

Collins Co., Ltd. 2021

Corporate Social Responsibility & Sustainability Report

Thank you for reading the “Collins Co., Ltd. 2021 Corporate Social Responsibility & Sustainability Report” (hereafter “the Report”). This Report is the corporate social responsibility report publicly issued by Collins Co., Ltd. (hereafter “the Company”), which has referenced the Global Reporting Initiative (GRI) standards to disclose and present information in a more organized manner. The goal is to illustrate the Company’s substantial actions and operational achievements in economic development, environmental protection, employee care, and social care to the Company’s stakeholders while demonstrating our efforts and commitment to sustainable social and environmental development.

The scope of coverage for this Report includes Collins Co., Ltd. and its important subsidiaries, and is mainly intended to disclose the Company’s action plans and performance information regarding the promotion of sustainable development from January 1, 2021, to December 31, 2021. This Report is presented using common numerical descriptions, and the correctness of the relevant content and statistical data has been verified by the Company’s “Corporate Governance Taskforce.”

First release version: released in December 2021.

Report Writing Guidelines and Principles

The content structure of this Report is compiled according to the core options provided by the standards of Global Reporting Initiative (GRI). The Company has also adopted the AA1000 Principles of Accountability (2018) to plan its strategic goals for sustainable development, industrial development, operational governance, fostering innovation, life functions, human rights, etc., and compiled this Report according to the guidelines provided. The relevant guidelines and principles referenced are as follows:

- I. The Global Reporting Initiative (GRI) Sustainability Reporting Standards published by the Global Reporting Initiative.
- II. United Nations Sustainable Development Goals (SDGs).
- III. AA1000 Principles of Accountability (2018).

Contact Method

The Company has established a dedicated corporate social responsibility (hereafter “CSR”) website to enable stakeholders who care about Collins’ development to understand the Company’s efforts and achievements in fulfilling its corporate social responsibility and reference the feedback from all walks of life as the basis for continuous improvement.

If you have any suggestions for the Company’s CSR report, please provide us your valuable opinions via the following contact methods:

Collins Co., Ltd.

Department: Enterprise Service Group (ESG)

Address: 6 F., No. 201, Dunhua North Road, Taipei City, 105

Telephone: (02) 2712-5311 ext. 300

URL: <http://www.collins.com.tw/>

CSR Page: <http://www.collins.com.tw/web/index/index.jsp>

Collins’s efforts and plans for CSR are presented in three aspects: Environmental Sustainability (Environment), Social Care (Social), and Corporate Governance (Governance) (hereafter “ESG”). After the information on the three major dimensions, core indicators, and key projects are presented and explained, the report will conclude with a comprehensive review, and present our expectations and future prospects.

I. Environment Sustainability

The Company has practiced sustainable environment development by implementing circular economy internally via efforts such as conserving water, reducing plastic waste, and promoting resource recycling and reuse. The goal is to fulfill the commitment and mission of daily energy conservation and carbon reduction while promoting green electricity and carbon neutrality. Collins also adheres to the spirit of “environmental protection & sustainable future” as it continues to promote company businesses and responsible investments.

In the past year, the Company and the group's subsidiaries have taken numerous hands-on and specific actions, such as:

- (I) During the COVID-19 pandemic level-3 alert period in 2021, Collins adopted work from home or flexible and alternate work schedule to reduce the fossil fuel energy consumption from commuting vehicles.
- (II) Employees are encouraged to commute to and from work on foot or use public transport instead of driving.
- (III) The Company plans to establish electric scooters, vehicle charging posts and charging stations facilities in its self-owned and self-constructed office buildings and factories.
- (IV) Collins will set up solar photovoltaic power generation facility on its Shulin plant office building. Based on Collins’ Shulin plant office building scale of 170.64kW, the Company's solar photovoltaic power generation equipment can achieve the annual carbon reduction of approximately 97 metric tons, which is equivalent to planting 5372 trees or 3.5 times the number of trees in Daan Forest Park.
- (V) The Shulin plant office building has 8 rainwater retention tanks constructed in its underground basement, with an active volume of 208m³, or 200,000 liters. The Company plans to make proper use of recycled water resources and practice water conservation in order to achieve the “Clean Water and Sanitation,” “Responsible Consumption and Production,” and “Climate Action” goals set by the United Nations SDGs.

In terms of responsible investment, the Company has been diversifying its operations and strategic deployments in recent years. Take the reinvestment company Axman Enterprise Co., Ltd. (currently trading in the Emerging Stock Market in Taipei Exchange and will be listed in March 2022) as an example. Axman is a boutique bicycle manufacturer in Taiwan with its own brands and an OEM for major European and

American brands. Its main products are electric-assisted bicycles (accounting for over 25% of revenue). Electric-assisted bicycles, which are quite popular in the European and American markets, can continue the development trend of electric scooters and electric vehicles. They are expected to become environmentally friendly, energy-conserving, and carbon-reducing transportation, fitness, and leisure tools with CSR benefits

It is noteworthy that the Company has invested in a green energy indicator enterprise called J&V Energy Technology Co., Ltd. (trading in Emerging Stock Market in January 2022) in 2021. Its main businesses include solar photovoltaic, wind power, energy storage, green electricity sales platform, water resource reuse, and other green energy and environment-related businesses. J&V Energy Technology Co. is committed to developing renewable and clean energy products, initially focusing on developing Taiwan's solar energy businesses, such as project development, power plant ownership, power plant investment, and operation maintenance and management to provide one-stop integrated electricity power-related services. In the past two years, it has entered the wind power, energy storage, green power, biomass energy, water resources treatment, and other green energy, and it's known as a practitioner of green energy policy in Taiwan.

In the future, Collins will collaborate with Axman Enterprise Co., Ltd. and J&V Energy Technology Co., Ltd. to develop various green energy applications in Taiwan. We also look forward to further integrating green energy and negative-carbon products of the enterprise to exert the power of practical actions and achieve the net-zero carbon emission target.

II. Social Care

The Corporate Social Responsibility related social care issues include labor relations, product responsibility, consumer rights, and community care.

Social issues are divided into three areas: labor relations, fair hospitality, and community care. They are further described as follows:

(I) Labor Relations

Internally, the Company has promoted working harmony between labor and management, ensured the health of employees, and created a fair and friendly working environment for learning and growth by adopting employment, recruitment, and paid-leave systems superior to those provided by the Labor Standard Act and other relevant laws and regulations.

In response to the impacts of COVID-19 in 2021, the Company and its group subsidiaries have repeatedly promoted epidemic prevention

efforts, implemented intensified employee health management policies, reviewed the scope of coverage for the Company's group insurance, and purchased additional epidemic prevention and vaccine insurance for all colleagues of Collins. The Company has also implemented flexible working hours, online meetings, and epidemic prevention measures such as environmental cleaning and disinfection on a monthly or even weekly basis (especially during the level-3 COVID-19 alert period) to promote employee health.

To promote employee health, Collins has commissioned qualified medical institutions to provide health services and consultation: Nurses provide on-site services 3 times per month for 6 hours, and MDs provide on-site services 3 times a year for a total of 6 hours. All of Collins' employees can receive medical and health consultation services on-site, and nearly 100 employees have utilized these services throughout the year.

(II) Fair Treatment to Clients

The Company takes great importance to product liability as well as consumer rights and interests, and has purchased product and public accident liability insurances according to the nature of the product and sales method.

Collins respects the clients' rights and interests and has referenced the domestic and foreign peers (such as Japan's Itochu Corporation) as well as other industry practices to treat consumers fairly and reasonably. The Company adheres to the service concept of "fairness, empathy, and treating clients like family" and fully complies with the relevant laws and regulations for its products, ads, sales practices, service consultation, and customer complaint handling.

(III) Community Care

To encourage Taiwan's agriculture to move towards environmentally-friendly farming, the Company has assisted farmers in Yunlin County to plant organic sweet potatoes using natural planting methods and achieve abundant harvests. Not only are these crops considered local delicacies with high nutritional value, but also be considered as soul food to soothe the nostalgia of people working in the metropolitan cities (photo; Collins "Sweet Potato, Heart of Taiwan" project to care for rural area).



In response to the "Eradicate Poverty" and "End Hunger" SDGs announced by the United Nations, the Company has donated 250 catties to orphanages and other social welfare institutions. The beneficiaries from 2010 to 2021 include the Taipei Child Welfare Center, Child Welfare Alliance, Ti-Hwei Children's Home, and Yu-Cheng Social Welfare Foundation. Collins will continue to take charitable actions to enhance public welfare and assist more people and civil organizations in need under the spirit of "take from the society and give back to the society."

Table: Rice donated by Collins to social welfare institutions over the years

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Quantity (Catties)	300	250	250	250	250	250	250	250	250	250	250	250	3,050

III. Corporate Governance

To provide investors with useful CSR information for policy-making, the Company has referenced the relevant international standards to enrich the information disclosed in its corporate social responsibility report. Short-term work includes outlining our new corporate value propositions, strengthening the corporate and business objectives, implementing ESG, complying with the "Corporate Governance 3.0 - Sustainable Development Blueprint" guidelines provided by the Financial Supervisory Commission and the relevant competent authorities. The long-term target is to promote healthy development and interaction between enterprises, investors, and related stakeholders while creating a sound CSR ecosystem.

The governance structure is divided into three major areas: shareholders meeting, board of directors meeting, and all employees. They are described as follows:

(I) Shareholders Meeting

The Company has actively organized the annual shareholders meeting related work each year. The goal is to understand the needs of various types of shareholders and stakeholders, and set up a spokesperson's hotline to respond to questions from shareholders and other stakeholders. The Company has also provided other communication methods for stakeholders (including minority shareholders and

corporate shareholders holding over 5% of shares).

Collins values great importance to the opinions and suggestions of all stakeholders. The Company has established dedicated personnel to coordinate, act as a communication focal point between the Company and stakeholders, understand the needs and respond immediately, take the necessary countermeasures, and strengthen information disclosure. The Company has held corporate briefings and regularly published the Group's consolidated operation and finance-related information on its website. Collins has also clearly presented its operating status, future plans, operation strategies, and financial performances in its annual report. The goal is to provide investors with the best services through feasible communication channels.

To protect the rights and interests of shareholders, Collins has established the spokespersons, acting spokespersons, and stock brokerage agencies to deal with the suggestions, doubts, disputes, and litigation matters according to procedures. Meanwhile, to ensure the exercise of minority shareholders' rights is not restricted by time and space, Collins has adopted the electronic voting method for shareholders meetings since 2016 to give shareholders alternative method to express their opinions and truly implement shareholder activism.

(II) Board of Directors Meeting

To strengthen the functions and roles of the board of directors and establish performance goals to enhance board operation efficiency, the Company's Board of Directors has passed the "Board of Directors Performance Evaluation Measures" in November 2019. The goal is to conduct an internal board performance review at least once a year and conduct a performance review for the current year at the end of the year. In addition to the overall board of directors operations, each director must also conduct a self-assessment. The review items include five major aspects:

1. Degree of participation in the Company's operations.
2. Recognition of the functional committee's responsibilities.
3. Improve the decision-making quality of functional committees.
4. Functional committee composition and member selection.
5. Internal Control

Collins' "Board of Directors Performance Evaluation Method" provided that in addition to full disclosure in the annual report, the Market

Observation Post System, and the Company's website; the performance evaluation implementation status and evaluation methods are also fully described and disclosed in the annual report.

(III) All Employees

The Company strictly upholds the business philosophy of integrity for its employees, clients, and suppliers. New employees must sign a “Code of Ethical Conduct” when they report to work to ensure that all behaviors comply with laws and regulations. The provisions include that all employees shall not ask for or accept any gifts, special treatment, or entertainment from the manufacturers or clients. Moreover, employees are strictly prohibited from dealing with those who have a record of dishonest behavior to ensure the Company's rights and interests and all stakeholders. Employees shall not engage in external activities that conflict with the Company’s interests, engage or participate in external activities that can affect their actions in Collins, or obtain personal gains or advantages from Company-related transactions. For suppliers, their sales contracts specifically stipulated that all dishonest transactions such as bribery and illegal lobbying are strictly prohibited.

The Company has also established the “Insider Trading Prevention Management Procedures” and the “Code of Ethical Conduct” to explicitly prohibit company insiders from using information not disclosed to the market to buy or sell securities. The Company strictly adheres to the philosophies of honesty and integrity. They are our most fundamental and important philosophies, and the core value that all Collins employees and its subsidiaries must abide by when conducting business. In the future, Collins will strictly uphold these principles and require all employees to continue to implement and abide by the relevant regulations.

Regarding the preceding business integrity-related provisions, Collins has implemented internal promotion in 2021 and confirmed that no corruption incident has occurred in each unit.

IV. Conclusion

Although the title of this Company report is the 2021 Corporate Social Responsibility & Sustainability Report, the contents also include the Company's corporate philosophies since its establishment. They include focusing on the core businesses, investing responsibly, caring for society, and operations with integrity. The report uses words, numbers, figures, tables, and other methods to fully disclose the Company's actual ESG concept implementation results. The objective is to disclose the short-, medium-, and long-term goals and present the hands-on implementation milestone and results for work plans, implementation steps, performance indicators, and internal publicity.

In the future, the Company's "Corporate Governance Working Team" will handle the ESG enterprise sustainable development and CSR works in conjunction with all Company employees under the leadership of the board of directors, chairman, and CEO. More importantly, the Company will comply with the specifications provided by the competent authorities such as the "Corporate Governance 3.0 - Sustainable Development Blueprint," "Sustainable Development Roadmap for Listed Companies," "Sustainability Report Compilation and Report Operation Measures for Listed Companies," and "Sustainability Report Compilation Guideline for Listed Companies." Each year, the Company will reference the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) sustainable accounting standards to revise and compile its sustainability reports.

The Company's objectives and missions for the next few years include incorporating the climate change impact-related contents into its report structure and strategic targets. Collins aims to reference the specifications provided by the Task Force on Climate-related Financial Disclosures (TCFD), take practical actions in response to the core TCFD values, and guide enterprises to challenge the risks and opportunities of low-carbon economy transition. The goal is to integrate digital transformation with "new retail" and "new energy" developments. Collins anticipates creating more benefits and social values for all stakeholders by directly supporting the global sustainable development goals through our services, business operations in association with supply chains.