

# Supply Chain Management

A sustainable and ethical supply chain management means to take innovation, economic and social development, and responsible governance into account. Through resource sharing, be a good partner of suppliers, coexist and prosper with society and the environment, we can move towards an inclusive growth together.

## Material Topics

GRI 414 Supplier Social Assessment

## Corresponding to the Sustainable Development Goals (SDGs)



SDGs Content Index [p.110](#)



8.8 Conduct ESG risks audit [p.77](#)



12.5 Innovative way to green [p.78](#)



13.3 GHG emissions of energy survey to key suppliers [p.77](#)



17.17 Innovate with suppliers to promote a sustainable and better life for all [p.77](#)

## In This Section

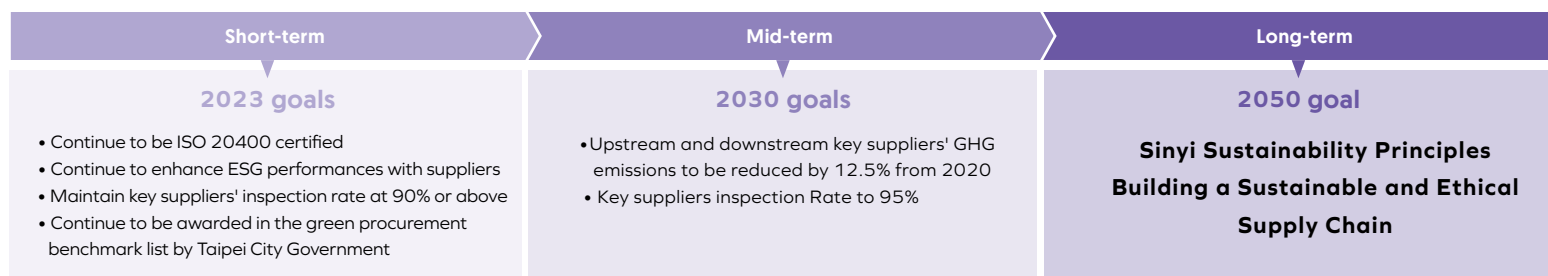
Sustainability Strategies and Goals	72
Management Policy and ESG Guidelines	73
Management Process and Operation	73
Mechanism	
Risk and Impact Assessment	75
Achievement and Performance	76

# Sustainability Strategies and Goals

## Core Target and Vision

Taking "business ethics" as the core, with the interests of major stakeholders in mind, we aim to create an innovative life service model. And through building a sustainable and ethical supply chain together with suppliers, we will create, protect and promote sustainable economic, social, and environmental development.

## Strategic Goals



## 2022 Performance Overview

Sinyi Realty incorporates sustainability into the norms and processes of supply chain management, and invite suppliers to make positive contributions to the society, the economy, and the environment, and reduce negative impacts.

✓ Achieved
⊗ Ongoing
⊖ Not Achieved

2022 Goals	Maintain <b>ISO 20400</b> certified	All key suppliers signed the "Sinyi Group Suppliers Business Code of Conduct and Sustainability Terms"	Key suppliers' inspection rate reached <b>&gt; 90%</b>	Share <b>ESG resources</b> with key suppliers	Green Procurement Award in Private Sector-Enterprise for <b>15 consecutive years</b>
2022 Performance	ISO 20400 certified by <b>BSI</b>	Key suppliers <b>100%</b> signed	<b>96.2%</b> of key suppliers were inspected, including paper and on-site check	<b>One-day forum</b> and various training were shared	
Achieved	✓	✓	✓	✓	✓

# Management Policy and ESG Guidelines

2-23

## Our management policy

is to start from our core value, and through innovative service model, taking into account the interests of stakeholders, we want to operate a company with sustainability. Therefore, our supply chain management policy is to develop sustainability with suppliers, from traditional view of "seeing profits only and focusing on cost, quality, and delivery", to "seeing people and planet" more. We need to work with suppliers to develop a low carbon and sustainable supply chain.

## Our guidelines and commitment

are to integrate ESG related risks and impacts into consideration and we commit :

E

to work with suppliers to promote a low-carbon environment and through low-carbon transformation to enhance competitiveness.

S

to enhance a society that values human rights and occupational safety and health.

G

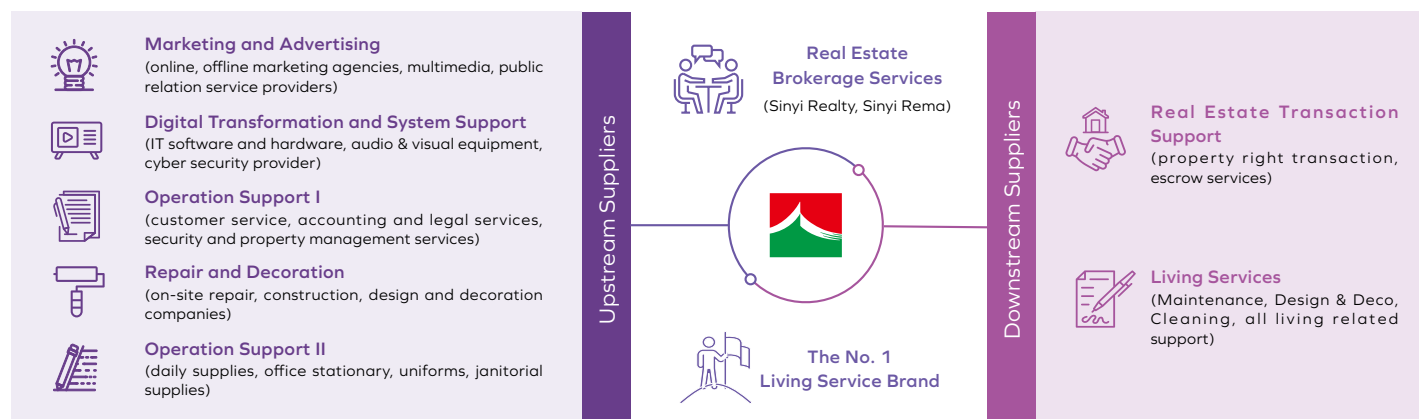
to uphold corporate governance and to create sustainable value with suppliers.

# Management Process and Operation Mechanism

2-6

Our upstream and downstream suppliers can be divided into the following categories: Marketing and Advertising, Repair and Decoration, Operation Support, Digital Transformation and Systems Support, Living Services, and Real Estate Transaction Support. According to different categories, we set management priorities and corresponding management methods.

## Supply Chain System of Sinyi



## Enhance low-carbon competitiveness through operation and procurement mechanism

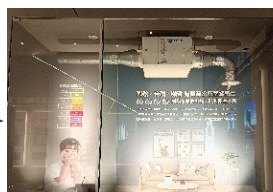
We invite suppliers at different service stage and operation flow to respond to Sinyi 2030 Net Zero initiative together.

**Paperless/digitalization in our operation:** To keep up with digital transformation, we greatly increase paperless services when providing marketing materials, and electronic operation in document signing. Our marketing advertising and real estate services suppliers have been transformed their way of operation through E services.

**Green procurement:** The products or raw materials used by repair and decoration suppliers must have green labels, water-saving labels, energy-saving or heat insulation function. And the priority principle of green procurement and local procurement is included in our procurement policy. Suppliers are aware of the necessity to transform to low-carbon operation. They innovate with us, integrate green consciousness into the value chain, jointly promote low-carbon transformation, and enhance operation and brand competitiveness.



Meeting to share ESG resources with key suppliers. Visits and interviews helped us to address issues to be improved.



The adoption of new technologies and products effectively save energy, reduce pollution and carbon emissions.



New material and equipment greatly enhance the comfort of life.



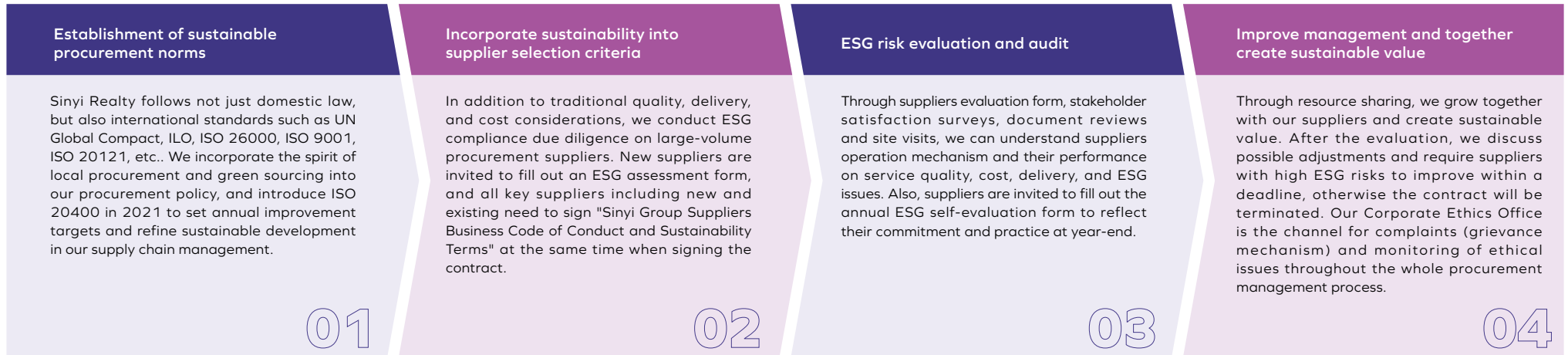
The adoption of new technologies and construction methods reduce construction errors and man-hours, improve operational efficiency, economic benefits, labor occupational safety and human rights.



Meeting the standard of green building and enhance the ESG performance with suppliers and owners.

## Sinyi sustainable supply chain management process

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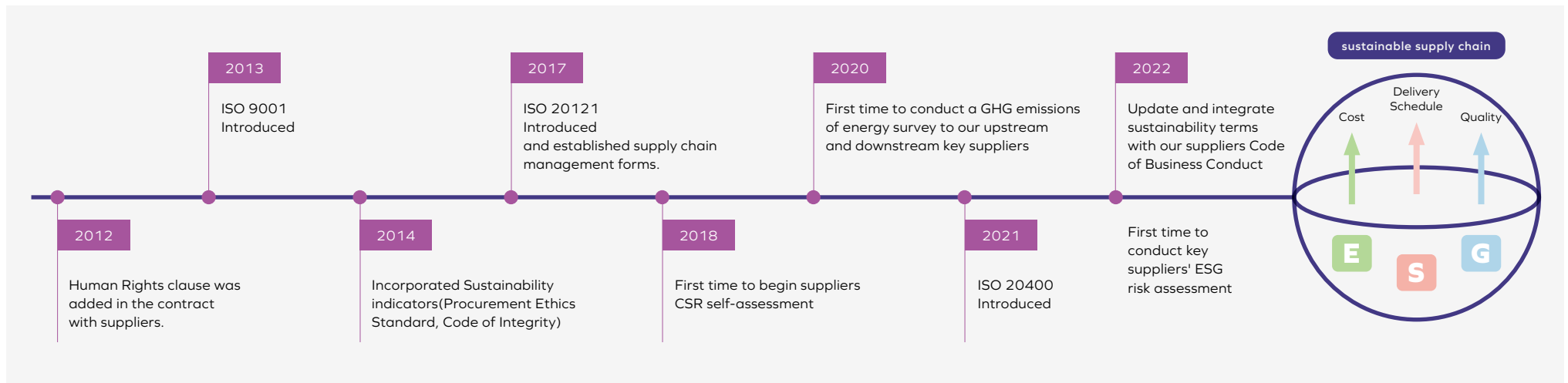


 Sustainability Policy and Principles <http://csr.sinyi.com.tw/en/certificates/policy.php>

 Supply chain risk assessment and management <http://csr.sinyi.com.tw/en/supplychain/risk-management.php>

## The road of refinement

It is an ongoing process for Sinyi's supply chain management, a road to excellence. We have been paying close attention to legal compliance, world trends and international standards. We hope to maintain our position as the ESG benchmark in the industry. With the expansion of the business territory, Sinyi can surely have a bigger impact.





# Risk and Impact Assessment 414-2

Based on GRI 414, Sinyi assess suppliers' ESG risk and evaluate the potential positive and negative impact. In 2021, we introduced ISO 20400 Sustainable Procurement, which based on ISO 26000 Social Responsibility-Guidance to identify 7 core subjects and 37 issues. The major ESG risks and impacts that may arise in our service supply chain are identified as below:



E	<b>Environmental protection</b> <b>Waste management</b>	<ul style="list-style-type: none"> <li>Although we are at lower risk side on pollution and carbon emissions, we still need to face the call on limited energy resources and climate emergency. We invite our key suppliers to join Sinyi's Net Zero 2030/2050 Initiative, hoping to have a positive impact on low-carbon transformation through planning in digitalization, energy conservation and circular economy.</li> </ul>
S	<b>Human rights</b> <b>Occupational safety and health</b>	<ul style="list-style-type: none"> <li>As a people-oriented happy enterprise, we hold ourselves accountable to standards that go beyond regulations. Driven by increasingly stringent regulations and our management, suppliers have better understanding and implementation of the protection on employees' human rights, occupational safety and health, etc. Renovation and furniture suppliers face higher job safety risks. Sinyiliving's suppliers may not be our key suppliers in terms of budget spent, but very important partners to promote sustainable good life in our community. Therefore, we need to screen them for ESG impact while emphasizing service quality.</li> </ul>
G	<b>Fair trade and anti-corruption</b> <b>Organizational governance</b>	<ul style="list-style-type: none"> <li>Uphold sustainable operation through business ethics and anti-corruption governance.</li> <li>Digital transformation is already a necessary change for many business. Supply chains also need to adopt new operating models and face emerging risks. For example, information security/fraud risks that may arise from digital services, or interruption of network services.</li> </ul>

In 2022, we had



A total of **132** key suppliers



A **78.4%** ESG self-evaluation retrieve rate



A **996** times check on key suppliers

In order to properly manage and control risks and enhance the sustainability of suppliers, the management and evaluation mechanisms we adopt include:

Supplier qualification preview	During Contract Period	Enhance sustainability with suppliers
<ul style="list-style-type: none"> <li>Basic information sheet</li> <li>ESG self-assessment form</li> <li>ESG compliance due diligence check</li> <li>Procurement team review</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers Code of Conduct and Sustainability Terms</li> <li>Engagement with suppliers</li> <li>Annual ESG self-assessment form</li> <li>On site check and visit</li> <li>User Satisfaction Survey</li> <li>Suppliers evaluation</li> </ul>	<ul style="list-style-type: none"> <li>To share ESG resources with suppliers</li> <li>To celebrate "supplier of the Year"</li> <li>Corporate Ethics Office hotline for grievance mechanism</li> <li>To digitalize our qualified suppliers database</li> <li>To innovate together for better ESG performance</li> </ul>

# Achievement and Performance

2-23

2-24

414-2

## Annual achievement of supply chain management

There are a total of 132 key suppliers, including 20 new ones, all with annual expenditures exceeding NTD 1 million in 2022. Suppliers who have no further cooperation in 2023, or have released their own ESG reports were exempted from the ESG annual self-evaluation. The evaluation response rate reached 78.4%, higher than 68.6% from the previous year.

Items	Description	Goals and Performance
		● Performance ○ Goal
		2020 2021 2022 2023
1   Sign “Sinyi Suppliers Business Code of Conduct and Sustainability Term”	<ul style="list-style-type: none"> <li>In 2022, all key suppliers signed this as an attachment to business contract. Suppliers with ESG reports are not enforced to sign our sustainability term.</li> </ul>	100% 100% 100% 100% 100% 100% 100% 100%
2   Sign “Procurement Ethics Standards”	<ul style="list-style-type: none"> <li>All procurement staff signed this document. In 2022, we continue with the popup window to ensure the required staff read and sign.</li> </ul>	100% 100% 100% 100% 100% 100% 100% 100%
3   Key Suppliers Inspection Rate	<ul style="list-style-type: none"> <li>Suppliers inspection rate (including new and existing suppliers).</li> </ul>	93.55% 95.6% 96.2% 90% 90% 90% 90% 90%
4   New Suppliers Inspection Rate	<ul style="list-style-type: none"> <li>New suppliers passed through our suppliers management mechanism.</li> </ul>	100% 100% 100% 100% 100% 100% 100% 100%
5   Existing Suppliers Inspection Rate	<ul style="list-style-type: none"> <li>Existing suppliers complied with the ESG risk assessment, on-site checks, action and deadline for improvement.</li> </ul>	92.86% 95.21% 95.5% 90% 90% 90% 90% 90%
6   GHG emissions of energy survey to key suppliers	<ul style="list-style-type: none"> <li>Upstream and downstream key suppliers’ GHG emissions to be reduced by 12.5% compared with 2020(baseline year).</li> </ul>	Inventory result (KgCO <sub>2</sub> e) -4.78% 0.03% -1.25% -1.25% -1.25% -1.25% -1.25%
7   Key Suppliers Work Injury Rate Check	<ul style="list-style-type: none"> <li>Conducted employees’ work injury rate survey on key suppliers within the scope of Sinyi physical's management.</li> </ul>	100% 100% 100% 100% 100% 100% 100% 100%
8   Key Suppliers’ Staffs Turnover Rate	<ul style="list-style-type: none"> <li>Staffs’ turnover rate of key suppliers can show the satisfaction to the company.</li> </ul>	20.31% 16.73% 14.19% Decrease by year or with no significant difference
9   Legal Compliance of Key Suppliers	<ul style="list-style-type: none"> <li>We checked key suppliers if with major fine(NT\$100,000 or above/each) as part of our due diligence.</li> </ul>	0 0 0 0 0 0 0 0

Besides, according to the scoring result, suppliers scored 85 or above are classified as excellent. 70-85 are qualified, and below 70 are coaching-required, or otherwise, terminated. We randomly checked 20 suppliers, and happy to see the result with 19 excellent and 1 qualified. It is expected to build a database in the future, hoping to increase the evaluation volume through information technology.



## Drive the supply chain to deepen sustainability momentum

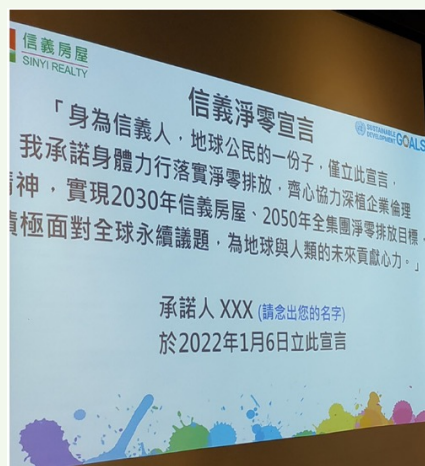
We work with key suppliers to focus on implementing ESG actions in each link, as a driving force for continuously deepening the sustainability performance of the supply chain.

### GHG emissions of energy survey to key suppliers



Sinyi Realty joined in the Net Zero 2030/2050 Initiative, and all of our key suppliers are invited to begin the journey with awareness, commitment, and take action.

We have been conducting GHG emissions of energy survey to our upstream and downstream key suppliers(Land identification agency, Property right registration agency, and Real Estate Escrow services). This is the 3rd year inventory survey and the goal for 2030 was set to reduce 12.5% from the baseline year 2020.

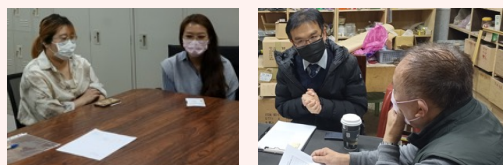


### Conduct ESG audit to confirm suppliers compliance with human rights and occupational health and safety 2-8



Sinyi has incorporated human rights and ESG-related commitments into contracts with suppliers over years. Not only suppliers' awareness being raised, but also their commitment(signed on paper) increased from 84% in 2012 to now 100%. We also checked our key suppliers(total of 342 people) at headquarter building about their staff turnover rate and work injury rate over these 3 years. Key suppliers include 306 staff from Property right registration and Real estate escrow service agency, and 36 staff from Property management agency, which offers customer service, security, cleaning and maintenance. No significant change for the recent 3 years.

Knowledge is power. Likewise, many workplace injuries or non-compliance in the past were due to ignorance or unknown, either by the suppliers or their staff. Recently, due to government's vigorous publicity and supervision, suppliers have much more understanding of the laws and regulations related to labor and human rights. Coupled with Sinyi's requirements and follow-up, the degree of improvement has been optimized a lot. Manufacturers that traditionally tend to be labor-oriented are prone to have human rights and occupational safety issues. Technology-oriented or consulting agencies tend to have a higher awareness of diversity, gender equality, and inclusion. Through ESG audit, we exchange the latest regulations and practices, and grow with suppliers.



### Innovate with suppliers to promote a sustainable and better life for all



"People-oriented innovation" is the core value which led Sinyi lead the industry for 40 years. We promote a better and sustainable life in local communities, embedding ESG goals in our operation.

To demonstrate the spirit of corporate governance, "Sinyiliving" acquired ISO 9001 certification again in 2022, and continue works with many life service providers, who recognize sustainable value and have qualified certifications. We assist suppliers to maintain the consistency of product and service quality. The ESG self-evaluation help disclose the transparent and operating information of suppliers. Some regularly announce the company's policies, showing the spirit of corporate governance.



In 2022, the total number in the list of qualified partner suppliers is 85, with a pass rate of 94%. Those who pass year-end evaluation will be recognized and eligible for contract renewal for the next year. Affected by Covid-19, service cases decreased slightly compared to last year. Through introducing the new family membership system, tracking users cumulative usage history, and CRM management, we improved customer satisfaction.

信義地產業績表(單位:萬元)

項目	15F	14F	13F	12F	11F	10F	9F
營業額	38,688	35,500	35,750	35,750	35,750	35,750	35,750
毛利	13,231	11,000	11,000	11,000	11,000	11,000	11,000
營業利潤	21,527	21,527	21,527	21,527	21,527	21,527	21,527
淨利潤	14,648	14,648	14,648	14,648	14,648	14,648	14,648
營業額	62,531	57,000	57,000	57,000	57,000	57,000	57,000
毛利	21,527	21,527	21,527	21,527	21,527	21,527	21,527
營業利潤	21,527	21,527	21,527	21,527	21,527	21,527	21,527
淨利潤	14,648	14,648	14,648	14,648	14,648	14,648	14,648
營業額	38,688	35,500	35,750	35,750	35,750	35,750	35,750
毛利	13,231	11,000	11,000	11,000	11,000	11,000	11,000
營業利潤	21,527	21,527	21,527	21,527	21,527	21,527	21,527
淨利潤	14,648	14,648	14,648	14,648	14,648	14,648	14,648

Commercial Times held the "Taiwan Real Estate Sales Agency Review" for the very first time in 2022. And Sinyi Rema won the Gold Award in the review. Through out the entire review process, we received comments as "most qualified in the following aspects: law compliance, transparency, service quality, information disclosure, and consumer rights."

Sinyi Rema has been sharing the spirit of "begins with trust and ends with perfection" to suppliers, owner, and clients, and walk the talk. Therefore, when Sinyi Rema promotes ESG to all the stakeholders, gets very positive feedbacks. For example, we can disclose sales status transparently not only to meet law requirements, but also to consider the rights and interests of owners, clients, and suppliers. Therefore, we can gain the trust and affirmation of all parties. We need quality and ethics-demanding suppliers, as well as owners and clients with sustainable concepts. Step by step together, Sinyi Rema can become the No. 1 brand in the industry.

## Innovative way to Green



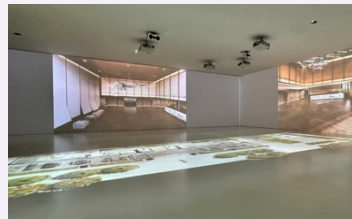
To integrate green awareness into the product value chain. From product design, to procurement, manufacturing, packaging, use and recycling, through out all of the process we consider the impact on the environment, reduce the impact on the environment, and create a green value chain.

The most common way to sell presale houses in Taiwan is through commissioning distributors or resellers. In addition to professional sales skills, Sinyi Rema, our distributor unit, needs to have the ability to help consumers evaluate qualified real estate developers with green awareness from the beginning of cooperation, the planning skills to evaluate suitable products, and the ability to well-use innovative tools such as videos, housing models, to interpret and sell property projects. Therefore, in addition to incorporating green procurement into the design and planning process of projects, Sinyi Rema carries out a green transformation through technology and digital operations.

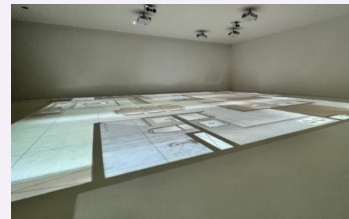
Due to the substantial amount of building materials and costs required to set up reception centers, show houses, and decorations, a large amount of waste is generated during the dismantling process after the project is closed. The garbage removal, waste disposal, landfill, result in a significant negative impact on the environment, resources in many kind, and cost. As a result, Sinyi Rema has taken the lead in the industry by innovating and using digital technology to improve the display effect without show-house. This way has effectively reduced the number of constructing show houses while increasing the number of models for display to help sale. This new green sales model creates sustainable value and considers the interests of all stakeholders in terms of ESG, such as energy conservation, waste reduction, and green practices. Also well respond to **SDG 12.5: by 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.**



▲ The screening room can present the surrounding environment of the property in a three-dimensional way.



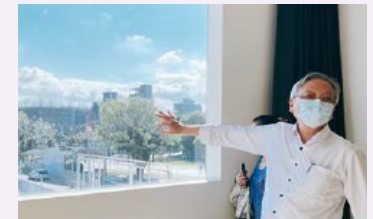
▲ It can also showcase the lobby and public facilities of the property.



▲ The floor plan can be projected in a 1:1 scale to showcase the spatial layout.



▲ The actual dimensions can be labeled accordingly.



▲ A virtual view of the construction site can be looked through out the window of the screening room.



▲ Obtained the Green Building Candidate Certificate:  
The certificate certified by the MOI as in compliance with the green building indicators to a building that has obtained a building permit, a specific building still under construction, or an existing legal building or community.



▲ Customers can experience the space, and add 3D configuration diagrams on the wall to assist the presentation of the "show house".



▲ Note :  

- Generally, 3 types of model homes can be presented in a medium-sized construction project. And a maximum of 5 model homes, even in a large-scale project while there are dozens of types of homes. Not all types can be modeled.
- Alternatively a 3D show or dollhouses can be used, but customers still don't get the size and space. Salespeople often carry tape measures and try to present, but the results are not ideal.
- The innovative projection realistically rendered at 1:1 scale, helped enhance customers experience. This was a more than 5 years research and trying.

