedicated to social engagement; we strive to strengthen partnerships with local communities at places of our operations, to promote regional developments, and to advocate for unique characteristics of local townships throughout Taiwan. We utilize our core competences and bring positive impacts through our actions toward four material issues of our concern, namely local development, empowering talent, right to education, and caring for the disadvantaged. For the past three years, Hsin Tung Yang has continued to invest (both in resources and financially) in social welfare, and such social investments had amounted to more than NT\$8 million in 2019.

Issue of concern	Promotional objective	Action Plan	Results over the years and in 2019
Local Development	To empower Taiwan's regional small farms and young farmers; develop and promote unique agricultural products to demonstrate cultural characteristics	- Local procurement and product development - Young farmers' market - Creative promotional activities - Empowering young farmers - Marketing promotions through seasonal publications - Cultural promotions at service areas	- Sold nearly 240,000 boxes of traceable pineapple cakes from small farmers in Nantou - Total revenues from young farmers' market at highway service areas in 2019 reached NT\$50.16 million 7,000 pomelos were purchased for the "HTY Happy Moon Festival" and raised over NT\$590,000 from charity sale - Assisted the government's young farmer employment program; in which we invested nearly NT\$165,000 "Freeway Service Area Play & Shopping Guide" promoted agricultural products from over 15 small farms in 2019 - Products from over 30 local Hakka and agricultural units were displayed and sold at "Hakka Hsinchu County" event
Empowering Talent	To promote industry talent development and cultural and artistic development	- Industry-academic cooperation - Diverse arts and creative competitions	456 students from 7 schools participated in our internship program - HTY Magic consecutively organized for 10 years, and reaches over 10,000 audience members in each year - The 10th HTY Magic was participated by 10 contestant teams from 5 countries, and total rewards reached NT\$300,000
Right to Education	To enhance resources and quality of education for local and dis-advantaged groups as well as to promote arts and culture	- Promotions of arts and culture - Educational resource sponsorships - Support social education (through Foundation)	- Organized the showing of "Tale of the White Snake" from Paperwindmill Theatre, which was participated by approximately 200 children from disadvantaged families - Donated NT\$2 million to elementary schools in communities around the Taoyuan International Airport service area - Sponsored the social education projects from 31 universities and colleges
Caring for the Disadvantaged	To reduce income gap and poverty, and to support NGOs for children and teenagers without homes and those with physical/mental disabilities	- Buy-one-donate-one charity sale - Donation of festive materials/resources - Support social groups (through Foundation)	9,500 cans of shredded meat at a total value of nearly NT\$2.65 million were donated for Chinese New Year and Mid-autumn Festival - Mooncake gift boxes were donated to 16 groups for Mid-autumn Festival, benefiting 2,852 individuals - Donated nearly NT\$1.06 million to 60 NGOs and reached 4,736 persons through our Foundation

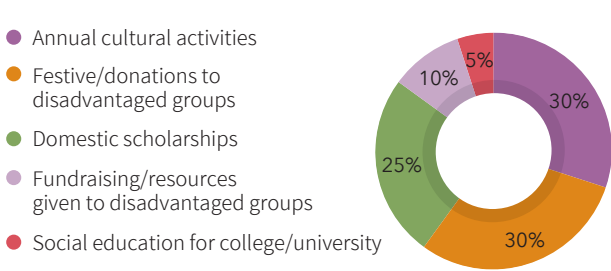
Hsin Tung Yang has integrated the mission of social engagement in our day-to-day activities, and both manages and implements social welfare as a part of our normal business operations. All charity activities and action plans are jointly promoted by various business divisions based on their nature; additionally, social activities and programs including community service and caring for the disadvantaged at our channels are drafted, implemented, and passed on to fellow colleagues by participants in the TCFA Outstanding Store Manager Awards.

Furthermore, the Mai's Hsin Tung Yang Foundation was founded in 1984, since the very beginning at our operations. A dedicated department is in charge of allocating budgets for carrying out the annual corporate social charity plan, and the President regularly reports on its implementation status to the Chairman. We care for the people on this land through action, so that help could be received by those in-need and caring could be provided to those who need it, and that love, warmth, and the beauty of this society could continue to drive us forward.

Distribution of Total Social Investments from Hsin Tung Yang in 2019



Distribution of Social Contributions from Mai's Hsin Tung Yang Foundation



Besides routine charity donations according to our issues of concern, Mai's Hsin Tung Yang Foundation also provides timely assistance at times of emergency and natural disaster. For instance, we donated toward the disaster relief for the Hualien earthquake in 2018 to provide needed-warmth to earthquake victims and to help them to rebuild.

Local Development



Having operated in Taiwan for dozens of years, Hsin Tung Yang has always been committed to promoting the local economic developments at sites of our operations in order to achieve our vision for synergistic growth with the local community and partners throughout our value chain. For instance, from the beginning of development of our highway service area to their day-to-day operations, Hsin Tung Yang consistently promotes "local agriculture" and "arts and culture", so that unique local characteristics can be seen by more people. At the same time, in order to increase local employment opportunities, we also prioritize recruitment of local residents.

Action Plan I: Local Procurement and Product Development



Hsin Tung Yang is actively developing unique local products, which are procured from small farmers through contractual sale agreements, so that hardworking farmers can earn more stable sources of income. In addition, Hsin Tung Yang also co-develops quality products and supports the empowerment of small farmers through onsite visits from supervisors and mentorship from food professional technologists. Unique products infused with local agricultural ingredients include: Traceable Pineapple Cakes from small pineapple farmers in Nantou; Makaury/Kumquat/Sanxing Onion/Dajia Taro Sausages; and dried fruit gift boxes launched in 2019, including Dried Pink Guava, Dried Aiwon Mango, and Taiwanese Lemon.

Action Plan II: Young Farmers' Market

To promote agricultural development in Taiwan and to encourage young farmers and organic farming method, thereby achieving a sustainable balance in the people and land, Hsin Tung Yang has not only actively used Taiwanese produce as food ingredients and developed unique, local foods, but also set up young farmer's markets including "Farmers' Direct" at all four of our highway service areas. In addition, we also collaborate with external vendors including "Farm, Sweetness and Taste" and "Biliu Farm" to provide market exposure and sales opportunities to quality local small farms. In 2019, total revenues from young farmers' markets have reached NT\$50.16 million.



"Farm, Sweetness and Taste"

"Farm" refers to homegrown produce from the farmers;

"Sweetness" refers to the sweetness in life that comes after hard work;

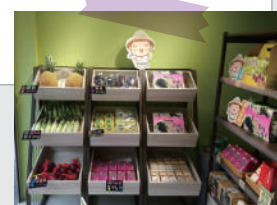
"Taste" refers to fresh, farm-to-table taste.

A humble and hospitable flair is found at the "Farm, Sweetness and Taste" counter. Modeling after the diligent spirit of Japanese craftsman, a selection of quality, fresh fruits and vegetables from Nantou can be found here.



"Farmers' Direct"

Farmers' Direct sells quality agricultural products from all over Taiwan. Freshly, seasonal products are directly delivered from their respective farms, thereby allowing diligent farmers to gain access to excellent retail platform and stable customer sources and to gain more brand exposure. We provide fresh and safe agricultural products to consumers, so that road users can purchase quality, diverse, healthy and tasty vegetables and fruits from service areas without having to travel all over Taiwan.



Action Plan III: Creative Promotional Activities

"HTY Happy Moon Festival" Organic Hakka Pomelo

Starting from 2016, Hsin Tung Yang has been purchasing toxic- and pesticide-free pomelos from Guanxi Farm and Shihwu Uncle Pomelo in each year. Creative promotional activities are organized at highway and airport channels to promote local agricultural products and to give back to the society, so that our service areas can be closely connected with

The local communities. We have purchased over 7,000 pomelos over the past four years, and the proceeds from related charity sales have reached NT\$592,000. Activity highlights include:

- Elementary school food education: the faculty and students from Dong Guang Elementary School in Hsinchu County were invited to harvest pomelo at Guanxi Farm, thereby achieving food farming education and learning through practice while also supporting the development of local farms.
- Charity sale of Hakka Pomelo: pomelo charity sale events were organized at Guanxi and Xihu service areas, and all proceedings were donated to local social welfare groups. We encouraged consumers to purchase local quality products while contributing toward social welfare via press conference and the charity sale events.
- Pomelo Peeling Contest: a pomelo peeling contest was organized for domestic and international travelers so that everyone could experience the atmosphere of a traditional, lively Mid-autumn Festival at Taoyuan International Airport.
- Pomelo Painting: pomelo painting activity was held for all passengers whose purchases reached a certain amount at shops at Taoyuan and Kaohsiung International Airport, where they could enjoy a great family time painting pomelos and getting to know local Taiwanese produce.



Action Plan IV: Empowering Young Farmers



In response to the government's policy in supporting young people to return to their hometowns in order to inject new blood into local agricultural industry, Hsin Tung Yang actively participates in interdisciplinary collaborations between the industry, government, and academia. We have cumulatively invested nearly NT\$165,000 toward assisting young farmer empowerment programs by executing diverse projects and activities in each year through channels, resource donations, and sponsorships.

2017~2018

"Companies Support Young Farmers to Create Farmers' Products"

- collaboration with Soil and Water Conservation Bureau, Council of Agriculture, Executive Yuan
- NT\$40,000 was donated to Miaoli Farmer's Association to support the "tea farmer agents"
- Promotional event was held at Qingshui service area along with tea snacks such as pineapple cakes, allowing the public to further understand tea culture.

2018

"Help Farmers by Purchasing Bananas for Dragon Boat Festival"

- Collaboration with Agricultural Cooperative
- We purchased 5 tons of quality Nantou banana with the market price of NT\$24/kg when banana prices severely declined due to overproduction.
- Delivered to 4 highway service areas, and given as gift-with-purchase at food court

2019

"National Young Farmer's Market"

- Supervised by the Council of Agriculture, organized by Agricultural Technology Institute, and assisted by Guanxi Service Center
- Consumers were invited to hand-pick produce to bridge the gap between young farmers and consumers through face-to-face interactions, thereby encouraging everyone to support local agricultural development.

Action Plan V: Marketing Promotions through Seasonal Publications

Hsin Tung Yang also introduces seasonal agricultural and special products at each service area to consumers through our seasonal marketing publication, "Freeway Service Area Play & Shopping Guide". Information on local environments, seasonal produce and stories that went behind the production are written to encourage everyone to support and to purchase local products.

[Jan - March 2019] Introduction to Local Young Farmers - Hook Tea: Packing Fresh Lemons into Tea Bags

Young Farmer Hsiang-Chin Chan is creating unique, all-natural lemon tea from non-toxic seedless lemons, black tea, and stevia.

Seedless lemons do not irritate the stomach, and stevia, a natural sweetener, is used in place of sugar in the black tea, resulting in a fragrant, natural lemon tea. Though Chan is physically disabled, he has never given up on himself, and has strove to become a swimming coach and a street artist while growing up. Never did he imagine that he would return home to rekindle his family business in tea-making after being in the workforce for so long. Before going out of business, his family's teahouse was very famous in Xinpu and had operated for three generations. This precious Xinpu history is now resumed by Chan and his sister, who are committed to rekindling the flames of this age-old teahouse under their new brand, "Hook Tea"!

👑 2017 - Received "Hsinchu County Select" and "Model Hsinchu Youth"

👑 2018 - Received "Taiwan Best 100" and represented Hsinchu to participate in expo in Vietnam

👑 2019 - Received "Asia-Pacific Gold Finger Award"

Retail location: Guanxi Service Area, Xihu Service Area



Action Plan VI: Cultural Promotions at Service Areas

In terms of channel management, Hsin Tung Yang has designed unique features including spatial design, food and beverage, exhibitions, and festivals, to showcase local ethnicities and cultural aspects for every service area. Road users throughout Taiwan are encouraged to experience the local enriched cultures through these features.

Promotions of Local Culture at Service Area

Service Area	Local culture	Promotional activities
Guanxi	Hakka culture Pomelo products	- Products from over 30 local Hakka and agricultural units were displayed and sold at "Hakka Hsinchu County" event - Traditional Hakka cuisine is promoted through Guanxi Lunch Box and Hakka Restaurant - Exhibitions including "Freeway Green Corridor: Freeway Construction from Po-lin Chi's Perspective"
Xihu	Miaoli culture Xihu fruits	"Miaoli Culture Corridor", a display area for artifacts and arts and crafts from towns along the coast, and it is also a collaboration with Culutre and Tourism Bureau, Miaoli County. "Highway Ecology Exhibition" promoted leopard cat protection and showcased purple crow butterflies.
Qingshui	Preservation of renewable energy culture	"Art Bank" preserves and displays artworks from outstanding Taiwanese artists "Niu-ma-t'ou Cultural Corridor" is a joint effort with local cultural preservation association, and aims to introduce local culture through "Strolling through Qingshui" cultural map and more
Nantou	Aboriginal culture and purple crow butterfly conservation	- Aboriginal culture is displayed at "LAMUGAN" and "Bunun Ma-naq-tainga Square" - Nantou Creative Shop displays and sells unique products and aborigine handicraft from Xinyi, Puli, and Zhushan tribes "Aboriginal Month" events have been held in four consecutive year, in which aborigine groups were invited to perform and to hold handicraft DIY workshops



Empowering Talent



Action Plan I: Industry-academic Cooperation

To bridge the gap between theory and practice in the food and catering industry and to assist students from related departments to accumulate more hands-on experiences, Hsin Tung Yang's highway service areas and stores have been offering internship opportunities to college and university students through industry-academic cooperation and external internship programs since 1999. These opportunities allow students from marketing, distribution, business administration, and restaurant and food and beverage services departments to gain practical knowledge and to apply theory to practice, as well as to gain workplace experiences and skills. For the past twenty years, Hsin Tung Yang has collaborated with and trained 456 students from seven academic institutions including Chung Shan Industrial & Commercial School, National Pingtung University, and Jingwen University of Science and Technology.

Besides receiving scholarships for outstanding performance or full attendance based on the cooperation plans, top-performing students can also join Hsin Tung Yang after graduation, and their internship experiences can also be counted toward their seniority at the Company. In 2019, there were 28 new students who joined our cooperation program. In the future, Hsin Tung Yang will continue to participate in related programs and to assist students to join and to adapt to the workforce, as well as to contribute toward talent development for the food industry.

Action Plan II: Diverse Arts and Creative Competitions

Hsin Tung Yang has also encouraged young people and students to think outside the box, to gain hands-on experiences in diverse artistic skills and to compete for exposure by organizing diverse competitions including design, photography and magic. At the same time, the competitions also help to promote talent development in the arts and cultural industry.

Green Design Competition

To respond to energy-saving and carbon reduction trends and to conserve environmental energy, as well as to encourage university and college students to come up with creative designs, a "Green Design" eco bag competition was organized by Mai's Hsin Tung Yang Foundation in April 2018. Founded on the conception of green packaging, the purpose of the competition was to encourage students to use creativity and innovative mind-set to infuse a variety of recycled elements and packaging in order to create a more environmentally-friendly packaging. We began accepting submissions for 60 days beginning in mid-April and received 500 creative submissions, and after preliminaries and finals, the winning entries were announced by the Foundation in August. The winner received NT\$75,000 in scholarships and a NT\$15,000 voucher. On top of gaining experiences in external competitions and building their portfolios, the participating students also gained more in-depth knowledge about sustainability. In addition, the submissions for creative eco bags could also be used as references for designing Hsin Tung Yang's green packaging in the future.



Highway Service Area Photography Contest and Exhibition

The "2017 HTY Beauty of Service Area" photography contest was organized to promote photography in Taiwan and the special features at each of our service areas, giving the public a chance to get to know the highway service areas through different angles at emotions. A total of 56 prizes, cumulatively worth NT\$200,000, were given at the contest, and 1,200 submissions from all over Taiwan were received. After intense scrutiny and eliminations, the top three places went to "The Beauty of Rosy Clouds", "Wisteria", and "Beautiful Sea World" respectively. To uphold and convey our beliefs in the beauty of the service areas, the winning photos were also displayed at the highway service areas free-of-charge for all road users. The results of our promotions for unique features of the service areas through the competition also helped us to earn positive recognition from the Freeway Bureau, MOTC. By offering arts and cultural events, we hope that service areas will no longer be seen as rest stops, but unique tourist and recreational destinations that help to enrich the travel experiences of both local travelers and tourists.



10th HTY Magic, Taiwan's Largest Magic Competition

Besides providing a rest stop for road users, the highway service areas also offer various services that help road users to perceive a sense of art and culture. To encourage developments of the magic industry, Hsin Tung Yang's Qingshui service area has been organizing the "HTY Magic" competition for 10 consecutive years. On top of providing a platform for top magicians in Taiwan to compete against one another and to strive to achieve international standards, the competition also brings a very different, magical experience for the road users. The 2019 HTY Magic was expanded to become a three-day event with a grand prize of NT\$300,000, setting a new record in Taiwan's magic industry. The 10 contestant teams hailed from Taiwan, Hong Kong, Japan, Korea, and India, while the crowd was further dazzled by FISM (International Federation of Magic Societies) champion Eric, who was invited to perform at the awards ceremony. Besides magic competition, five contestants also interacted with the audience in the afternoon, giving the public a chance of up-close interactions with magic. The 10-year anniversary commemorative video showcased touching footage of top Taiwanese students who transformed themselves into professional magicians and persisted in their chosen careers. To reiterate



Hsin Tung Yang President Mai, Sheng-Yang's words, a decade is only a milestone, and Hsin Tung Yang will continue to work hard and we hope that HTY Magic can one day become a cradle to a new world champion of magic.

<https://www.htymagic.com/>



Right to Education



Action Plan I: Promotions of Arts and Culture

Hsin Tung Yang has organized art galas and related events to help children and teenagers from disadvantaged families and the public to understand the applications of art in our daily lives and to learn to appreciate art, by viewing paintings and hands-on artistic experiences.

Action Plan II: Educational Resource Sponsorships

In order to enhance the quality of education at local communities and to enhance local partnerships, Hsin Tung Yang's highway service areas and airport shops regularly plan social welfare sponsorships that are donated to local elementary schools to assist students at remote areas or disadvantaged families, thereby bridging the gap between funding and educational resources. For instance, Qingshui service area allocates budgets for donations to students in-need at elementary schools throughout Greater Taichung in every year.

Additionally, Mai's Hsin Tung Yang Foundation has also been encouraging children to learn and for children with financial difficulties to attend school through providing sponsorships and scholarships to children from disadvantaged families in Taiwan and protecting their rights to equal education opportunities since 1996.

Let Love and Dreams Take Flight! "Tale of the White Snake" from Paperwindmill Theatre

In November 2019, we invited approximately 200 children from World Vision Taiwan and Taiwan Fund for Children and Families to enjoy a showing of "Tale of the White Snake" at the Paperwindmill Theatre, with the goals of providing chances for children from disadvantaged families to enjoy artistic performances and to promote classic artistic culture



from Taiwan. The play is a contemporary take on an age-old legend, and children were invited to join the romantic love story of the white snake and Hsu Hsien and their battles with the Buddhist monk, Fahai. After many battles were fought, the children were taught that a state of empathy could only be reached if one could stop antagonizing others, and that love conquers all. The play was a creative fusion of eastern and western cultures; besides wearing punk-styled and cosplay uniforms, their giant costumes also captured the children's attention. In addition, their fun interactions with the audience was also well-beloved by the children. After the play, exquisite delicacies including Grilled Honey Pork Jerky, Tapioca Tea Pastry, and Pineapple Cakes were also provided to the children, members of NGOs, and staff and actors from Paperwindmill. Having enjoyed so much excitement and great food, the children were reluctant to go home! The event was a chance for children who were rarely exposed to art performances to understand the beauty of art and classic Taiwanese culture, thereby enriching their lives and helping to nurture their creativity and imagination.



Mai's Hsin Tung Yang Foundation

Action Plan III: Support Social Education

To encourage youths to be dedicated to social welfare activities including educational volunteering, Hsin Tung Yang also sponsors resources including our merchandise for the summer and wintertime volunteer activities of service clubs from universities and colleges. The resources help to satisfy their needs during regional volunteering activities, and also indirectly help both local and foreign children to achieve a more satisfying team experience.

Sponsoring Kenya Volunteer Team at NTHU



Hsin Tung Yang Donates NT\$2 Million To Children From Remote Areas at 40th Anniversary of Taoyuan Airport Store

Hsin Tung Yang has been operating at CKS International Airport (former name of Taoyuan International Airport) since its commencement. It is the only private enterprise to have partnered with Taoyuan Airport for 40 years. In showing our gratitude and to give back to the local community in response to the support and encouragement we have received from passengers and local residents over the years, in to provide funding for underprivileged students, after-school care, and club expenses to 10 elementary schools at remote areas in Dayuan, Luzhu, and Guanyin. In particular, Dayuan has the most connections to Hsin Tung Yang. On top of being the location for our plant, it is also the birthplace of Founder Mai Hsin Fu and Chairman Jackson Mai. Incidentally, they are also alumni of Taoyuan Municipal HsiHai Elementary School, one of the schools that we have funded.

In July, we organized the "40th Anniversary Commencement of Happiness" event, in which students clubs from Xihai, Shalun, and Chaoyin elementary schools were separately asked to give taiko drum, ocarina, and football dance performances. The children showed off music and dance skills that were extremely promising to the international passengers at the airport. President Mai, Sheng-Yang stated that, "Based on our belief for local development and giving back, we hope to care for children at communities close to the Taoyuan International Airport in action through these donations, so that the children may be full of positive energy as they grow and learn." Hsin Tung Yang will continue to be committed to social welfare in the future, and we hope to convey happiness and warmth to more children in-need.



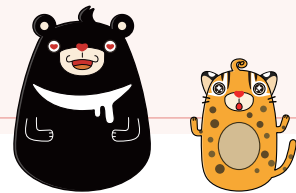
Caring for the Disadvantaged



Action Plan I: Buy-one-donate-one Charity Sale

Starting from 2015, Hsin Tung Yang has been launching the "Spreading Love" gift sets for traditional holidays including Chinese New Year and Mid-autumn Festival. By aligning our core business of food production and sales with the conception of "buy-one-donate-one", one set of Healthy Shredded Pork or Pure Shredded Chicken would be donated from us for every gift set purchased. This action is in line with the UN Sustainable Development Goals (SDGs) to end poverty, as well as helps to supplement nutrition, thereby promoting the health and well-being of underprivileged groups. Through integrating merchandise with social welfare, we ask consumers to contribute to the society while enjoying our delicious taste, so that more love and hope may be passed on through the kindness in the society. Over the past five years, Hsin Tung Yang has donated more than 35,000 cans of Healthy Shredded Pork to disadvantaged groups including those with physical/mental disabilities, senior citizens, and low-income families through the "Spreading Love" gift sets.

2019 Spreading Love Social Welfare Gift Set



2019 Mid-autumn Festival: Spreading Love Charity Gift Sets

In the future, one-in-five persons in Taiwan will be a senior citizen. Inconsistent food intake, debilitating movements, and suffering from loneliness - these are some of the daily problems faced by many elderly. Aging is an inevitable process in our lives, but it is also the most challenging. Hsin Tung Yang invited consumers to care for senior citizens without familial care, loss of physical movements, and those suffering from dementia, and to spread warmth to these elderly people so that love may be passed on to every corner of the society.

For every "Spreading Love" gift set purchased by individual/company, Hsin Tung Yang will donate one can of "Healthy Shredded Pork" to help the nutritional needs of the aforementioned senior citizens.

The limited edition gift sets, launched for Mid-autumn Festival in 2019, were quickly sold out. We donated a total of 5,200 cans of Healthy Shredded Pork, with a cumulative value of NT\$1,404,000.



Action Plan II: Donation of Festive Materials/Resources

Hsin Tung Yang cares for disadvantaged groups through donating gift sets and other resources to Taiwan Fund for Children and Families (CCF), nursing homes, early treatment centers, and orphanages during holidays such as Chinese New Year, Dragon Boat Festival, Mid-autumn festival, and Christmas. We hope for children without families, those with physical/mental disabilities, elderly, and low-income families to feel the warm atmosphere of the holiday season through enjoying festive delicacy.

For instance, for Mid-autumn festival in 2019, 200 gift sets of traditional Cantonese mooncakes and other festive gift sets, were donated to 16 local charity groups from Hsin Tung Yang's stores throughout Taiwan. The total donations were valued at NT\$164,000 and benefited 2,852 persons. Over the years, Mai's Hsin Tung Yang Foundation has donated to 18 charity groups, including Beacon of Faith Home for Youth, Bethany Children's Home, TCWC Children's Home, Yi Kuang Orphanage, Holy Word Children's Home, Chung Yi Social Welfare Foundation, Hua Hsing Children's Home, Ti-Hwei Children's Home, Da Tung Children's Home, The Mustard Seed Children's Home, Puti Home, Reindeer Children's Home, Mu Hsiang Sweet Home, White Children's Home, Harmony Home Association, Hong Hua Children's Home, Hsin-Fu Children's Home, and Xin Dian Baptist Church and more.

Christmas Gift Set Donations to Harmony Home Association



Sharing to Cherish Food: Free Catering Service at Shuangxi's Changyuan Community

Upholding the philosophy to cherish food, Hsin Tung Yang and TSMC Charity Foundation joined forces at promotional events designed to cherish food at remote areas in June 2019, so as to realize the greatest values of leftover ingredients (which are known as "cherish food ingredients") and to spread love to disadvantaged groups at remote regions. Early in the morning, Mr. Huai-wen Luo, Head of "Charity Food", led 40 head chefs from various hotels and restaurants to arrive at Changyuan Community in Shuangxi District, New Taipei City. They immediately began to wash the ingredients and to prepare various dishes. Every dish was made from cherish food ingredients, including Mai's crispy fried duck, braised mushrooms in oyster sauce, stir-fried soft-shell crab with osmanthus, steamed shrimp with garlic, steamed fish, and braised chicken soup with mushrooms. The fragrance attracted hungry local elders to gather one-by-one in front of the Ganlin Weihui Temple, where they were also treated to a poem reading from students from Ganlin Elementary School, and a dance performance led by Mr. Tzu-Lang Chen, village chief of Changyuan Village. The event was joined by approximately 1,000 local elders. The interdisciplinary collaboration helped to connect company volunteers with community elders and students, as well as utilized leftover ingredients in the best way possible - through feeding and caring for the elderly at remote areas.



• Action Plan III: Support Social Groups

Hsin Tung Yang has been regularly donating resources or funds since 1996 to care for disadvantaged groups in-need, in order to accommodate the needs of children's homes or charity groups. We have donated to the following groups or associations: World Peace, Taiwan Fund for Children and Families, The Garden of Hope Foundation, Syin-Lu Welfare Foundation, Eden Social Welfare Foundation, Huashan Social Welfare Foundation, and Andrew Charity Association.



Donations to The Garden of Hope Foundation



Hsin-Fu Children's Home, Where Children without Families are Properly Cared for

Hsin Tung Yang's Founder, Mr. Mai Hsin-Fu, was very dedicated to charity work, and hoped to be able to care for impoverished and orphaned children. After his passing, President Mai and his wife vowed to do more for the society and to fulfill Mr. Mai Hsin-Fu's wish.

Founder of Hsin-Fu Children's Home, Master Daguan, began paying particular attention to children from broken families and took many children who suffered from family trauma and impoverished children under his wing since he started to run an orphanage in 1976. As the number of children grew, their living quarters diminished, and Master Daguan began to hope for a more comfortable environment for the children as they grew.



To commemorate Hsin Tung Yang's Founder, Mr. Mai Hsin-Fu and for the children to grow up in a loving environment, the home was therefore given the name "Hsin-Fu Children's Home" (Hsin-Fu rhymes with "happiness" in Chinese). Presently, Hsin-Fu Children's Home is fairly spacious and has grown to be a safe haven that supports children from broken families. Over several decades, the home has cared for thousands of children, and some have even returned to serve as helpful volunteers after completing their academic studies, thereby passing on the love and warmth.

6 Appendices

6.1 Financial Data

6-1 Individual Financial performance/Direct Economic Values Generated

(Unit: NT\$1,000)

Year	2017	2018	2019
Net sales	3,168,714	3,211,240	3,299,640
Net income before tax	177,804	149,149	153,009
Net income after tax (NIAT)	150,507	117,385	126,412
Total assets	3,260,860	3,446,333	4,827,395
Total liabilities	1,105,008	1,162,939	1,908,045
Total shareholders' equity	2,155,852	2,283,394	2,919,350

6-2 Direct Economic Value Distribution

(Unit: NT\$1,000)

Year	2017	2018	2019
Operating costs	1,490,426	1,527,062	1,557,576
Employee salaries and benefits	596,850	618,789	631,398
Payment to Investors	Dividends	88,000	88,000
	Interest	2,398	2,001
Payment to Government	88,182	98,859	81,300

6-3 Financial Subsidies for Joining Government Policies

(Unit: NT\$1,000)

Subsidies	Government agencies	Amount
ISO 45001 Enterprise Human Resources Enhancement Program	Workforce Development Agency, Min-istry of Labor	163.2
ISO 14001 Enterprise Human Resources Enhancement Program	Workforce Development Agency, Min-istry of Labor	228
Fully Automated Scale	Council of Agriculture, Executive Yuan; Taiwan Frozen Meat Packers Associa-tion	750
Total		1141.2

6.2 GRI Standards Index

GRI Standards	Disclosed Item	Corresponding Chapters and Additional Explanations	
General Disclosures (Core Option)		Chapter	Page
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	102-2 Activities, Brands, Products, and Services	2.1 About Hsin Tung Yang	18,19
	102-3 The Location of Head-quarters	2.1 About Hsin Tung Yang	18
	102-4 Operational Locations	2.1 About Hsin Tung Yang	18
	102-5 Ownership and Legal Form	2.3 Corporate Governance	24
	102-6 Markets Served	2.1 About Hsin Tung Yang	18
	102-7 Scale of the Organization	2.1 About Hsin Tung Yang	18,19,21
	102-8 Information on Employees and Other Workers	5.1 Human Capital and Development	83
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	102-11 Precautionary Principles or Approaches	2.4 Risk Management	27,28
	102-12 External Initiatives	2.3 Corporate Governance	26
	102-13 Membership of Associations	2.3 Corporate Governance	26
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	102-19 Delegating authority	2.3 Corporate Governance	24,25
	102-20 Executive level Responsibility for Economic, Environmental, and Social Topics	2.3 Corporate Governance	24,25
	102-21 Consulting Stakeholders on Economic, Environmental, and Social Topics	1.1 Stakeholder Identification and Communication	09,10,11
	102-22 Composition of the Highest Governance Body and Its Committees	2.3 Corporate Governance	24
	102-24 Nominating and Selecting the Highest Governance Body	2.3 Corporate Governance	24
	102-25 Conflicts of Interest	2.3 Corporate Governance	24
	102-29 Identifying and Managing Economic, Environmental, and Social Impacts	1.2 Identifying Material Topics	12
	102-31 Review of Economic, Environmental, and Social Topics	1.2 Identifying Material Topics	13
	102-32 Highest Governance Body's Role in Sustainability Reporting	2.3 Corporate Governance	24,25
	102-35 Compensation Policies	5.2 Employee Benefits and Healthy Workplace	88
	102-37 Stakeholders' Involvement	1.1 Stakeholder Identification and Communication	09,10,11
		2.5 Customer Relations Management	88
	102-40 List of Stakeholder Groups	1.1 Stakeholder Identification and Communication	09,10,11
	102-41 Collective Bargaining Agreement	Not applicable because we have no union.	N/A
	102-42 Identifying and Selecting Stakeholders	1.1 Stakeholder Identification and Communication	09

GRI Standards	Disclosed Item	Corresponding Chapters and Additional Explanations	
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		2.5 Customer Relations Management	27,28
	102-44 Key Topics and Concerns Raised	1.1 Stakeholder Identification and Communication	07,08,09
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	102-46 Defining Report Content and Topic Boundaries	About This Report	01
	102-47 List of Material Topics	About This Report	01
		1.2 Identifying Material Topics	12
	102-48 Restatements of Information	N/A	N/A
	102-49 Changes in Reporting	N/A	N/A
	102-50 Reporting Period	About This Report	01
	102-51 Date of the Most Recent Report	About This Report	01
	102-52 Reporting Cycle	About This Report	01
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		About This Report	01
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GRI Standards	Disclosed Item	Corresponding Chapters and Additional Explanations	
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	103-3 Evaluation of the management approach		
Operational performance			
GRI 103: Management Approach	103-2 The Management Approach and Its Components	2.2 Industry Trend and Business Strategies	23
	103-3 Evaluation of the management approach		
GRI 201: Economic performance	201-1 Direct Economic Value Generated and Distributed	6.1 Financial Data	101
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	103-3 Evaluation of the management approach		
GRI 417: Marketing and Labeling	417-1 Requirements for Product and Service Information and Labeling	3.1 Product Creativity	
Customer Health and Safety			
GRI 103: Management Approach	103-2 The Management Approach and Its Components	3.3 Food Safety Management	51,52
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	302-5 Reductions in Energy Requirements of Products and Services	4.3 Energy Management	72,75
	305-1 Direct (Scope I) GHG Emissions	4.2 Greenhouse Gas Emissions	71
GRI 305: Emissions	305-2 Indirect (Scope II) GHG Emissions	4.2 Greenhouse Gas Emissions	71
	305-4 GHG Emissions Intensity	4.2 Greenhouse Gas Emissions	66
	305-5 Reduction of GHG Emis-sions	4.2 Greenhouse Gas Emissions	71,72
	305-7 Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions	4.2 Greenhouse Gas Emissions	71

GRI Standards	Disclosed Item	Corresponding Chapters and Additional Explanations	
Occupational Safety and Health			
GRI 403: Occupational Health and Safety	403-1 Occupational Health and Safety Management System	5.2 Occupational Health and Safety	89
	403-2 Hazard Identification, Risk Assessment, and Incident Investigation		90
	403-3 Occupational Health Services		90
	403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety		89
	403-5 Worker Training on Occupational Health and Safety		89
	403-6 Promotion of Worker Health		90
Disclosures on Other Topics		Chapter	Page
GRI 202: Market Presence	202-1 Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	5.1 Human Capital and Development	85
GRI 204: Procurement Practices	204-1 Proportion of Spending on Local Suppliers	2.6 Supply Chain Management	32
GRI 303: Water and Effluents	303-2 Management of Water Discharge-related Impacts	4.4 Water Resource Management	77
	303-3 Water Withdrawal	4.4 Water Resource Management	76
	303-4 Water Discharge	4.4 Water Resource Management	77
	303-5 Water Consumption	4.4 Water Resource Management	76
GRI 305: Effluents and Waste	306-2 Waste by Type and Disposal Method	4.5 Waste Management	79
	306-4 Transport of Hazardous Waste	4.5 Waste Management	79,80
GRI 307: Environmental Compliance	307-1 Non-compliance with Environmental Laws and Regulations	No incidents of noncompliance with environmental laws have occurred in 2019 and the Company was cumulatively fined for NT\$12,000. Management has been reinforced in that year to prevent recurrence.	N/A
GRI 308: Supplier Environmental Assessment	308-1 New Suppliers that were Screened Using Environmental Criteria	2.7 Sustainable Supply Chain	39
	308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken		39,40



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GRI Standards	Disclosed Item	Corresponding Chapters and Additional Explanations	
GRI 401: Employment	401-1 New Employee Hires and Employee Turnover	5.1 Human Capital and Development	84
	401-2 Benefits Provided to Fulltime Employees That Are Not Provided to Temporary or Part-time Employees	5.2 Employee Benefits and Healthy Workplace	88
	401-3 Parental Leave	5.2 Employee Benefits and Healthy Workplace	89
GRI 404: Training and Education	404-1 Average Hours of Training per Year per Employee	5.1 Human Capital and Development	86
	404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs	5.1 Human Capital and Development	85,86
		5.2 Employee Benefits and Healthy Workplace	88
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of Governance Bodies and Employees	2.3 Corporate Governance	24
		5.1 Human Capital and Development	83
	405-2 Ratio of Basic Salary and Remuneration of Women to Men	5.1 Human Capital and Development	85
GRI 413: Local Communities	413-1 Operations with Local Community Engagement, Impact Assessments, and Development Programs	5.3 Social Engagement	91,92 93,94
GRI 419: Socioeconomic Compliance	419-1 Noncompliance with Laws and Regulations in the Social and Economic Area	No noncompliance occurred in 2019.	N/A
G4 Additional Disclosure for Food Processing Industry			
G4 FP1	Percentage of Spending on Suppliers Meeting the Company's Procurement Policy	2.6 Supply Chain Management	32
G4 FP2	Percentage of Total Spending on Suppliers Meeting Internationally Recognized Product Responsibility Standards, By Types of Standards	2.6 Supply Chain Management	33
G4 FP5	Percentage of Products Produced by Factories Which Have Passed International Certifications of Food Safety Management System Standards By Independent Third Parties	3.3 Food Safety Management	54
G4 FP8	The Company's Policies and Treatments in Communicating Information on Ingredients and Nutrition to Consumers Besides Legal Requirements	3.1 Product Creativity	47

會計師有限確信報告

新東陽股份有限公司 公鑒：

本會計師接受新東陽股份有限公司（以下簡稱「新東陽公司」）之委託，對新東陽公司民國一〇八年度（2019年度）企業社會責任報告書（以下簡稱「報告書」）中所揭露之特定績效指標（以下簡稱「確信標的資訊」）執行有限確信程序並出具報告。

確信標的資訊與報導基準

新東陽公司依我國「上市公司編製與申報企業社會責任報告書作業辦法」（以下簡稱「作業辦法」）第四條第一項第一款規定所加強揭露之食品工業特定資訊及其報導基準詳列於附件一。

公司之責任

新東陽公司應設定其社會責任績效和報導目標，包括辨識利害關係人及重大性議題，並依前述報導基準編製及允當表達民國一〇八年度（2019年度）報告書內所涵蓋之確信標的資訊，且負責建立及維持與本報告書編製有關之必要內部控制，以確保本報告書所報導之特定績效指標未存有導因於舞弊或錯誤之重大不實表達。

本會計師之責任

本會計師係依據財團法人會計研究發展基金會（以下簡稱「基金會」）所發布之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」規劃並執行工作，以對第二段所述之確信標的資訊是否存有重大不實表達出具有限確信報告，因有限確信案件對風險之瞭解及考量低於合理確信案件，所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小，因此有限確信案件取得之確信程度明顯低於合理確信案件取得者。

品質管制與獨立性

本會計師及所隸屬之事務所遵循會計師職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，本事務所遵循基金會所發布之審計準則公報第四十六號「會計師事務所之品質管制」，維持完備之品質管制制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

所執行確信工作之彙總說明

本會計師係針對第二段所述之確信標的資訊執行有限確信工作，主要執行之確信程序包括：

- 取得新東陽公司民國一〇八年度（2019年度）報告書，並閱讀其內容；
- 訪談新東陽公司管理階層及攸關員工，以瞭解用以蒐集及產出確信標的資訊之相關作業流程與資訊系統；
- 基於對上述事項所取得之瞭解，針對報告書揭露之特定資訊執行分析性程序，或於必要時抽樣進行測試，以獲取足夠及適切之有限確信證據。

上述確信程序係基於本會計師之專業判斷，包括辨識確信標的資訊可能存有重大錯誤或不實表達之範圍並評估其潛在風險，設計足夠且適切之確信程序暨評估確信標的資訊之表達，本會計師相信此項確信工作可對本確信報告之結論提供合理之依據。

先天限制

新東陽公司民國一〇八年度（2019年度）報告書內容涵蓋非財務資訊，對於該等資訊之揭露內容可能涉及新東陽公司管理階層之重大判斷、假設與解釋，故不同利害關係人可能對於該等資訊有不同之解讀。

結論

依據所執行之程序及所獲取之證據，本會計師並未發現第二段所述確信標的資訊有未依適用之報導基準編製而須作重大修正之情事。

其他事項

新東陽公司網站之維護係新東陽公司管理階層之責任，對於本確信報告於新東陽公司網站公告後任何確信標的資訊或適用基準之變更，本會計師不負就該等資訊重新執行確信工作之責任。

安侯建業聯合會計師事務所

會計師：施威銘

事務所地址：台北市信義路五段七號六十八樓

民國一〇九年七月三十一日



附件一：確信標的資訊彙總表

編號	報告書對應章節	頁碼	確信標的資訊	報導基準	作業辦法
1	3.3 食品安全管理	52~53	• 新東陽生產事業處之食安小組每年召開年度審查會議，並於每月會議中，檢視 HACCP、ISO 等品質管理系統和品質目標執行狀況、檢驗異常事件及客戶抱怨、提請相關單位進行改善、更新相關法規或規範等。此外，針對食安管理相關人員，亦安排年度內外部訓練，確保其能掌握最新的食品安全技術及法規資訊。 • 2019年品質管理、生產管理與採購部門成員參與培訓達36人次，涵蓋生產事業處產品線100%。	▪ 依據公司內部「食品安全決策小組作業程序」建立食安監測機制	第四條第一項第一款第一目
2	3.3 食品安全管理	55	• 為了持續提升食品衛生、安全及品質，新東陽針對從業人員、作業場所、設施衛生管理及品保制度四大面向採取積極作為，讓消費者吃得安心。2019年相關推動方案的影響範圍，涵蓋禽畜肉品加工類、罐頭製品、水產製品、糕點產品類、休閒食品類及年節粽子，即新東陽大園廠的自製及委外代工產品的100%。 • 2019年為改善食品衛生、安全與品質之作為 (1) 品保制度：2019年度「品質提升計畫」達成 • 客訴案件發生率： - 目標值：低於14ppm - 實績：5.6ppm - 達成率：100% • 每月生產部品檢異常筆數： - 目標值：每月維持28件以下 - 實績：全年11個月皆達成 - 達成率：91.7% (2) 設施管理 • 生產現場引入次氯酸水生成機設備，建立現場生產設備及環境的次氯酸水清潔消毒程序。 • 實驗室引進3M 病原菌快速檢測儀，可針對李斯特菌及沙門氏菌進行快速檢測，對大園廠所有自製品可進行監測把關。 (3) 作業場所 • 針對作業場所所屬4間作業人員廁所，進行全新翻修整建，提升員工如廁的清潔衛生品質，確保產品不受人員污染。 (4) 從業人員 • 鼓勵食安相關人員參與教育訓練培訓課程。	▪ 為改善食品衛生、安全與品質，而針對其從業人員、作業場所、設施衛生管理及其品保制度等方面進行之評估與改進及所影響之主要產品與服務類別與百分比。	
3	3.1 產品創新	47	• 新東陽所生產的食品及食品原料之容器或外包裝，著重在清楚且完整的標示。新東陽透過內部「成品標示管理程序」的政策制定與實踐，確保符合「食品安全衛生管理法」及「食品安全衛生管理法施行細則」有關食品	▪ 違反食品安全衛生管理相關法規之事件類別與	第四條第一項第二款第二目



編號	報告書對應章節	頁碼	確信標的資訊	報導基準	作業辦法
			標示及廣告管理之規定。目前新東陽全品項成份採完全展開模式，讓消費者能瞭解產品成分、營養成分、過敏原、基因改造等資訊，並不會加上宣傳式的訴求與標語。當標示相關法規頒布，新東陽積極先行導入，在法規實行之前就先行符合新版高規格標準。2019年新東陽並無任何違反產品與服務資訊與標示之情事發生。	次數	
4	3.3食品安全管理	54	2019年新東陽確認符合「食品安全衛生管理法」及「食品安全衛生管理法施行細則」，未有違反食品安全相關法規之紀錄。		
5	2.6供應鏈管理	33	- RSPO 認證採購金額統計 - RSPO 認證油品:採購金額 4,134,976元、比例 14.29%	採購符合國際認可之產品責任標準者占整體採購金額之百分比	第四條第一項第一款第三目
6	3.3食品安全管理	54	新東陽大園廠取得 HACCP 食品安全管制系統、ISO 22000食品安全管理系統、FSSC 22000食品安全系統及食品業者衛生安全管理系統，範疇為生產事業處所有畜禽肉品加工、豬肉罐頭、水產製品、糕點產品、休閒食品類產品線，涵蓋率92.1%。	各產品類別取得 HACCP、ISO22000、FSSC22000 驗證除以各產品總品項之比例	第四條第一項第一款第四目
7	2.6供應鏈管理	35	- 原物料供應商等級評鑑 - 為確保供應商提供原物料及代工產品之品質、數量、交期符合標準，新東陽定期針對供應商進行評分，評價項目包含：產品品質水準、產品交期、供貨各方面配合度。 - 新東陽每2個月進行一次原物料供應商等級評鑑，進而依據總分區分為以下5等級，並採取因應措施。近三年評鑑之供應商家數持續增加，2019年評鑑家數共224家，佔原物料供應商家數之100%。近年評鑑結果如下表，2019年評鑑之供應商達 A 級以上比例為97.8%。 2019年原物料供應商評鑑結果: - AA 級:122家 - A 級:97家 - B 級:5家 - C 級:0家 - D 級:0家	依據公司內部「供應商管理作業辦法」管理原物料供應商	第四條第一項第一款第五目
8	2.6供應鏈管理	36	- OEM 代工廠供應商等級評鑑 - 新東陽每2個月進行一次大園廠委外代工供應商等級評鑑，評價項目包含：產品品質水準、產品交期、供貨各方面配合度；進而依據總分區分為以下5等	依據公司內部「供應商管理作業辦法」管理 OEM 代	



編號	報告書對應章節	頁碼	確信標的資訊	報導基準	作業辦法
			級，並採取因應措施。2019年評鑑家數為10家，佔工廠 OEM 供應商家數之100%。2019年評鑑結果如下，供應商達 A 級以上比例為100%。 > 2019年 OEM 代工廠供應商評鑑結果: AA 級:0家 A 級:10家 B 級:0家 C 級:0家 D 級:0家	工廠供應商	
9	2.6供應鏈管理	36	- 原物料廠商訪廠稽核 - 新東陽每年制定「年度稽核(訪廠)計畫」，稽核名冊由採購單位依年度交易金額、產品重要性、客訴事件及特殊狀況等作為考量因素。實地訪廠稽核項目類別涵蓋：工廠相關認證、原物料管理、製程及成品管理、工廠品管制度、現場人員／環境檢查等。以了解產品品質、生產技術，確保食品安全。 2019年規劃並實際訪查稽核24家原物料供應商，佔(交易金額20萬以上)供應商總體比例17.9%。2020年預計平均每月稽核(或訪廠)2家供應商，預計訪廠24家。 - 原物料供應商稽核(訪廠)家數: - 交易廠商家數(20萬以上):134家 - 實際稽核(訪廠)家數:24家 - 合格家數:21家	依據公司內部「年度稽核(訪廠)計畫」執行原物料廠商訪廠	
10	2.6供應鏈管理	37	- 供應商輔導改善 - 針對品質有疑慮之供應商，品管單位會共同進行訪廠稽核，並提出「供應商評鑑稽核報告」(內附稽核缺失及廠商回覆改善作業)針對新東陽訪廠觀察到的缺失，新東陽與廠商共同探討原因，並輔導供應商提供「評鑑缺失及改善回覆函」提出對策，於時限內完成改善；不合格廠商則考慮進行更換。相關稽核結果也提供給採購單位，作為繼續合作之參考。	依據公司內部「年度稽核(訪廠)計畫」執行	
11	3.5產品溯源	60	- TAP「農產品產銷履歷」系統建置 - 新東陽共有5項TAP產銷履歷驗證產品，包含黑豬肉香腸3項、豬肉鬆1項、土鳳梨酥1項，2019年度產品產值總計近1,365.7萬元，估計影響消費者超過33萬人次。成功帶動3家上游廠商建立產品履歷。合作供應商分布及數量方面：土鳳梨酥作分布於南投，共有農民4戶；養殖場分布於台南、屏東、雲林、彰化，共4家；豬肉電宰分切廠分布於屏東、桃園，共2家，豬肉供應商分布於屏東、台北，共2家。TAP產銷履歷驗證標章每三年為一期，由農委會委託緯凱國際科技檢驗股份有限公司進行外部的稽核驗證，稽核範圍除了生產場域、用藥安全以外，環境永續及包裝場所衛生都嚴格把關。	依據「農產品產銷履歷」執行追溯追蹤之情形	第四條第一項第一款第六目



編號	報告書對應章節	頁碼	確信標的資訊	報導基準	作業辦法
12	3.5產品溯源	61	「加工食品流通履歷」系統建置 - 新東陽響應政府推動之 u-taiwan 計畫下的「加工食品流通履歷追蹤計畫」，串聯食品製造商、物流業以及零售業、建構「加工食品的流通履歷追蹤系統」體系，強化加工食品於製造出廠到最終販售至消費者手上的商業流程透明化，以建立更安全的食品消費環境。 「加工食品流通履歷」近年持續透過 QR Code 貼標讓追蹤紀錄，2019採用 QR Code 紀錄流通履歷食品之單數累計近10.9萬筆。	依據「加工食品流通履歷追蹤計畫」執行追溯追蹤之情形	
13	3.5產品溯源	62	- 產品溯源之內部管理:ERP 資訊系統 - 新東陽內部針對原物料管制、產品檢驗紀錄、包裝標示、成品繳庫等各階段皆需留下紀錄，並依循「產品鑑別識別與追溯追蹤管理程序書」等辦法進行管理。 - 為了彙整管理產品資訊，新東陽大園廠導入「企業資源計畫(ERP)系統」作為產品追溯的系統基礎。透過 E 化作業，新東陽能從進料、生產、包裝到出貨過程，分別對產品予以鑑別標示、記錄，並將資料儲進雲端伺服器中，進一步做上下游的串連，能快速追溯食品原料供應商資訊以及追蹤下游販售通路商，也可從有問題食品原料快速追蹤產品流向。2019年新東陽以 ERP 系統追蹤追溯之產品品項數達715項，佔大園廠所有自製產品品項之100%。 - 新東陽藉由每年演練「模擬回收」，驗證能向上游的原料追溯，以及向下游的成品追蹤，以確認產品溯源機制的有效性；此外，當客戶不定期到廠查廠稽核，新東陽亦能於2小時內完成指定產品的追蹤追溯，確認系統的有效性。 - 透過此基礎，新東陽串接政府公有雲、食藥署「非追不可網路平台登錄系統」、農委會的「TAP 農產品產銷履歷」認證，並發展自有的「流通履歷私有雲系統」。	依據公司內部「產品鑑別識別與追溯追蹤管理程序書」執行追溯追蹤之情形	
14	3.5產品溯源	62	「非追不可」政府食品雲串接 - 新東陽也將大園廠自製之所有「肉乾、低溫肉製品、休閒食品、現烤、肉鬆、罐頭」類產品之追溯追蹤資料，上傳至政府食品追溯追蹤管理資訊系統「非追不可 3.0」，包括業者基本資料、每個月的追蹤追溯資料(進貨資訊、生產批次、出貨資料、流向資訊等)，透過系統串接，達到政府資訊化管理追蹤追溯的目的。2019年，新東陽大園廠上傳非追不可之產品產量達2,255噸，佔大園廠所有自製產品產量之70%。	- 依據「食品及其相關產品追溯追蹤系統管理辦法」執行追溯追蹤之情形 - 上傳至非追不可產量佔所有產量之百分比	



編號	報告書對應章節	頁碼	確信標的資訊	報導基準	作業辦法
15	3.5產品溯源	62	「食品履歷追溯私有雲」系統建置 - 透過系統自動與「安心食品履歷追溯平台」等服務網資料介接，將內部追溯控制自動化，省去與公有雲資料傳遞所耗費的人力物力。新東陽由此計畫帶動10家產業合作夥伴創新發展，結合農產端逐步建立完整追溯體系。	依據「安心食品履歷追溯平台」執行追溯追蹤之情形	
16	3.5產品溯源	63	- 門市食品溯源 - 新東陽針對門市販售的禮盒、肉乾、低溫等產品進行溯源管理。依據公司內部制定通路事業總處之「產品追溯追溯標準作業程序書」，在產品進貨時確認產品品名、規格、數量、有效期限等，於系統內登錄鑑別資訊以追溯產品資訊及追蹤流向通路。該作業規範下，由新東陽大園廠發貨至門市之食品類產品100%可進行追溯。透過每批產品進貨時於系統內登錄鑑別資訊，若有食安事件發生時，本公司能快速進行追溯產品資訊及追蹤流向通路，以利短時間內完成下架等程序，保障消費者安全。	依據公司內部「產品追溯追溯標準作業程序書」執行追溯追蹤之情形	
17	3.4品質管理與檢驗	55~56	- 新東陽產品從原料進廠至產品出廠，皆須經品管實驗室和外部第三方單位檢驗，以標準檢驗(國家標準或食藥署公告方法)及使用標準設備進行相關檢驗把關；針對法規強制檢驗項目，訂有年度抽檢計劃，每季抽檢送第三方公證單位檢驗；並加強自主檢驗，針對主要產品項目及年節產品，每年抽檢送第三方公證單位檢驗；更由品管人員依各產品「品質管制方案」所定之管制點及抽樣數進行抽樣檢驗。 - 目前新東陽已依法於大園廠設置食品安全實驗室，能進行一般化性分析、微生物檢驗、以及快速檢測動物藥物殘留，為了精進檢驗分析的量能品質，2019年實驗室引進3M 病原菌快速檢測儀，可針對李斯特菌及沙門氏菌進行快速檢測，對大園廠所有自製品可進行監測把關。	依據「食品安全衛生管理法」要求或自願設置食品安全實驗室之情形	第四條第一項第一款第七目
18	3.4品質管理與檢驗	56	2019年新東陽大園廠於品保食安維護所需的人力資源及食品安全實驗室，所耗用的檢驗費用、設備維護、送第三方實驗室等相關的費用將近548萬，佔大園廠的營業額佔比約0.54%，未來將以取得實驗室認證資格為目標。	- 食品安全實驗室支出及相關檢驗費用 - 投入品質檢驗相關經費佔營業額之百分比	
19	3.4品質管理與檢驗	56	一、新東陽產品檢驗項目 (1) 新東陽實驗室自行檢驗項目： - 一般化性分析：水活性、水分、脂肪、蛋白質、二氧化硫、酸價、糖度、鹽度、pH 值	公司自行及委外檢驗項目及其結果	



編號	報告書對應章節	頁碼	確信標的資訊	報導基準	作業辦法
			• 微生物類：生菌數、大腸桿菌群、大腸桿菌、金黃色葡萄球菌、沙門氏菌、李斯特菌、真菌 • 動物藥物殘留(快篩) (2) 委託第三方檢驗項目： • 動物用藥殘留：四環黴素、瘦肉精(乙型瘦體素(21項)、動物用藥殘留分析(二)48品項、氯黴素類或β-內醯胺類抗生素(8項)、乃卡巴精(抗原蟲劑多重殘留分析7項)、黃麴毒素 • 重金屬(鉛、鎘)或農藥殘留 • 微生物類：沙門氏菌、大腸桿菌、金黃色葡萄球菌等 • 容器包裝溶出：塑化劑 • 添加物：防腐劑、著色劑、甜味劑等 二、 2019年新東陽實驗室自行檢驗結果 (1) 原料 • 動物用藥殘留:樣品數:120件、合格率:100% • 微生物類:樣品數:1866件、合格率:98.55% • 一般化性:樣品數:2669件、合格率:98.80% (2) 肉品 • 微生物:樣品數:6607件、合格率:99.88% • 一般化性:樣品數:6776件、合格率:98.86% (3) 糕餅(含年節產品) • 微生物:樣品數:451件、合格率:99.78% • 一般化性:樣品數:1139件、合格率:98.33% 三、 2019年第三方單位檢驗結果 (1) 原料 • 動物藥殘、重金屬、農藥殘留、微生物及黃麴毒素:樣品數:50件、合格率:100% (2) 食品成品(含 OEM 商品) • 動物藥殘、重金屬、農藥殘留、微生物及黃麴毒素、塑化劑、防腐劑、著色劑、甜味劑等:樣品數:180件、合格率:100% (3) 燒臘便當及食材 • 動物藥殘、微生物、農藥殘留等:樣品數:10件、合格率:100%		