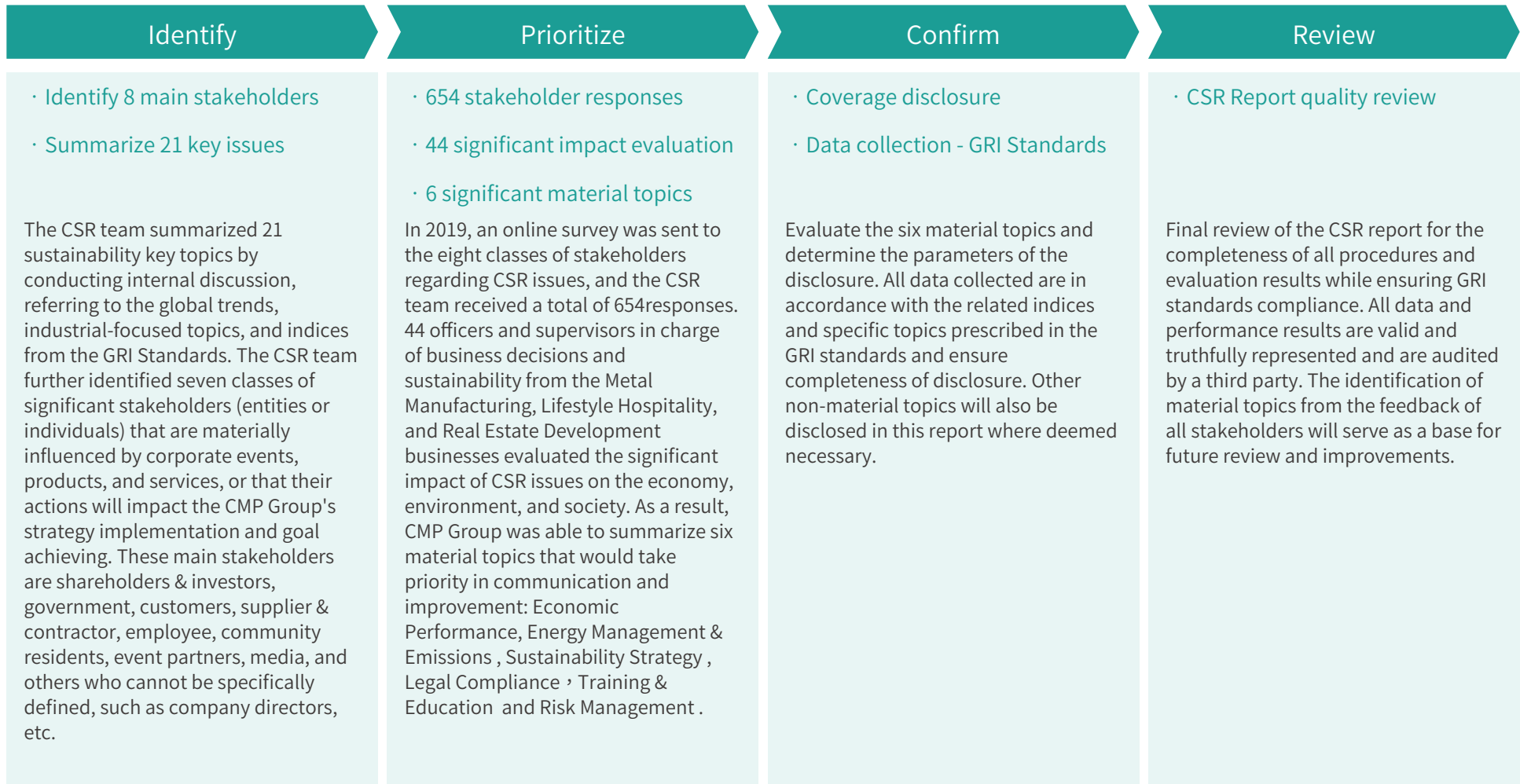


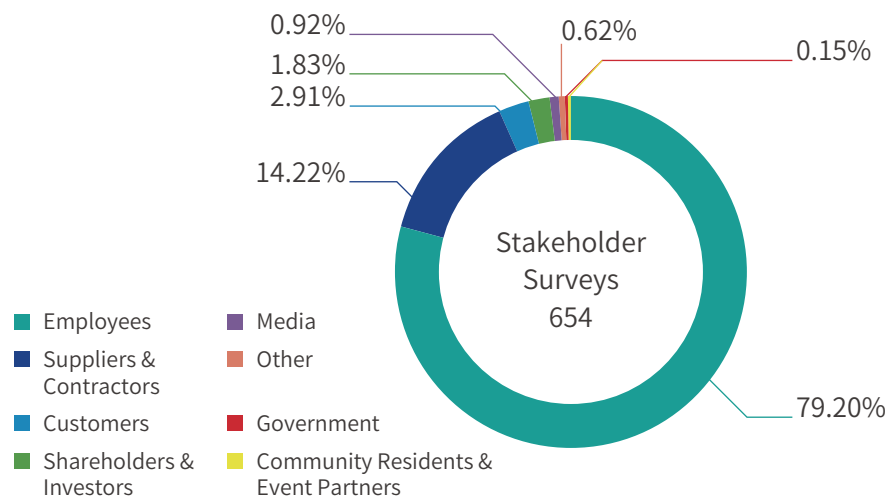
## 2.2 Material Topics

### 2.2.1 Flow of Analysis

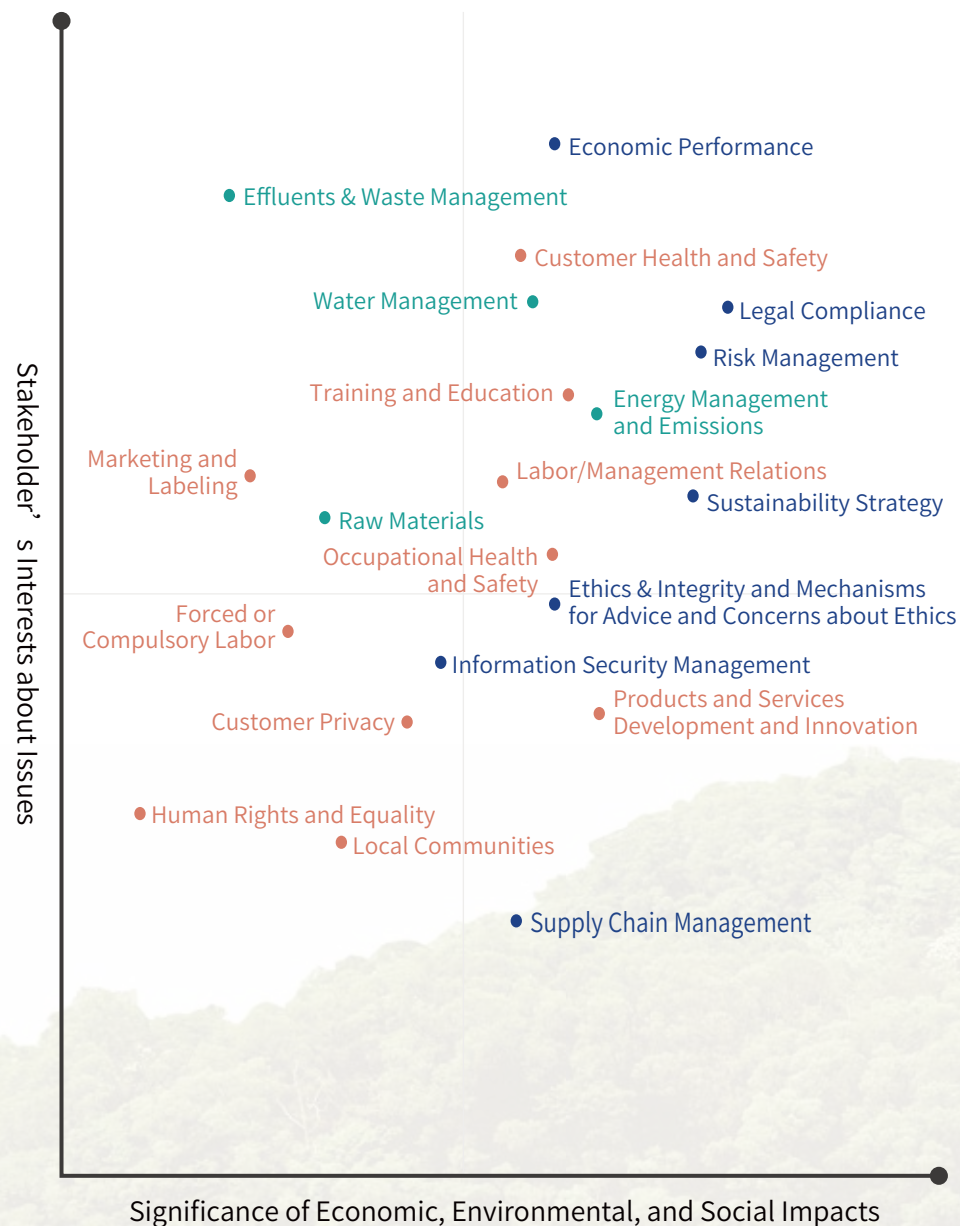


8. Compared with last year, effluents & waste management, occupational health and safety, and products and services development and innovation were excluded from material topics in 2019 because these three items had already been incorporated as part of daily audits or management items. Thus, the attention focus was shifted. New topics in 2019 were risk management, energy management and emissions, and training and education. Major causes included impact of US-China trade war on orders and revenue, clauses for major power consumers and power crisis which have been the focus of attention in recent years as well as talent competitiveness triggered by fierce market competition.

### 2.2.2 Material Topic Outputs





Corporate Governance/ Economic	Environmental	Social
Sustainability Strategy	Raw Materials	Labor/Management Relations
Risk Management	Energy Management and Emissions	Occupational Health and Safety
Ethics & Integrity and Mechanisms for Advice and Concerns about Ethics	Water Management	Training and Education
Legal Compliance	Effluents & Waste Management	Forced or Compulsory Labor
Economic Performance		Human Rights and Equality
Information Security Management		Local Communities
Supply Chain Management		Customer Health and Safety
		Marketing and Labeling
		Customer Privacy
		Products and Services Development and Innovation





### 2.2.3 Report Boundaries

Type	Material Topics	Corresponding GRI Standards	Report Boundaries				
			Value Chain				
			Research & Development	Procurement	Production Management	Transportation & Sales	Customer Service
Corporate Governance/Economic	Economic Performance	GRI 201 : Economic Performance 2016	○	△	○	△	△
Corporate Governance/Economic	Legal Compliance	GRI 307 : Environmental Compliance 2016 GRI 419 : Socioeconomic Compliance 2016	○	○	○	△	□
Corporate Governance/Economic	Risk Management	GRI 102-11 Precautionary Principle or Approach 2016	△	△	△	△	△
Environmental	Energy Management and Emissions	GRI 302 : Energy 2016 GRI 305 : Emissions 2016	○	△	○	△	□
Corporate Governance/Economic	Sustainability Strategy	GRI 102 : General Disclosures 2016	○	○	○	△	△
Social	Training and Education	GRI 404 : Training and Education 2016	○	○	○	△	○



○ : Direct impact △ : Influenced □ : Directly impacted through business relationships

Material Topics	Impact Description	Management Approach	Responses	Results
 <p>Economic Performance</p>	<p>Financial and business performance are the foundation of our business operations as well as our commitments to investors and employees.</p>	<p>Strengthen operations of BOD and fully implement corporate governance.</p>	<ol style="list-style-type: none"> <li>1. Establish an Audit Committee and a Remuneration Committee which closely monitor the Company's accounting, financial processes, and internal audits.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ranked in the top 21-35% in 2019's Taiwan's public listed company corporate governance evaluation.</li> </ol>
 <p>Legal Compliance</p>	<p>The compliance of labor or environmental laws and regulations has significant impact on the Company. Therefore, upholding the principle of regulatory compliance is the basis for a sustainable business.</p>	<p>Through Head Office, Audit Office, Legal Department, and comprehensive work specifications, CMP Group thoroughly verifies and complies with new and amended laws and regulations; also, by adhering to the latest regulatory requirements, omissions leading to violations of laws and regulations can be avoided.</p>	<ol style="list-style-type: none"> <li>1. Labor regulations are revised by the Head Office pursuant to laws and regulations. Promotion or seminars hosted by professional lawyers are regularly organized.</li> <li>2. Environmental regulations are handled by the environmental safety unit of each factory. Besides across-the-board inventory, there are mutual communication to increase employees' environmental safety awareness and meet regulatory requirements.</li> <li>3. The Audit Office regularly conducts audits and provides feedbacks based on internal auditing standards.</li> </ol>	<ol style="list-style-type: none"> <li>1. There was no non-compliance with labor laws and regulations in 2019.</li> <li>2. There was no non-compliance with environmental laws and regulations in 2019.</li> </ol>

Material Topics	Impact Description	Management Approach	Responses	Results
 <p>Risk Management</p>	<p>Rapid changes in industry, pressure from market competition, risk exposure and hidden risk in management, etc. all affect the Company's operation. Only by adopting corresponding strategies and schemes through risk assessments can CMP Group manage risks and realize sustainability.</p>	<p>Continuously assess the internal and external changes of the organization and the possible influence and impact on the organization in the future in order to formulate countermeasures and take actions to pursue sustainability.</p>	<p>In response to major economic, environmental and social impacts, CMP Group reviews risk<sup>9</sup> assessment items quarterly and report to the Board of Directors. CMP Group also reviews the Company's short, medium, and long-term strategic goals annually and makes appropriate adjustments as needed.</p>	<p>Carry out ongoing assessments. There was no major risk exposure nor incident affecting the operation in 2019.</p>
 <p>Energy Management and Emissions</p>	<p>Emissions from the use of raw materials and energy as well as production, and end waste disposal can all bring about profound impacts on the natural environment and community neighborhoods, and even changes in global climate that further affect the ecological environment and human health. Emissions have negative impacts on human health and natural environment. Through testing and controls, CMP Group can mitigate the impact and meet regulatory requirements.</p>	<p>Using 2015 as the base year, the energy consumed per ton of product (GJ/ton) is served as the management indicator. Through system management and measures, effective monitoring and controls may help to reduce energy consumption from the source of production. Strictly implement the GHG inventory and engage external professional institutions to perform energy and GHG related reviews.</p>	<ol style="list-style-type: none"> <li>1. Upgrade technology to change raw material mix, reduce the use of pig iron and replace with recycled steel materials to reduce the volume of waste steel and protect the forests.</li> <li>2. Enhanced process effectively improves product yield and yield rate while greatly reduces foundry returns and energy consumption. These actions significantly improve the efficiency of energy and resource utilization.</li> </ol>	<ol style="list-style-type: none"> <li>1. A total of 140,500 tons of recycled steel were used in 2019, accounting for 83.87% of raw materials.</li> <li>2. Starting in 2015, improvement has been significant every year. In 2019, the energy consumption decreased to 8.2793 GJ/ton, which was a 13.53% drop from the base year.</li> </ol>

9. For risk assessment items, please refer to Risk Assessment and Countermeasure on [page 184 of the 2019 Annual Report](#) for details.



Material Topics	Impact Description	Management Approach	Responses	Results
 <p>Sustainability Strategy</p>	<p>Continue to investigate and formulate development strategies through sustainability factors every year to respond to economic, environmental, and social impacts.</p>	<p>Disclose the management approach, countermeasures, action plans and execution results in the face of major environmental and social impacts through the CSR report.</p>	<ol style="list-style-type: none"> <li>1. CMP Group identifies sustainability factors specific to CMP Group through questionnaires and surveys and formulate corresponding strategies.</li> <li>2. Improve employee quality through education and training in response to sustainability.</li> </ol>	<ol style="list-style-type: none"> <li>1. CSR Reports from 2015 to 2019.</li> <li>2. In 2019, 23 CSR educational training and review conferences were held with a total of 65 participants.</li> </ol>
 <p>Training and Education</p>	<p>R&amp;D and innovation are crucial in maintaining our leading position in the metal manufacturing industry. Training and education, in particular, are the deciding factors on whether the R&amp;D and innovation can add new value to industry or market competitiveness.</p>	<p>As a happiness enterprise, CMP Group prompts employee loyalty with comprehensive welfare measures, reduce turnover rate and build a more competitive organizational structure to attract outstanding talents; and strengthen employee training to stimulate potential and enhance employee competitiveness.</p>	<ol style="list-style-type: none"> <li>1. Continue to focus on establishing a complete knowledge system and educating and cultivating talent to improve the overall R&amp;D capabilities and production efficiency.</li> <li>2. Continuously optimize equipment performance and introduce new technology and materials to increase production capacity and product quality in order to attract outstanding talents.</li> </ol>	<ol style="list-style-type: none"> <li>1. In 2019, a total of NT\$11,573 thousand was invested in education and training.</li> <li>2. It is expected to invest NT\$390,910 thousand in 2020, an increase of 9.5% comparing to 2019.</li> <li>3. In 2019, a total of 3,356 persons took part in internal and external trainings where employees benefited enormously.</li> </ol>