



2020 CSR Report

Cover Story

As the global greenhouse effect is making climate change increasingly extreme, global warming has been causing decreased rainfall, and water resources available to humankind are shrinking. Water has a regulating effect on the climate. The water vapor in the atmosphere blocks 60% of the warmth radiated from the earth and protects the earth from cooling. This year, Taiwan’s rainfall has been markedly different from the usual patterns, which has, facing the biggest drought in half a century. Every drop of usable water is to be cherished. Pegavision helps protect water and participates in river and beach cleaning activities. In our manufacturing, we adopt water-saving measures, a pure water recovery system, recycle and reuse water to cherish and make optimal use of every drop of precious water.



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About our report

Pegavision Optical Co., Ltd. (stock code: 6491; "the Company" or "Pegavision"), founded in August 2009, is a jointly invested in a subsidiary company of Pegatron Corporation and Kinsus Interconnect Technology Corp. Pegatron's main business is the research and development, production and sales of a range of disposable soft contact lenses with different water contents and different lens functionalities.

In accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, published by the Taiwan Stock Exchange, Pegatron takes reference from the international reporting standards (GRI Standards) issued by the Global Reporting Initiative (GRI) and the United Nations' Sustainable Development Goals (SDGs) and other requirements. Since 2020, the Company annually publishes a corporate social responsibility (CSR) report to share reliable and transparent information with the outside world. The Company's website also offers information to facilitate two-way communication with internal and external stakeholders.

Our intention is that the publication of this helps deepen the sustainability of our operations and create win-wins for the industry, the environment and the society.

Reporting period 102-50

This report is Pegavision's second corporate social responsibility report. The disclosure period covers 2020 (from 1 January 2020 to 31 December 2020). The report describes environmental, social and governance (ESG) approaches and actions undertaken in response to the concerns of our stakeholders.

Reporting period 102-51 102-52

As a rule, our corporate social responsibility reports are published annually. This report is published in September 2021. The next report is scheduled for publication in September 2022.

Report scope and boundaries 102-45 102-46

The scope of this report is defined by the organizational boundaries set by Pegavision in Taiwan. Thus, aspects of our stores, inasmuch as these have bearing and impact on our chosen Material Topics, also fall within the scope of disclosure. The report discloses financial information from our consolidated financial statements. This financial information is consistent with the data in the statement report certified by our accountant. This report does not cover the performance of other subsidiaries.

Principles of report compilation 102-54

When compiling this report, we followed the Core Options of the GRI Standards published by the internationally recognized GRI and took reference from the following:

- Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
- United Nations' Sustainable Development Goals
- AA1000 Standards from Account Ability
- Stakeholder's opinions
- Positioning of the Company in the market

Guarantee of the accuracy of public information 102-56

The disclosure of relevant information in the Corporate Social Responsibility Report will have a significant impact on stakeholders. Therefore, we pay attention to every detail to ensure the accuracy and completeness of the information we disclose

• Internal confirmation:

- ✓ To highlight the medium and long-term trends, some performance information is presented as continuous data from 2017 to 2020.
- ✓ Every piece of information has been confirmed and approved by the heads of the departments concerned, and reviewed by the top management.

• External confirmation:

- ✓ Financial data: Ernst & Young Global Limited
- ✓ CSR Report: AA1000 Type I Moderate Assurance Level

Contact Information 102-53

For queries or comments regarding Pegavision's Corporate Social Responsibility Report 2020, you are very welcome to contact us. Your feedback and input help us improve further.

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Our pledge



In 2020, amid the Covid 19 epidemic, the global economy and business activity slid into a recession and stagnation. However, this did not stop us from fulfilling our corporate social responsibility. In this same year, bucking the trend, Pegavision realized earnings per share of TWD 10.22 for its shareholders, a 34% year-on-year increase. With regard to corporate governance, the board of directors adopted risk management policies and procedures, revised integrity management policies, and prevented integrity-violating conduct. We signed a pledge that we will abide by our integrity policy.

Our company also participated in a corporate governance evaluation for the first time, ranking among the top 6% to 20% of all listed companies.

With regard to environmental sustainability, our vigorous efforts toward paperless operations reduced the amount of photocopies by nearly 150,000 in 2020 compared with the previous year. Through more refined manufacturing, the water and electricity consumption per unit of product sharply dropped 24% year-

PEGAVISION CORPORATION

President, TS Yang

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on-year. The expansion plan of the new plant in Daxi features rainwater recovery and solar-powered heat pumps and other green energy systems. To further explore possibilities in energy conservation, we will conduct an ISO 14064-1 Greenhouse Gas Inventory in 2021, which will help formulate in more detail our future CO2 emission reduction targets per category.

With regard to social contributions, in 2020, Pegavision again sponsored baseball for disabled children and the Eden Foundation's service plan for children with delayed development. For the first time, we joined the Tamsui River Clean-Up organized by Commonwealth Magazine as well as the global Earth Hour (turning off all lights) organized in Taiwan by the Society of Wilderness. We also participated in the Taiwan Gay Pride parade. Hope gives rise to good thoughts and deeds. So, let love and hope be a force for social progress. Of course, we have not forgotten about our most important asset at Pegavision: our employees. In 2020, our company allocated more than TWD 100 million in employee compensation, or 11.5% of net profit before taxes, and shared some of the operating results with our employees. We also spent more than TWD 2.5 million on education and training. Our talent development quality management system won the Silver Award of the Ministry of Labor.

At the time of writing this report, as Level 3 Covid 19 prevention measures are in force in Taiwan, Pegavision has adopted various epidemic prevention measures to protect the health of its employees.

We also offer rapid screening tests to all employees in our factories and donated P3-level protective clothing and P1-level isolation clothing to police officers and fire fighters. In 2021, we will continue to follow through on our commitments to our customers, shareholders, society and the environment, and keep pursuing the sustainable and common good.

Sustainability performance in 2020 at a glance

Corporate Governance	TWD 3.98 billion Consolidated revenue in 2020 was TWD 3.98 billion, a 18.6% increase from 2019.	TWD 720 million Net profit in 2020 was TWD 720 million, an increase of TWD 240 million from the previous year and an annual growth of 50%.	TWD 10.22 dollars Earnings per share in 2020 stood at TWD 10.22, an increase of TWD 2.60 from TWD 7.62 in the previous year.
	6~20% In the 2020 Corporate Governance Appraisal Ranking we ranked in the 6-20% category listed companies.	1st CSR Report Our first Corporate Social Responsibility Report covers 2020.	2020 Sustainable Won the Sustainable Resilience Pilot Award from the British Standards Institution (BSI).
	6 times Six board meetings were held in 2020.	13 risks We identified and responded to 13 potential risk	CE certification We obtained the EU's CE certification for our silicone soft contact lenses.
	GMP + ISO 13485 Pegavision Daxi Factory obtained Taiwan's GMP and ISO 13485 certifications	TFDA We obtained the TFDA product certification for Taiwan's first mint-infused daily disposable soft contact lenses.	FDA 510(k) We obtained medical equipment marketing approval in the US for our astigmatic and multifocal cosmetic soft contact lenses
Environmental Sustainability	88 % Our resource recovery rate in 2020 was 88%, a 3% increase from the previous year.	-6.81 % Our paper consumption decreased 6.81% when compared with the previous year, a reduction of 381kg CO2e.	20 % We maintained our recycling rate of trays to reduce waste and save energy.
	2.02 % Our remanufacturing rate in 2020 was 2.02%, lower than in 2019, a significant waste reduction.	2.6 % We adopted self-engraved steel plates to improve yields and reduce scrap waste and raw material waste.	2.99 % We reduced product packaging (polypropylene, PP) to protect the environment.
Social Harmony	Silver Medal Our talent development system was evaluated under the Taiwan Talent Quality System (TTQS) by the Ministry of Labor and awarded the Silver Medal in the category Enterprises.	25 % Our ratio of female supervisors remained the same, and we ensure that female employees have fair opportunities to participate in decision-making and leadership.	0 incidents In 2020, we did not receive any complaints related to legal compliance, anti-corruption, human rights and labor rights.
	19 people The number of our staff with physical and mental limitations goes above and beyond the legal standards.	4 meetings We have held management-labor meetings in accordance with the law to promote management-labor harmony.	TWD 844,000 Pegavision sponsored social inclusion projects and events to an amount of TWD 844,000.

2020 awards and recognitions

BSI Organizational Resilience Awards

On November 19, 2020, Pegavision published its first Corporate Social Responsibility Report, covering 2019. This report was honored with a "BSI Organizational Resilience Awards" from the British Standards Institute (BSI). The award recognized how Pegavision, as a responsible corporate citizen, incorporates the United Nations' Sustainable Development Goals (SDGs) into the blueprint of its medium and long-term CSR strategy, which combines technological innovation and sustainable development, setting specific goals and actions and leading by example in corporate social responsibility.



TTQS Silver Award



To enhance our company's competitiveness and its training system, we upgraded our talent development system to comply with the Taiwan Talent Quality-management System (TTQS) in 2018. Our education and training system equips our employees with the right skills to do their jobs while ensuring efficiency, quality, and sustainable operations and development.

In 2020, during the epidemic, Pegavision continued its investments in human resources development, including on-the-job learning, education and training, which won us a Silver Medal Award from the Workforce Development Agency, Ministry of Labor.

Stakeholder identification and communication 102-40 102-42

Pegavision established the “Stakeholder Identification and Material Issues Evaluation Method for Sustainable Operations.” Taking reference from "Account Ability's Stakeholder Engagement Standard" (AA1000 SES: 2015, which recommends identifying and assessing stakeholders along the five dimensions of dependency, responsibility, tension, influence, and diverse perspectives. This way, nine key stakeholders were identified: consumers, government agencies, shareholders and investors, employees, customers, suppliers, communities, non-profit organizations, and the media. We listen to stakeholders' voices through various communication channels to collect their concerns about the company, and accept and respond to their expectations.



Stakeholder Communication Channels and Material Issues 102-43 102-44

Stakeholders	Importance to operations	Material Issues	Communication channels and response methods	Communication frequency
Government agencies	Compliance with government regulations, gaining the government's trust, promoting the company's survival and development.	Regulatory Compliance	E-mail, telephone	Irregular
		Operational performance	Annual shareholders meeting, annual report distribution	Once per year
		Ethical Business	Convene a board of directors	At least 4 times per year
		Climate Change, Energy Conservation and Carbon Emission Reduction	Company website	Irregular
		Waste management	Factory inspections, regular declarations, letters, e-mail, telephone	Irregular
		Occupational safety and health	Factory inspections, regular declarations, letters, e-mail, telephone	Irregular
		Risk Management	Board meetings, company website	Irregular
Shareholders and investors	Improving the company's operating performance, shareholder earnings, sound returns on investment	Regulatory Compliance	E-mail, telephone	Irregular
		Operational performance	Annual shareholders meeting, annual report distribution	Once per year
		Ethical Business	Convene a board of directors	At least 4 times per year
Employees	Employees are the company's assets. Providing an environment of gender equality, physical and mental health, good compensation and benefits, comprehensive career development.	Employee compensation and benefits	Pegavision internal website, employee care, internal announcements	Irregular
		Career development and training	Internal announcements by e-mail, educational training courses	Irregular
		Occupational safety and health	Pegavision's internal website, internal announcements, and occupational safety seminars	Irregular
		Talent recruitment and retention	Recruiting channels, education and training	Irregular
		Human rights	Education and training	Once per year

Stakeholders	Importance to operations	Material Issues	Communication channels and response methods	Communication frequency
Customers	The main source of our company's performance and revenue, partners in sustainability.	Innovative Technologies and Services	Disclosures on company website	Irregular
Consumers	Pegavision serves consumers through its own shopping channels, both branded and otherwise fully owned. Consumer satisfaction with our products, purchase experience, and after-sales service underpin and guide all our operations.	Innovative Technologies and Services	Disclosures on company website	Once per year
		Brand management	Disclosures on the company website, consumer satisfaction surveys	Irregular
		Customer satisfaction	Consumer satisfaction surveys, service staff training, service performance appraisals	Irregular
		Consumer health and safety	Customer service mailbox, online customer service chat, customer service telephone	Any time, as needed
Suppliers	Select and prioritize suppliers that value corporate social responsibility, and grow together with our suppliers.	Supplier Management	Factory meetings, supplier evaluations	Irregular
		Human rights	Education and training	Once per year
Communities	Care for the community and environment around the company, and sponsor activities in the community.	Community Engagement	Sponsoring disadvantaged groups Sponsor community activities Environmental protection activities	Irregular
Non-profit organizations	We work with non-profit organizations to seek their expertise to drive our social responsibilities, and jointly support public welfare organizations.	Circular Economy	Disclosures on company website	Irregular
		Water management	Transparent and open company website	Irregular
Media	Handle media inquiries with an open, sincere and proactive attitude, build positive and high-trust relations with the media.	Operational performance New product launch	Annual shareholders meeting, annual report distribution, advertising disclosure	Irregular

Identification and assessment of Material Issues

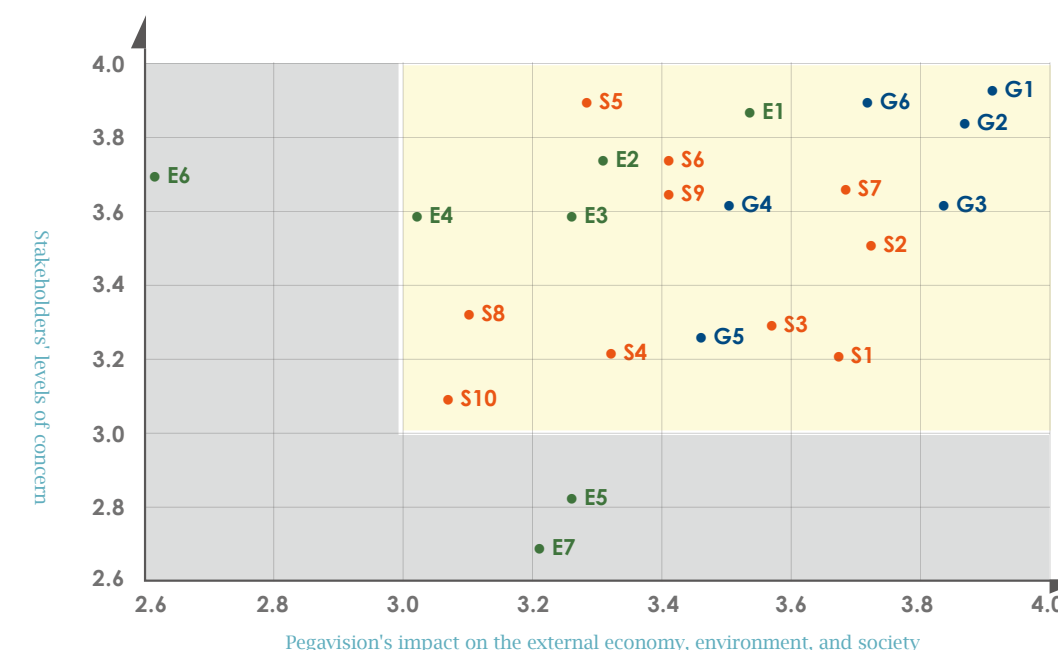
102-47 102-49

Taking reference from the specific topics listed in the GRI Standards, Pegavision designed a stakeholders questionnaire grouped into 3 categories and 23 topics, and used the questionnaire to conduct a survey among external stakeholders and internal company executives. The average scores for each topic from the internal survey were placed along the X-axis, while the average scores from the external survey were placed along the Y-axis to create a scatter chart. The CSR committee referenced the chart to set the direction for the organization's operational strategy and map the impact of operational activities on stakeholders. "The stakeholder priority levels" and "the degree of impact on Pegavision's operations" were analyzed. Based on their importance, the Material Issues were prioritized, their boundaries defined, their corresponding GRI standard themes identified, short-, medium- and long-term goals for improvement set, their final content confirmed, and their alignment with the principles checked.



Analysis of Material Issues

The degree of concern of stakeholders is one of the principles determining the importance of issues. To identify the issues of concern to its stakeholders, Pegavision used a questionnaire survey to analyze stakeholders' level of interest in certain issues and conducted substantive assessments. The CSR Committee identified the issues within the range of (3.0,3.0) to (4.0,4.0) in terms of both levels of stakeholder concern and "Pegavision's impact on the external economy, environment, and society". This way, 20 Material Issues were found.



Based on the above results, the Material Issues for the company in 2020 were selected as follows:

Economic aspect: G1 Ethical Business, G2 Regulatory Compliance, G3 Operational Performance, G4 Innovative Technologies and Services, G5 Supplier Management, G6 Risk Management

Environmental aspect: E1 Climate Change, Energy Conservation and Carbon Emission Reduction, E2 Water Management, E3 Waste Management, E4 Circular Economy

Social aspect: S1 Occupational Safety and Health, S2 Employee Compensation and Benefits, S3 Talent Recruitment and Retention, S4 Career Development and Training, S5 Brand Management, S6 Consumer Health and Safety, S7 Customer Satisfaction, S8 Community Engagement, S9 Human Rights, S10 Security

Material Issues not listed:

E7 Greenhouse Gas Emissions, E8 Biodiversity, E9 Energy Efficiency Enhancement

Compared with 2019, the changes in Material Issues are as follows. The department responsible for each Material Issue proposes action plans and short-, medium- and long-term goals, and regularly reviews performance.

Aspect	Material Issues in 2019	Material Issues in 2020	Changes	Reason/explanation
Economy	Ethical Business	Ethical Business	Maintained	No change in level of concern
	Regulatory Compliance	Regulatory Compliance	Maintained	No change in level of concern
	Operational Performance	Operational Performance	Maintained	No change in level of concern
	Innovative Technologies and Services	Innovative Technologies and Services	Maintained	No change in level of concern
	Supplier Management	Supplier Management	Maintained	No change in level of concern
	-	Risk Management	Added	Issues of International Concern
Environment	Climate Change, Energy Conservation and Carbon Emission Reduction	Climate Change, Energy Conservation and Carbon Emission Reduction	Maintained	No change in level of concern
	Water Use and Sewage Discharge	Water Management	Maintained	Stakeholders expressed a high level of concern with the issue, and the name of the issue was adjusted.
	Chemical Substance Management	-	Deleted	The level of concern had not changed. The issue was merged with Circular Economy.
	Use of Raw Materials	-	Deleted	The level of concern had not changed. The issue was merged with Circular Economy.
	Waste management	Waste management	Maintained	No change in level of concern
	Circular Economy	Circular Economy	Maintained	No change in level of concern
Society	Safe and Healthy Working Environment	Occupational Safety and Health	Maintained	The name of the issue was adjusted in accordance with the GRI 2018 version.
	Employee Compensation and Benefits	Employee Compensation and Benefits	Maintained	No change in level of concern
	Talent Recruitment and Retention	Talent Recruitment and Retention	Maintained	No change in level of concern
	Career Development and Training	Career Development and Training	Maintained	No change in level of concern
	Brand Management	Brand Management	Maintained	No change in level of concern
	Consumer Health and Safety	Consumer Health and Safety	Maintained	No change in level of concern
	Customer Satisfaction	Customer Satisfaction	Maintained	No change in level of concern
	Community Engagement	Community Engagement	Maintained	No change in level of concern
	-	Human Rights	Added	Issues of International Concern
	-	Security	Added	Issues of International Concern

The impacts of Material Issues economy affecting the Economic Boundaries



Economic aspect

Direct impact: ● Indirect impact: ○

Material Issues	Corresponding to specific topics in the GRI Guidelines	Importance to operations	Upstream	Operation process	Downstream	Other stakeholders				Corresponding chapter	Page number
			Suppliers	Employees Shareholders	Customers Consumers	Government agencies	Non-profit organizations	Communities	Media		
1. Ethical Business	205 : Anti-corruption	Uphold the principle of ethical business, implement and promote sound corporate governance. Respect shareholders' right to know, and comply with information disclosure regulations.	●	●	○	●	●	○	○	Chapter 1 Corporate Governance	32
	206 : Anti-competitive behavior		●	●	○	●	●	○	○	Chapter 1 Corporate Governance	32
2. Compliance	417 : Marketing and labeling 419 : Socio-economic compliance	Compliance with government regulations, gaining the government's trust, and thorough regulatory compliance improve sound business operations and risk management, and practice sustainable business operations.	●	●	○	●	●	○	○	Chapter 1 Corporate Governance	35
3. Operational performance	201 : Economic performance	Disclosure of clear financial information helps stakeholders quickly understand the company's performance and operational status.	○	●	●	●	●	○	○	Chapter 1 Corporate Governance	27
4. Innovative Technologies and Services*	*Pegavision-specific issues	With our core capabilities, we continue to obtain product-related licenses to enhance the company's image and build competitive advantage.	○	●	●	○	○	●	○	Chapter 2 Products and Services	40
5. Supplier Management	204 : Procurement Practice	At the time of selection, domestic raw material manufacturers are required to sign agreements regarding quality and increasing the local procurement share to promote local economic activity.	●	●	●	○	○	○	○	Chapter 6 Sustainable Value Chain	87
6. Risk Management	*Pegavision-specific issues	Pegavision's risk management aims for sustainable development. Through risk management, the organization's departments create maximum investment value for shareholders while protecting stakeholders' rights and interests.	●	●	●	●	●	○	○	Chapter 1 Corporate Governance	36



Environmental aspect

Direct impact: ● Indirect impact: ○

Material Issues	Corresponding to specific topics in the GRI Guidelines	Importance to operations	Upstream	Operation process	Downstream	Other stakeholders				Corresponding chapter	Page number
			Suppliers	Employees Shareholders	Customers Consumers	Government agencies	Non-profit organizations	Communities	Media		
1. Climate Change, Energy Conservation and Carbon Emission Reduction	302 : Energy	With accelerating global warming, companies must prepare against climate change risks and adopt a low-carbon business model and energy conservation measures to reduce energy consumption and operating costs.	●	●	●	●	●	○	○	Chapter 3 Sustainable Environment	57
2. Water Management	303 : Water and effluents	Water resources are the core of sustainable development. Water conservation measures and effective management of water resources are vital to the ecosystem.	●	●	●	●	●	●	○	Chapter 3 Sustainable Environment	58
3. Waste Management	306 : Waste	Strictly classify and control waste streams, and entrust qualified vendors to process those to reduce impact on the environment.	●	●	○	●	●	●	○	Chapter 3 Sustainable Environment	61
4. Circular economy*	* Pegavision-specific issues	Use environmentally friendly technologies, conduct R&D and design with environmentally friendly thinking to reduce material use and prevent environmental hazards.	●	●	●	○	●	○	○	Chapter 3 Sustainable Environment	61


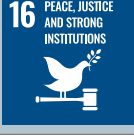
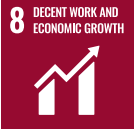





Social aspect





Direct impact: ● Indirect impact: ○

Material Issues	Corresponding to specific topics in the GRI Guidelines	Importance to operations	Upstream	Operation process	Downstream	Other stakeholders				Corresponding chapter	Page number
			Suppliers	Employees Shareholders	Customers Consumers	Government agencies	Non-profit organizations	Communities	Media		
1. Occupational Safety and Health	403: Occupational Safety and Health	Provide a safe and secure working environment, operate an occupational safety and health management system, conduct health promotion, reduce occupational incident rates, create a healthy workplace, and foster team spirit.	●	●	○	●	○	○	○	Chapter 5 Healthy Workplace	79
2. Employee compensation and benefits	402: Labor Relations	As employees are our company's assets, we provide good compensation and benefits, welfare measures and an environment of gender equality and physical and mental health.	●	●	○	●	○	○	○	Chapter 4 Employee Care	67
3. Talent Recruitment and Retention	401: Labor Relations	Employees are important stakeholders and assets to the company, which is why we protect the basic rights and interests of each employee.	●	●	○	●	○	○	○	Chapter 4 Employee Care	62
4. Career Development and Training	404: Education and Training	We use a comprehensive training blueprint for all ranks and function, and offer systematic career development pathways to promote employees' career development and improve work performance.	●	●	○	●	○	○	○	Chapter 4 Employee Care	69
5. Brand Management	417: Marketing and Labeling	We conduct brand management and provide product information through labeling to turn one-time customers into lifetime customers and generate core profits.	○	●	●	○	●	○	○	Chapter 2 Products and Services	42
6. Consumer Health and Safety	416: Customer Health and Safety	We abide by laws, regulations, government announcements and licenses and design our products with customer health and safety in mind.	○	●	●	○	●	○	○	Chapter 2 Products and Services	42
7. Customer Satisfaction	418: Customer Privacy	We cultivate our brand image of "Be Unique", constantly improve our customer service, and strengthen the brand loyalty of customers (retailers) and consumers (users).	○	●	●	○	●	○	○	Chapter 2 Products and Services	47
8 Community Engagement	203: Indirect economy	Care for the communities and environment around the company, and support disadvantaged groups with our products.	○	●	○	○	○	●	○	Chapter VII Social Inclusion	92
9. Human Rights	405: Diversity of Employees and Equal Opportunities 412: Human Rights Assessment	Pegavision respects personal dignity, embraces differences, and pursues better lives for all.	●	●	○	○	○	●	○	Chapter 4 Employee Care	65
10. Security	410: Security	Our company employs security to protect its employees and property, while respecting the freedoms of speech and peaceful assembly of local residents.	●	●	●	○	○	●	○	Chapter 4 Employee Care	65

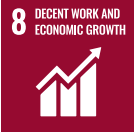

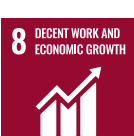


Economic aspect

Major Issues	Corresponding to specific topics in the GRI Guidelines	2020 goals	2020 performance	2021 goals	Medium- and long-term goals	Corresponding SDGs	Corresponding to SDG targets
1. Ethical Business	205 : Anti-corruption	<ul style="list-style-type: none"> Corporate governance evaluation goal: maintain the upper-middle level. Comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. 	<ul style="list-style-type: none"> Results of the 7th Corporate Governance Evaluation: 6%-20%. Follow the key points of the Code of Ethical Business of Listed OTC Companies: <ol style="list-style-type: none"> Revise the ethical business policy and the unethical behavior prevention program. All directors and senior management sign a declaration of compliance with the ethical business policy. Set up a reporting mechanism and announce the reporting method: effective January 1, 2021. The average attendance rate of the board of directors in 2020 was 94%. If attendance by proxy is included: 100%. Hold training courses related to ethical business: <ol style="list-style-type: none"> Training hours for the board of directors: each director has completed at least 6 hours of courses in accordance with the law. Signing rate of ethical business pledge: All employees have signed, making for a signing rate of 100%. Organize anti-corruption training: 100%, among Taiwanese employees. First issue of the CSR report for 2019: public issue in September 2020. 	<ul style="list-style-type: none"> Corporate governance evaluation target: 6%-20%. Comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. Regularly convene board meetings to report on the company's ethical business and prevention plans. Hold training courses related to ethical business: <ol style="list-style-type: none"> Training hours for the board of directors: each director has completed at least 6 hours of courses in accordance with the law. Signing rate of ethical business pledge: All employees have signed, making for a signing rate of 100%. 	<ul style="list-style-type: none"> Regularly review and follow the ethical business policy, and hold training courses related to ethical business. To pursue sustainable operations amid fierce global competition, and to prevent legal liabilities and loss of goodwill caused by non-compliance with corporate ethics, our strategy management will introduce anti-corruption and integrity values. <ol style="list-style-type: none"> Establish an anti-corruption management system. The goal of corporate governance evaluation: remain at the upper-middle level. Raise awareness among employees and suppliers of the core values of ethical management 	Goal 16: Peace, Justice and Strong Institutions 	16.5 Significantly reduce all forms of corruption and bribery. 16.b. Promote and implement anti-discrimination laws and policies to achieve sustainable development.
	206 : Anti-competitive behavior	<ul style="list-style-type: none"> Regularly convene board meetings to report on the company's ethical business and prevention plans. Hold training courses related to ethical business: <ol style="list-style-type: none"> Training hours for the board of directors: each director has completed at least 6 hours of courses in accordance with the law. Signing rate of ethical business pledge: All employees have signed, making for a signing rate of 100%. First issue of the 2019 CSR report. 					
2. Compliance	416: Customer Health and Safety 417: Marketing and Labeling 419: Social-Economic Regulatory Compliance	<ul style="list-style-type: none"> Fully comply with laws and regulations, and ensure that our products and services do not harm the environment, health, safety, ethical marketing, customer privacy nor violate laws and regulations in the social and economic fields. 	<ul style="list-style-type: none"> Number of violations of laws or regulations: 5 Regulation identification: 1 per quarter 	<ul style="list-style-type: none"> Number of violations of laws and regulations: 0 Regulation identification: 1 per quarter 	<ul style="list-style-type: none"> We comply with the policies and decrees from the competent authorities. All departments follow pertinent laws and regulations in their daily operations, and ethically disclose any interventions under environmental, economic and social laws and regulations. 	Goal 16: Peace, Justice and Strong Institutions 	16.10 We ensure that people have access to information and protect their fundamental freedoms in accordance with national legislation and international treaties.
3. Operational Performance	201 : Economic Performance	<ul style="list-style-type: none"> Our revenue showed continued growth, and we gave back to shareholders. Revenue grew by 10%. 	<ul style="list-style-type: none"> Revenue: TWD 3.98 billion, an increase of 18.6%; Earnings per share: TWD 10.22. 	<ul style="list-style-type: none"> Revenue growth 10% 	<ul style="list-style-type: none"> Our operating income and profitability continued to grow as we improved our operating model of sound revenue and sustainable development, while giving back to shareholders and employees. 	Goal 8: Decent Work and Economic Growth 	8.2 We increased our production capacity through diversification, technological upgrading and innovation, and by focusing on high-value-added and labor-intensive industries.
4. Innovative Technologies and Services*	*Pegavision-specific issues	<ul style="list-style-type: none"> In 2020, we invested more than TWD 270 million in research and development to develop new products and new technologies to safeguard our long-term competitiveness. 	<ul style="list-style-type: none"> In 2020, the actual investment in R&D of TWD 370 million was 33.8% higher than in 2019. 	<ul style="list-style-type: none"> In 2021, we invested more than TWD 370 million in research and development to develop new products and new technologies to safeguard our long-term competitiveness. 	<ul style="list-style-type: none"> We launched high-end optical products in the market thanks to highly differentiated products with innovative technologies. 	Goal 9: Industry, Innovation and Infrastructure 	9.2 We contribute to inclusive and sustainable industrialization in order to substantially increase employment and GDP by 2030.
5. Supplier Management	204 : Procurement Practice	<ul style="list-style-type: none"> The main supplier contract now also requires compliance with the corporate social responsibility policies of both parties. Perform major supplier evaluations and on-site audits. Increase the green procurement volume and number of and projects. 	<ul style="list-style-type: none"> To the main supplier contract a corporate social responsibility clause has been added. The amended contract was signed by 20 suppliers. Perform supplier evaluations: <ul style="list-style-type: none"> Number of assessments: Once per year Number of reviewed companies: 6 Assessment pass rate: 100% Amount of green procurement: TWD 2,798,759 	<ul style="list-style-type: none"> Develop an ESG selection mechanism for new suppliers. Perform supplier assessments and factory audits every year. Increase the green procurement volume and number of and projects. 	<ul style="list-style-type: none"> We formulated a social responsibility code of conduct for suppliers, and the suppliers signed 100%. Perform supplier assessments and factory audits every year. Develop a supplier's sustainable operation performance evaluation system with incentives. Increase the green procurement volume and number of projects. 	Goal 17: Partnerships for the goals 	17.14 Improve policy coherence to achieve sustainable development.
6. Risk Management	*Pegavision-specific themes	<ul style="list-style-type: none"> Formulate risk management policies and procedures to manage operational risks Establish an infectious disease control mechanism 	<ul style="list-style-type: none"> Additional risk management policies and procedures: completed in October 2020 Covid-19 related risk management 	<ul style="list-style-type: none"> Incorporate risk management issues into the report of the board of directors Periodically review the epidemic prevention mechanism to ensure employee safety 	<ul style="list-style-type: none"> The efficacy of risk management is evaluated every year, and sufficient resources are invested in raising awareness of risk management to reduce losses caused by materialized risks. We promoted epidemic prevention knowledge, implemented regular disinfection, protect employee safety, and ensured stable product supply to our customers. 	Goal 3: Good Health and Well-Being for All at All Ages 	3.3 Eradicate HIV/AIDS, tuberculosis, malaria and neglected tropical diseases by 2030, and combat hepatitis, water-borne and other infectious diseases.



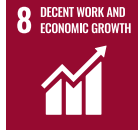
Environmental aspect

Major Issues	Corresponding to specific topics of the GRI Guidelines	2020 goals	2020 performance	2021 targets	Medium- and long-term goals	Corresponding SDGs	Corresponding to SDG targets
1. Climate Change, Energy Conservation and Carbon Emission Reduction	302: Energy	<ul style="list-style-type: none"> ➔ Ratio of electricity consumption to revenue: Decrease by 1%, from base year 2019. ➔ The number of photocopies is reduced by 1%, from base year 2019. 	<ul style="list-style-type: none"> ➔ Proportion of electricity consumption to revenue: Reduce by 3%, from base year 2019. ➔ Paper consumption for photocopying decreased by 6.81% compared with 2019, from base year 2019. The reduced amount of 149,685 sheets of paper is equivalent to saving 18 trees and prevent emissions of 381 kg CO₂e. 	<ul style="list-style-type: none"> ➔ Proportion of electricity consumption to revenue: Reduced by 1%, taking from base year 2019. ➔ The number of photocopies is reduced by 1%, from base year 2019. ➔ Conduct a greenhouse gas inventory. 	<ul style="list-style-type: none"> ➔ Promote energy conservation and carbon emission reduction to mitigate climate change: <ul style="list-style-type: none"> · Power consumption was reduced by 1%. · The number of photocopies was reduced by 1%. ➔ Implement an energy management system. 	Goal 13: Climate Action 	13.3 Improve education, raise awareness, and enhance individual and organizational capabilities in risk reduction, adaptation, mitigation and early warning with regard to climate change.
2. Water Management	303: Water and Effluents	<ul style="list-style-type: none"> ➔ The ratio of water consumption to revenue: reduce by 1%, from base year 2019. ➔ IPA water content reduction: 10%. ➔ Implement a process water conservation plan. ➔ Discharged wastewater testing complies with laws and regulations. 	<ul style="list-style-type: none"> ➔ The ratio of water consumption and revenue in 2020: decreased by 10.4% from base year 2019. ➔ IPA water content reduction: 17%. ➔ Implement water conservation plan: <ul style="list-style-type: none"> · Pure water recovery system: 17.02 million liters recovered · New magnetic stirring tank: saving 361,000 liters of water · Introducing solution storage packaging: saving 2.331 million liters of water ➔ Compliance rate of discharged wastewater testing: 100%. 	<ul style="list-style-type: none"> ➔ The ratio of water consumption to revenue: an increase of 1%, from base year 2019. ➔ IPA moisture content: 14.2%. ➔ Implement a water conservation program. ➔ Discharged wastewater testing complies with laws and regulations. 	<ul style="list-style-type: none"> ➔ By 2025, water consumption will be reduced by 6% compared to 2019. ➔ IPA moisture content remains at 10%. ➔ Implement a water conservation program. ➔ Discharge wastewater testing complies with laws and regulations. 	Goal 6: Clean Water and Sanitation 	6.4 Substantially increase the water usage efficiency across all industries by 2030, ensure a sustainable fresh water supply and recycling to solve water-induced draught and famine and drastically reduce the number of people suffering from water shortages.
3. Waste Management	306: Waste	<ul style="list-style-type: none"> ➔ Resource recovery rate: 85%. ➔ Disposal of industrial waste complies with laws and regulations. ➔ Compliance assessment of waste disposal companies: Once per year. ➔ Passing rate of annual inspection of hazardous industrial waste: 100%. 	<ul style="list-style-type: none"> ➔ Resource recovery rate: 88%. ➔ Rate of compliance with industrial waste disposal regulations: 100%. ➔ Compliance assessment of waste disposal companies: Once per year. ➔ Passing rate of annual inspection of hazardous industrial waste: 100%. 	<ul style="list-style-type: none"> ➔ Resource recovery rate: 90%. ➔ Rate of compliance with industrial waste disposal regulations: 100%. ➔ Compliance assessment of waste disposal companies: Once per year. ➔ Passing rate of annual inspection of hazardous industrial waste: 100%. 	<ul style="list-style-type: none"> ➔ Select qualified transportation and processing companies keep improving our resource recovery rate. 	Goal 12: Responsible Consumption and Production 	12.5 Significantly reduce waste generation by 2030 through prevention, reduction, recycling and reuse.
4. Circular Economy	* Pegavision-specific issues	<ul style="list-style-type: none"> ➔ Monitor raw material usage, recycling and management during the production processes: <ol style="list-style-type: none"> 1. Tray recycling: 4% loss rate. 2. Reduction of defective products: remanufacturing rate of: 0.5%. 3. Yield improvement: 2.6% increase. 4. Packaging reduction (applied to all products): <ul style="list-style-type: none"> · Polypropylene (PP) reduction: 1.3%. · Storage liquid reduction: 3.5%. 	<ul style="list-style-type: none"> ➔ Monitor the use, recycling and management of raw materials during the production processes: <ol style="list-style-type: none"> 1. Tray recycling: 20% loss rate. 2. Reduction of defective products: remanufacturing rate of: 2.02%. 3. Yield improvement: increase 1%. 4. Packaging reduction (applied to 10% of products): <ul style="list-style-type: none"> · Polypropylene (PP) reduction: 2.99%. · Preserved liquid reduction: 8.05%. 	<ul style="list-style-type: none"> ➔ Monitor the use, recycling and management of raw materials during the production processes: <ol style="list-style-type: none"> 1. Tray recycling: 4% loss rate. 2. Reduction of defective products: remanufacturing rate of: 2%. 3. Yield improvement: 2.5% increase. 4. Packaging reduction (applied to all products): <ul style="list-style-type: none"> · Polypropylene (PP) reduction: 13%. · Storage liquid reduction: 35%. 	<ul style="list-style-type: none"> ➔ We constantly adopt improved environmentally friendly technologies and try to create more value from fewer resources to ensure that the limited resources of the Earth can be recycled. 	Goal 12: Responsible Consumption and Production 	12.4 During their life cycles, and in accordance with the agreed international frameworks, chemicals and waste were properly managed in environmentally friendly ways by 2020, and their release into the air, water and soil must be greatly reduced to reduce their adverse effects on human health and the environment.




Social aspect

Major Issues	Corresponding to specific topics in the GRI Guidelines	2020 goals	2020 performance	2021 targets	Medium- and long-term goals	Corresponding SDGs	Corresponding to SDG targets
1. Occupational Safety and Health	403: Occupational Safety and Health	<ul style="list-style-type: none"> ➔ Maintain the efficacy of the occupational safety and health system. ➔ Regularly convene the Occupational Safety and Health Committee. ➔ Organize occupational safety and health education and training. ➔ Occupational injury rate: 0%. ➔ Organize emergency response drills. ➔ Hold workplace health promotion activities. 	<ul style="list-style-type: none"> ➔ The ISO 45001 version has been verified by a third-party verification company. Regulatory compliance rate: 100%. ➔ Occupational safety meetings: 4 meetings, attendance rate: 100%. ➔ Occupational safety training: 117 sessions, 1851 attendants. ➔ Occupational injury rate: 2.05 %. ➔ Emergency drills: two per year. ➔ Health promotion activities: 10 events, 405 participants. 	<ul style="list-style-type: none"> ➔ Maintain the efficacy of the occupational safety and health system. ➔ Regularly convene the Occupational Safety and Health Committee. ➔ Organize occupational safety and health education and training. ➔ Occupational injury rate: 0%. ➔ Organize emergency response drills. ➔ Hold workplace health promotion activities. 	<ul style="list-style-type: none"> ➔ Run the occupational safety and health system to build and maintain a safe and secure workplace. ➔ Pursue healthy workplace certifications, with the primary goal of obtaining the Tobacco Hazard Prevention and Control Badge, Health Initiative Badge, and Health Promotion Badge. 	<p>Goal 8: Decent Work and Economic Growth</p> 	<p>8.8</p> <p>Protect employee rights and interests and a safe working environment, including for migrant workers, especially women and those who perform dangerous jobs.</p>
2. Employee compensation and benefits	402: Labor Relations	<ul style="list-style-type: none"> ➔ Number of management-labor meetings held: 4 meetings; attendance rate: more than half of the delegates from each side. 	<ul style="list-style-type: none"> ➔ Number of management-labor meetings held: 4 meetings; attendance rate: more than half of the delegates from each side. 	<ul style="list-style-type: none"> ➔ Maintain compliance with the latest versions of laws and regulations to protect employee rights and interests. 	<ul style="list-style-type: none"> ➔ Provide employees with a comprehensive education, training and assessment system, so they can grow with the company. ➔ Conduct employee satisfaction surveys and listen to employee voices. 	<p>Goal 10: Reduced Inequalities</p> 	<p>10.2</p> <p>Pursue integration under socio-economic politics by 2030, regardless of age, gender, physical or mental disability, race, ethnicity, motherland, religion, economic or other status.</p> <p>10.3</p> <p>To ensure equality of opportunities and reduce inequality, we implement laws, policies, and practices that eliminate discrimination, and promote appropriate legislation, policies, and actions.</p>
3. Talent Recruitment and Retention	401: Labor Relations	<ul style="list-style-type: none"> ➔ Maintain the stable employment and retain qualified personnel. Turnover rate: less than 3%. 	<ul style="list-style-type: none"> ➔ Turnover rate: 3.3%. 	<ul style="list-style-type: none"> ➔ Turnover rate: less than 3%. 	<ul style="list-style-type: none"> ➔ Provide internally fair and externally competitive compensation and benefits to retain outstanding talent, and collaborate with educational institutions to attract talent. 	<p>Goal 8: Decent Work and Economic Growth</p> 	<p>8.7</p> <p>Take immediate and effective measures to prohibit and eliminate the worst forms of child labor and forced labor. End all forms of child labor, including the recruitment and deployment of child soldiers by 2025.</p>
4. Career Development and Training	404: Education and Training	<ul style="list-style-type: none"> ➔ Implement the Taiwan Talent Quality System (TTQS) and strengthen our training system. ➔ Hire and promote diverse employees and provide comprehensive training. ➔ The achievement rate of internal training and external training is 85%. 	<ul style="list-style-type: none"> ➔ Our talent development quality management system won a Silver Award. ➔ Employee training: 34,786 hours in total, attended by 1,574 employees, average training hours per person is 22.1 hours. ➔ Training expenses: TWD 2,571,160 ➔ Achievement rate of internal training: 95% ➔ Achievement rate of external training: 58% 	<ul style="list-style-type: none"> ➔ Hold staff training courses: The achievement rate of internal training and external training is 85%. 	<ul style="list-style-type: none"> ➔ Develop education and training for all ranks and functions to improve employee competences. ➔ Provide comprehensive training and rotation, and career development in line with personal interests. 	<p>Goal 4: Quality Education</p> 	<p>4.5</p> <p>Eliminate gender inequality in education by 2030, and ensure that disadvantaged groups (including the physically and mentally disabled, indigenous people, and disadvantaged children) have access to all levels of education and vocational training.</p>
5. Brand Management	417 : Marketing and Labeling	<ul style="list-style-type: none"> ➔ Expand to more chain drugstores and increase the product range on sale. 	<ul style="list-style-type: none"> ➔ The brand-new open-shelves Poya Department Store chain started carrying our products, and we achieved good sales results. 	<ul style="list-style-type: none"> ➔ Expand to more chain drugstores and increase the product range on sale. 	<ul style="list-style-type: none"> ➔ Develop more cosmetic/pharmaceutical channels and fine-tune our product offerings there. ➔ Develop new channels beyond open-shelf cosmeceuticals. 	<p>Goal 3: Good Health and Well-Being</p> 	<p>3.9</p> <p>Significantly reduce the number of deaths and diseases caused by hazardous chemicals and pollution of air, water and soil by 2030.</p>

Social aspect

Major Issues	Corresponding to specific topics in the GRI Guidelines	2020 goals	2020 performance	2021 targets	Medium- and long-term goals	Corresponding SDGs	Corresponding to SDG targets
6. Consumer Health and Safety	416: Customer Health and Safety	<ul style="list-style-type: none"> ➔ Pursue product certifications from various countries ➔ Maintain valid ISO 13485/GMP and other certificates. 	<ul style="list-style-type: none"> ➔ Number of certificates held: 36. ➔ Pass third-party external verifications. 	<ul style="list-style-type: none"> ➔ Compliance with ISO/GMP and other medical equipment standards: 100%. ➔ Maintain valid ISO 13485/GMP and other certificates. 	<ul style="list-style-type: none"> ➔ Maintain valid ISO/GMP medical equipment related international standards and comply with those to ensure long-term competitiveness. 	<p>Goal 3: Good Health and Well-Being</p> 	<p>3.9</p> <p>Significantly reduce the number of deaths and diseases caused by hazardous chemicals and pollution of air, water and soil by 2030.</p>
7. Customer Satisfaction	418: Customer Privacy	<ul style="list-style-type: none"> ➔ Consumer satisfaction index: 92% ➔ Customer satisfaction index: 90% ➔ Customer complaint handling: <ol style="list-style-type: none"> At the store: same-day case closing rate: 100% With customers: 10-day case closing rate: 100% ➔ No leakage of customer private data, nor fines or compensation from customers: <ol style="list-style-type: none"> Major information security incidents: 0 times. App training for stores and customer service staff: Participation rate is 100%. App software security updates: at least once a year. Hold information security courses to increase employees' awareness. Participation rate: 100%. Strengthen computer terminal protection and increase the anti-virus software update rate: 100%. Regular information system vulnerability inspection: at least once a year. 	<ul style="list-style-type: none"> ➔ Own-brand consumer satisfaction in 2020: 99.64% ➔ Customer satisfaction in 2020: 96% ➔ Time limits for handling customer complaints: <ol style="list-style-type: none"> At the store: same-day case closing rate: 100% With customers: 10-day case closing rate: 100% ➔ No leakage of customer private data, nor fines or compensation from customers: <ol style="list-style-type: none"> Major information security incidents: 0. Customer service staff attending classes: 72 persons. Participation rate: 100% App software security update: 8 times Hold information security courses to increase employees' awareness. Participation rate: 100%. Strengthen computer terminal protection and increase the anti-virus software update rate: 100%. Regular information system vulnerability scans: 1 time. Regular information system vulnerability inspection: 1 time. Regular employee social engineering drills: 1 time. 	<ul style="list-style-type: none"> ➔ Improve own-brand consumer satisfaction: 92% ➔ Improve customer satisfaction: 90% ➔ Time limits for handling customer complaints: <ol style="list-style-type: none"> At the store: same-day case closing rate: 100% With customers: 10-day case closing rate: 100% ➔ No leakage of customer private data, nor fines or compensation from customers: <ol style="list-style-type: none"> Major information security incidents: 0 times. App training for stores and customer service staff: Participation rate is 100%. App software security updates: at least once a year. Hold information security courses to increase employees' awareness. Participation rate: 100%. Strengthen computer terminal protection and increase the anti-virus software update rate: 100%. Regular information system vulnerability inspection: at least once a year. 	<ul style="list-style-type: none"> ➔ Improve employees' information security awareness, strengthen cyber security protection and actively manage confidential information to prevent customer data leaks. Quickly and effectively handle customer complaints and petitions to build customer trust, improve quality, raise customer satisfaction, and build long-term relations of mutual trust with customers. 	<p>Goal 12: Responsible Consumption and Production</p> 	<p>12.2</p> <p>Achieve sustainable management and efficient use of natural resources by 2030.</p>
8 Community Engagement	203: Indirect Economy	<ul style="list-style-type: none"> ➔ Proposals for environmental protection activities: 2 ➔ Support disadvantaged groups: 2 ➔ Participation in community activities: twice 	<ul style="list-style-type: none"> ➔ Proposals for environmental protection activities: 2 <ol style="list-style-type: none"> Participate in the Tamsui River Clean-Up organized by CommonWealth Magazine Participate in the Earth Hour (turning off the lights for one hour) organized by The Society of Wilderness, to raise awareness of environmental protection ➔ Support disadvantaged groups: 3 <ol style="list-style-type: none"> We sponsored the Eden Foundation with TWD 200,000 and organized the Slow-Flying Angel Optometry Event We sponsored the Taipei City Ocean Rotary Club with TWD 150,000 to hold the Little League Baseball Tournament for Children with Disabilities We boarded the Rainbow Bus to speak up for love We sponsored a booth of the Children Are Us Foundation ➔ Participation in community activities: twice <ol style="list-style-type: none"> Sponsor Spring Festival/Dragon Boat Festival/Mid-Autumn Festival/community events and cultural tourism development events, four in total 	<ul style="list-style-type: none"> ➔ Proposals for environmental protection activities: 2 ➔ Support disadvantaged groups: 4 ➔ Participation in community events: 3 times 	<ul style="list-style-type: none"> ➔ In the future, we will actively keep fulfilling our role as a corporate citizen, participating in social welfare activities, community events, environmental activities, blood donation drives, second-hand computer donations, etc., to contribute to social welfare and visibility of our local stores. 	<p>Goal 8: Decent Work and Economic Growth</p> 	<p>8.3</p> <p>Promote development-oriented policies that support production, job creation, business management, creativity and innovation. Encourage the formalization and growth of micro, small and medium enterprises (MSMEs), including access to financial services.</p>

Social aspect

Major Issues	Corresponding to specific topics in the GRI Guidelines	2020 goals	2020 performance	2021 targets	Medium- and long-term goals	Corresponding SDGs	Corresponding to SDG targets
9. Human Rights	405: Diversity of Employees and Equal Opportunities	<ul style="list-style-type: none">Ratio of female supervisors: 25%.Recruitment of employees with disabilities: more than 100%.Appropriate complaint channels and handling systems.	<ul style="list-style-type: none">We maintained our ratio of female supervisors: 25%.We hired employees with disabilities: 19 persons, accounting for 1.3% of our employees, which is above the statutory requirements.Employee complaint handling time limit: 3 days; response rate: 100%	<ul style="list-style-type: none">We maintained our ratio of female supervisors: 25%We exceeded the statutory hiring quota for employees with physical and mental disabilities, creating more job opportunities for these talents.We have regular management-labor meetings, comment mailboxes, and a complaint phone number--multiple and ample communication channels.	<ul style="list-style-type: none">We follow a policy of diversification and inclusiveness, to create an inclusive, friendly and respectful working environment.	<div>Goal 5. Achieve Gender Equality and Empower All Women and Girls</div> <div>5 性別平等</div> <div></div>	<div>5.1 Eliminate all forms of discrimination against women</div> <div>5.5 Ensure that women have fair opportunities to participate in decision-making and leadership at all levels</div> <div>5.a Provide women with fair economic rights, land and other forms of property and financial services</div>
	412: Human Rights Assessment	<ul style="list-style-type: none">Organize human rights training courses for employees.	<ul style="list-style-type: none">Number of trained employees: 1,574; completion rate: 100%.	<ul style="list-style-type: none">Keep organizing human rights training courses: Employees training rate: 100%.	<ul style="list-style-type: none">Follow international human rights norms and respect labor-related human rights and gender equality.	<div>Goal 10: Reduce Inequality Within and Among Countries</div> <div>10 REDUCED INEQUALITIES</div> <div></div>	<div>10.2 Promote social, economic and political integration, regardless of age, gender, physical or mental disability, race, ethnicity, motherland, religion, economic or other status by 2030.</div>
10. Security	410 : Security	<ul style="list-style-type: none">Organize human rights training courses for security personnel.	<ul style="list-style-type: none">Number of trained employees: 9; completion rate: 100%.	<ul style="list-style-type: none">Keep organizing human rights training courses: Completion rate of security personnel: 100%.	<ul style="list-style-type: none">Shae our company's human rights policies to our security contractors, and follow local laws and regulations with regard to human rights protection.	<div>Goal 10: Reduce Inequality Within and Among Countries</div> <div>10 REDUCED INEQUALITIES</div> <div></div>	<div>10.2 Promote social, economic and political integration, regardless of age, gender, physical or mental disability, race, ethnicity, motherland, religion, economic or other status by 2030.</div>

公司治理

— CORPORATE SOCIAL RESPONSIBILITY
CORPORATE GOVERNANCE

PEGA^UVISION
晶 碩 光 學

Management Policy

103-1 103-2 103-3

Material Topics

Ethical business, operational performance, regulatory compliance, risk management*

GRI Guidelines

205 Anti-corruption, 206 Anti-competitive Behavior, 201 Economic Performance, 416 Customer Health And Safety, 417 Marketing And Labeling, 419 Socio-Economic Compliance, Pegavision specific issues

Policy

1. Observe ethical standards.
2. Be transparent in dealings.
3. Respect and protect.
4. Abide by the law.
5. Ensure confidentiality.
6. Ensure privacy.

Pledge

1. We observe the highest standards of integrity and prohibit any form of bribery, corruption, extortion, and abuse of public funds.
2. Our business transactions are transparent and legally compliant. We truthfully disclose our business activities.
3. We respect and protect the intellectual property rights of the company and its stakeholders.
4. We abide by applicable laws and regulations of fair trade, advertising and competition.
5. We ensure the confidentiality of whistleblowers' identities so that they can report matters without retaliation or harassment.
6. We ensure the confidentiality of stakeholders' data, and collect and use data in compliance with the law.

Goals and targets

We invest in corporate governance and corporate responsibility, pursue perfection in product quality and service, and develop overall core competitiveness.

Responsibilities

1. External responsibilities: Company Act, Securities Exchange Act, Commercial Accounting Act.
2. Internal systems: Code of Practice for Corporate Governance, Articles of Association, Code of Practice for Ethical Business, Code of Practice for Corporate Social Responsibility, Rules for Preventing Insider Transactions, Procedures for Obtaining or Disposing of Assets, Procedures for Loans and Guarantees, and Code of Ethical Conduct.

Resources

1. We comply with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and relevant laws and regulations.
2. Our directors and supervisors take training in corporate governance.

Grievance mechanism

Grievance mailbox :
honestbox@pegavision.com

2020 plan

- Corporate governance evaluation goal: Maintain our upper-middle level.
- We Follow the key points of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
- The Board of Directors met regularly and was briefed on the ethical business policy and prevention plan.
- We held training courses on ethical business:
 1. Training hours for the Board of Directors: each member completed at least 6 hours of training in accordance with the law.
 2. Signing rate of ethical business pledge: All employees signed, making for a signing rate of 100%.
 3. We held anti-corruption training courses: 100% of Taiwanese employees attended.
- First CSR report in 2019.
- Revenue continued to grow (by 10%), and we gave back to our shareholders.
- We have risk management policies and procedures in place to manage operational risks.
We have an infectious disease control mechanism.
- We comply with the Fair Trade Act.
- Number of violations of laws and regulations: 0.
Legal identification: 1 time/quarter.

2020 performance

- Results of the 7th Corporate Governance Evaluation: placed among 6-20% of listed companies.
 1. We revised our ethical business policy and unethical behavior prevention plan.
 2. All directors and senior management have signed a declaration of compliance with our ethical business policy.
 3. We established a whistleblowing mechanism, effective January 1, 2021, and announced it.
- The average attendance rate of the Board of Directors in 2020 was 94%.
Including delegate attendance: 100%.
- We held training courses on ethical business:
 1. Training hours for the Board of Directors: each member completed at least 6 hours of training in accordance with the law.
 2. Signing rate of ethical business pledge: All employees signed, making for a signing rate of 100%.
 3. We held anti-corruption training courses: 100% of Taiwanese employees attended.
- The 2019 CSR report was published in September 2020.
- Revenue: TWD 3.98 billion, an increase of 18.6%.
Earnings per share: TWD 10.22.
- New risk management policies and procedures: to be completed in October 2020.
Covid-19 risk management.
- No litigation was brought related to anti-competitive behavior, anti-trust or monopoly laws and regulations.
- Number of violations of laws and regulations: 5 cases.
Legal identification: 1 time/quarter.

1.1 Company profile

102-1 102-2 102-3



Pegavision Corporation (stock code: TWSE 6491) was founded in August 2009 as a joint venture of Pegatron Corporation and Kinsus Interconnect Technology Corporation to engage in R&D, manufacturing and sales of soft contact lenses and optical products for medical use. Pegavision was founded in 2009, a joint venture of Pegatron and Kinsus, focusing on research-and-development, manufacturing, marketing of soft contact lenses and the medical optics devices. The outstanding management team of Pegavision, with original high-tech background, aim to pursue versatile growth and business continuity. Strong R&D teams self-develop automation production procedures and lines. The production processes from material input to finished product output are fully automated and central server controlled which sustain yield and quality stability. Pegavision are certified ISO13485, GMP, Japan FMA, Europe CE, Taiwan TFDA, China NMPA, US FDA, etc. A total solution provider of soft contact lenses for esteemed OEM customers and wearers.

Pegavision Corporation

Chairman : T.H. Tung

General Manager : Yang Desheng

Company : 2F-1, 5, Xingye Street, Shandingli, Guishan District, Taoyuan City

Factory : 2F-1, 5, Xingye Street, Shandingli, Guishan District, Taoyuan City
255, Sec. 2, Renhe Road, Daxi District, Taoyuan City

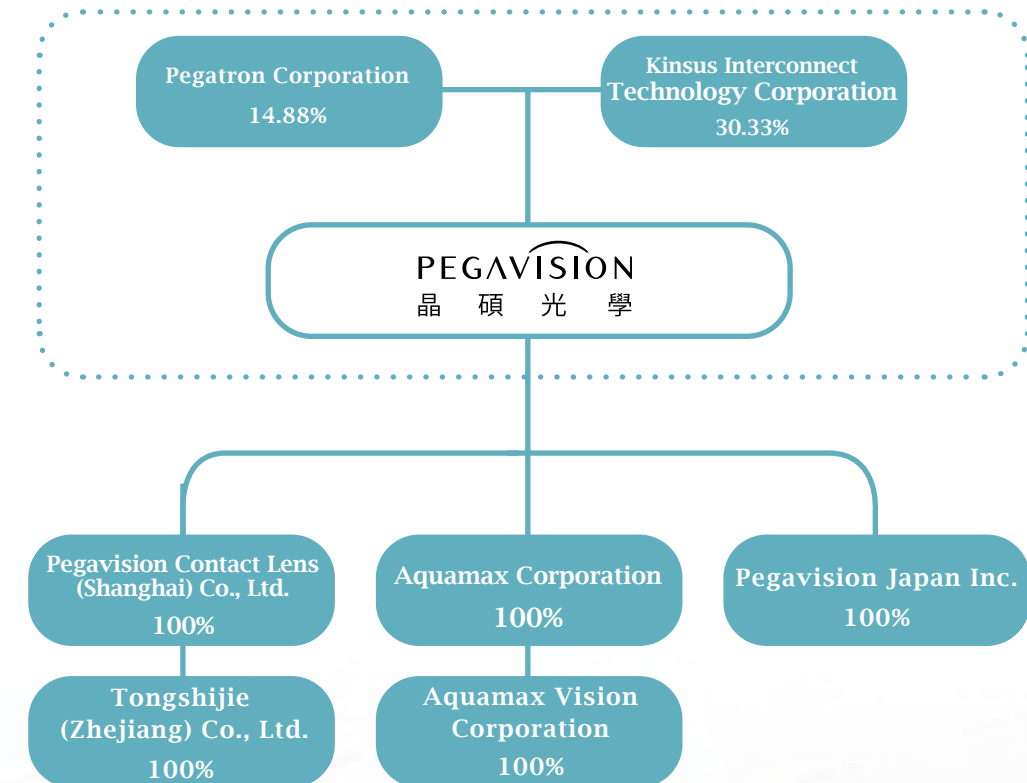
Capital : TWD 700 million

Number of employees : 1,574 (2020.12.31)

1.1.1 Company Overview

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Main corporate shareholders



Shareholder structure

No share packages were traded until the 2021 Shareholders' Meeting on March 27, 2021. The shareholder structure of Pegavision comprises these legal persons and natural persons:

Taiwanese legal persons: 47.69%

Taiwanese natural person: 31.70%

Investment by overseas legal persons: 14.58%

Investment by overseas-Chinese natural persons: 0.0001%

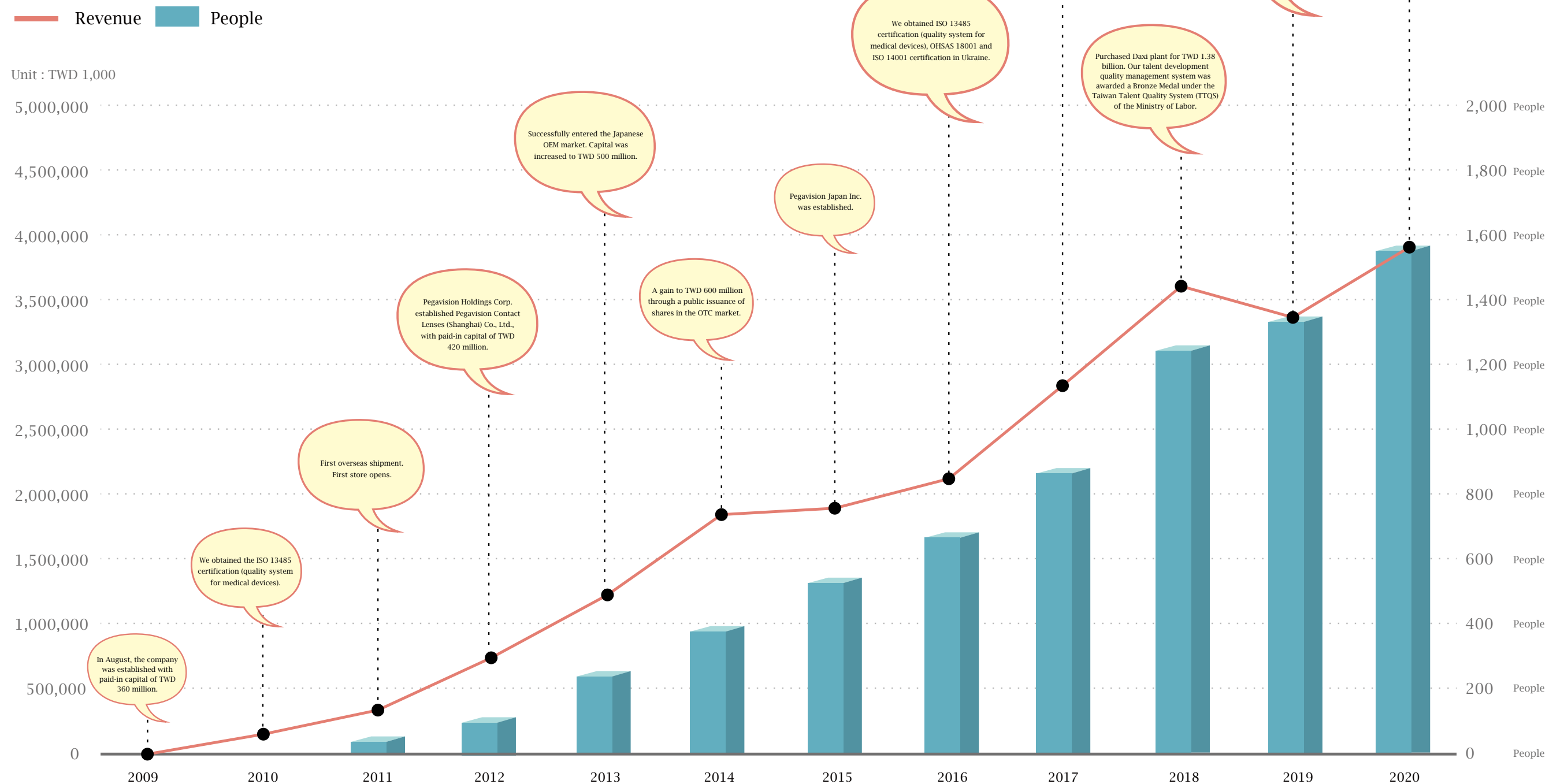
Investment by other Taiwanese legal persons: 2.24%

Investment by Taiwanese financial institutions: 0.16%

Investment by Taiwanese securities investment trust funds: 3.63%

1.1.2 Company History

Pegavision was invested and established by Pegatron Corporation and Pegavision Corporation. in August 2009. Pegavision operates the production and retail business of its own-brand contact lenses, and serves customers at home and abroad. It also undertakes OEM business for other contact lens brands. Cooper Companies estimates that total worldwide revenue of soft contact lens manufacturers in 2020 was USD 8.2 billion, a decline of more than 8% from the USD 9 billion in 2019, a greater decline than the overall global economic decline. Despite this challenging environment, our annual revenue and profit bucked the trend and hit a record high thanks to the efforts and outstanding performance of our workforce.



1.2 Economic Performance

Pegavision's annual consolidated revenue for 2020 was TWD 3.98 billion, an increase of TWD 620 million from 2019, 18.6% growth, with a gross profit margin of 50.4%. Earnings per share were TWD 10.22, an increase of TWD 2.6 from TWD 7.62 in the previous year. Consolidated revenue in 2020 hit a new high, mainly due to the growth of our own-brand business and OEM business in Mainland China and our growing OEM business in the Japanese market. Better capacity utilization and production efficiency were also reflected in the gross profit margin and net profit for the period. In 2021, as the epidemic will hopefully effectively be controlled, we expect the global economy to recover somewhat and the contact lens market will return to its growth track. With the efforts of everyone at our company, our competitiveness will grow stronger. Amid an improving environment, our revenue in 2021 is expected to surpass our industry's growth.

Major local investment 102-10

The contact lens market is still in its growing stage. Besides product development, Pegavision also keeps expanding in the global market. To build production capacity to serve future demand in this growing market, the Board of Directors decided to acquire the land and a plant in Daxi, Taoyuan in 2018. In 2019, the tender for a new plant and dormitory project was TWD 1.5 billion. Phase I of the Daxi plant will be completed at the earliest in the second quarter of 2022. Production is expected to start officially in 2022. The monthly production capacity in the first phase will be 46 million pieces. After Phase I, the construction of the Phase II of the plant is planned to begin. The monthly production capacity of Phase II will reach 60 million pieces. This expansion project will be a boost Taoyuan's economy.

1.2.1 Financial Performance in 2020 102-7

Year	2017	2018	2019	2020
Operating income	2,182,174	3,132,671	3,355,133	3,978,413
Operating margin	1,049,593	1,605,355	1,493,030	2,004,525
Business interests	356,764	791,067	592,114	855,688
Non-operating income and expenses	9,819	-30,611	-31,259	-10,834
Net profit before taxes	366,583	760,456	560,855	844,854
Net profit after taxes	302,908	541,156	475,492	715,359

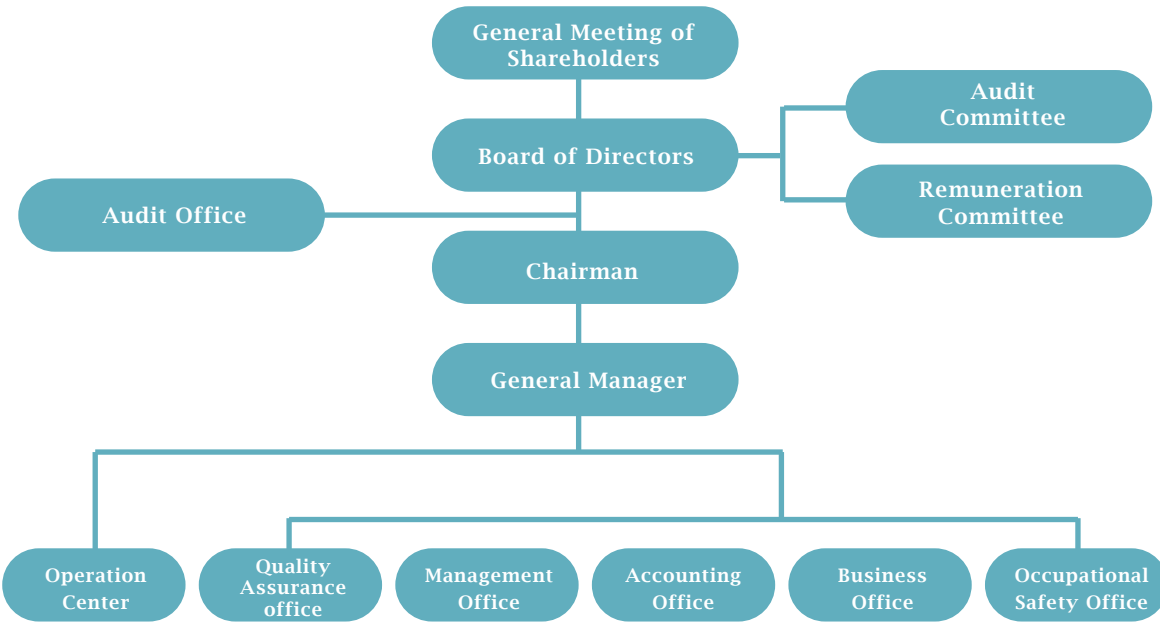
1.2.2 Direct economic value generated and distributed by the organization 201-1

Economic performance	Project	Definition	Actual number in 2020
Direct economic value	Operating income	Sales revenue	3,978,413
	Operating cost	Marketing and distribution cost	1,973,888
Economic value of distribution	Employee compensation and benefits	Operating expenses	608,726
		Employee compensation and benefits	540,111
	Payments to funding parties	2020 cash dividends paid in 2021	350,000
		Interest expenses	3,598
	Government fees	Income tax expenses for profit-making businesses	129,495
		Fines	165
	Community investments	Donations and sponsorships	845
Retained economic value			500,885

1.3 Governance structure 102-18 405-1

1.3.1 Organizational structure

To implement sound corporate governance, Pegavision has a transparent corporate governance structure, and proactively discloses its financial performance, board operations and other information to all stakeholders to safeguard their rights and interests.



As of March 27, 2021 / Source: Pegavision Annual Report 2020, page 7

1.3.2 Board of Directors

Pegavision's Board of Directors oversees the management's policy implementation results. Their term of office is three years. The board meets quarterly in accordance with the company's Rules for the Operation of Board Meetings. The chairman of the company is Mr. T.H. Tung and the General Manager is Mr. T.S. Yang. The company's Code of Practice on Corporate Governance contains a policy to diversify the Board of Directors. The Director Selection Procedure describes the selection of directors, which takes into account the overall composition of the Board of Directors. In general, board members should have the knowledge, experience, skills and disposition necessary to perform their duties. The company's current Board of Directors consists of nine directors, including one female director. They have professional backgrounds in computers, electrical engineering, business management, machinery, physics, medicine, construction and accounting. They also possess competences in operational judgment, accounting and financial analysis, business management, crisis management, and bring industry knowledge, an international market perspective, leadership and decision-making capabilities to the table, which are all beneficial to the company's development and operation. There are three independent directors, accounting for one-third of the total number of directors. There is one woman on the Board of Directors, with independent directors accounting for 33% and female directors accounting for 11%. All directors are over 50 years of age. The current Board of Directors has held six meetings. Page 20 of our 2020 Annual Report gives details of the operation of the Board of Directors.

Board of Directors

Title	Name	Gender	Experience/education	Attendance in person in 2020	Attendance by proxy in 2020	In-person attendance rate
Chairman of the board	T.H. Tung	Male	Chairman and Chief Executive Officer of Pegatron Corporation Vice Chairman of ASUS Computers Honorary Doctor of Engineering, Taipei University of Technology Master of Computer Communication and Control, Taipei University of Technology	5	1	83%
Director	Peter Kuo	Male	Chairman and CEO of Kinsus Corporation General Manager of Yaowen Electronics Co., Ltd. Department of Electrical Engineering, Taipei Institute of Technology	6	0	100%
Director	Legal representative of Pegavision Corporation: T.S. Yang	Male	General Manager of Pegavision Corporation Senior Deputy General Manager of Kinsus Corporation General Manager of Baishuo Computer (Suzhou) Co., Ltd. Master of Business Administration, National Chengchi University	6	0	100%
Director	Legal representative of Pegavision Corporation: Scott Chen	Male	General Manager of Kinsus Corporation Motorola Manufacturing Manager Department of Physics, Tsinghua University	6	0	100%
Director	Legal representative of ASUSpower Investment Co., Ltd.: Wen-Yong Hou	Male	Director of Public Television Service Foundation Attending Physician at National Taiwan University Hospital Director of China Television System Doctor of Medicine, National Taiwan University Bachelor of Medicine, Taipei Medical University	5	1	83%
Director	Legal representative of ASUSpower Investment Co., Ltd.: Jeffrey Wun	Male	General Manager and Director of Lumens Digital Electronics Deputy General Manager of UMAX Computer Corporation Master of Mechanical Research Institute of Tsinghua University	6	0	100%
Independent director	Huang Dafu	Male	Director, Dean and Chief Executive Officer of Koo Foundation Sun Yat-Sen Cancer Center National Taiwan University Department of Medicine	6	0	100%
Independent director	Eric Yao	Male	Co-founder and responsible person of DX Creative House Co., Ltd., DX Media, and Eric Yao Creative Consultants	6	0	100%
Independent director	Shu-Yu Lee	Female	Chief Operating Officer of Fulagai Capital Cp., Ltd. Senior Vice President of Franklin/Templeton Securities Vice President of Mega Securities Vice President for Business at of Fubon Integrated Securities Department of Accounting, National Chengchi University Master of Business Administration, National Chengchi University	5	1	83%

Besides their industry background and practical experience in operations and management, the board members and all directors at Pegavision are trained in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. These Directions require regular disclosure their training, which must be at least 6 hours of corporate governance training and 12 hours of corporate governance related training to be taken by new each year.

There were 9 directors in 2020, and each one completed at least 6 hours of courses in accordance with the law. The training topics included: corporate mergers and acquisitions - practice and case analysis; POWER BI -risk assessment and visual analysis; and 2020 announcement guidance for corporate governance and corporate integrity directors and supervisors. The compliance rate for training was 100%.

1.3.3 Functional Committees

To strengthen the supervision function and improve management performance, the Board of Directors has a remuneration committee and an Audit Committee, both of which are composed of the three independent directors. These committees have been set up in line with the company's operating conditions and laws and regulations. Thanks to their background and professional diversity, the board members can give specialized advice from different angles, oversee tasks and goals, assist with corporate governance, and help promote the company's steady growth and sustainable operations.

Remuneration Committee

In accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, Pegavision has drawn up the Remuneration and Compensation Committee Organization Rules and set up a Remuneration Committee in 2014. The main responsibilities are:

(1) Formulate and regularly review the policies, systems, standards, and structures of the directors' and managers' performance evaluation and their remuneration.

(2) Regularly evaluate and determine the remuneration of the directors and managers.

The current term of the committee runs from June 14, 2018 to June 13, 2021. The committee is composed of convener Huang Dafu and independent directors Eric Yao and Shu-Yu Lee.

In 2020, the Remuneration and Compensation Committee met three times, with an average attendance rate of 89% (100% if including attendance by proxy).

The Audit Committee

The Pegavision Audit Committee is composed of all three independent directors: Huang Da, Eric Yao and Shu-Yu Lee, and Huang Da is the convener. Before each quarterly board meeting, the Audit Committee meets with the Internal Audit Department and certified accountants to review operational results, financial statements, internal control, internal audit plans and results. Besides the audit report of the Internal Control Audit Department, the accountant also reports on their review of the financial report. These communication results are recorded in the Audit Committee's meeting records, and important resolutions are explained and reported to the independent directors in the board meetings.

In 2020, the Audit Committee met five times, with an average attendance rate of 93.3% (100% if including attendance by proxy).

1.3.4 Corporate Social Responsibility Committee

To achieve sustainable operations and fulfill its corporate social responsibility, Pegavision's Board of Directors approved and passed the Code of Practice for Corporate Social Responsibility in 2015, which was revised in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and approved by the Board of Directors in July 2020. The company's "Be Unique" concept is also applied to its corporate governance, to develop a sustainable environment, maintain social justice and disclose corporate social responsibility information, invest in product certification, working environment, personnel welfare, and energy conservation and carbon emission reduction, and provide customers with comprehensive services, determined as we are to become the preferred brand for customers and suppliers.

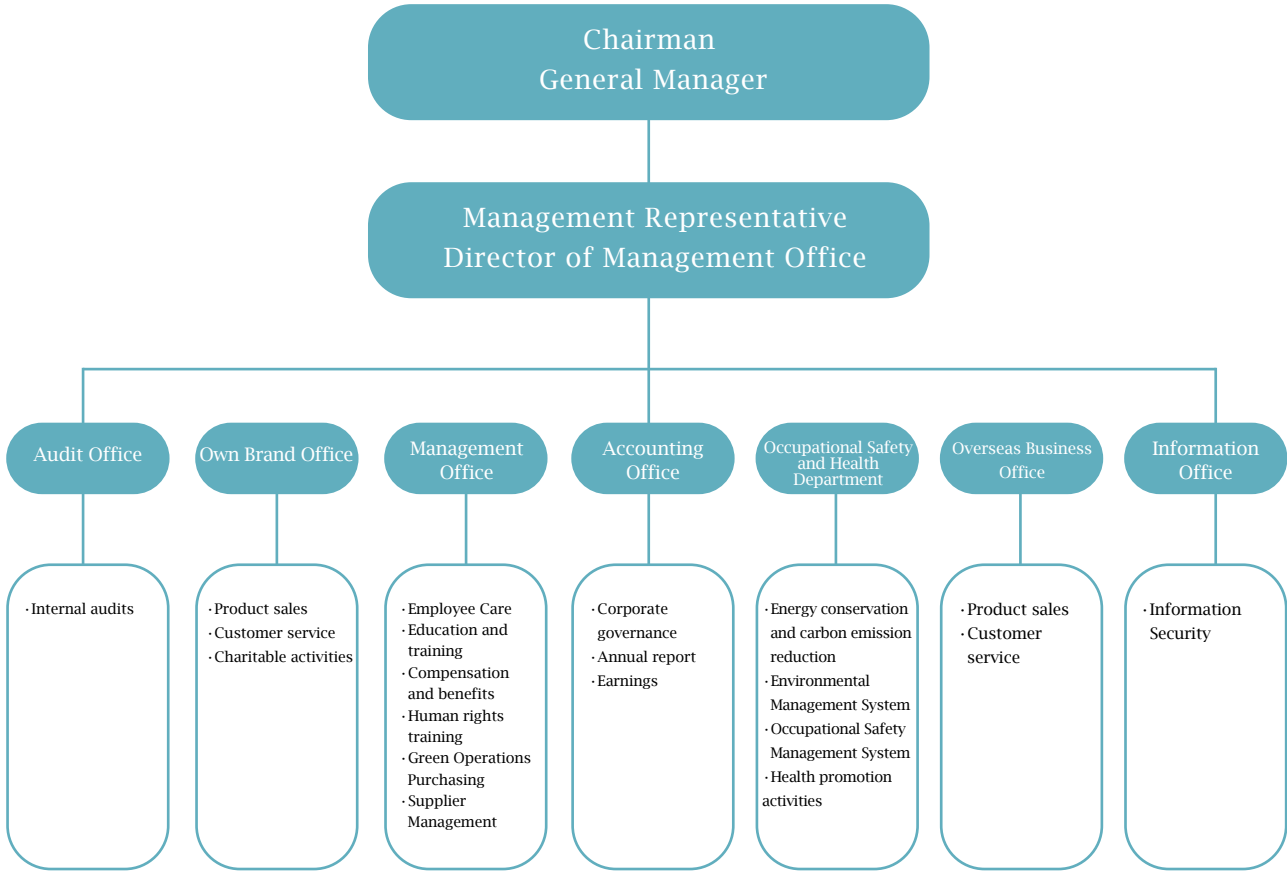
CSR Committee, its functions and operations



Pegavision established a CSR Committee in 2020, and formulated its corporate social responsibility pledge: to comply with international quality certification, abide by the medical equipment regulations of various countries; provide a safe, healthy, diverse and equal-opportunity working environment; provide employee training and a refined welfare system; implement and promote energy conservation and carbon emission reduction, and adopt energy conservation and carbon emission reduction in the company's manufacturing processes to reduce environmental impact.

Pegavision's CSR activities and decisions are carried out by the CSR Committee, which is chaired by the General Manager while the director of the Management Office serves as the management representative. The departments are responsible for the scope of their duties. Corporate sustainability decision-making members include the Audit Office, Private Label Office, Human Resources Department, General Affairs Department, Purchasing Department,

Accounting Department, Occupational Safety and Health Department, Overseas Business Department and Information Department, who discuss and implement the year's CSR topics and affairs. Besides monitoring the CSR activities, the committee also incorporates sustainability into the company's operations and strategic decisions, such as formulating short-, medium- and long-term goals for Material Topics, and tracking and evaluating their progress and efficacy through group meetings, annual reports to the General Manager, and reporting to the Board of Directors as necessary.



1.4 Ethical business 102-16 205-2 206-1



Pegavision has an ethics policy and abides by the highest standards of integrity. prohibits any form of bribery, corruption, extortion, and abuse of public funds and other improper benefits. To ensure normal business for our company, maintain fair competition, and regulate commercial purchasing and sales, all commercial activities are transparent. In addition, we also respect and protect the intellectual property rights of the company and its stakeholders, and we abide by the laws and regulations relating to fair trade, advertising and competition, and ensure the confidentiality of whistleblowers' identities so that they will not suffer retaliation or harassment. To ensure the confidentiality of stakeholders' information, the collection and use of information is carried out in compliance with the law.

Pegavision's labor contracts contain language on ethics and integrity. On the first day at work, the Human Resources Department will explain to the new colleagues:

1. The employees promise that they will perform their duties faithfully in good faith, uphold professional ethics, improve their skills and improve performance, maintain the corporate image, and perform as good managers to complete the tasks assigned by the company.
2. Employees will never spread rumors that affect workplace order or morale, nor will they use negative words or deeds. They promise to get along well with colleagues, and will never encourage colleagues to leave the company.
3. Employees will never use their position to misappropriate, steal, embezzle money or goods, or engage in any behavior that may damage the company's interests or finances.
4. Employees cannot directly or indirectly accept or agree to accept any remuneration, money, gifts, commissions, entertainment or any other form of benefits from the company's current or potential customers.

In 2020, all employees signed this pledge, making for a signing rate of 100%. For the anti-corruption training courses held in 2020, the completion rate of Taiwanese employees was 100%. There were no incidents of bribery or corruption among our employees. The supplier's anti-corruption and human rights training sessions were planned for 2020, but due to the epidemic, they have been postponed to 2021.

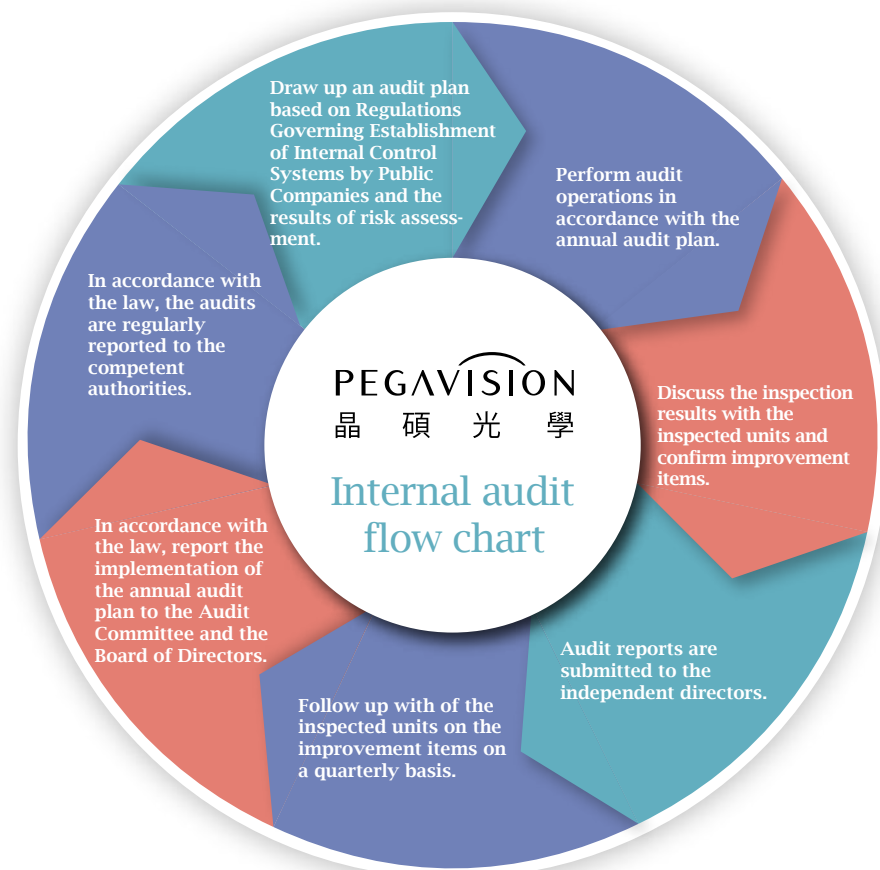
Number and percentage of employees receiving anti-corruption training in 2020

2020	Employee category				Employee type	
	Governance unit	Senior Supervisor	Mid-level supervisor	General Staff	Direct	Indirect
Number of trainees	9	21	56	1,103	641	539
Total	9	21	56	1,497	1,035	539
Percentage of training	100.0%	100.0%	100.0%	73.7%	61.9%	100.0%

1.4.2 Internal Audits

Pegavision has an Audit Office directly under the Board of Directors. This office is responsible for auditing and evaluating the efficacy, correctness, reliability and efficiency of the company's operating records and internal control systems, and offers suggestions for improvement to ensure the safety of the company's operations and reduce risks and adverse events, to enable effective internal control.

Internal auditors regularly check compliance with the internal control system. They follow an audit plan and submit monthly audit reports to the Chairman of the Board and the Audit Committee every month or when necessary. They report the results to the Board of Directors and the Audit Office on a quarterly basis. They also evaluate and audit various internal management systems and internal audit planning to reduce operational management risks and improve operational performance.



1.4.3 Whistleblowing/Grievance Mechanism

Pegavision is committed to ethical business, adhering to the company's operating principles of honesty, diligence, frugality, pragmatism, and ethical operations.

Pegavision promises to uphold integrity in all its business activities, and will never allow corruption, fraud or any unethical conduct. When any stakeholder discovers that Pegavision employees or any related persons representing Pegavision, engage in suspicious behavior or may violate the Pegavision company's ethical business code or ethical code of conduct, the Pegavision Audit Office is solely responsible for the acceptance unit.

Reporting window: Auditing Office, Miss Lü

E-mail report: honestbox@pegavision.com

Report by letter: No. 5, Xingye St., Guishan Dist., Taoyuan City 333, Pegavision Corporation, Auditing Office

The whistleblower must provide their name or other information sufficient to identify their identity, as well as specific evidence for investigation. If this data is not provided, the report will not be accepted.

The whistleblower must refrain from knowingly and deliberately fabricating false narratives. If a report is later proven malicious or deliberately false, the whistleblower is liable. If the whistleblower is a Pegavision employee, the matter will be handled in accordance with the Rules for Staff Disciplinary Action.

Pegavision allows anonymous reporting. If the whistleblower does not provide their name and contact information, Pegavision will not be able to communicate the process results to them. Except where the law provides otherwise, Pegavision will keep the whistleblower's personal information confidential and take appropriate measures to protect that information.

Privacy. Pegavision also promises to protect whistleblowers from being improperly treated due to the report. As of the end of 2020, no reports had been received.

1.4.4 Information disclosure

Pegavision has an official website ([http:// www.pegavision.com/tw/](http://www.pegavision.com/tw/)), which publicly shares the company's basic information, products, etc., and discloses financial information at the Market Observation Post System (MOPS) for stakeholders to take reference from. In addition, the company will, in accordance with regulations and industry practices, regularly publish its business activities, organizational structure, financial status and operating performance. The company also publishes contact information of the spokespersons and acting spokespersons to implement the spokesperson system.

1.5 Regulatory compliance

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Pegavision abides by the law, and its daily operations comply with domestic and foreign law. We closely follow reports on laws and regulations and keep an eye Taiwanese and foreign policy developments and trends as well as changes in laws and regulations. We regularly collect and compile laws and regulations related to our business. If there are new additions or amendments, the responsible unit will immediately check whether the current business model and behavior are in line with those, and provide information to the management to assist with their decision-making and adjust the company's business strategy. At the same time, it signs a cooperation contract with a specialized law firm to ensure that all our company's activities comply with laws and regulations. The company upholds the corporate spirit of integrity, sets great store with corporate ethics and fulfills its social responsibilities. Our financial reports and key information are fully disclosed to the public, and our spokesperson and acting spokespersons answer queries in order to protect stakeholders' rights.

To ensure the safety of our human contact lenses, our lens materials are tested by third-party laboratories for animal compatibility, which meets the requirements of biosafety. Our color lenses are made with FDA-approved colorants that have been tested on animals by third-party laboratories to confirm their safety. Our color contact lenses are safe for use by humans. We also conduct stability tests to verify product safety until the expiration date. In 2020, there were no violations of health and safety regulations or voluntary commitments related to products and services.

Project	Content
Biosafety	Check whether the materials used in the product comply with biosafety ✓ Cell test results: non-toxic ✓ Animal test results: no irritation, no sensitivity
Physical and chemical properties of the contact lenses	Check whether the lens properties are in line with the product design
Product stability test	Check the expiration date of the product
Clinical evaluation and clinical trials	Check the correct visual strength after actual wearing
Sterilization process	Confirm that the packaging material is sterile

In 2020, at Pegavision, there occurred 5 violations of laws and regulations, one product labeling violation, and 4 labor-related violations. The fines have been paid in full. All corrections instructed by the competent authority were implemented immediately and follow-up improvement measures have been taken recurrence of violations. There were no other lawsuits brought in relation to violation of environmental protection, anti-competitive behavior, anti-trust or monopoly laws. The violations are described as follows:

Illegal action	Legal basis	Penalty amount	Improvement measures
Untruthful declaration of labor pension monthly withholdings from wages	Article 15, paragraph 2 of the Labor Pension Act Article 52 of the Labor Pension Act	TWD 5,000	Review all labor pension parameters related to hourly workers in the system to ensure full declaration.
Insufficient wages paid for overtime hours on weekdays	Article 24 Paragraph 1 of the Labor Standards Act Article 79 Paragraph 1 of the Labor Standards Act Article 80-1 Paragraph 1 of the Labor Standards Act	TWD 20,000	Friendly reminder mechanisms have been added, including: 1. Remind employees half an hour before the end of working hours to leave work. If they want to work overtime, remind them to apply for overtime. 2. If the employee does not apply for overtime but does not leave work on time, a notification will be issued the next day to remind the employee to apply for overtime.
Insufficient wages paid for overtime hours on weekdays	Article 24 Paragraph 1 of the Labor Standards Act Article 79 Paragraph 1 of the Labor Standards Act Article 80-1 Paragraph 1 of the Labor Standards Act	TWD 20,000	
Calculate the shortfall in wages for working on national holidays	Article 39 of the Labor Standards Act Article 79 Paragraph 1 of the Labor Standards Act Article 80-1 Paragraph 1 of the Labor Standards Act	TWD 20,000	
Advertising content was not submitted to the competent authority for review	Article 67, Article 92 Paragraph 4 of the Pharmaceutical Affairs Act	TWD 100,000	Check the advertising content evaluation and review standards, and set up an internal electronic platform for advertising management and control.

1.6 Risk Management 102-11

Pursuant to its vision, Pegavision has an enterprise risk management mechanism to control the impacts of potential incidents on the company's strategy and operational goals, so that these can be achieved. The Board of Directors, the highest unit in Pegavision's risk management, approves the overall risk management policy and the company's major decisions. The board passed the Risk Management Policy and Procedures in October 2020. Under this procedure, the company has set up a Risk Management Committee, with the heads of departments as members, in charge of monitoring, reporting, suggesting and establishing handling mechanisms. The General Manager supervises the implementation and coordination of the overall risk management, and reports in the fourth quarter to the Board of Directors.

Risk-orientation	Risk factor	Risk response
Financial risk	Investment risk	Pegavision adheres to the pragmatic principle of focusing on business and operations. Our policies are prudent and conservative. We do not engage in high-risk, high-leverage investments, capital loans, guarantees, or derivative product transactions. The Loans and Guarantees Operation Procedure and the Acquisition or Disposal of Assets Processing Procedure are to be followed during future transactions.
	Credit risk	Credit risk refers to the risk of the counterparty's failure to fulfill its contractual obligations resulting in financial losses. These include business activities (e.g. accounts receivable and accounts payable) and financial activities (e.g. bank deposits and financial instruments). All units of Pegavision follow the company's credit risk policies, procedures and controls to manage credit risk. The credit risk assessments of all counterparties are based on a comprehensive consideration of their financial status, ratings by credit rating agencies, past trading experience. Factors such as the current economic environment and the company's internal rating standards also serve as credit enhancement tools (e.g. advance payment, insurance, etc.) when needed to reduce the credit risk of certain counterparties.
	Inventory risk	Pegavision closely tracks the changes in inventory quantities, amounts, and product ages, considers sales demand, on-time delivery, inventory falling prices and inventory turnover rate.
	Liquidity risk	We maintain financial flexibility through cash, cash equivalents and bank loans. We proactively adjust our financial structure and solvency through cash increases and other methods to ensure our liquidity.
Strategic risk	Product development risk	Contact lenses belong to the medical device industry, which is regulated by medical device regulations, and product development cycles are long. The regulations vary by country, thus it may not be easy to obtain certification, and the cost of obtaining such evidence may be high. Pegavision's product and technology development not only meets the needs of customers and the market, but also offers a business blueprint for future industry trends, business development plans, and long-term product and technology development.
	Competition risk	We maintain close contact with our customers and monitor competitors' price changes. We analyze the competitiveness of quotations and the overall services provided, delivery dates, new product design and development, license regulations, other product expertise, etc., to increase customer loyalty.
Operational risk	Production interruption risk	We use big data to construct and run our statistical process control system (SPC) and an overall equipment efficiency system (OEE), with preventive management as the goal. We keep strengthening equipment safety management, and have maintained stable production in the plant. We have decentralized our supply of raw materials to ensure the stability of supply, while maintaining good relationships with our existing suppliers.
	Sales concentration risk	We actively develop new customers and new sales channels.
	Product quality risk	Besides a dedicated unit's analysis and review of the causes behind a rise in customer complaints, we also kept improving our AI-based production image inspection technology as well as the accuracy of automated inspections to ensure product quality.
	Human resources risk	Pegavision's growth depends on the dedication hard work of management, specialists and production line operators. A brain drain, high staff turnover or insufficient manpower would have a serious impact on the company's finances and business. Besides creating diverse recruitment channels, Pegavision also offers competitive salary and welfare conditions, and a comprehensive training and promotion system.
Hazard risk	Information security risk	Based on the information security management system (ISMS) and the international standard ISO 27001, we will construct a blueprint and management mechanism for information security development. We keep strengthening the physical environment control, hardware protection, document control, data backup, audit records, software protection, and simulation exercises to ensure the confidentiality, integrity and availability of the company's data, systems, equipment and networks.
	Climate change	Water and electricity are indispensable resources for Pegavision's production. A shortage of water and electricity caused by climate change, or increased water and electricity prices, may negatively impact our production and operating costs. Pegavision keeps undertaking energy conservation projects, monitors various energy consumption and energy conservation indicators, compiles annual performance statistics, and reports the results to senior supervisors at the management review meeting. In addition, the Daxi plant construction plan contains a rainwater recovery system, solar panels and heat pumps to improve the company's resilience and competitiveness in the face of climate change in the future.
	Emergency risk	We have an emergency response plan, a backup mechanism, inspections and drills of the flood prevention facilities and fire protection facilities, to minimize the time of business interruption.

1.6.1 Coronavirus Prevention Measures

In 2020, amid the sudden outbreak of the coronavirus (covid-19), Pegavision immediately set up an epidemic prevention and response team, with the General Manager as the convener. In accordance with the continuous operation plan, the Occupational Safety and Health Department is in charge of building a healthy and safe anti-epidemic defense line. We carried out epidemic education, preparation, response and management measures. We ordered and reserved anti-epidemic materials such as masks, gloves, forehead thermometers, alcohol, etc., to create a safe office environment for our employees. The company required its operating bases and subsidiaries in Japan and China to monitor the local epidemic situation and comply with the epidemic prevention requirements of the local government. We also set up work at home in batches to avoid peak hours of staff coming and going, hand disinfection r washing when entering the office, etc.; To protect the health of all employees, the head office also provided masks to its subsidiaries. On top of this, the subsidiaries must also the rules of the head office. The head office can immediately grasp the impact of overseas operations to ensure that the capacity utilization rate remains normal.

Employee health management :

Employees manage their own personal health, wear a mask and check the body temperature before entering the plant. The direct supervisor maintains daily care, body temperature reporting and independent health management.

Visitor Vendor Management :

Activate visitors The manufacturer has self-management of health, and wears a mask and take body temperature is taken before entering the plant.

Staff group office :

The Information Department provides dynamic password cards required by each department for working from home, and holds remote connection exercises.

Remote backup office :

The Guishan Factory and Daxi Factory will serve as redundant office factories for each other.

Restaurant protection management, personnel has meals and breaks in batches :

Eat in a fixed, small groups to avoid gatherings of people and reduce infection risk. Employees must disinfect their hands with alcohol before they can enter the canteen.

We promote awareness of a safe working environment :

We enhance employees' awareness of epidemic prevention by posting epidemic prevention posters.

As per the end of 2020, Pegavision had no covid 19 cluster infections. Due to the relatively mild epidemic in Taiwan, when it came, Pegavision's manufacturing was not significantly impacted. The company will monitor the epidemic and formulate response measures based on developments and epidemic response levels employees' physical and mental health and continue to provide customers with high-quality services.

1.7 The participating public associations

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Pegavision actively participates in organizations and industry associations, maintains intensive communication with industry members, and is committed to helping develop the industry through exchanges with various professional organizations.

The main external organizations that the company participated in in 2020 were: Taoyuan Medical Equipment Commercial Association, Taoyuan Guishan Industrial Zone Manufacturers Association, Taiwan Optical Industry Association, Taipei Computer Business Association, Taiwan Contact Lens Study Association, Taoyuan Enterprise Chamber, Taipei Optical Importers Association, and Taiwan Biotechnology Industry Promotion Association. In most organizations, we're ordinary members, while in the Taipei Computer Business Association we have an executive director. Through conferences and exchanges, we discuss norms and the latest economic and financial trends to stimulate growth in technology and capabilities.



Epidemic Management

產品與服務

— CORPORATE SOCIAL RESPONSIBILITY
— Products and Services



PEGAVISION
晶 碩 光 學

Management Policy 103-1 103-2 103-3

Material Topics

Innovative technology and services, Brand management, customer health and safety, customer satisfaction

GRI Guidelines

Pegavision-specific issues, 416 Customer Health and Safety, 417 Marketing and Labeling, 418 Customer Privacy

Policy

Product differentiation reduces pressure from external competition and serves consumer needs. All products comply with international quality certifications and abide by the regulations of medical materials in countries around the globe.

Pledge

1. We master the latest knowledge on business safety, comply with law related to our products, and provide customers with safe products.
2. We obtain relevant product certifications to protect human safety.
3. We provide customers with one-stop shopping service.
4. We sell through legal pharmacies.

Goals and targets

1. Domestic private brand market research and business information collection and analysis.
2. Foreign OEM market research and business information collection and analysis.
3. Brand marketing and communication.
4. We assist customers and consumers with pre-sales consultation, sales conditions confirmation and after-sales satisfaction services.

Responsibilities

1. External responsibilities: pharmaceutical laws of destination countries, medical device manufacturing and sales regulations of destination countries, fair trade laws, consumer protection laws.
2. Internal systems: internal quality audit and control procedures, product identification and traceability control procedures, design and development control procedures, inspection and testing control procedures, customer service control procedures, product notification and recall control procedures for various countries.

Resources

1. With comply with the international ISO 13485 certification, Taiwan's GMP, South Korea's GMP and Japan's QMS quality certification norms.
2. Laws and regulations related to the manufacture and sale of medical devices in various countries: Many of our products have obtained CE, FDA, NMPA, TFDA, PMDA and other national product certifications.
3. We comply with the relevant regulations of the Pharmaceutical Affairs Act.
4. We comply with the relevant regulations of the Fair Trade Act Law and Consumer Protection Act.
5. We provide delivery services for 49 stores and online platform app.

Grievance mechanism

Customer service mailbox :
service@pegavision.com

2020 Plan

- Continue obtaining product certifications in various countries.
- Continue to serve the market with high-end optical products and develop highly differentiated products with innovative technologies.
- We maintained the validity of the ISO 13485: certification from 2016.
- We improved customer satisfaction and strengthened brand loyalty of consumers and customers.
- We implement customer complaint handling.
- There were no customer privacy leaks, but a customer was fined and had to compensate.

2020 Performance

- Number of licenses: 36.
- In 2020, TWD 370 million was invested in research and development, an increase of 33.8% from 2019.
- Our self-developed silicone lens has obtained the EU CE certification.
- Astigmatism and multi-focus color lenses obtained US medical equipment marketing approval.
- We passed third-party external verification.
- Own-brand product satisfaction in 2020: 98%.
- Industrial customer satisfaction in 2020: 96%.
- The time limit for processing consumer complaints in our stores: 1 day, with case closure rate of 100%.
- The time limit for processing consumer complaints from OEM customers: 10 days, with case closure rate of 100%.
- Major information security incidents: 0 times
- Number of students and customer service staff attending classes: 72, participation rate: 100%
- App software security update: 8 times
- We organized information security-related training to increase employee awareness of information security. The participation rate was 100%.
- We strengthened computer endpoint protection and increased the anti-virus software update frequency: 100%.
- Periodic information system vulnerability scan: 1 time.
- Periodic information system weakness test: 1 time.
- Periodic employee social engineering drills: 1 time.

Brand proposition Pegavision.

『Be Unique』

Pegavision is a brand that thinks outside the box, always looking for new ways to solve people's needs around contact lenses.

Pegavision believes that everyone is different and unique. We strive to see everyone's uniqueness and also hope that customers see how we're unique as well. Therefore, Pegavision's customers can feel a unique experience in all aspects, while also meeting lifestyle and aesthetic requirements.

Pegavision's customers are confident and believe that they are unique and different. They appreciate all kinds of beauty with tolerance and an open heart. Let your uniqueness shine, so people can see it immediately.



2.1 Business development strategy

(1) Silicone hydrogel material :

After 1990, the first generation of silicone hydrogel products became a big trend due to their high oxygen permeability. From 2001 onward, second-generation silicone hydrogel was synthesized by nanotechnology to improve wearing comfort and more uniform distribution of the eye's tear film. After 2011, third-generation silicone hydrogel improved wearing hydration through a surface chemical moisturizing technology, which is now the mainstream in the market. In addition to third-generation technology products that we will launch in the near future, we also expect to complete our fourth-generation silicone hydrogel material formulation in 2021 to provide longer moisture retention and improve production efficiency.

(2) Optical design :

The main function of the original design of contact lenses is vision correction, including: myopia, hyperopia, astigmatism, presbyopia, etc. As optical technology matured, the popular high-end optical design products after 2015 opened up new market segments, from astigmatism lenses to varifocal contact lenses, and on to the recent myopia control lenses, thus expanding to different and older contact lens consumer groups. Since its establishment, our company has focused on the research and development of high-end optical products, and has taken high-end optical products to the market. Moving forward, we will introduce high-end optical technology into silicone lenses.

(3) Lens colors :

contact lenses were originally transparent. Later water blue lenses were developed to make them better visible in the care solution. Recently, cosmetic contact lenses have been

developed for beauty needs, and they have gradually become fashion accessories. The current mainstream trend of cosmetic lenses is towards natural and delicate patterns and color matching. The combination of popular elements is complex and volatile. To quickly grasp the pulse of market requires smart design as a key technology. Our in-house developed intelligent design system injects new design elements into cosmetic lenses, and will continue to develop this technology to serve the strong market demand for color lenses.

(4) Use period :

products with various wearing cycles, such as daily, weekly, bi-weekly, monthly, quarterly, half-yearly, and long-wear types for even more than one year.

2.1.1 Future growth momentum

In the future, the market for functional contact lenses other than vision correction will gradually grow. For instance, anti-blue light lenses for people who use computer screens a lot, lenses with added vitamins, lenses with high moisturizing hyaluronic acid, varifocal lenses for the elderly, and anti-dry lenses for users with dry eyes. In addition, the technology of myopia control lenses has gradually matured from myopia correction to better prevention effects.

According to Contact Lens Spectrum data, the global contact lens market in 2019 was approximately USD 9 billion. Affected by the impact of COVID-19 in 2020, the global market for soft contact lenses may shrink about 8-10% compared with 2019, which is still slightly more than USD 8 billion. This is the first time since 2008 that the global contact lens market does not register its typical growth rate of 4-6%. In addition, affected by the epidemic, the proportion of online purchases of contact lenses has increased by about 25% compared with the past.

2.2 Technology research and development

Pegavision has numerous teams that constantly pursue materials, preservation solutions, functionalities, and unmanned no-touch manufacturing. They boldly invest in R&D and discover new possibilities. Since our establishment, we have maintained a sizeable R&D team, which has only grown over time. Based on the strategy of being based in Taiwan while serving the world, our company has maintained its R&D base in Taoyuan. In addition to the R&D of process technology, raw material formulations, and automated production machinery, we have also built a portfolio of optometry patents.

Since 2019, our company has gradually invested in the technology and certification research of myopia control lenses, and moving forward we will continue to launch high-end optical products on the market. In the context of highly mature and still evolving contact lens materials and optical designs, the development of a comprehensive product portfolio is indispensable to become a manufacturer with global influence. The main challenge at hand is to enhance automation flexibility and quality control capabilities in manufacturing, and to arrange for the right product licenses worldwide, to serve brand manufacturers.



Innovative technology and products

Production technologies developed by Pegavision include: a third-generation intelligent packaging system, a fifth-generation high-automation dry film system, a third-generation artificial intelligence inspection system, a newly constructed automated packaging system, and an intelligent management system.

Product types include: High moisturizing, high lubrication, and high oxygen permeable silicone hydrogel monthly lenses, unique pressure relief lenses, new-generation astigmatism lenses, varifocal presbyopia lenses, highly biocompatible lenses made with hioxifilcon (water-binding copolymer).

R&D investment

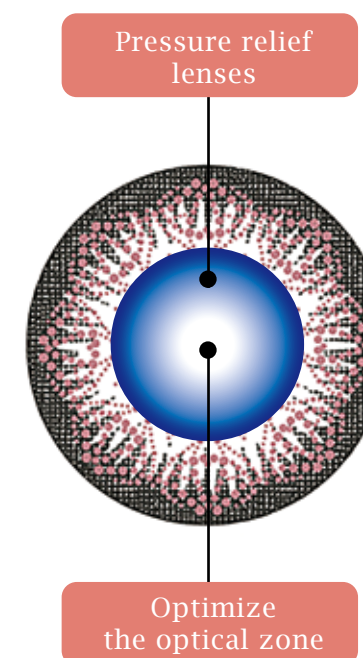
In 2020, we invested TWD 374,460,000 in research and development expenses, which increase 33.8 % from 2019. In addition to the company's self-developed silicone gel lenses with EU CE certification, astigmatism and multi-focal color lenses have also obtained US medical equipment market approval--an important milestone in our development.

In 2021 we plan to invest more than TWD 370 million in R&D to develop new products and new technologies to ensure our long-term competitiveness.

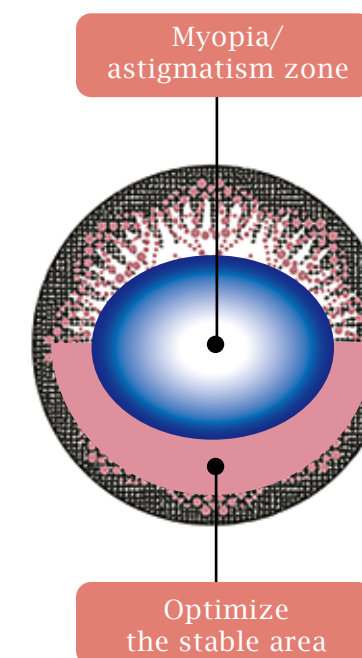
Unit : TWD 1,000 %

Project	year	2017	2018	2019	2020
R&D expenses(A)		230,397	237,958	279,802	374,460
Net revenue(B)		2,182,174	3,132,671	3,355,133	3,978,413
(A)/(B)(%)		10.56	7.60	8.34	9.41

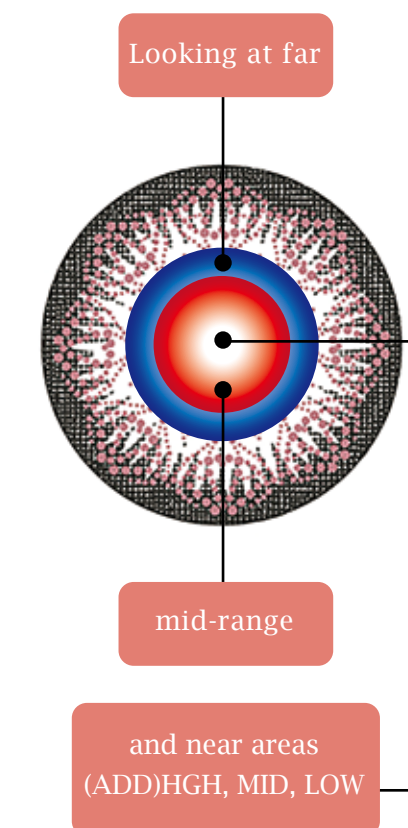
Diastolic optical zone



New-generation astigmatism lenses



Multifocal presbyopic lenses



2.3 Serving the market

102-2

Pegavision manufactures own-brand contact lenses and partly sells these through its own stores. We also take on OEM manufacturing for domestic and foreign customers. As the materials and optical designs of contact lenses mature, product development needs to be more complete, efficient, and high-quality in order to have a chance to become a manufacturer with global influence. Pegavision will continue to improve its automation flexibility and quality control capabilities in manufacturing—the main development direction for its future industrial processes. Our technical portfolio of contact lens types will also need to be complemented by comprehensive product certifications and product licenses for our main growth markets, and highly flexible manufacturing capabilities to serve brand customers with more diversified market promotion.

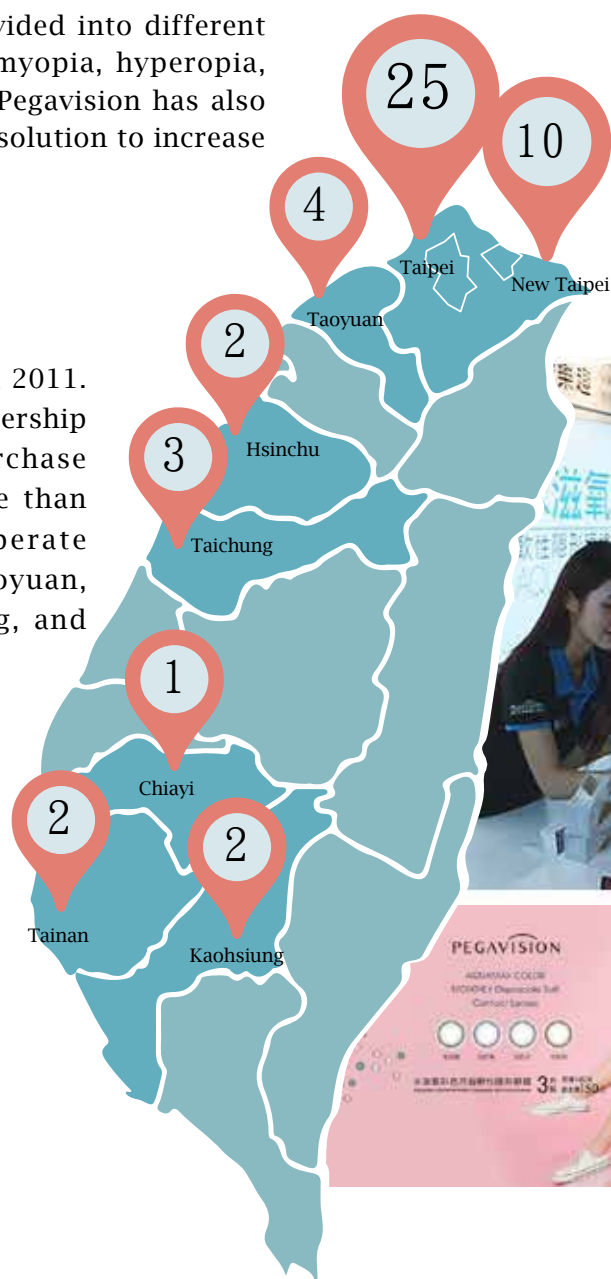
Contact lenses can be divided into different types according to their disposable life cycles: daily, weekly, bi-weekly, monthly, quarterly, half-yearly, and long-wear for more than one year. Contact lenses can also be divided into different types according to their optical functions: myopia, hyperopia, astigmatism, presbyopia, anti-blue light, etc. Pegavision has also developed an ultra-moisturizing preservation solution to increase wearing comfort.

2.3.1 Private label

102-6 102-7

Pegavision's first direct sales store opened in 2011. It has exclusively innovated the PegaPal membership system, unified prices and thoughtful purchase services. Today, we have accumulated more than 800,000 consumers and counting. We operate 49 stores in the city centers of Taipei, Taoyuan, Hsinchu, Taichung, Tainan, and Kaohsiung, and these have become well-known landmarks.

With regard to product strategy, we have launched varifocal transparent daily contact lenses, and products with more advanced functions and quality will be launched in the future, including more advanced astigmatism lenses, varifocal color lenses, and products with innovative preservation solutions. As our sales regions and channels expand, our product lines to serve these will be further integrated and upgraded to strengthen our sales and distribution power and operating efficiency for each product line.



2.3.2 Expanding OEM manufacturing

Thanks to our stellar sales growth, many customers have come to appreciate our product quality, design and R&D capabilities, and channel sales and operation capabilities. They hope to cooperate with us under OEM or ODM models, allowing them to market their own brands. This has played a complementary role in driving our OEM business growth.

Japanese market

Due to the Covid 19 epidemic, sales at physical stores in Japan have slightly weakened, while online sales have increased, which has benefitted the revenue growth of companies that focus on cosmetic lenses. Both online and offline, our company has successfully entered the supply chain of leading brands in Japan, and some other cosmetic contact lens brands have switched their OEM business to Pegavision.



European market

A complete monthly silicon hydrogel product line will be launched in the European market, including for myopia, hyperopia, astigmatism and presbyopia, so that customers can carry a complete selection to serve a wide range of consumers. A complete product line of daily disposable hydrogel lenses will also be launched, with the same optical design to meet the growing demand for daily lenses.



American market

The covid 19 epidemic and our temporary online prescription approval have increased our online market share. Some e-commerce-based eyewear brands have warmed to self-made contact lens brands like ours, and we are in talks with those brands to discuss cooperation, which may offer more options beneficial to American consumers. At present, our company has obtained a marketing license for astigmatism and varifocal products of daily water-based lenses, both transparent and color ones.



Chinese market

E-commerce accounts for more than 60% of the retail market in China, among which color lenses are best-sellers and still growing. The entry barrier for color lenses in China is rather low, consumer options are legion, and competition is fierce. Our company is recognized by consumers for its product quality, which has led brand owners to approach us to discuss cooperation. Pegavision currently works with several top-of-the-line e-commerce brands, and talks with other new brands are in progress. In the future, color lenses will continue to be our main product in Mainland China, and silicone hydrogel and high-end optical products will be launched after the licenses is obtained.



2.3.3 Sales regions and proportions of major products

Pegavision's turnover in 2020 was TWD 3.98 billion and its market share is estimated at 1.6%. As our business maintains high growth, our market share will have the opportunity to increase further.

Unit: TWD 1,000 %

Year Sales region	2018		2019		2020	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Domestic sales	731,980	23.37	771,905	23.01	662,660	16.66
Exports	2,400,691	76.63	2,583,228	76.99	3,315,753	83.34
Total	3,132,671	100.00	3,355,133	100.00	3,978,413	100.00

2.3.4 Production volume of major commodities

Unit: 1,000 boxes

Year Major products	2018		2019		2020	
	Production capacity	Yield	Production capacity	Yield	Production capacity	Yield
Contact lenses	27,950	25,229	21,629	17,562	33,676	30,215

2.4 Responsible product quality 416-1

Contact lenses are part of the medical equipment industry and are directly worn on the human eye. To protect human safety, the health authorities around the world have formulated strict inspection models for the production and sales of contact lenses. Manufacturers and sellers need to obtain permissions from the health authorities of each country. Only after obtaining certifications and licenses can contact lenses be marketed.

The products sold by Pegavision are all developed, designed and produced in-house. Our product development is implemented in accordance with the requirements of ISO 13485, the quality control standard for medical devices. All our products comply with internationally recognized quality systems for medical equipment manufacturers. These stringent checks and certifications confirm the safety and efficacy of our products.

Pegavision performs clinical evaluations, literature studies and clinical trials to confirm the efficacy of its products' intended uses and effective vision correction. The product packaging design uses sterile packaging materials, a stable and effective sterilization process, and regularly checks the efficacy of the sterilization process, while each process step must undergo strict quality inspections.

Pegavision products meet international quality requirements and are covered by multiple certifications of its systems and products as shown in the table below, which shows the company's rigorous manufacturing processes and excellent product quality.

Relevant certifications obtained by Pegavision products		
Taiwan	ISO 13485	Quality system certification
	GMP	Quality system certification
	TFDA	Certified product
Japan	QMS	Quality system certification
	PMDA	Certified product
European Union	CE	Certified product
America	FDA	Certified product
China	NMPA	Certified product
South Korea	MFDS	Certified product
	GMP	Quality system certification
Australia	TGA	Certified product
Malaysia	MDA	Certified product
Singapore	HSA	Certified product
Thailand	Thai FDA	Certified product
Vietnam	MOH	Certified product
India	CDSCO	Certified product
UK	MHRA	Certified product

Three major processes of Pegavision Contact lenses



2.5 Marketing and Labeling 417-1 417-2

Pursuant to Article 75 of the Pharmaceutical Affairs Act, Pegavision's product packaging labels and instructions for use must comply with the international ISO standard for medical equipment. We monitor legal developments every quarter to keep our product labeling correct, clear and compliant, provide consumers with reliable information, and comply with pertinent government regulations. Our product labeling is in line with the content approved by the health authority, and the product label on the outer box states: product name, life cycle, product specification, production batch number, sterilization symbol and expiration date and other information. The instructions for use contain product specifications, product license numbers, warnings, contra-indications, cleaning advice, wearing advice, and the manufacturer's information. This gives consumers clear information and understanding of safe use of the contact lenses before purchasing and using them.

In 2020, 36 licenses were obtained, and 354 new product packaging designs were approved. Neither our products nor our services violated any health or safety regulations or voluntary commitment.

Product packaging



Commodity label



418-1

2.6 customer relationship management

With its flexible production expertise, Pegavision develops different business models for different market segments. We were the first to open exclusive private brand contact lens stores in Taiwan, and we also attack markets as an upcoming brand in other regions. Separating market channels, using flexible business models and price strategies to ensure customer proximity, and rapid decision-making have enabled us to gradually expand our international market and gain the trust of global customers.

2.6.1 Protection of customer rights

Internet technology changes with each passing day. Our company was the first to invite contact lens consumers to join a membership system called PegaPals to review, select and order products to be delivered to their homes through our website and app. PegaPals also enjoy special offers. Pegavision continuously optimizes the functions and security of its app to offer users secure, stable and convenient services. We also strongly protect their private information and the security of their electronic payment transactions, so they can shop with peace of mind. We also arrange information security training for our sales clerks who serve consumers, to enhance employees' awareness of the protection of consumers' rights and interests.

In 2020, 72 store clerks participated in this training.

○ **For consumers who purchase through the website or the app, the control mechanism is as follows:**

1. SSL encryption for the website.
2. Independent customer database, regular data backup and remote tape backup.
3. All customers must enter a password for authentication to complete a transaction.
4. To access the website or app, password log-in is required.
5. A firewall protects the website.
6. The customer's data changes can only be updated through customer service.
7. The customer's data changes, all records can be inquired.

○ **For consumers who purchase from our physical stores, the control mechanism is as follows:**

1. The use of store data requires password verification and can only be accessed through our internal network.
2. If the customer's basic information needs changing, the account can only be accessed via password through the internal network.
3. For customer data changes, all records can be queried.
4. The store network is a closed network, and can only be accessed from the company's internal network.

In 2020, the security of our app software was updated 8 times to provide secure and optimum service.

2.6.2 Customer privacy protection

To strengthen the company's information security management, protect data, systems, equipment and network security, and ensure stable and sustainable business growth, Pegavision has an information security policy.

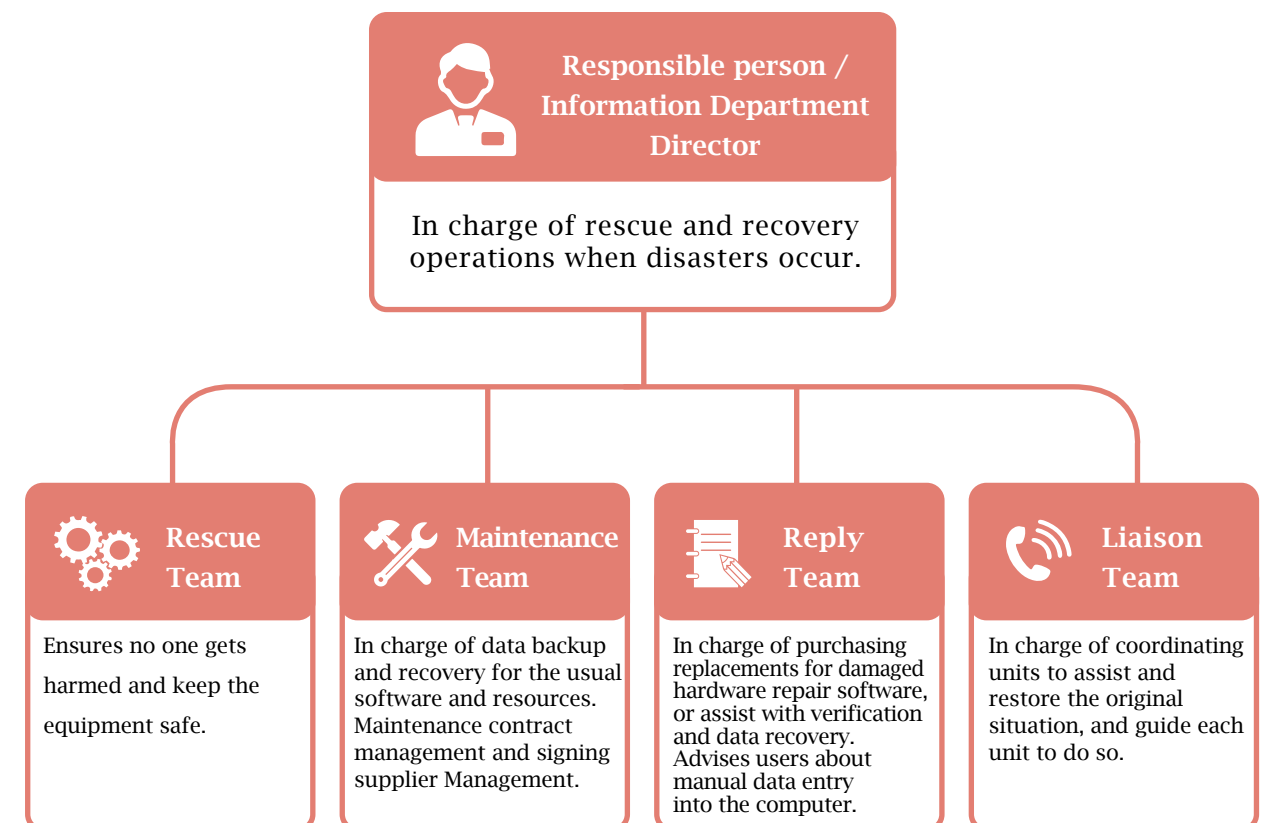
This information security policy demonstrates that the senior executives take information security very seriously, and all staff must closely comply. The company's information security policy specifically emphasizes three elements: Confidentiality, Integrity, and Availability. Everyone is responsible for maintaining information security, and all employees are required to strictly follow our company's information security rules regulations to maintain information security.

Pegavision takes customer information security very seriously and has adopted strict mechanisms and measures to protect it. We also cooperate with the government's "Information Security is National Security" policy. Since 2015, we have invested information security protection and detection, and strong prevention has been carried out against external security threats. Since 2018, we have adopted early-warning measures against internal information security risks, such as computer and peripherals access control, abnormal file access warnings, and monitoring and recording of network behavior (such as Internet access, e-mail, instant messaging, etc.) to protect important data of our company and our customers and prevent leaks.

Our company also has accident handling procedures and an information security incident emergency response team to quickly recover our information system and data to contain damage and minimize interruption of operations.

We also conduct internal and external information audits each year to review the current status of our information security and to implement improvements. In response to the formal implementation of the Information Security Management Act in January 2019, we strengthened our information security measures to be fully compliant with the law and meet the expectations of our customers and investors. (delete)

To protect consumers' right of privacy, Pegavision's website has a Privacy Policy section describes how our collection, processing and use of consumer data comply with the Personal Information Protection Act and related laws and regulations. When customers in our stores complete a customer information card, they will be informed of the collection, processing and use of their personal information. In 2020, we held information security training sessions to enhance employees' information security awareness. We also increased the rate of anti-virus software installation and update, conducted information system weakness scans, tested for information system weaknesses, and held regular employee social engineering drills. In 2020, Pegavision did not receive any fines from customers due to customer data leaks.



2.6.3 Listen to customer voices

Pegavision conducts consumer satisfaction surveys every year to understand customer consumption patterns and customer needs, ensure and continue to improve the quality of our own-brand products and services, and increase customer loyalty.

In the 2020 consumer satisfaction survey, the number of valid responses was 842, and both store satisfaction and product satisfaction reached 99.64%. This annual survey helped us better understand our brand position and product strategy.

To understand the satisfaction of our OEM customers with regard to our products and services, we study customers' evaluations of our services every year, to improve the items with lower satisfaction scores. The questionnaire items focus on four areas: marketing/business services, distribution, products, and services. The four items are each subdivided into 12 questions to investigate the expectations of our customers.

In 2020, a satisfaction survey was sent to 13 customers, and the response rate was 100%. The results of the survey increased from 93.3% in 2019 to 96%. Pegavision enjoyed greater customer trust, with highest scores for its speed and punctuality.



2.6.4 Customer complaint mechanism

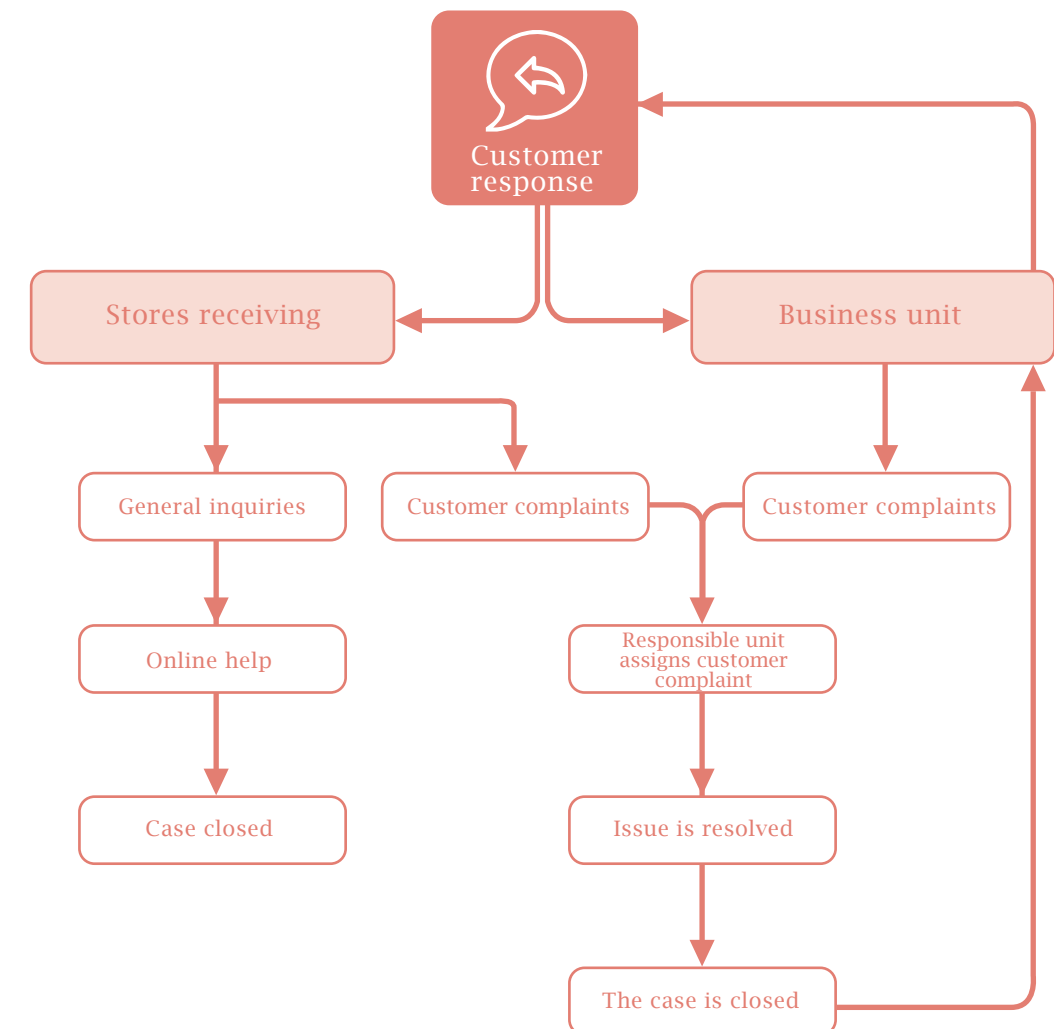
Pegavision believes in placing itself in the customer's shoes and listen carefully to customers' opinions and expectations. To quickly and effectively handle customer feedback, improve our service quality and customer satisfaction, and build lasting trust-based relations, we have a customer service line to listen to customer needs and have an effective communication channel with our customers.

To keep abreast with consumers' opinions and complaints, our website has a Contact Us dialogue area where consumers may directly tell us their questions and suggestions online.

In 2020, stores across the country received 17,557 consumer communications, all of which were general inquiries. Store staff answered and resolved their questions as soon as possible.

Pegavision has after-sales service operation standards. For consumers complaining about defective products, our store staff first makes sure they understand the customer's issue, come up with a solution, and reach a solution with the consumer, whether it is compensation, product return, product replacement or otherwise.

After receiving a customer complaint about a product, the responsible unit conducts an inspection and analysis, and responds to the store and business unit within the set time limit to ensure the customer's rights and interests. There are no notifications and recalls of products in 2020.



永續環境

— CORPORATE SOCIAL RESPONSIBILITY
— Sustainable Environment



PEGA^{VISION}
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Management policy

103-1 103-2 103-3

Material Topic

Climate change, energy conservation and carbon emissions reduction, water management, waste management, circular economy

GRI Guidelines

302 Energy, 303 Water and Effluents, 306 Waste, *Pegavision-specific issues

Policy

1. Comply with the law and prevent disasters.
2. Conserve energy, reduce carbon emissions, prevent pollution.
3. Every employee contributes to continuous improvement.
4. Corporate responsibility and sustainable business.
5. Eliminate hazards and reduce risks.
6. Safety and health, consultation and participation.

Pledge

1. We abide by the government's requirements regarding environmental protection and energy conservation, monitor laws and regulations.
2. We develop energy conservation, implement energy management, and respond to the risks of climate change.
3. We improve employees' energy knowledge and create a low-carbon, high-quality environment.

Goals and targets

1. Carry out PDCA improvement activities in accordance with the considerations identified by the company's environmental management system.
2. Promote industrial waste reduction and resource conservation to achieve effective use of resources.

Responsibilities

1. External responsibilities: Waste Disposal Act, Water Pollution Control Act, Air Pollution Control Act, Toxic Chemical Substances Control Act, Soil and Groundwater Pollution Remediation Act, etc.
2. Internal system: environmental impact, health and safety hazard assessment, monitoring of laws and regulations, emergency response and readiness management, supervision and measurement management, etc.

Resources

We have adopted the ISO 14001 environmental management system, and projects for energy conservation, carbon emissions reduction, process water conservation, and liquid wastewater content reduction.

Grievance mechanism

Environmental Health and Safety
Department: ehscareyou@pegavision.com

2020 Plan

· Respond to the risks of climate change: Develop energy conservation, energy management.

· Use environmentally friendly technology and extend product durability.

· Water consumption relative to revenue: 1% reduction, with 2019 as the base year.

· Implement process water conservation plan.

· We reduced the water content of waste liquid.

· We reduced the discharge of pollutants and waste, and properly disposed of waste.

2020 performance

· Proportion of electricity consumption to revenue: 3% reduction, with 2019 as the base year.

· Paper management: 6.81% reduction, with 2019 as the base year. The reduction of 149,685 sheets of paper is equivalent to felling 8 fewer trees and reducing 381 Kg CO₂e.

· Tray recycling: 20% loss rate.

· Reduce defective products: the remanufacturing rate was 2.02%.

· Improved yields: Improved 1%.

· Packaging reduction (applied to 10% of products):

✓ Polypropylene (PP) material reduction: 2.99%.

✓ Preserved liquid reduction: 8.05%.

· Water consumption relative to revenue in 2020: Decrease by 10.4%, with 2019 as the base year.

· Pure water recovery system: 17.02 million liters recovered.

· Our new magnetic stirring tank saved 0.361 million liters of water.

· Our new preservation solution packaging saved 2.331 million liters of water.

· IPA moisture content: 17%.

· Resource recovery rate: 88%.

· Compliance rate with industrial waste disposal regulations: 100%.

· Compliance assessment of waste processing companies: 1 time/year.

· Passing rate of annual inspection of hazardous industrial waste: 100%.

· Compliance rate of waste effluent detection: 100%.

3.1 Environment Health and Safety Policy

Pegavision pledges to abide by and continue to pursue excellence in environmental protection, health and safety (EHS). Our environmental management system and occupational health and safety management system aim to reduce waste and raw material pollution from our operations. Since the adoption of the ISO 14001 environmental management system in 2016, our company has been using the system for 4 years. To ensure the efficacy of our environmental management system, we conduct internal audits and commission a third-party verification agency to conduct verifications at our company premises. Pegavision has no record of fines for violating any environmental laws in 2020.

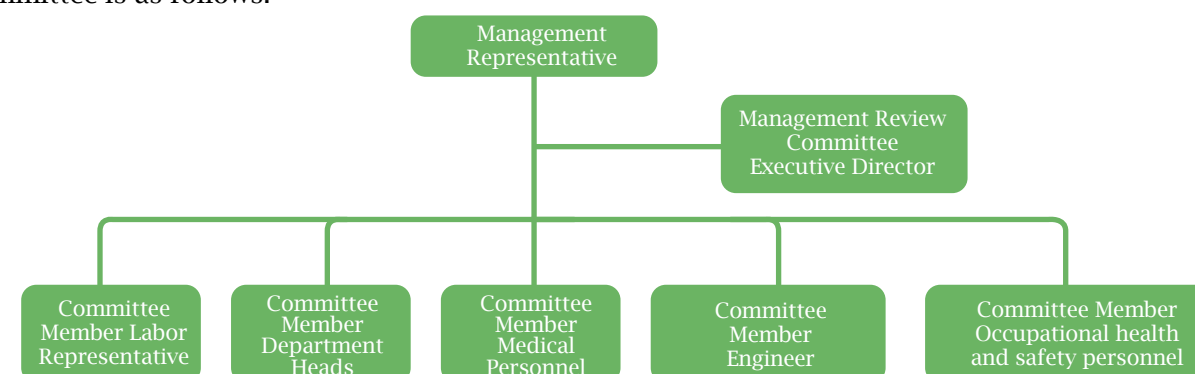
We have integrated our environmental management system with our health and safety system in line with international trends, and our environment, health and safety policy is as follows:

- ✓ Comply with the law and prevent disasters.
- ✓ Save energy, reduce carbon emissions, prevent pollution.
- ✓ Every employee contributes to continuous improvement.
- ✓ Corporate responsibility and sustainable business.
- ✓ Eliminate hazards and reduce risks.
- ✓ Safety and health, consultation and participation.



3.2 Environmental Health and Safety Management Committee

Pegavision's Environmental Safety and Health Management Manual describes the environmental management system and occupational safety management system. We also have an Environment, Health and Safety Management Review Committee (the "Committee"), consisting of seven members in accordance with the law, with the General Manager serving as the Management Representative. The Committee's executive director is appointed by the Management Representative. The committee members consist of occupational health and safety personnel, department supervisors, engineering and technical personnel related to occupational health and safety, and medical personnel engaged in occupational health services. Among these, the number of employee representatives selected by the departments account for more than one-third of all members. An environment, health and safety committee meeting is held every quarter to help prevent accidental disasters and establish a good working environment. The Energy Committee holds monthly supervisory meetings to supervise the application of technologies to help strengthen the environmental management system, and implement the company's environment, health and safety policies through PDCA management. The structure of the Environmental Health and Safety Committee is as follows:



3.3 Carbon emissions reduction measures and outcomes

302-1

In recent years, as global climate change intensifies and energy consumption keeps rising, abnormal climate events and patterns considered to be caused by climate change, occur frequently around the world, causing huge losses everywhere. In Taiwan, unprecedented heat waves and water shortages have occurred, and more and more people are now experiencing the impacts of climate change. For enterprises in all industries, the ability to transform to low-carbon business models has become a key factor in improving competitiveness. Pegavision pledges to reduce its industrial waste and conserve resources, implement energy conservation improvement plans, rationally and effectively use energy, and undertake various reduction actions. Therefore, we implement environmental sustainability projects to reduce carbon emissions. We have also adopted management system's standard requirements to formulate energy conservation and carbon emissions reduction plans, and we regularly review the implementation outcomes, in order to gradually improve energy efficiency.

3.3.1 Energy usage

Energy consumption in daily life contributes to global warming. To improve our energy performance, the Environment, Health and Safety Department monitors our energy consumption and performance indicators, compiles statistics on this every year, and promotes high-level performance. The outcomes are reported to the management review meeting. The PDCA management system helps us formulate and implement energy conservation projects to achieve our goals. To implement carbon management and emissions reduction, Pegavision plans to conduct a greenhouse gas inventory with external verification in 2021, and gradually implement low-carbon operations.

Most energy used by Pegavision is purchased electricity. Total electricity consumption of the Guishan Plant and Daxi Plant in 2020 grew 21%, with a revenue growth of 23.9%. The total electricity consumption relative to revenue decreased 3% in 2019.

Category	Unit	2018	2019		2020	
		Guishan Plant	Guishan Plant	Daxi Plant	Guishan Plant	Daxi Plant
Electricity	kWh	23,294,400	20,863,200	2,993,400	25,561,600	3,257,400
Electricity Gigajoule	GJ	83,859.84	75,107.52	10,776.24	92,021.76	11,726.64
Diesel Gigajoule	GJ	2.2	2.2	2.2	4.1	1.5
Total consumption	GJ	83,862.04	75,109.72	10,778.44	92,025.86	11,728.14

Remarks:

- 1 kWh = 0.0036 GJ
- 1 L diesel = 8400 kcal (Unit Calorific Value Table of Energy Products from the Energy Bureau, Ministry of Economic Affairs)
- 1 kcal=0.000004 GJ
- The Daxi Plant started operations in January 2019. As production gained steam in 2020, electricity consumption increased.

3.3.2 Paper reduction

Pegavision promotes environmental protection in the office, encourages double-sided printing and multi-page lay-out per sheet, and uses recycled paper. In addition, paperless operations are promoted, with an electronic sign-off system, which greatly reduces the amount of paper used. The amount of paper used for photocopying in 2020 decreased 6.81% compared to 2019, a reduction of 149,685 sheets, or 18 fewer trees felled, equivalent to 381 Kg CO₂e.*Notes

* Note: Calculation reference:

<https://www.cpami.gov.tw/%E4%B8%B0%E6%B0%91%E6%9C%8D%E5%8B%99/%E6%B8%9B%E7%B4%99-%E8%AD%B7%E6%A8%B9-%E6%84%9B%E5%9C%B0%E7%90%83.html>

A sheet of A4 paper weighs about 4-6 grams, and each box of A4 paper is about 25 kilograms (5,000 sheets of paper). About 24 trees with an average height of 12 meters and a diameter of 15-20 cm need to be felled for one ton of pulp, good for 40 boxes of paper. So about 24/40 = 0.6 trees are felled to produce 1 box of paper.

3.4 Water management 303-2 303-3

Pegavision's contact lens manufacturing requires a lot of water. Currently, the water source is all tap water. Based on the concepts of "reduce, recycle, reuse", we have taken water conservation measures to improve our water utilization efficiency. In response to drought and rainfall caused by climate change, phased water restrictions apply in the Taoyuan area. In accordance with the resolution of the Environment Health and Safety Committee, the company will use more waterwheels when the water supply is suspended for more than 8 hours.

In 2020, the company's operations were not affected by the coronavirus epidemic. The overall water consumption increased by 11% compared with the previous year. As revenue increased by 23.9%, our water consumption relative to revenue decreased 10.4% in 2020 when compared with the same period last year.

Year	2019		2020		Increase/ decrease rate
Plant	Guishan Plant	Daxi Plant	Guishan Plant	Daxi Plant	
Water withdrawal (million liters)	236.7	8.7	259.1	13.2	-
Total water withdrawal (million liters)	245.3		272.3		11.0%
Revenue (M)	3,096.2		3,836.7		23.9%
Water/revenue ratio	0.08		0.07		-10.4%

Pegavision's Guishan and Daxi Plants are located in industrial areas. The Guishan and Daxi Plants both draw their water from the Dahanxi Shimen Reservoir, which is not an ecological protection area. Domestic water pollution prevention and control laws and regulations are increasingly stringent. Our company only commissions inspection and measurement institutions approved by the central competent authority to conduct measuring, sampling, testing and supervision of various pollution prevention projects twice a year to reduce effluent and Impact on the environment.

Effluent from the Guishan Plant is discharged into the sewage sewer system of Guishan Industrial Park, which ultimately flows into the Nankan River. The plant's effluent from production processes first passes through the wastewater treatment plant (mixing tank aeration tank temporary storage tank sand filter tank activated carbon. The pre-treatment standard in the plant follows the water quality standard of the Guishan Industrial Park's service center (as shown in the table below). The pre-treatment standard of the COD factory is 350 ppm. The Guishan Plant uses third-party water for 50.393 million liters; The Daxi Plant currently has no manufacturing process and has a qualified discharge of domestic sewage. The two plants in Guishan and Daxi test their water/effluent quality every six months, and the outcomes have been in compliance with the law. In 2020, the company did not violate the Water Pollution Prevention and Control Act.

Guishan Industrial Park Service Center Effluent quality standard		Guishan Plant Water Quality Test					
pH	5 ~ 9	7.1	6.3	6.6	6.6	6.9	7.7
Water temperature (°C)	38	28.3	23.1	23.6	20.9	25.2	24.8
SS (mg/L)	200	33.5	24.5	20	22.5	18.9	30.8
COD (mg/L)	480	268	120	197	105	202	196
BOD (mg/L)	320	109	30	28.7	29.5	50.8	27.1
True color	-	41	<25	<25	<25	<25	33
Ammonia Nitrogen *Note	-	-	-	-	2.78	1.98	2.42
Free Available Residual Chlorine *Note	-	-	-	-	ND	0.05	ND

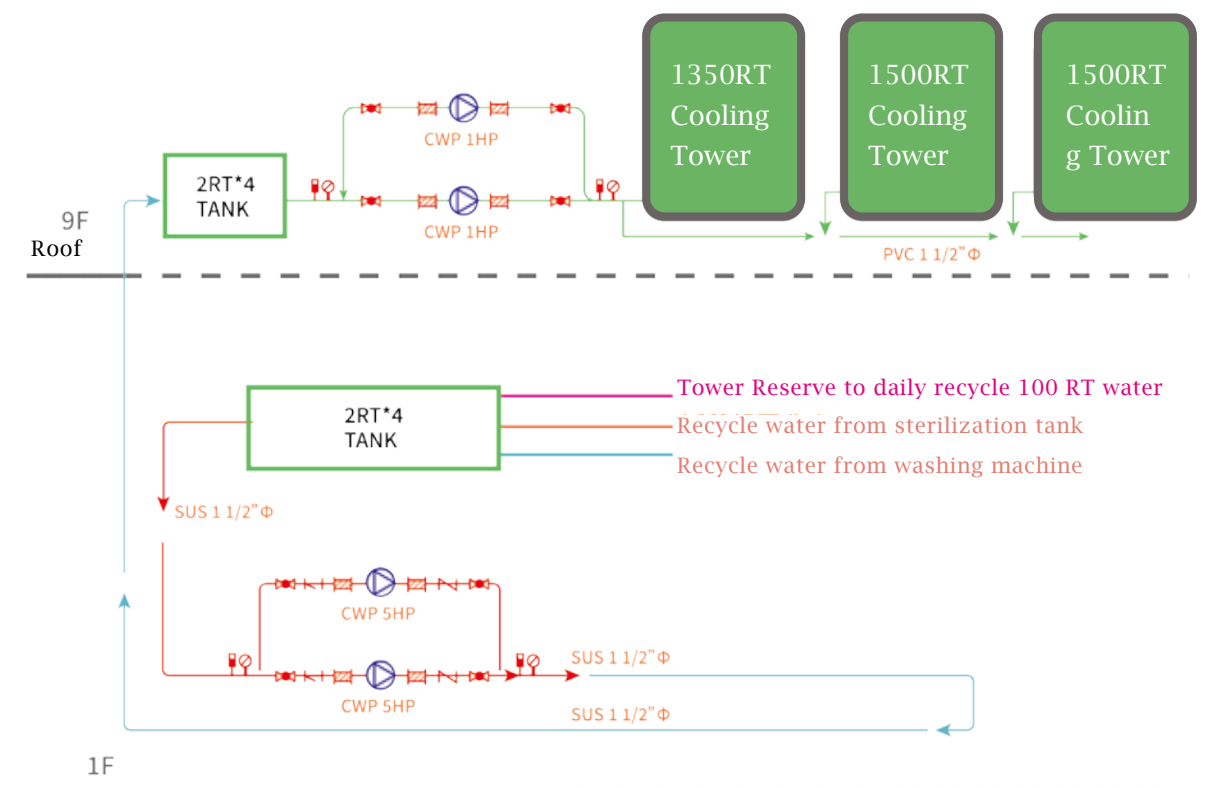
* Notes: Ammonia nitrogen and free available residual chlorine are added in conjunction with additional testing in accordance with the law.

3.4.1 Water management

In 2020, the company's operations were not affected by the coronavirus epidemic, and our production capacity also continue increasing. Therefore, the overall water consumption and revenue increased by 4% compared with the previous year. To reduce water consumption, we implemented three water conservation projects:

➤ Water Conservation Project No. 1

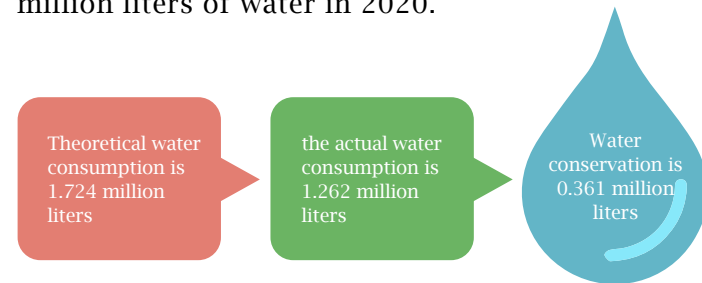
We built a pure water recovery system in 2018 to use process wastewater from the recovery boiler and tray washer a second time in the cooling tower. In 2020, the annual recovery volume of the whole plant was 17.02 million liters.



Source: Occupational Safety and Security Office of Pegavision

➤ Water Conservation Project No. 2

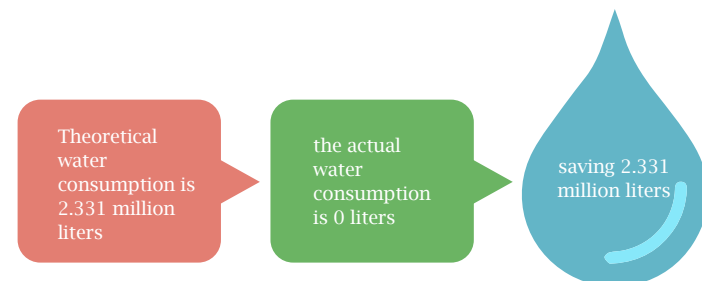
Our new magnetic stirring tank simplifies process equipment cleaning, saving 0.361 million liters of water in 2020.



Equipment image from near to far: magnetic tank → configuration tank #3 → configuration tank #2
Implementation period: January 2020 to December 2020
Source: Pegavision

➤ Water Conservation Project No. 3

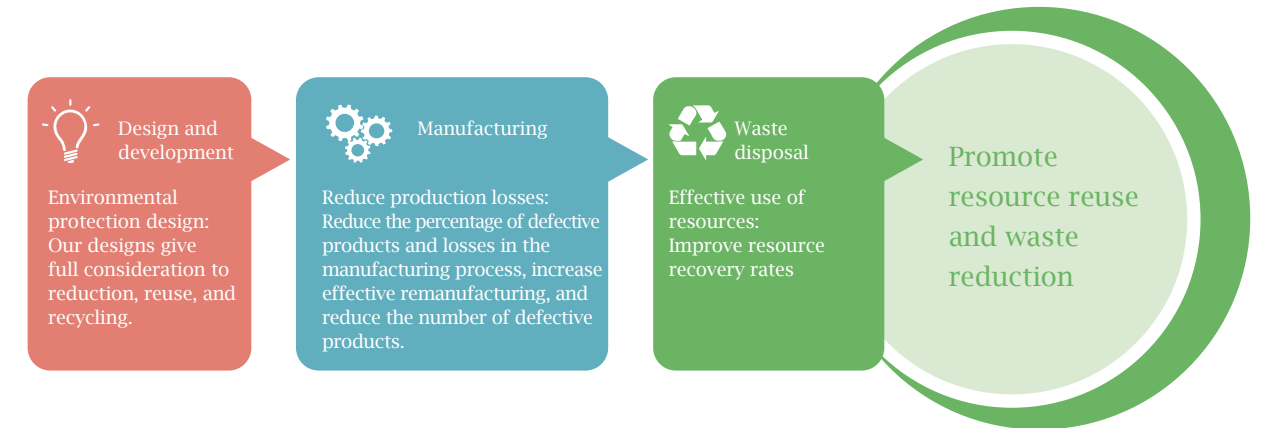
New preservation solution packaging saves on serum bottle cleaning, saving 2.331 million liters of water in 2020.



582,974 liters of preservation solution were produced, and 38,865 packaging boxes were used, saving 2.331 million liters of water.
Source: Pegavision

3.5 Green operations and waste reduction

In recent years, industry has gradually adopted the concept of circular economy. Pegavision pledges to take responsibility for the environment, implement sustainable development throughout the entire life cycle, and strive for a circular economy, resource recovery and product life cycle extension. From raw material procurement, product design, manufacturing process and packaging to recycling, all steps are optimized to reduce the environmental impact of operations, increase competitiveness, enhance the company's long-term profitability, and implement practical actions to honor our commitment to the Earth.



3.5.1 Procurement of raw materials

The materials used by Pegavision are mainly virgin materials, including HEMA, materials, aluminum foil and packaging materials. Under legal compliance, cartons and manuals will be redesigned to reduce and recycle materials used. The remaining raw materials must come with an inspection report when entering our warehouse. The qualified and accepted materials are properly stored to ensure consumer safety. The pass rate of internal and external audits in 2020 was 100%. We also review our manufacturing, packaging, warehousing, inspections, etc. at suppliers' sites to ensure consumer quality.

3.5.2 Recycling

Pegavision researches and develops the recycling of consumables based on the characteristics of their raw materials, to increase recycling rates. Besides reducing waste treatment costs, waste recycling helps effectively use the earth's resources.

Item	Environmentally friendly design	approaches	2020 performance	2021 target
1	Tray recycling	Originally, the trays in our manufacturing process were disposable consumables. Considering environmental pressure and energy recovery, we developed cleaning equipment and are now using reusable trays to reduce waste and conserve energy.	Loss rate : 20 %	Loss rate
2	Import self-carved steel plates to improve yield	Steel plate sizes have been reduced, while new pad printing technology has reduced ink volumes, rinsing frequency of the injection tubes, etc. Thanks to Six Sigma, SPC and other improvement methods, process yields have improved, and waste output and raw material intake have been reduced.	Overall yield : 1% increase	Overall yield : 2.6% increase
3	Packaging reduction	We have developed thinner and lighter paper boxes and polypropylene (PP) cups to help protect the environment.	Polypropylene (PP) material reduction : 2.99% Preserved liquid reduction : 8.05% (Applied to 10% of products)	Polypropylene (PP) material reduction : 13% Preserved liquid reduction : 35% (Applied to all products)

3.5.3 Reduction of process waste

Item	Reduction method	2020 performance
Ink	1.Using larger bottles reduce the number of replacement losses. 2.Replacement intervals have been increased from 3hr to 6hr. 3.Ink cup reduction jigs and Teflon balls reduce the amount of ink replacement. 4.Defining the maximum remaining amount at time of replacement. 5.Minimum production batches have been halved, which reduces the consumables during the switching process.	The output of waste ink in 2020 increased 6.5% compared to 2019. The main reason is that the production capacity of contact lenses in 2020 increased 54% compared with that in 2019, so waste has also increased in step.
Wipe cloths	1.We now cut up large waste cloths to reduce the amount of waste fabrics. 2.When changing ink with the same pattern, we only replace the ink without cleaning the ink cup.	The output of waste wipes in 2020 increased by 26.6% compared to 2019. The main reason is that the production capacity of contact lenses in 2020 increased 54% compared with that in 2019, so waste has also increased in step.
Alcohol	We no longer soak the ink cups to clean them but rather wipe them with a cloth saturated with alcohol.	Alcohol use in 2020 decreased 43.3% from 2019.
IPA waste liquid reduction	To comply with environmental protection and emission reduction, Pegavision strictly controls its waste liquids and effluents to reduce back-end IPA waste liquids (outsourced cleaning and transportation), so the original IPA (washing water) is used as a quantitative pump to pretreat and discharge wastewater.	After improvements in 2020, the moisture content of IPA was 17%.

Source: Occupational Safety and Security Office of Pegavision

3.5.4 Waste Management 306-3

Pegavision separately manages and controls industrial waste according to its characteristics, and prioritizes recycling. Currently, resource recycling companies sort waste from our offices and plants, and in the plants recyclable and non-recyclable trash bins are available for our employees. The production lines use fewer raw materials at source, which reduces waste throughout the process

The Environment, Health and Safety Department audits the waste disposal company based on their contract and the law. The auditing method consists of on-site inspections and questionnaires. Hazardous industrial waste processing companies are audited at least once a year. In 2020, we conducted on-site audits for IPA processing companies, and all audit items must pass the requirements of environmental protection laws and regulations.

If the on-site audit finds that the audited company has illegal operations, we may terminate the contract relationship. All companies that handle our waste removal must have a registration or license as a waste disposal company, with valid operating permits stating the permitted services. Our waste disposal is in full compliance with the law, and no waste leakage incidents have occurred.

3.5.5 Waste treatment category, weight and treatment method 306-2

Item	Type	Processing method		Unit	2017	2018	2019	2020
					Guishan Plant	Guishan Plant	Guishan Plant and Daxi Plant	Guishan Plant and Daxi Plant
General waste	Domestic waste	Non-reuse	Incineration	kg	157,560	146,732	166,085	175,630
Business waste	Polypropylene (PP) scraps	Reuse	Besides direct reuse, there is also reuse after washing	kg	910,468	1,668,621	817,008	1,173,411
Recyclable waste	Paper				2,260	45,050	47,230	73,920
	Iron				-	370	3,490	852
	Plastic rubber				-	2,740	4,197	8,890
	Fluorescent lamps				-	-	101	73
Hazardous industrial waste	PET bottles/aluminum cans					60	7,696	8,630
	IPA	Reuse	Besides direct reuse, there is also reuse after washing	kg	-	-	5,220	14,983
General industrial waste	General liquid waste	Non-reuse	Incineration	kg	29,680	28,862	28,552	19,926
	Waste ink	Non-reuse	Incineration	kg	41,250	68,872	23,298	21,792
Resource recovery rate				%	85%	92%	84%	88%

Remarks: Resource recovery rate: total of recyclable waste/general waste, industrial waste and recyclable waste

Source: Occupational Safety and Security Office of Pegavision

3.6 Environmental Management Accounting

In recent years, due to the growing awareness of the need for environmental protection, requirements for environmental quality have been increasing, and the emission standards for various pollutants have thus been gradually increasing as well. The company has been operating for 11 years since its establishment in 2009. The environmental accounting system measures the expenditure on environment-related activities and shows that waste disposal fees accounted for the most expenditures. We will continue to prevent and control pollution moving forward.

Environment-related expenditures in 2020 are as follows: Unit: New Taiwan Dollar

Item	Amount	Benefit
Water quality inspection fee for effluents	18,000	We complied with all testing requirements under the law, and did not receive any penalties.
Waste treatment fees	5,182,197	Recycled materials are used as renewable raw materials by other manufacturers.
Water conservation project fees	0	Reduced tap water usage helps achieve "reduction, recycling, and reuse".
Energy equipment improvement costs	95,000	Nineteen air compressors on the 3F level of Building B use power from the Pegavision transformer substation, which increases the pressure of some of the machines to their maximum and reduces energy consumption.
Management cost	173,250	Through management system verification, we achieve environmental sustainability KPIs.

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CORPORATE SOCIAL RESPONSIBILITY
Caring for Employees

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Management Polic

103-1 103-2 103-3

Material Topic

Employee compensation and benefits, recruitment and retention of talents, career development and training, human rights

GRI Guidelines

401 Employment, 402 Labor Management Relations, 404 Training And Education, 405 Diversity And Equal Opportunity, 410 Security Practices, 412 Human Rights Assessment

Policy

1. Provide equal job opportunities.
2. Give respectful treatment.
3. Comply with laws and regulations.
4. Offer work autonomy.
5. Freedom of assembly.

Pledge

1. We provide a working environment where people of all genders and physical and mental abilities are equal and free from discrimination and harassment.
2. We comply with labor law to protect employees' rights and interests. Our human resources policy respects labor human rights protection.
3. We have an effective career development training program.
4. We have various communication channels for employees.
5. We offer our employees information on labor law in the country where they work.

Goals and targets

1. We comply with labor laws and regulations.
2. We hold regular labor-management meetings to collect employee opinions.
3. We offer education and training to make the organization maximally effective.
4. We provide our employees with a comprehensive welfare system.

Responsibilities

1. External responsibilities: Labor Standards Act, Labor Inspection Act, Occupational Safety Act.
2. Internal system: Measures and mechanisms for employee performance appraisals, sexual harassment prevention, grievances and penalties, employee promotion management, anti-discrimination action, employee rewards and penalties, and an employee welfare committee.

Resources

1. Staff training budget: TWD 2,571,160.
2. Government related employment subsidy: Youth Secure Salary Job Yeah 30,000.

Grievance mechanism

Employee suggestion mailbox:
honestbox@pegavision.com

2020 Plan

- Employees with physical and mental disabilities: more than 100%
- Organize human rights training courses.
- Increase the ratio of female supervisors and build a diverse team.
- We offer appropriate complaint channels and handling systems. Employee grievance processing time limit: 3 days; response rate: 100%
- We implement the government's Taiwan Talent Quality System (TTQS) to strengthen our training system.
- We facilitate diversified development of employees and provide complete training courses.
- Achievement rate of internal and external training: 85%.
- We hold labor-management meetings in accordance with the law to promote harmony between labor and management.
- We maintained stable employee employment and retain qualified personnel.

2020 performance

- Employees with disabilities: 19 in total, accounting for 1.2% of employees, above the statutory hiring standard.
- Number of trained employees: 1,574; completion rate: 100%
- Number of participants: 9; completion rate: 100%
- Percentage of female supervisors: 25%.
- There were no grievances in 2020.
- Our Taiwan Talent Quality System (TTQS) won a Silver Award.
- Total employee training hours: 34,786 hours.
- Training expenditure: TWD 2,571,160.
- Achievement rate of internal training: 95%
- Achievement rate of external training: 58%
- Number of labor-management meetings: 4. Attendance rate: more than half of both parties.
- Resignation rate: 3.3%.

4.1 Human Resources Structure

Employees are an important asset of the company. Pegavision has human resources operations in place, with comprehensive and standardized procedures. We attract high-tech professionals by providing a healthy and friendly workplace, as well as a comprehensive welfare system and education and training, to provide customers with high-quality products and win their trust.

The distribution of employees by gender and type of employment 102-8

As of December 31, 2021, the number of employees of Pegavision stood at 1,574. The company only has full-time employees; there are no part-time employees. Female employees account for 60%, including 54 part-time employees (for the plants and the store). There has been no major change or seasonal difference over the past two years.

Employment category		2017		2018		2019		2020	
		Male	Female	Male	Female	Male	Female	Male	Female
Number of employees	Direct	246	478	332	642	285	538	387	648
	Indirect	199	227	229	255	239	290	237	302
Taiwanese employees	Direct	246	209	332	242	285	184	387	254
	Indirect	198	227	228	255	238	290	237	302
Foreign employees	Direct	0	269	0	400	0	354	0	394
	Indirect	1	0	1	0	1	0	0	0
Subtotal		445	705	561	897	524	828	624	950
Total		1,150		1,458		1,352		1,574	

Remarks:
Direct personnel: in manufacturing.
Indirect personnel: other than manufacturing.
Employees onboarded less than 3 months ago are excluded.

Distribution of employees by gender and employment contract type

Employment category		2017		2018		2019		2020	
		Male	Female	Male	Female	Male	Female	Male	Female
Number of employees	Regular	12	8	9	8	6	7	2	3
	Irregular	433	705	552	889	518	821	622	947
Taiwanese employees	Fixed-term	12	8	9	8	6	7	2	3
	Permanent	432	428	551	489	517	467	622	553
Foreign employees	Fixed-term	0	0	0	0	0	0	0	0
	Permanent	1	269	1	400	1	354	0	394
Subtotal		445	705	561	897	524	828	624	950
Total		1,150		1,458		1,352		1,574	

Remarks:
Employees onboarded less than 3 months ago.
Fixed-term employees: interns.

4.1.1 Human recruitment and retention 401-1

Pegavision's employment policies follow labor law to protect employees' rights and interests without discrimination, improve the company's business management system, and encourage management and employees to work together to achieve high-quality human resources management and career development. Employment is based on the principle of open selection, through various tests and interviews, and only after passing the review, can candidates be hired in accordance with the regulations. The company as an employer does not discriminate based on ethnicity, class, language, ideology, religion, party affiliation, place of origin, gender, facial features, disability, or union membership. In our daily operations, we manage our manpower, analyze and improve staff turn-over, and strive to balance the distribution of manpower. If an abnormality is found, we will set the situation straight.

4.1.2 Building education cooperation and cultivating talents

Since 2016, Pegavision offered internship opportunities for college students in related disciplines, in order to strengthen the linkages between industry and academia, so that these students can understand industry quickly, and narrow the gap between industry and academia. By the end of 2020, we have hosted 51 internships in our stores and plants, to expand our brand and pass on Pegavision's values to young students.

The Number and proportion of new employees / turnover rates by age and gender

Year	2017				2018				2019				2020			
Age	Number of new employees joining		Number of employees leaving		Number of new employees joining		Number of employees leaving		Number of new employees joining		Number of employees leaving		Number of new employees joining		Number of employees leaving	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
30 years and younger	131	206	43	80	130	243	59	79	47	80	56	105	110	161	48	80
Proportion	24%	38%	19%	35%	23%	43%	23%	31%	25%	43%	19%	36%	22%	33%	18%	30%
31-50 years old (inclusive)	106	98	45	57	110	78	60	55	35	26	62	70	116	101	76	61
Proportion	20%	18%	20%	25%	20%	14%	24%	22%	19%	14%	21%	24%	24%	21%	28%	23%
51 years and older	2	0	1	1	0	0	0	1	0	0	1	0	0	2	2	1
Proportion	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%
Subtotal by gender	239	304	89	138	240	321	119	135	82	106	119	175	226	264	126	142
Proportion	44%	56%	39%	61%	43%	57%	47%	53%	44%	56%	40%	60%	46%	54%	47%	53%
Total	543		227		561		254		188		294		490		268	
Proportion	47%		20%		38%		17%		14%		22%		31%		17%	

Remarks:
Age range of New employee proportion: Number of male/female new employees in the year's age range/The annual number of new employees in the age range.
Age range of Leaving rate: The Number of male/female departures in an age range in a year / Number of departures in this age range in the year.
Total proportion of new employees in an age range: Number of new employees in an age range in a year / Number of employees at the end of the year.
Total departure rate in an age range: Number of resignations in the age range of the year/Number of employees in the company at the end of the year.

Thanks to our company's stable business and high employee loyalty, the employee turnover rate in 2020 was only 3.3%.

Remarks:
Calculation formula for the turnover rate: monthly turnover number / (Number of employees at the beginning of the month + Number of new employees during that month, average of the annual total)

Year	2017				2018				2019				2020			
Age	Number of new employees joining		Number of employees leaving		Number of new employees joining		Number of employees leaving		Number of new employees joining		Number of employees leaving		Number of new employees joining		Number of employees leaving	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
30 years and younger (inclusive)	131	206	43	80	130	243	59	79	47	80	56	105	110	161	48	80
Total of 30 years and younger (inclusive)	170	426	170	426	224	544	224	544	184	475	184	475	220	522	230	522
Gender ratio in this age range Ratio	77%	48%	25%	19%	58%	45%	26%	15%	26%	17%	30%	22%	48%	31%	21%	15%
30-50 years old and younger (inclusive)	106	98	45	57	110	78	60	55	35	26	62	70	116	101	76	61
Total of 30-50 years old and younger (inclusive)	269	274	269	274	330	349	330	349	331	349	331	349	386	424	386	424
Gender ratio in this age range Ratio	39%	36%	17%	21%	33%	22%	18%	16%	11%	7%	19%	20%	30%	24%	20%	14%
51 years and younger (inclusive)	2	0	1	1	0	0	0	1	0	0	1	0	0	2	2	1
Total of 51 years and younger (inclusive)	6	5	6	5	7	4	7	4	9	4	9	4	8	4	8	4
Gender ratio in this age range Ratio	33%	NA	17%	20%	NA	NA	NA	25%	NA	NA	11%	NA	NA	50%	25%	25%

Remarks:
Gender ratio in this age range Ratio: Number of new male/female employees in an age range in a year / Number of employees in that age range in that year.
Gender ratio in this age range Ratio: Number of new male/female employees in an age range in a year / Number of employees in that age range in that year.

4.2 Human rights commitments and gender equality

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pledges in its human rights policy:

- We do not discriminate based on ethnicity, class, language, ideology, religion, party, nationality, place of origin, gender, sexual orientation, age, marital status, appearance, facial features, physical and mental disabilities, and union membership.
- We treat our employees/workers equally, with respect and humanity.
- Above-market compensation, benefits, and good work-life balance.
- We do not use forced or involuntary labor or child labor.
- We respect employees’ freedom and rights to assemble and associate, and ensure that they are not subject to retaliation, threats or harassment, and they can openly communicate with management regarding working conditions.

4.2.1 Human rights training 410-1 412-2

Pegavision respects and protects employees’ rights to labor. All employees enjoy equal pay for equal work, freedom from sexual harassment, and job security for female employees during pregnancy. Our onboarding training explains human and labor rights as well as the company’s rules related to work, personnel management, compensation and benefits, etc. In 2020, there were no incidents of human rights violations, infringement of the rights of indigenous people, or discrimination. In 2020, 1,574 employees completed the human rights training, making for a completion rate of 100%, and 1,574 training hours. In addition, the company also requires the security company to organize human rights training. Nine security personnel members have completed this training, making for a completion rate of 100%.

4.2.2 Distribution of employees by gender and age 405-1

Pegavision hopes that all employees, regardless their origin, can contribute their talents in a fair and just environment. Our company promotes gender equality in the workplace, especially supporting female employees, and provides nursing rooms so that female employees with children can still contribute to the company after giving birth. Thus, our company has increased the proportion of female supervisors from 21% in 2017 to 25% in 2020, building a more diverse team.

Year	Statistics item	Senior supervisor		Mid-level supervisor		General staff		Total
		Male	Female	Male	Female	Male	Female	
2017	Total	17	2	45	13	384	689	1,150
	30 years and younger	0	0	0	0	170	426	596
	Proportion	0%	0%	0%	0%	44%	62%	52%
	31-50 years old (inclusive)	14	2	45	13	211	258	543
	Proportion	82%	100%	100%	100%	55%	37%	47%
	51 years and older	3	0	0	0	3	5	11
	Proportion	18%	0%	0%	0%	1%	1%	1%
2018	Total	17	2	43	20	501	875	1,458
	30 years and younger	0	0	1	2	223	542	768
	Proportion	0%	0%	2%	10%	45%	62%	53%
	31-50 years old (inclusive) (inclusive)	12	2	42	18	276	329	679
	Proportion	71%	100%	98%	90%	55%	38%	46%
	51 years and older	5	0	0	0	2	4	11
	Proportion	29%	0%	0%	0%	0%	0%	1%
2019	Total	20	2	43	19	461	807	1,352
	30 years and younger	0	0	0	1	184	474	659
	Proportion	0%	0%	0%	5%	40%	59%	49%
	31-50 years old (inclusive)	13	2	43	18	275	329	680
	Proportion	65%	100%	100%	95%	60%	41%	50%
	51 years and older	7	0	0	0	2	4	13
	Proportion	35%	0%	0%	0%	0%	0%	1%
2020	Total	19	2	39	17	566	931	1,574
	30 years and younger	0	0	0	1	230	521	752
	Proportion	0%	0%	0%	6%	41%	56%	47.8%
	31-50 years old (inclusive)	12	2	39	16	335	406	810
	Proportion	63%	100%	100%	94%	59%	44%	51.5%
	51 years and older	7	0	0	0	1	4	12
	Proportion	37%	0%	0%	0%	0%	0%	0.8%

Remarks:
Senior supervisors: department heads above the manager level.
Mid-level supervisor: department heads below the manager level.
General employees: non-supervisors.
Employees that joined less than three months ago have been excluded.

4.2.3 Employees with disabilities

According to Article 38, Item 2 of the People with Disabilities Rights Protection Act: “Any given private school, association, or private business agency/organization/institution whose Number of employees is no less than 67 shall employ people with disabilities with capability to work and Number of employees with disabilities shall be no less than 1 percent of Number of the employees, and no less than 1 person.” Pegavision has taken concrete actions to create job opportunities for disadvantaged groups with disabilities. By the end of 2020, our company has 19 employees with disabilities, accounting for 1.2% of employees, which is above and beyond the legal hiring standard.

Category	2017		2018		2019		2020	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of employees with disabilities	12	3	14	7	12	5	16	3
Total	15		21		17		19	

Remarks: The actual number of employees with disabilities employed in 2020 was 13 people, including 12 extremely or severely disabled persons (5 males and 1 female), which converted, counts as 19 employees with disabilities.

4.2.4 Compensation and benefits 405-2

Pegavision sets salaries based on employees' educational background, professional knowledge and skills, years of working experience and personal performance. The salaries fully comply with the law, including base salary, overtime pay, statutory benefits, etc. Men and women receive equal pay for equal work, regardless of gender, race, religion, political stance, marital status, or trade union membership.

In addition to the base salary, our company provides flexible and variable salary components based on business conditions, including monthly bonuses, quarterly performance bonuses, and employee compensation to foster morale and retain outstanding talent. Salaries are adjusted on the basis of the employee's grade and performance appraisal.

Salary breakdown table of male and female employees in 2020

Year	2018				2019				2020			
Rank	Basic salary		Average salary		Basic salary		Average salary		Basic salary		Average salary	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
General staff	1.00	1.00	1.00	1.06	1.00	0.98	1.00	1.01	1.00	0.99	1.00	0.99
Mid-level supervisor	1.00	0.98	1.00	0.98	1.00	0.94	1.00	0.95	1.00	0.98	1.00	0.98
Senior manager	1.00	0.89	1.00	0.93	1.00	0.91	1.00	0.89	1.00	0.95	1.00	0.95

Remarks:
1. Basic salary = approved salary
2. Average salary = basic salary plus other bonuses

Median salary in 2020

Year/category	Full-time general staff Number of people	Full-time general staff Average salary	Full-time general staff Median salary
2019	1,262	TWD 635,000	TWD 559,000
2020	1,275	TWD 686,000	TWD 595,000
Difference from the previous year	13	TWD 51,000	TWD 36,000

Remarks:
Kindly refer to the "Instructions for Reporting Salary Information of Full-time Employees in Non-Supervisory Positions" and "Related FAQ" compiled and published by the Taiwan Stock Exchange.

4.3 Employee Benefits 401-2

Pegavision sets great store with harmony in labor-management relations. To offer employees a safe and comfortable working environment and stable life, our company offers benefits, which it may also expand from time to time. Our benefits are divided into benefits provided by the company and benefits provided by the Employee Welfare Committee. These benefits and their application rules are communicated to the employees through announcements, company website, and email.

- (1) Benefits provided by the company: group insurance, regular health check-ups, travel allowances, food allowances, uniforms, year-end bonuses, performance bonuses, incentives, and more.
- (2) Benefits provided by the Employee Welfare Committee: year-end dinner party, birthday benefit points, Dragon Boat Festival benefit points, Mid-Autumn Festival benefit points, Labor Day benefit points, employee purchase discounts, company trip or family day, wedding and funeral allowances.

Item	Content	Number of participants/recipients	Investment amount
Company trip	Our hardworking employees may form a group with relatives and friends to arrange their own itinerary as a reward themselves and their loved ones.	791 people	TWD 2,653,337
Club activity budgets	We encourage employees to develop hobbies. Approved employee clubs can apply for budget to run their activities (50% subsidy), with a maximum limit of TWD 20,000 per year.	Applicable to all employees	-----
Three Major Holidays/Labor Day Gift Vouchers	To enhance employee well-being, we issue PayEasy bonus points during Labor Day, Dragon Boat Festival and Mid-Autumn Festival.	3,775 people	TWD 4,556,400
Wedding and funeral allowances	We offer allowances to employees on the occasion of marriage, childbirth, hospitalization, and funerals (including parents/grandparents); this applies to employees that have joined our company for more than three months.	154 people	TWD 310,000
Employee birthday vouchers	600 PayEasy bonus points are issued on one's birthday; this applies to employees that have joined our company for more than three months.	1,273 people	TWD 763,800
Shopping discounts	To offer our employees preferential rates and privileges at businesses, we have signed agreements with 7 businesses and restaurants.	Applicable to all employees	-----
In-house vendors	From Monday to Friday, vendors may open a stall in the company restaurant to offer their wares to our employees during meal times.	Applicable to all employees	-----
Year-End Lucky Draw	Amid the global epidemic, we wished to thank our employees for their hard work and contributions in another and safer way than the usual year-end dinner party. We therefore held a lucky draw, and gave everyone two luxury teppanyaki meal vouchers.	1,643 recipients	TWD 4,425,654
		866 winners	TWD 9,061,000
Massage Service	In 2020, we again offered at-work massages by visually impaired masseurs, helping our staff relax and creating job opportunities for disadvantaged people.	Applicable to all employees	----

4.3.1 Pension system

Founded in 2009, Pegavision falls under the new labor pension system under the Labor Pension Act of 2003. A monthly employer's contribution of 6% of each employee's salary is stored in a dedicated labor pension account managed by the Bureau of Labor Insurance. Employees may also voluntarily contribute 6% of their monthly salary to the account, which will be deducted from their annual personal taxable income according to law.

The company does not have employees that fall under the old labor pension system.

4.3.2 Parental leave and retention

To ensure that employees can balance work and family life in a gender equal way as under the Act of Gender Equality in Employment and take good care of female production employees, our company offers childcare leave without pay. This leave can also be taken by men to achieve a balance between work and life.

Chart of parents taking leave

Item	Gender	2017	2018	2019	2020
Number of people eligible for parental leave in a given year	Male	11	32	15	9
	Female	21	31	29	19
	Total	32	63	44	28
Number of applicants for parental leave in a given year	Male	1	4	3	0
	Female	12	10	13	18
	Total	13	14	16	18
Number of employees returning to the company in a given year (A)	Male	0	2	5	1
	Female	5	18	7	16
	Total	5	20	12	17
Number of employees returning to the company in a given year (B)	Male	0	1	2	1
	Female	3	16	5	11
	Total	3	17	7	12
Return rate (B/A)	Male	NA	50%	40%	100%
	Female	60%	89%	71%	69%
Number of persons returned in the previous year (C)	Male	0	0	1	2
	Female	8	3	16	5
	Total	8	3	17	7
Number of employees on parental leave for more than 12 months (D)	Male	0	0	1	1
	Female	3	2	13	5
	Total	3	2	14	6
Retention rate (D/C)	Male	NA	NA	100%	50%
	Female	38%	67%	81%	100%

Remarks: Returning rate = Number of employees on parental leave (B) / Number of employees returning after parental leave (A) * 100%
Retention rate = Number of employees still with the company 12 months after parental leave (D) / Number of employees returned after parental leave in the previous year (C) * 100%

4.3.3 The minimum notification period for business changes 402-1

When our company undergoes major business changes that affect employees' employment rights and labor conditions, we comply with the Labor Standards Act, which stipulates a minimum notification period for terminating labor contracts. Specifically, we proceed in accordance with the following regulations:

- Those who have served in the company between three months and a year will receive at least 10 days' notice.
- Those who have served in the company between one and three years will receive at least 20 days' notice.
- Those who have served in the company between three and one year will receive at least 30 days' notice.

4.4 Talent cultivation and development 404-1

4.4.1 Multi-modal education and training

To offer training and promote certain work concepts, Pegavision has an education and training policy in place:

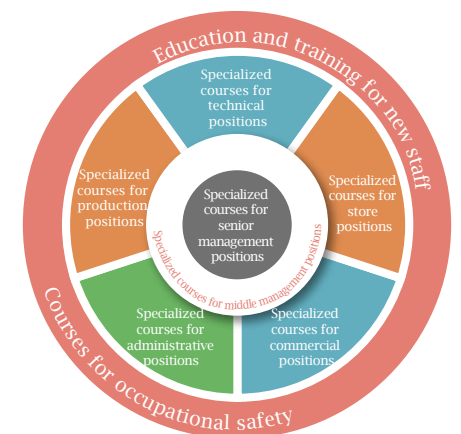
1. Raise employee quality and organizational performance.
2. Strengthen the training system and service quality.
3. Foster knowledge sharing and broadening horizons.
4. Lifelong learning in pursuit of innovation and excellence.

Our company offers diversified training courses and on-the-job training, including onboarding, on-the-job training programs, labor safety and health training, specialized courses and various external courses, to enhance the professional competence and core competitiveness of our employees. Our company also sets great store with the balanced development of employees' physical and mental aspects and career potential. We therefore offer courses to increase employees' "soft power", developing both professional skills and personal characteristics in order to develop everyone's underwater iceberg of potential.

- Onboarding: To help new employees settle in as quickly as possible, we offer pre-employment training according to their job category.
- On-the-job training: Each department offers education and training according to its actual needs, or sends team members to training courses organized by consulting companies, training institutions, governmental, industrial or commercial organizations to raise employees functional skill sets.

In 2020, the internal training rate was 95%, and due to Covid, the external training rate was 58%. The number of training hours was 34,948.8, attended by 1,574 employees. The average training hours per person was 22.2 hours. The annual training expenditure was TWD 2,571,160, and the average training cost per person was TWD 1,633.

The reason for the lower number of training hours taken by female employees' when compared to male employees is that our training courses are mainly for indirect personnel. Excluding direct personnel, store staff and foreign employees, there are fewer indirect female employees than male employees, so their average number of training hours is lower than that of males.



Average training hours per employee, according to gender/category

Year	Item	Gender	Rank			Total
			General staff	Mid-level supervisor	Senior supervisor	
2017	Number of people	Male	384	44	17	445
		Female	689	14	2	705
	Total hours	Male	9493	996	280	10769
		Female	12985	370	23	13378
	Average hours	Male	24.7	22.6	16.5	24.2
		Female	18.8	26.4	11.5	19.0
2018	Number of people	Male	501	43	17	561
		Female	875	20	2	897
	Total hours	Male	16543	5125	1639	23307
		Female	20445	1047	63	21554
	Average hours	Male	33.0	119.2	96.4	41.5
		Female	23.4	52.3	31.3	24.0
2019	Number of people	Male	461	43	20	524
		Female	807	19	2	828
	Total hours	Male	11959	1077	350	13385
		Female	13312	636	29	13976
	Average hours	Male	25.9	25.0	17.5	25.5
		Female	16.5	33.4	14.5	16.9
2020	Number of people	Male	566	39	19	624
		Female	931	17	2	950
	Total hours	Male	15809	875	402	17085
		Female	17416	401	47	17863
	Average hours	Male	27.9	22.4	21.1	27.4
		Female	18.7	23.6	23.5	18.8

4.4.2 Performance System 404-3

Pegavision has comprehensive Performance Assessment Rules, which help our employees grow and attracts and motivates key talents. At the beginning of each year, the supervisors announce the company's overall management policy and help their team members set personal work goals in alignment with the company's medium- and long-term plans. We have performance communication channels, and regularly conducted performance reviews with employees in a fair and objective way to develop, transfer and promote talent and adjust salaries.

Indirect employees and employees who have served for more than three months are assessed once every six months on targets and professional performance. Direct employees are assessed each month by the department heads, which is used as the basis for bonus distribution. The performance appraisal rate in 2020 was 100%.



4.4.3 Recognition of model employees

Pegavision rewards employees with outstanding performance. We have a model employee selection and reward mechanism for non-supervisory employees who have served over a year without absenteeism in the past year. Those employees are then nominated for selection as model employee. At the year-end dinner party, those employees are publicly recognized to encourage employees to grow together with the company. In 2020, my number of commendations was 10, and the total bonuses were TWD 100,000.

4.5 Promoting labor-management harmony

4.5.1 Diversified communication channels

To promote harmony between labor and management, Pegavision has a labor-management committee in accordance with the law, and holds a labor-management meeting once every quarter. We also have multiple communication and complaint channels, which employees may use when they encounter unequal treatment or poor management or leadership from their supervisors. The company will actively follow up on the issue raised to reduce employee dissatisfaction.

meeting name	Chairman	Frequency of meetings	2020 feedback issues
Labor-management meeting	Head of Management Department	Every season	10
Sexual Harassment Committee	Head of Management Department	As needed	0
Occupational Accident Investigation Committee	Director of Occupational Safety and Health Department	As needed	29
Promotion and Appraisal Committee	Head of Management Department	As needed	0
Grievance Review Committee	Head of Management Department	As needed	0

Two-way communication helps build good labor-management interaction. Issues raised by employees at these two-way meetings in 2020 were: 10 labor-management issues and 29 occupational accident investigation cases. After all topics have been discussed, the meeting chair will respond to the employees to reach a consensus. Any significant changes in the rights and interests of employees are determined after full communication between both sides. An employee whistleblowing/appeal mechanism helps protect employees' rights and interests.

健康職場

— CORPORATE SOCIAL RESPONSIBILITY —
Healthy Workplace



PEGA^{VISION}
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Management Policy

103-1 103-2 103-3

Material Topics

Occupational Safety and Health

GRI Guidelines

403 Occupational Safety and Health

Policy

1. Compliance with laws and regulations, prevention of accidents.
2. Energy conservation and carbon emissions reduction, pollution prevention.
3. Employee engagement and continuous improvement.
4. Corporate Responsibility, Sustainable Operation.
5. Eliminate hazards and reduce risks.
6. Safety and health, consultation and participation.

Pledge

1. Our Occupational Safety and Health Committee, established in accordance with the law, meets every three months.
2. We build a good workplace and follow our company's occupational safety and health policies.
3. We provide comprehensive occupational safety and health training in line with the needs of our operations.
4. We have a fire safety plan to enable good responses to incidents.

Goals and targets

1. Regularly convene the Occupational Safety and Health Committee.
2. Implement the Ministry of Labor's plan for the prevention of and protection against the four major occupational safety and health hazards.
3. Organize occupational safety and health education and training.
4. Hold emergency drills.
5. Organize health promotion activities.

Responsibilities

1. External Responsibilities: Occupational Safety and Health Act
2. Internal system: Assess environmental impact and safety and health hazards, identify regulations and other requirements, manage emergency response and readiness, supervise and monitor operations, etc.

Resources

1. Occupational safety and health management system.
2. Expenses for four major projects and health promotion activities: TWD 118,125.
3. Cost of employee health checks: TWD 847,580.

Grievance mechanism

Employee suggestion mailbox:
ehscareyou@pegavision.com

2020 Plan

· Maintain the efficacy of our occupational safety and health system.

· Regularly convene the Occupational Safety and Health Committee.

· Organizing occupational safety and health education and training.

· Occupational injury rate: 0%.

· Hold emergency response drills.

· Hold workplace health promotion activities.

2020 performance

· Pass verification by a third-party verification company.

· Legal compliance rate: 100%.

· Occupational safety meetings held: 4.

· Attendance rate: 100%.

· Occupational safety and health training courses: 117 sessions.

· Number of trainees: 1851.

· Occupational injury rate: 2.05 %.

· Number of emergency drills: 2 times per year.

· Number of events held: 10 sessions.

· Number of participants: 405.

5.1 Occupational Safety and Health Management System

403-1 403-8

Pegavision obtained OHSAS 18001 (Occupational Health and Safety Assessment Series) system certification in 2016, built an environment, health and safety culture in its organization, delivered on its occupational safety and health commitments, and created ways for employees to work safely and enjoy a healthy and high-quality workplace.

To maintain an effective management system and continually improve our PDCA cycle, we undergo verification by an external verification agency every year. We implemented the international occupational safety and health management system ISO 45001: 2018 in 2020, and verification found that we complied fully with this international standard.

The scope of our occupational safety and health management system covers:

Production and non-production sites, equipment, and routine and non-routine operations in sites under Pegavision's control, including all activities and equipment of outside units entering the company's plants, as well as contractors entering sites under our control to assist with operations (e.g. catering suppliers, security, equipment maintenance providers, etc.).



Workers covered by the occupational safety and health system include:

Workers covered by the occupational safety system	Total	2019 Participation in internal and external audits		2020 Participation in internal and external audits	
		Number of people	Percentage	Number of people	Percentage
Employed workers	1,574	1,165	86.2%	1,444	91.7%
Unemployed workers	430	430	100%	1,048	100%

Remarks:

1. Definition of "employed workers": Number of employees as of December 31, 2020.

2. Definition of "non-employed workers": Number of workers operating within the Pegavision Guishan Plant and Daxi Plant.

3. Participation in internal audits and external audits: This excludes our stores.

5.1.1 Occupational Safety and Health Committee

403-4

Pegavision has an Occupational Safety and Health Committee, chaired by the general manager, and an executive secretary (designated by the management representatives). The members include supervisors, managers, and administrators of occupational safety and health, nurses, supervisors from various departments, with labor representatives accounting for one third of the seven or more committee members. The members' term of office is two years, and the committee meets every three months.

Year	2018	2019	2020
Number of committee members	15	15	15
Number of labor representatives	5	5	5
Percentage of labor representatives (%)	33.33%	33.33%	33.33%

The committee is responsible for drawing up occupational safety and health codes, occupational safety management plans, hazard identification, risk assessment, application of tiered control, accident investigation, auditing, and decision-making on the use of contractors. The committee meets once every quarter to discuss and decide legal requirements regarding occupational safety and health.

In 2020, four meetings were held in accordance with the law. The requirements of the Occupational Safety and Health Act were discussed and decided as follows:

Discussions in 2020	Numbers	Resolutions
Communication, participation and consultation	<ul style="list-style-type: none"> External documents <ul style="list-style-type: none"> Safety and health: 26 items Environmental protection: 45 items Physical visits <ul style="list-style-type: none"> Safety and health: 3 items Environmental protection: 3 items Fire safety: 2 pieces 	All were handled in accordance with regulations.
Legal	<ul style="list-style-type: none"> Safety and health: 3 pieces Environmental protection: 6 pieces 	The compliance assessment was carried out in accordance with the relevant regulations.

5.2 Hazard Identification, Risk Assessment and Incident Investigation

403-2 403-7 403-9

5.2.1 Hazard identification and risk assessment

Pegavision's hazard identification and risk assessment process:

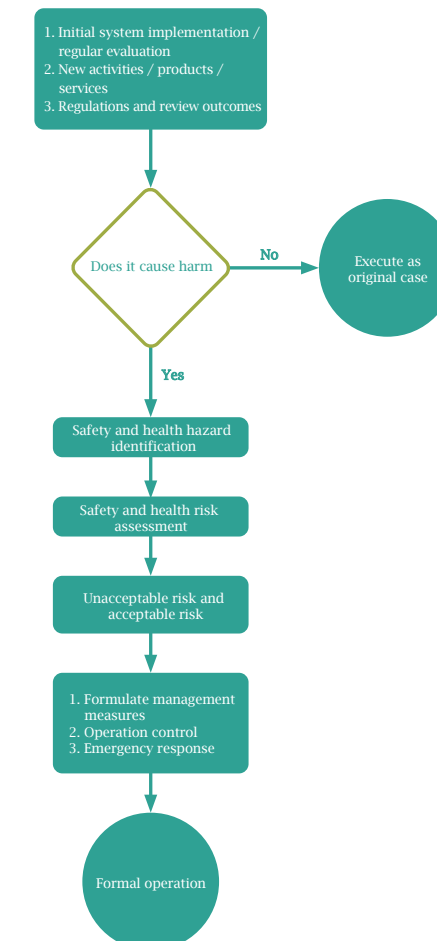
1. Identify duties, operations, special identities and operational procedures/hazards and add or change risk assessments.

2. Define duties, work inventory, hazards and risk assessment.

3. Identify and continually improve the list of unacceptable risks;

4. Respond to non-major hazards (other than the major risks and high risks).

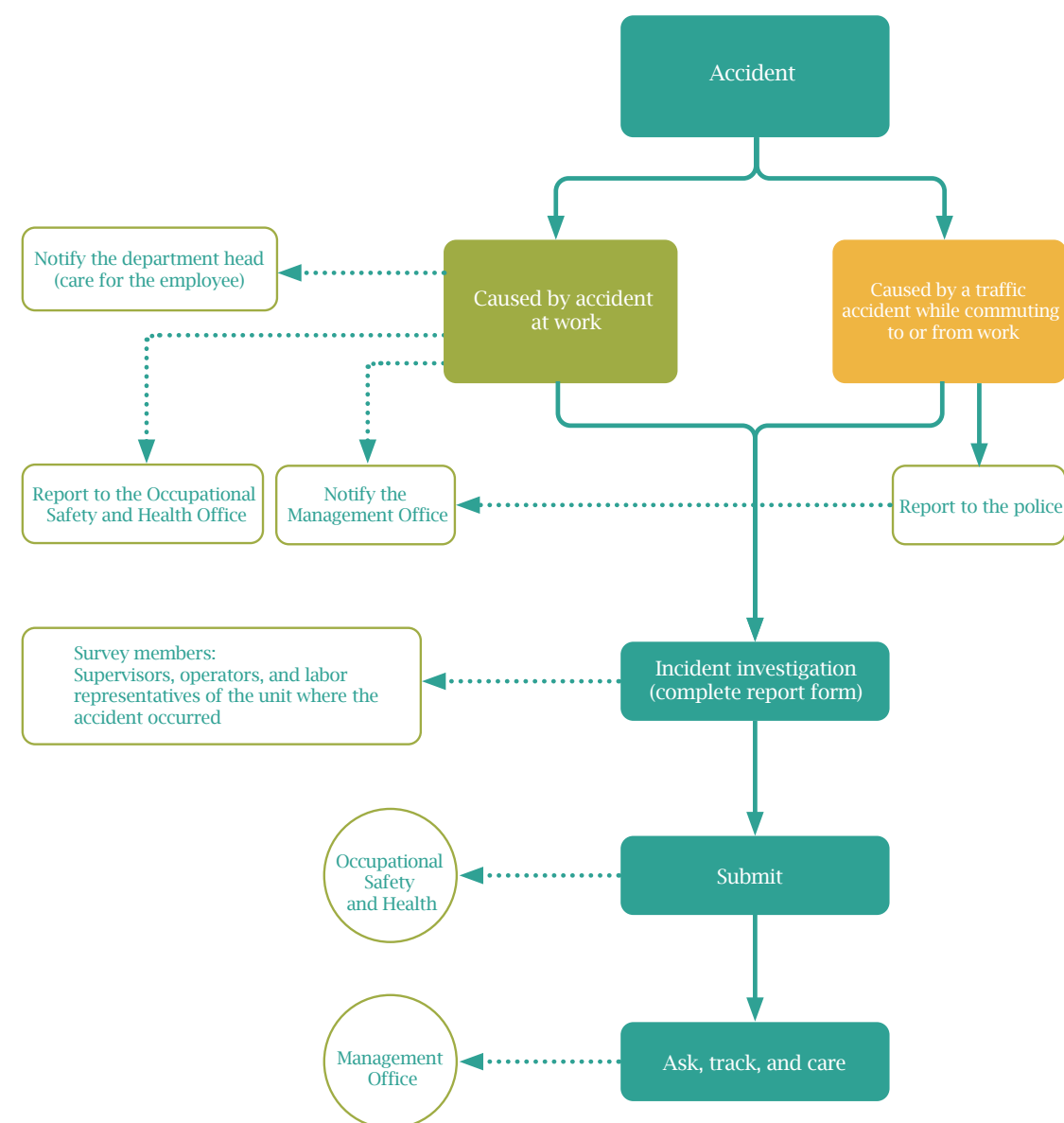
Employees in all units who completed the occupational safety and health hazard identification and risk assessment have received occupational safety management system training and passed the assessment. In the event of any change or anomaly in operations, hazard identification and risk assessment must be carried out again. If the risk assessment reveals an unacceptable high risk (major/high risk) of a major negative occupational safety and health impact, we pursue the best possible improvement plan to reduce the risk, applying the improvement sequence of elimination, replacement, engineering improvement, administrative management, and personal protective equipment.



5.2.2 Accident investigation

Pegavision has a process in place for occupational accident notification, investigation and improvement. Accident investigation includes hazard identification and risk assessment of the operation process in which the accident occurred, and improvement measures required by our occupational safety and health management system.

Pegavision reports statistics and analysis of occupational disasters online every month in accordance with the law. Twenty-nine occupational accidents were reported in 2020. The accident types were squeezes, collisions and chemical. There was also one false alarm event. In all cases, based on severity and frequency, the occupational safety and health was reviewed and improved.



Occupational disaster analysis

Year	2018		2019		2020	
Item	Male	Female	Male	Female	Male	Female
Base number of employees	561	897	526	829	640	967
Working days	139,052	224,009	127,414	205,461	139,635	213,440
Working hours	1,112,416	1,792,072	1,019,232	1,643,688	1,117,080	1,707,520
Deaths from occupational injury	0	0	0	0	0	0
Occupational injury rate	0	0	0	0	0	0
Serious occupational injuries	0	0	0	0	0	0
Percentage of occupational injury rate	0	0	0	0	0	0
Recordable occupational injuries	1	4	10	6	19	10
Percentage of recordable occupational injuries	0.1797889	0.4464106	1.8856539	0.5376575	3.4017259	1.1712894

Remarks:

Ratio of recordable occupational injuries = Number of recordable occupational injuries / working hours * 200,000

Serious occupational injury = at least 6 months from injury to recovery

5.2.3 Contractor management

Pegavision has a Contractor Environmental Safety and Health Control Procedure, which provides for occupational safety education and training before the start of construction, and certification inspections that must be passed beforehand. To strengthen safety supervision during construction, we also have an Environmental Safety and Health Inspection Control Procedure, with inspections for environmental, safety and health matters in the plants carried out daily. High-risk operations require risk assessment, hazard identification, risk assessment, inspection and control measures, and an emergency response plan. We hold communication and coordination meetings with contractors from time to time to ensure the safety of operations.

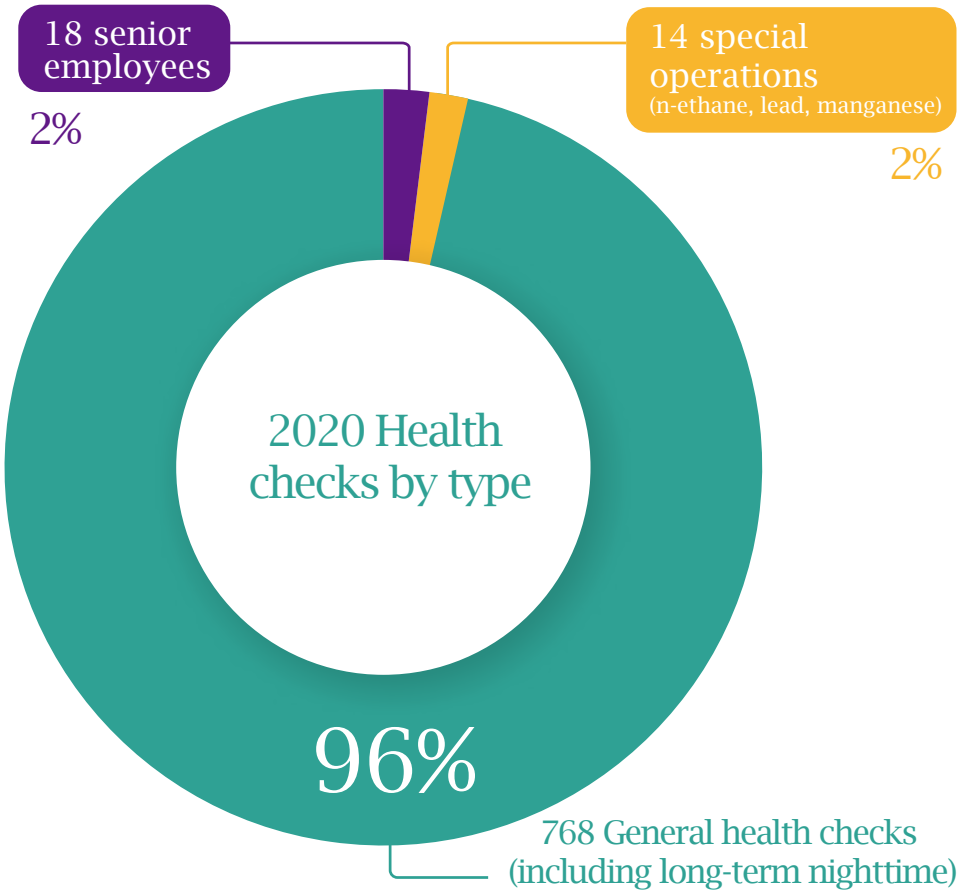
In 2020, the covid 19 epidemic brought tremendous pressure to the upstream and downstream supply chains. In its contractor hazard notification education and training, Pegavision expanded the epidemic prevention instructions and worked closely with the supply chain to take on the challenges of the epidemic. Three training sessions were held in 2020, with 142 employees from 15 manufacturers in attendance. No Covid 19 cluster infections occurred during contractor's operations in 2020, nor did any permanent injury, partial permanent injury, or temporary injury occur.

5.3 Occupational Health Service 403-3 403-10

According to Article 20 of the Occupational Safety and Health Act and Articles 14, 15, 16 of the Labor Health Protection Regulations, Pegavision offers periodic health checks to its workers. The types of health inspections are divided into four categories: ① Physical health check for new employees ② General health check ③ Health check for special operations ④ Health checks for high-level employees. No Level-4 cases were found during the health check for special operations.

We offer physician consultations for workers with high health risks for two hours per month. The consultations cover: health checks, health education, health consultation and evaluation, health promotion questionnaire survey, improvement of occupational hazards in the workplace, and reintegration into the workplace after recovery from injury or illness. In 2020, 332 high-risk workers did health risk assessments. The outcomes were discussed with their supervisors to adjust their work. So far, the company has had no cases of occupational illness.

In addition, for employees in special operations, we carry out tiered management in accordance with Article 19 of the Labor Health Protection Regulation.



5.4 Workplace Health Promotion Activities 403-6

Pegavision sets great store with the physical and mental health of its employees. Health is wealth: it improves quality of life and work efficiency. Only in a safe and friendly workplace can employees work and grow with peace of mind. Therefore, we hold health promotion activities in accordance with the Occupational Safety and Health Act and Labor Health Protection Rules.

In line with the Four Major Programs (for labor safety, health and well-being) and statistics of anomalous outcomes of employee physical examinations, we organize health promotion activities to enhance employees' health awareness, attitudes, skills and values and help build up good healthy lifestyles. Ten health promotion activities were held in 2020, with 405 employees in attendance.

Event title	Event description	Number of participants
Health Massage Station	These four events in cooperation with the Eden Foundation created employment opportunities for the visually impaired and helped relieve stress and fatigue for employees, thus improving work efficiency.	80
Computer Workers - Vision and Nutritional Care	Employees use computers a lot. This presentation explained the impact of electronic products on vision and offered advice on eye care.	20
Healthy Posture - Fascia Relaxation	For employees who enjoy exercise, this seminar explained what fascia is and its importance to the body. It also offered tips and tricks for relaxing one's facial muscles.	81
Healthy diet in autumn and winter, to prevent inflammation	Before the onset of winter, this seminar offered essential knowledge on healthy food for different body types during the winter season.	22
Weight loss competition	In a positive contest, employees were stimulated to prevent obesity. Weight loss planning helped employees maintain their health and jointly build a healthy workplace atmosphere.	100
Scalp care and hair health	Modern people's work pressure increasingly causes scalp troubles. Want to know how to take care of your scalp and what care regimens really help?	68
Let's move	To promote active and healthy lifestyles, we encourage our employees to exercise more.	34



5.5 Occupational Safety and Health Worker Training 403-5

Pegavision has an annual occupational safety and health education and training program. Its training content covers: education and training for new and existing employees, for occupational safety committee members, air respirator training, fire safety education and training, hazard notification education and training for contractors, to improve employees' awareness and knowledge of safety and health. In 2020, 117 occupational safety training sessions were attended by 1851 employees.

In addition, to prepare for emergencies, Pegavision conducts emergency response drills every six months. The drills practice responses to fires, chemical disasters, occupational disasters, fire safety, natural disasters (earthquakes, floods, etc.), etc. Each drill lasts four hours. The drills are intended to improve our employees' ability to respond to disasters and ensure the stability of operations. The drill process is as follows:

1. Personal protective equipment training and emergency response training for the emergency response team members at each plant, confirm the evacuators list and review the evacuation routes, and train the emergency response coordinators.
2. Each plant implements the first stage of drills without warning. When a small fire occurs at a site, the confirmation and notification must be done within 10 minutes.
3. Hold evacuation training in our plants and dormitories, and practice using escape routes and speedy mustering of employees.

Fire extinguisher drill



Fire hose drill



Toxic chemicals drill



5.6 Maternal Care

Pegavision is committed to providing a women-friendly workplace. Sympathetic female employees' double burden of family and work, our nurses have drawn up a plan for maternal health in the workplace. They also consult and support female employees early in their pregnancies. Risk assessment, including reproductive hazards, individual hazards, hazard control and tiered management measures. We offer written information of risks, health guidance and consultation during pregnancy, and adjust their work as needed. We also help with referral and treatment in the event of pregnancy issues. We also offer health education, guidance and consultation for breastfeeding. The company also has breastfeeding rooms, and provides equipment such as refrigerators and drinking fountains, which can be used by employees who need breastfeeding to fully protect maternal employment. In 2020, 15 pregnant women were assisted, and seven female colleagues used the breastfeeding rooms.

Breastfeeding room



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CORPORATE SOCIAL RESPONSIBILITY

Sustainable Value Chain

Management Policy

103-1

103-2

103-3

Material Topics

Supplier Management

Policy

- Partnerships.
- Quality control.
- Clean transactions.
- Meeting specifications.
- Corporate responsibility.

Pledge

- We regard suppliers as partners, with a shared goal of co-prosperity and coexistence.
- We ensure good quality, reasonable pricing and dedicated services for our customers.
- We strictly abide by ethical operation and clean transactions to protect the rights and interests of the company and shareholders.
- We ensure that our products and services comply with international standards.
- We jointly fulfill our corporate social responsibility and build a friendly supply system that upholds environmental protection, safety and health.

GRI Guidelines

204 Procurement Practices

Responsibilities

- External responsibilities: Pegavision's suppliers must hold ISO and GMP certifications or have passed the review of certification bodies.
- Internal system: Supplier Management Control Procedure, Qualified Supplier Evaluation Form, Ethical Business Pledge, Quality Assurance Agreement.

Resources

Supplier audits.

Goals and targets

- We improve supplier quality and service to meet our needs.
- We conduct on-site supplier assessments.

Grievance mechanism

Procurement Department mailbox : pur@pegavision.com

2020 Plan

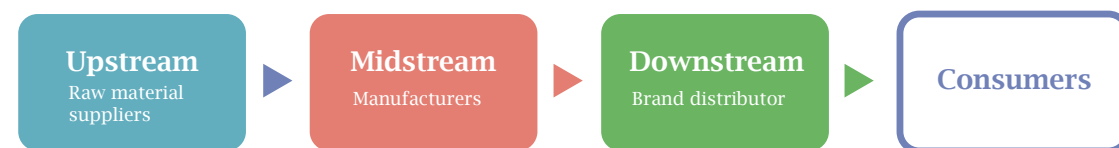
- The supplier contract now carries a clause requiring corporate social responsibility policies from both parties.
- Supplier evaluations.
- Build up green inputs and gradually increase the proportion of green products in our processes.

2020 performance

- The supplier contract now carries a corporate social responsibility clause. Twenty suppliers have signed this amended contract.
- Evaluation times: once a year
- Number of reviewees: 6 companies
- Evaluation pass rate: 100%
- Green procurement amount: TWD 2,798,759

6.1 Industrial Supply Chain 102-9

The upstream industry of the contact lens industry consists of raw materials suppliers. The ingredients are high molecular polymers. The main raw materials include HEMA, polypropylene plastics, aluminum film and packaging materials. The midstream industry consists of contact lens manufacturers. The key technologies here are optical design technology (to develop aspheric, astigmatic, multifocal, and myopia-control lenses), material research and development (deployment of raw materials such as Etafilcon, Polymacon, Omafilcon), material integration technology (e.g. combining high-moisturizing biomedical materials such as milk peptide complexes and hyaluronic acids) and automated production and inspection technologies. These technologies determine a manufacturer's product differentiation, quality, cost structure, and ultimately overall competitiveness. The downstream industries consists of distributors, which can be divided into physical distributors that directly contact consumers (such as optometrists, ophthalmologists, eyewear shops, pharmacies, drugstores and supermarkets) and virtual distributors such as shopping websites, online pharmacies, or big-brand websites. Pegavision is engaged in manufacturing and also operates retail business for its own-brand contact lenses. We also undertake OEM business of Taiwanese and foreign contact lens companies. We are a "manufacturer" and a "brand distributor".



6.2 Supplier Social Responsibility Commitment 102-10

In recent years, workplace quality and exploitative labor practices such as forced labor and child labor have attracted increasing attention. To provide products and services in the end, sustainable development indicators such as environmental protection, labor conditions, human rights, and social impact must be considered. Pegavision's supplier corporate social responsibility policies and commitments are as follows:

Policy	Pledge
Partnerships	We regard suppliers as partners, with a shared goal of co-prosperity and coexistence.
Ensure quality	We ensure good quality, reasonable pricing and dedicated services for our customers.
Clean transaction	We strictly abide by ethical operation and clean transactions to protect the rights and interests of the company and shareholders.
Meet specifications	We ensure that our products and services comply with international standards.
Corporate responsibility	We jointly fulfill our corporate social responsibility and build a friendly supply system that upholds environmental protection, safety and health.

Pegavision cooperates with 543 supply business partners that may be divided into five categories based on the type of procurement: suppliers of raw material, equipment parts, engineering, labor and miscellaneous; the first three are the most important categories. There were no major changes in supplier policies in 2020. The company's supplier categories are as follows:

Supplier types	Raw materials	Equipment and parts	Engineering	Labor	Other	Total
2018 Number of Suppliers	56	199	32	86	178	551
Percentage	10.2%	36.1%	5.8%	15.6%	32.3%	100%
2019 Number of Suppliers	55	191	29	81	171	527
Percentage	10.4%	36.2%	5.5%	15.4%	32.4%	100%
2020 Number of Suppliers	53	214	29	88	159	543
Percentage	26.2%	43.3%	12.8%	14.6%	3.1%	100%

6.3 Supplier Evaluation

Pegavision cooperates with its suppliers in good faith, and our procurement function uses an internal electronic procurement system in accordance with our rules and standards to promote transparency and fairness in the procurement process. Our company selects qualified suppliers based on the following conditions Qualified suppliers:

1. Suppliers with ISO international quality system certification, positive external inspections, GMP or USFDA or JQMS certification, or have self-evaluation scores of more than 60 points on our supplier quality system self-evaluation form are eligible to become a supplier to our company.
2. For those unable to provide relevant certifications, we focus on their capabilities in 4 areas, such as design, development, change, production, processes, packaging, quality system certifications, delivery management, environmental safety management, and environmental management. If such a supplier passes our on-site inspection, they qualify as our supplier.
3. When a new supplier is evaluated and selected by the requisitioning unit, one of our purchasing specialists will evaluate the product quality and services from the supplier together with the requisitioning unit, while the Quality Assurance Department will ensure compliance with quality standards.
4. For the first transaction, the Purchasing Department will convene the R&D and Quality Assurance Departments to evaluate and select qualified suppliers. Manufacturers of aluminum film and color box printing need to undergo on-site evaluations.



Our company sets great store with the health and safety of our customers, in all we do from procurement to sales. In line with the needs of the market and consumers, we evaluate raw material manufacturers in Taiwan and abroad each year, focusing on their quality and reliable delivery. Their delivery schedules and degree of cooperation are evaluated jointly by our departments for quality assurance, production and procurement. Suppliers of engineering, equipment, and miscellaneous are evaluated as needed.

Our annual supplier evaluation grades are divided into A, B, C grades, with the A grade representing 80 to 100 points for excellent manufacturers, B grade: 60 to 79 points for qualified manufacturers, and C grade: 0 to 59 points for manufacturers that need to improve.

To manage our suppliers, the Quality Assurance Department takes reference from the annual transaction records and evaluation results of the raw materials to arrive at and rank the quality scores. 20% of the lower-scoring suppliers will be selected for an invitation to improve.

In 2020, six Taiwanese and foreign suppliers were selected for evaluation, and the audits did not find major defects. For deficiencies or points of improvement found during audits, Pegavision held an internal meeting to discuss follow-up management and control, and requested its suppliers to provide action plans for improvement. If a supplier does not provide corrective and preventive action plans, or if its performance remains unsatisfactory even after receiving guidance, the supplier will be removed from the list of qualified suppliers. All deficiencies or points of improvement audits of all suppliers found during have been improved or completed, and our existing suppliers have maintained effective operations in line with our requirements.

Pegavision adheres to an environmentally and socially responsible approach, invests in good supply chain management and responsible procurement, integrates corporate social responsibility into its supply chain management, and fosters corporate social responsibility compliance among its supply chain system. In 2020, our company added corporate social responsibility clauses to its major supplier contracts. Twenty suppliers signed such new contracts, which guide the suppliers to fulfill their corporate social responsibilities to jointly provide customers with safe, reliable and high-quality products.

6.4 Risk Management of Raw Material Supply

To pursue common growth and sustainable business with our suppliers, we ensure that our suppliers can meet our requirements in terms of product quality, delivery time, pricing and service. Pegavision continually improves these to ensure stable supply sources and reduce supply shortages that may affect production.

With a view to the risk of insufficient supply of raw materials, Pegavision has adopted the following countermeasures:

1. Our raw material suppliers do not have a monopoly on the market. In addition to maintaining good relationships with our existing suppliers, we actively seek and develop other excellent suppliers. Our company’ also maintains a proper buffer inventory at all times, to be prepared for any force majeure or unexpected events.
2. To ensure a sustainable supply of raw materials and stimulate market activity, we actively develop new suppliers. We have 53 bulk raw material suppliers, 51 of which are Taiwanese and two are foreign.

In 2020, amid the global covid 19 epidemic, Pegavision increased its buffer inventory ahead of time to prevent any impacts on production or sales.

6.5 Green Procurement 102-12

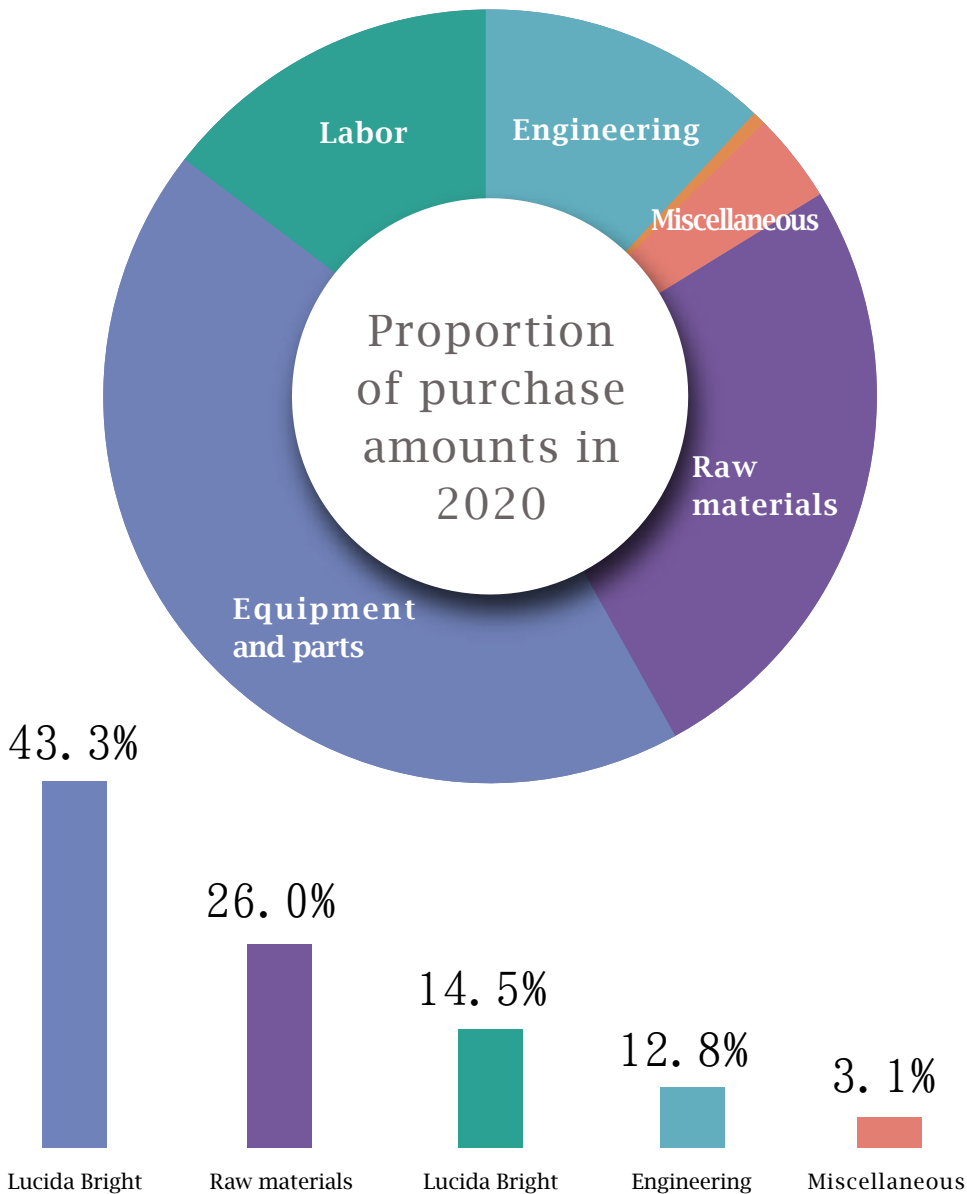
In response to the government’s call for green inputs, Pegavision encourages its procurement staff to pursue green procurement and all units to draw up lists of products with their environmental protection labels and energy saving labels/certification and to use the best as priority procurement categories. Such products have a longer service life, have passed strict testing, and are free from substances or chemicals that may cause environmental pollution, which helps reduce cost as well. Our company lists green procurement as part of its environmental procurement performance. In 2020, all newly purchased dehumidifiers, refrigerators, cleaning consumables, IT equipment and other office equipment were energy-saving and environmentally-friendly products with high environmental protection labels and added value such as IT equipment and office equipment. The total green purchasing amount was TWD 2,798,759.

Unit: New Taiwan Dollar (TWD)

Type of label	Purchase amount	Percentage
Energy Star	1,216,286	43%
TCO verification mark	1,041,400	37%
Environmental label	541,073	19%
Total	2,798,759	100%

6.6 Procurement from Local Suppliers 204-1 102-10

Pegavision has its main operating and manufacturing base in Taiwan, and it regards improving the sustainability of the domestic contact lens industry as an important component of its corporate social responsibility. An important strategy of ours is to find suppliers in Taiwan. Except for a few raw materials purchased from abroad, we purchase our bulk raw materials locally in Taiwan. This localized supply chain not only ensures flexible supply with less packaging and transportation cost, but also reduces the carbon footprint of our supply chain. The local revenue also stimulates local R& resources and shortens product development cycles. This in turn ensures technological leadership, creates local employment, and activates the local economy. The proportion of our purchase amount in 2020 is shown in the figure. Due to the expansion of the Guishan Plant, the “equipment and parts” purchase amount accounts for 43.3%. The overall proportion of local purchases is as high as 99.8%.



Management Policy

103-1

103-2

103-3

Material Topics

Social participation

GRI Guidelines

203 Indirect economic impacts

Policy

- 1.Supporting disadvantaged groups through core business.
- 2.Develop community relations, promote harmony in community relations, and assist in solving social problems.

Responsibilities

- 1.External responsibilities: Support disadvantaged groups and environmental protection activities.
- 2.Internal system: Actively participate in community activities of surrounding neighborhoods.

Pledge

1. We give back to society through participation in social activities and community development.
2. We take environmental and ecological protection as our responsibility and we feel we must create a sustainable living environment together.

Resources

Sponsorships: TWD 844,680

Goals and targets

1. Supporting disadvantaged groups.
2. Assist and sponsor community development projects.

Grievance mechanism

Email: service@pegavision.com

2020 Plan

- Supporting disadvantaged groups.
- Promote environmental protection.
- Participate in community activities in neighborhoods

2020 performance

- Sponsoring the Eden Foundation:
 - ✓ Donation amount: TWD 200,000
 - ✓ Online fundraising: TWD 474,680
- Taipei Ocean Rotary Club: Donation amount: TWD 150,000
- Sponsoring the Children Are Us Foundation: Provide booth operation
- Let's clean up the Tamsui River: roll up your sleeves! River Clean-Up
- Earth Hour
- Support community development of neighborhoods around our plant and participating in local activities: Donation amount: TWD 20,000.

7.1 Service Plan for Disadvantaged Children 203-1

Children with mental disabilities face many challenges. To support the disadvantaged, Pegavision deploys the core resources of our company and other actors in the society to support disadvantaged children through the Eden Service Program. Since 2017, we have sponsored the Eden Charity Foundation by leveraging our sales channels and stores to motivate our customers to contribute to disadvantaged groups at the time of their purchase. In 2020, Pegavision launched an online public welfare project:

Support issues	Activity time	Activity method	Sponsorship amount
Slow Angels Grow and soar	2020 July 15 to August 31	When consumers purchase selected products through selected Pegavision channels, for each item sold TWD 5 will be allocated to the Eden Foundation.	TWD 200,000
		Pegavision's Facebook post sharing activities, where people comment or like a post, they donate TWD 2 per message and TWD 3 per share to the Eden Foundation.	
	2020 June 1 to August 31	Pegavision set up an online project on the Eden Foundation's website, titled "Keep faith: protect the Slow Angels", whereby donors upward from a certain amount receive a "Pegavision travel pouch" as a gift in return.	TWD 474,680

1. We helped provide early treatment screening, notifications, referral and transfer services for 304 people.
2. We helped provide treatment and education services, including community activities, day care, home visits, hourly treatments more than 2,244 times.
3. We helped provide 124 family case management services, ensuring families received appropriate care, early treatment and counseling.
4. We organized activities for young families and parenting seminars, reaching 760 families with advice on treatment and education.



In eye care, Pegavision leverages its core resources in optical technology to provide free optometry services for Slow Angels on November 25, 2020. 11 people participated in this optometry service. Through our optometry services, we promote eye care while strengthening our brand and offering basic healthcare to the public.



Photo description: Optometry service

7.2 Sponsoring the Rotary Club of Taipei City Ocean

The Taiwan Children's Baseball Association wants to promote the charity spirit of Little League Baseball (LLB), so that more children with disabilities can participate in baseball. They have recruited more teams and players with disabilities. They also offer children from disadvantaged groups a chance to play baseball together and develop correct and positive attitude to make something of their lives.

Pegavision Cares for Disadvantaged Groups, and after the sponsorship of the Taipei Ocean Rotary Club in 2019, we have sponsored the Rotary Club of Taipei City Ocean concerts at the Little League Baseball (LLB) Challenger Cup. In 2020, Pegavision supported the Tzu Chi Foundation, which remained undaunted by the epidemic and kept organizing events that brought smiles to the faces of children with disabilities and filled baseball-loving Taiwan with a spirit of positive power, as many people saw these kids' boundless energy.



Photo description: Rotary club press conference

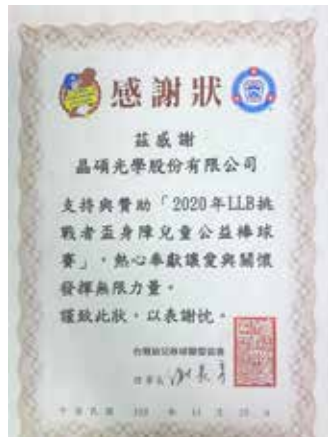


Photo description: Activity grand occasion

7.3 Love is a Rainbow, Come Board the Rainbow Bus to Speak Up for Love

Pegavision is concerned with LGBTQ people's human rights and gender-related human rights. On the road of fighting for their rights, many LGBTQ people find it difficult to come out to their older relatives and to develop mutual understanding and acceptance. Support and encouragement may help people take that leap. To this end, Pegavision supported the 2020 Taiwan Pride, creating a Rainbow Bus to speak up for love, aiming to support understanding across generations. Pegavision invited the families of LGBTQ people to join the parade and share their thoughts and feelings in interviews. Both were fully recorded with everyone's permission. After marriage equality has become the law of the land, much work still remains to be done to achieve true and full equality. Pegavision encourages everyone to respect, tolerate and support one another. Pegavision will continue to support love and equality, in the belief that love will conquer all. If we all can love each other, Taiwan will be more equal, diverse, and tolerant.



Photo description: Love is Rainbow



Photo description: Love is Rainbow



Photo description: Love is Rainbow



Photo description: Love is Rainbow

7.4 Promote Environmental Protection

Pegavision continues to conserve energy and reduce carbon internally to achieve environmental protection, while externally we also promote environmental protection and fulfill our corporate social responsibility. This new mode of developing environmental protection and public welfare encourages our employees to join external environmental protection activities. This fosters their own awareness of environmental protection and helps them put it into concrete action.

7.4.1 Let's clean up the Tamsui River: Roll up your sleeves! River Clean-Up

Restoring a river is saving a city. The upper reaches of the Tamsui River originally had clean water, but further downstream and in the estuary, the water is severely polluted. Today, 3% of the Tamsui River still suffers from pollution. In 2020, Pegavision responded to Commonwealth Magazine's call "Let's clean up the Tamsui River: roll up your sleeves!" for the first time. There were three teams, each with their own name and focus. The wilderness volunteer team collected 191 Kg of garbage. Proud to help protect the Tamsui River, Pegavision takes part in saving water and reducing carbon emissions in hopes that the Tamsui River will one day be restored to its full glory and beauty once more.



Photo description: Pegavision River Clean-Up



Photo description: Pegavision River Clean-Up

7.4.2 Joining Earth Hour, organized by the Society of Wilderness

In the face of increasingly severe environmental pressures, we at Pegavision are well aware of the importance of environmental protection and energy conservation. On Saturday March 28, 2020, our many stores in busy downtown areas turned off their lights off from 20:30 to 21:30 hours as part of the global Earth Hour event, which in Taiwan was organized by the Society of Wilderness. We hope that our dark stores were able to enlighten and inspire people to do more for Taiwanese society and the earth.



Photo description: Stores response to Global Earth Hour Event

7.5 Sponsoring the Children Are Us Foundation

The Children Are Us Foundation is a disadvantaged group that deserves support in the form of company and assistance. In the small world of the Children Are Us Foundation, the children hope to be able to serve as independent waiters. Therefore, Pegavision has provided the foundation with booths in its canteens since to encourage employees to purchase the foundation's bakery products and support the foundation and its members. In 2020, amid the Covid 19 epidemic, Pegavision employees worked together to build up a defense line against the virus. We implemented various prevention and control measures in our canteens to provide a healthy and safe charity shopping and dining environment.



Photo description: Separators between tables



Photo description: Promote hand hygiene before meals



Photo description: Automatic temperature detection



Photo description: Hand disinfection before meals

7.6 Participate in Community Activities in Neighborhoods

Pegavision forms part of the communities where it operates, and follows the concept of "giving back locally" to help build prosperity in the local economy through community building and cultural tourism development. Through participation in community activities, we show our care for the communities around our plants and aim to establish positive interaction with the local community. In 2020, we sponsored the Happy Dinner Event for the Seniors of the Nanxing Community, and the Outcomes Presentation of the Datongkan Housheng Group Resident Workstation. Volunteers lead students into the Yongchang Temple Square to get to know the guest house and promote local tourism.



Photo description: Happy Dinner Event for the Seniors of the Nanxing Community



Photo description: Happy Dinner Event for the Seniors of the Nanxing Community



Photo description: Community building and tourism development



Photo description: Community building and tourism development

Pegavision will continue its public welfare activities in years to come and give back to the society through concrete actions based on its core technologies and products that keep advancing over time. Moving forward, we plan to sponsor and join in the Chong Yang Community's events around the Spring Festival and Dragon Boat Festival to show our care for the community and help develop the community's economy, environment and society, and continue to create new value for the society.

8.1 GRI Content Index 102-55

GRI Code		Disclosure content	Chapter	Page number	Remark	Omitted
GRI 102: General Disclosures 2016						
Basic information	GRI 102	102-1	Name of the organization	1.1 Organizational profile	32	
		102-2	Organize activities, brands, products and services	1.1 Organizational profile 2.3 Markets served	32 56	No products and services were banned in any markets
		102-3	Location of headquarters	1.1 Organizational profile	32	
		102-4	Location of operations	1.1.1 Organizational profile 2.3 Markets served	33 56	
		102-5	Ownership and legal form	1.1.1 Organizational profile	33	
		102-6	Markets served with the organization's products and services	2.3 Markets served	56	
		102-7	Scale of the organization	1.2 Economic performance 2.3 Markets served	36 56	
		102-8	Information on employees and other workers	1.1.1 Organizational profile 4.1 Human Resource Structure	33 82	
		102-9	Organization's supply chain	6. Sustainable value chain	106	
		102-10	Significant changes to the organization and its supply chain	1.2 Economic performance 6.6 Procurement from local suppliers	36 109	
		102-11	Precautionary Principle or approach	1.6 Risk Management	44	
		102-12	External initiatives	6.5 Green Procurement	108	
		102-13	Membership of associations	1.7 Associations joined	47	
Strategy		102-14	Statement from senior decision-maker	Commitments	4	
Ethics and integrity		102-16	Values, principles, standards, and norms of behavior	1.4 Integrity management	41	
Governance		102-18	Governance structure	1.3 Governance of the organization	37	
Stakeholder participation	GRI 102	102-40	Stakeholder groups	Stakeholder identification and communication	8	
		102-41	Group agreement	-	-	No collective agreement signed
		102-42	Stakeholder identification and selection	Stakeholder identification and communication	8	
		102-43	The organization's approach to stakeholder engagement	Stakeholder identification and communication	8	
		102-44	How the organization has responded to those key topics and concerns	Stakeholder identification and communication	8	

GRI Code		Disclosure content	Chapter	Page number	Remark	Omitted
GRI 102: General Disclosures 2016						
Reporting practice	GRI 102	102-45	A list of all entities included in the organization's consolidated financial statements or equivalent documents	About our report: Report scope and boundary	2	
		102-46	An explanation of the process for defining the report content and the topic Boundaries	About our report: Report scope and boundary	2	
		102-47	A list of the Material Topics	Stakeholder identification and communication	10	
		102-48	Information reorganization	-	-	Not relevant
		102-49	Significant changes from previous reporting periods	Stakeholder identification and communication	10	
		102-50	Report period	About our report: Reporting period	2	
		102-51	Date of most recent report	About our report: Reporting period	2	
		102-52	Reporting period	About our report: Reporting period	2	
		102-53	Contact point for questions regarding the report	About our report: Contact information	3	
		102-54	Claims of reporting in accordance with the GRI standards	About our report: Principles of Report Compilation	2	
		102-55	GRI Content Index	Appendix	120	
		102-56	External assurance	Appendix	128	

Material Topics	GRI Code			Disclosure content	Chapter	Page number	Remark	Omitted
Material Topics Disclosures - Economic Aspects								
Integrity management	Anti-corruption	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	1. Governance	30		
			103-2	The management approach and its components	1. Governance	30		
			103-3	Evaluation of the management approach	1. Governance	30		
		GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	1.4 Integrity management	41		
	Anti-competitive behavior	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	1. Governance	30		
			103-2	The management approach and its components	1. Governance	30		
			103-3	Evaluation of the management approach	1. Governance	30		
		GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.4 Integrity management	41		
Compliance	Customer Health Safety	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	1. Governance	30		
			103-2	The management approach and its components	1. Governance	30		
			103-3	Evaluation of the management approach	1. Governance	30		
		GRI 416: Customer Health Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	1.5 Regulatory compliance	43	No incidents of non-compliance in 2020	
	Marketing and Labeling	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	1. Governance	30		
			103-2	The management approach and its components	1. Governance	30		
			103-3	Evaluation of the management approach	1. Governance	30		
		GRI 417: Marketing and Labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	1.5 Regulatory compliance	43	1 violation in 2020	
	Socioeconomic compliance	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	1. Governance	30		
			103-2	The management approach and its components	1. Governance	30		
			103-3	Evaluation of the management approach	1. Governance	23		
		GRI 419 Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	1.5 Regulatory compliance	43	4 violations in 2020	

Material Topics	GRI Code			Disclosure content	Chapter	Page number	Remark	Omitted
Material Topics Disclosures - Economic Aspects								
Operational performance	Economic performance	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	1. Governance	30		
			103-2	The management approach and its components	1. Governance	30		
			103-3	Evaluation of the management approach	1. Governance	30		
		GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	1.2 Economic performance	36		
Innovative technologies and services	Organization-specific issues	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	2. Products and Services	50		
			103-2	Management approach and its components	2. Products and Services	50		
			103-3	Evaluation of the management approach	2. Products and Services	50		
		-	-	Innovative technologies and services	2.2 Technology research and development	54		
Supplier Management	Procurement Practices	GRI 103: Management Approach 2016	2016	Explanation of the Material Topic and its Boundary	6. Sustainable value chain	105		
			103-2	The management approach and its components	6. Sustainable value chain	105		
			103-3	Evaluation of the management approach	6. Sustainable value chain	105		
		GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	6.6 Procurement from local suppliers	109		
Risk Management	Organization-specific issues	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	1. Governance	30		
			103-2	The management approach and its components	1. Governance	30		
			103-3	Evaluation of the management approach	1. Governance	30		
		-	-	Risk Management	1.6 Risk Management	44		

Material Topics	GRI Code		Disclosure content		Chapter	Page number	Remark	Omitted
Material Topics Disclosures - Environmental Aspects								
Climate change and energy saving and carbon emissions reduction	Energy	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	3. Sustainable environment	68		
			103-2	The management approach and its components	3. Sustainable environment	68		
			103-3	Evaluation of the management approach	3. Sustainable environment	68		
		GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.3 Carbon reduction measures and benefits	71		
Water management	Water and Effluents	GRI 103: Management Approach 2016 GRI 303: Water and Effluents 2018	103-1	Explanation of the Material Topic and its Boundary	3. Sustainable environment	68		
			103-2	The management approach and its components	3. Sustainable environment	68		
			103-3	Evaluation of the management approach	3. Sustainable environment	68		
			303-1	Mutual influence of shared water resources	3.4 Water Resources Management	72		
			303-2	Management of water discharge-related impacts	3.4 Water Resources Management	72		
		GRI 303: Water and Effluents 2018	303-3	Water withdrawal	3.4 Water Resources Management	72		
Waste Management	Waste Water and Waste	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	3. Sustainable Environment	68		
			103-2	The management approach and its components	3. Sustainable Environment	68		
			103-3	Evaluation of the management approach	3. Sustainable Environment	68		
		GRI 306: Effluents and waste 2016	306-2	Waste by type and disposal method	3.5.5 Waste by treatment type, weight and disposal method	77		
		GRI 306: Effluents and waste 2016	306-3	Significant leaks	3.5.4 Waste management	76		
Circular Economy	Organization-specific issues	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	3. Sustainable environment	68		
			103-2	The management approach and its components	3. Sustainable environment	68		
			103-3	Evaluation of the management approach	3. Sustainable environment	68		
		-	-	Circular Economy	3.5 Environmentally friendly technologies and waste reduction activities	74		

Material Topics	GRI Code		Disclosure content		Chapter	Page number	Remark	Omitted
Material Topics Disclosures – Social Aspects								
Occupational safety and health	Occupational safety and health	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	5. Healthy Workplace	94		
			103-2	The management approach and its components	5. Healthy Workplace	94		
			103-3	Evaluation of the management approach	5. Healthy Workplace	94		
			403-1	Occupational safety and health management system	5.1 Occupational safety and health management system	96		
			403-2	Hazard identification, risk assessment and incident investigation	5.2 Hazard identification, risk assessment and incident investigation	97		
			403-3	Occupational Health Service	5.3 Occupational Health Service	100		
			403-4	Worker participation, consultation, and communication on occupational health and safety	5.1.1 Occupational Safety and Health Committee	96		
			403-5	Occupational Safety and Health Worker Training	5.5 Occupational Safety and Health Worker Training	102		
			403-6	6 Promotion of worker health	5.4 Workplace health promotion activities	101		
		GRI 403: Occupational Health and Safety 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.2 Hazard identification, risk assessment and incident investigation	97		
			403-8	Workers covered by an occupational health and safety management system	5.1.1 Occupational Safety and Health Committee	96		
			403-9	Work-related injuries	5.2.2 Accident investigation	98		
			403-10	Work-related ill health	5.3 Work-related ill health	100		
Employee compensation and benefits	Labor Relations	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	4. Caring for employees	80		
			103-2	The management approach and its components	4. Caring for employees	80		
			103-3	Evaluation of the management approach	4. Caring for employees	80		
		GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.3.3 Minimum notice periods regarding operational changes	89		
	Diversity of Employees and Equal Opportunities	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	4. Caring for employees	80		
			103-2	The management approach and its components	4. Caring for employees	80		
			103-3	Evaluation of the management approach	4. Caring for employees	80		
		GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	1.3 Governance 4.1 Human Resource Structure	37 82		

Material Topics	GRI Code		Disclosure content		Chapter	Page number	Remark	Omitted
Material Topics Disclosures - Social Aspects								
Talent recruitment and retention	Labor/ Management Relations	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	4. Caring for employees	80		
			103-2	The management approach and its components	4. Caring for employees	80		
			103-3	Evaluation of the management approach	4. Caring for employees	80		
		GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.1 Human Resource Structure	82		
Career Development and Training	Training and Education	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	4.4 Talent cultivation and development	89		
			103-2	The management approach and its components	4.4 Talent cultivation and development	89		
			103-3	Evaluation of the management approach	4.4 Talent cultivation and development	89		
		GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.4.1 Multi-modal education and training	89		
Brand Management	Marketing and Labeling	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	2. Products and Services	50		
			103-2	The management approach and its components	2. Products and Services	50		
			103-3	Evaluation of the management approach	2. Products and Services	50		
		GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	2.5 Marketing and Labeling	61		
			417-2	Incidents of non-compliance concerning product and service information and labeling	2.5 Marketing and Labeling	61		
Consumer health and safety	Customer Health Safety	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	2. Products and Services	50		
			103-2	The management approach and its components	2. Products and Services	50		
			103-3	Evaluation of the management approach	2. Products and Services	50		
		GRI 416: Customer Health Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	2.4 Responsible product quality	60		
Customer satisfaction	Customer privacy	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	2. Products and Services	50		
			103-2	The management approach and its components	2. Products and Services	50		
			103-3	Evaluation of the management approach	2. Products and Services	50		
		GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.6 Customer Relationship Management	62	No incidents of fines or compensation given to customers due to leakage of customer privacy occurred in 2020	

Material Topics	GRI Code		Disclosure content		Chapter	Page number	Remark	Omitted
Material Topics Disclosures - Specific Issues of Pegavision								
Social Participation	Indirect Economy	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	7. Social Inclusion	111		
			103-2	The management approach and its components	7. Social Inclusion	111		
			103-3	Evaluation of the management approach	7. Social Inclusion	111		
		GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	7.1 Service Program for Disadvantaged Children 7.2 Sponsoring the Rotary Club of Taipei City Ocean 7.3 Because of Love: come board the Rainbow Bus to speak up for love 7.4 Promote environmental protection 7.5 Sponsoring the Children Are Us Foundation 7.6 Participate in community activities in neighborhoods	112 ~ 117		
Human Rights	Human Rights Assessment	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	4. Caring for employees	80		
			103-2	The management approach and its components	4. Caring for employees	80		
			103-3	Evaluation of the management approach	4. Caring for employees	80		
		GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	4.2 Human rights commitments and gender equality	84		
Security Practices	Security Practices	GRI 103: Management Approach 2016	103-1	Explanation of the Material Topic and its Boundary	4. Caring for employees	80		
			103-2	The management approach and its components	4. Caring for employees	80		
			103-3	Evaluation of the management approach	4. Caring for employees	80		
		GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	4.2 Human rights commitments and gender equality	84		

8.2 Third-party Verification Report 102-56



INDEPENDENT ASSURANCE OPINION STATEMENT

PEGAVISION 2020 Corporate Social Responsibility Report

The British Standards Institution is independent to PEGAVISION CORPORATION (hereafter referred to as PEGAVISION in this statement) and has no financial interest in the operation of PEGAVISION other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of PEGAVISION only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by PEGAVISION. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to PEGAVISION only.

Scope

The scope of engagement agreed upon with PEGAVISION includes the followings:

1. The assurance scope is consistent with the description of PEGAVISION 2020 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the PEGAVISION's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the PEGAVISION 2020 Corporate Social Responsibility Report provides a fair view of the PEGAVISION CSR programmes and performances during 2020. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the PEGAVISION and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate PEGAVISION's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that PEGAVISION's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to PEGAVISION's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 7 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that PEGAVISION has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the PEGAVISION's inclusivity issues.

Materiality

PEGAVISION publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of PEGAVISION and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the PEGAVISION's management and performance. In our professional opinion the report covers the PEGAVISION's material issues.

Responsiveness

PEGAVISION has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for PEGAVISION is developed and continually provides the opportunity to further enhance PEGAVISION's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the PEGAVISION's responsiveness issues.

Impact

PEGAVISION has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. PEGAVISION has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the PEGAVISION's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

PEGAVISION provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the PEGAVISION's social responsibility and sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The CSR report is the responsibility of the PEGAVISION's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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PEGAVISION Optics 2020 CSR Report