

06 Supply Chain Management



Material Topics

414 Supplier Social Assessment

Why It's Material to Sinyi

In order to enable the company to develop sustainably, working together with suppliers is key. We strive to extend our philosophy to our suppliers, jointly setting sustainability goals and introducing sustainability codes and bringing together relevant standards for supplier social assessments and procurement. This way, we can ensure that our entire supply chain has corporate ethics guidelines to follow. We hope that this will encourage them to work with us from the basic perspective of shared core values toward creating a better world.

Highlights



Green Procurement by Private-Sector Enterprise and Organization



100%

Signed Procurement Ethics Standards



89.7%

Key Suppliers Inspection Rate



546

On-Site Audit

Management Approach 103-1 103-2 103-3

Core Targets and Vision

Sustainability Principle | Building Sustainable and Ethical Supply Chains

By adhering to Sinyi Realty’s business philosophy of excellence, we hope to deepen our commitment toward building a sustainable and ethical supply chain, with the power of procurement to exert a positive influence on suppliers, expecting to provide products and services that create, protect, and promote long-term economic, social, and environmental development. To achieve this, we divide our supply chain management into six stages and work with suppliers at each stage. We share learning resources and grow together, thus realizing our goal of building sustainable and ethical supply chains through sustainable supply chain management.

Performance Highlights in 2018



Signed Sustainability Terms

Updated the human rights terms as a sustainability terms from 2018 onward.



Existing Supplier Inspection Rate

Existing suppliers shall adhere to signed sustainability rights terms and be subject to spot checks, deadlines for improvement, and contract termination mechanisms.



New Supplier Inspection Rate

New suppliers shall be approved through the new supplier evaluation mechanism.



Key Supplier Work Injury Rate Check

Checking the key suppliers work injury rate of key suppliers, which falls under the our scope.



For more information

<http://csr.sinyi.com.tw/en/supplychain/achievement.php>

Corresponding to the Sustainable Development Goals (SDGs)



[Learn more about the Sinyi SDGs Goals and Targets](#)



SDG3
Good health and wellbeing



SDG8
Decent work and economic growth



SDG 12
Responsible consumption and production



SDG17
Partnerships For The Goal

Sustainable Supply Chain Management

Material Topics

414 Supplier Social Assessment

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103-2

103-3

Meaning to Sinyi

We consider our suppliers an extension of ourselves, as well as key partners in advancing our sustainability goals. We extend our influence through each operation, product, and service that works together with us on supply chain management to create economic, social, and environmental benefits and to push toward a more sustainably developing world.

Our Commitments

We are committed to fulfilling our responsibility in screening, training, auditing, and offering guidance to suppliers, thus helping both sides grow together.

2018 Goals

100%

Signing of Sustainability Terms

All key suppliers signed on to the sustainability terms

90%

Existing Supplier Inspection Rate

Percentage of existing suppliers inspected

Working with Suppliers to Implement Corporate Ethics

What We Achieved

100%

✓ Achieved

Signing of Sustainability Terms

All key suppliers signed on to the sustainability terms

88%

▶ Ongoing

Existing Supplier Inspection Rate

Percentage of existing suppliers inspected

Working with Suppliers to Implement Corporate Ethics

Suppliers spontaneously participate in charitable activities

How We're Doing It

Responsibility

Total Ethical Management Committee — Supply Chain Management Group

Resources

In 2018, a total of 57 people were involved in supply chain management affairs for a total of 1525.3 person-days.

Grievance Mechanisms

[Stakeholder Engagement section](#)

Evaluation Mechanisms

[Supplier Management Performance and 2019 Goals section](#)

Deepen the inspection mechanism and establish a sustainable supply chain



1

Self-evaluation beforehand



2

On-site audit



3

Feedback afterwards

Specific Action I 01

Updated human rights terms, deepen and improve supplier on-site inspection and establish a feedback mechanism

We updated the human rights terms as sustainability terms from in 2018, and continued to deepen the on-site inspection of key suppliers. We added the Supplier CSR self-assessment form and invited suppliers to fill the forms before undertaking an on-site inspection. We conducted actual interviews and inspections on-site to understand our suppliers better. We also established a post-visit feedback mechanism to discuss advanced practices after the interviews, to share our business philosophy to help suppliers integrate corporate ethics into their daily operations, and to develop sustainable supply chains with our suppliers.

Specific Action I 02

Share learning resources with suppliers and grow together

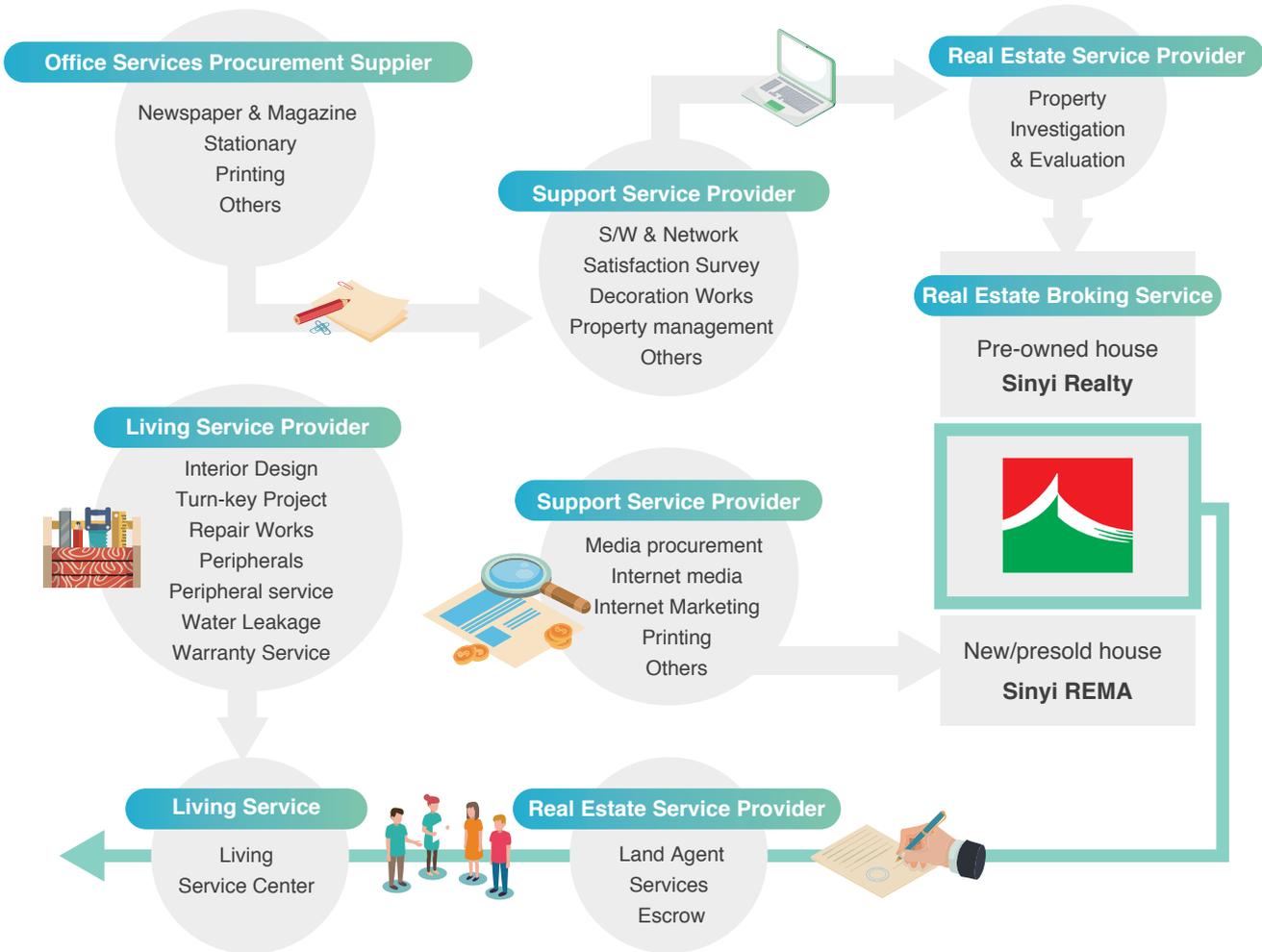
We developed a plan to grow together with our suppliers who resonated with our ideas. We shared our own practical experience, and provided assistance to enable our suppliers to recognize the philosophy underlying corporate ethics. In 2018, Sinyi launched a series of educational integration courses to meet the challenges and opportunities arising in the digital age. We also shared learning resources with our suppliers and launched innovative services together.



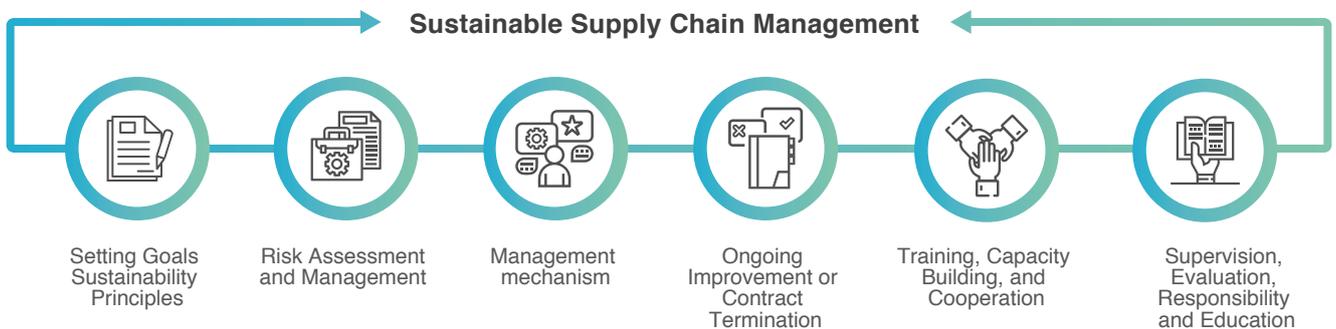
Sustainable Supply Chain Management

Sinyi Realty's Supply Chain System 102-9

In adhering to the Sinyi Realty business philosophy, we understand that working with our suppliers is key to advancing our sustainability goals. In our supply chain management, we see suppliers as an extension of our workforce and our community, and as such work with them to develop truly sustainable supply chains. At present, Sinyi Realty's supply chain system is as below:



Sustainable Supply Chain Management Strategies



Our supply chain management strategy aims to start from traditional supply chain management (QA, shipping, etc.) and to develop a sustainable supply chain. Starting from fundamental legal compliance, we went on to work on ongoing refinement in six stages of supply chain management, namely signing of sustainability principles, risk assessment and management, management systems, and ongoing improvement or termination of contracts, training, capacity building, and cooperation, supervision, evaluation, responsibility, and education. With all suppliers having comprehensively introduced sustainability terms and standards, we now focus on to identifying key suppliers (those from whom single purchases of NT\$50,000 or more are made, or as identified by departments), in order to strengthen management. Suppliers are divided into two categories, existing and new, each having a corresponding management mechanism, with the management being refined and strengthened over time, ultimately leading to shared growth as the company and our suppliers cooperate on both regular and unscheduled inspections.

For more information Supply Chain Management Strategy and Goals <http://csr.sinyi.com.tw/en/supplychain/aims.php>

Sustainable Supply Chain Management

Supply Chain Management Standards

Consumers, especially the younger ones, increasingly demand sustainability and sustainable products. When products are sustainable, consumers show a willingness to pay a higher price for them. With regulations on environmental protection becoming even more robust and NGOs working to promote awareness and action, we have seen the need to go beyond traditional supply chain management in terms of disclosing social and environmental issues and in terms of increasing transparency. We pay greater attention to balancing the economic, social, and environmental dimensions, and to ensuring that we are able to work together with suppliers to achieve our sustainability goals through contracts that incorporate sustainability standards.

Supply Chain And Procurement Ethics Standards

To strengthen the implementation of corporate ethics, we understand that working with our suppliers is key to advancing our sustainability goals. Previously, we had imported the spirit of the supplier assessment framework under the ISO9001. We added clauses on "Supplier Sustainability Terms" and "Procurement Ethics Standards" to the contract. We also **added clauses on the "Supplier CSR self-assessment forms" and "Feedback form," updated the sustainability terms, linked our social assessment standards with procurement,** thus continuing our ongoing refinement of supply chain management processes. We hope to control the cost and quality of procurement by pursuing our high-quality business philosophy. We also hope to enable suppliers to comply with our relevant norms in the areas of human rights, labor rights protection, environmental protection, legal compliance, and business ethics.

Sustainable Supply Chain Management Process

01

Setting Goals Sustainability Principles

Sinyi Supplier Management Guidelines cover four aspects such as: human rights and labor conditions; health and safety, wherein detailed specifications include ISO 9001 Quality Management Systems, ISO 20121 Event Sustainability Management; supplier sustainability terms; Procurement Ethics Standards; and Code of Business Integrity

 **For more information** Sustainability Principles <http://csr.sinyi.com.tw/en/other/policy.php>

human rights and labor conditions 

health and safety 

environmental protection 

 legal compliance, and business ethics

02

Risk Assessment and Management

409-1

Risk Assessment: Site visits help understand operational conditions and in the implementation of sustainability terms, while supplier evaluations help understand service quality. Risk assessments will be undertaken in line with status.

Risk Management: To ensure that purchasing liaisons adhere to the Procurement Ethics Standards, we have established a complaints mechanism by providing our Corporate Ethics Office as a channel for complaints to facilitate supervision and management.

 **For more information** Supplier Risk Assessment and Management <http://csr.sinyi.com.tw/en/supplychain/risk-management.php>

03

Management Mechanism - Sustainability Performance Assessment

ISO 9001: Routine and spot checks of supplier performance with respect to quality, cost, and delivery performance, along with guidance where necessary.

Supplier Sustainability Terms: Where there are concerns about possible violations of labor practices or sustainability terms by a supplier, spot checks and improvement guidance will be conducted. Should a serious contravention of human rights terms arise, a direct, in-person site check will be conducted.

Procurement Ethics Standards: Internal audit staff will conduct regular checks on purchasers.

04

Ongoing Improvement or Contract Termination

414-2

Deadlines for Improvement: When there are concerns of possible breaches of labor practices or sustainability terms have been identified at a supplier's end, they will be given a deadline for taking measures to address these concerns. They are expected to provide a written report and undergo spot checks and provide appropriate guidance.

Termination of Contract: If concrete improvements are not made by the deadline, the contract with the supplier will be terminated.

05

Training, Capacity Building, and Cooperation

Share training resources and successful market experience with suppliers.

Work together with suppliers, we have formed the Supplier Education and Evaluation Promotion Committee together, which aims at facilitating the sharing of outstanding cases.

Invite suppliers to participate in seminars relating to corporate ethics and strengthen awareness of sustainability.

Discuss challenges in the promotion of sustainability in face-to-face conversations on-site and developing solutions jointly.

06

Supervision, Evaluation, Responsibility and Education

Through post-visit feedback forms, we provide suggestions on directions for potential improvement. Through Supplier CSR self-assessment forms, we provide suppliers with a means to review their own implementation of sustainability and set out their own improvement goals.



2018 Highlights

Green procurement can reach economies of scale through many branches

In addition to strict compliance with relevant government regulations on environmental protection, we also actively promote corporate environmental protection and energy conservation policies. We also evaluate the effectiveness of environmental protection and energy conservation measures. The green procurement expenditure in 2018 totaled NT\$ 25,808,000, which was nearly 24% higher than that in 2017. We were awarded the Taipei Municipal Government's "Green Procurement by Private-Sector Enterprise and Organization" for 11 consecutive years.

Green purchase amount



Quarterly Supplier Meetings

Sinyi holds quarterly supplier meetings, which serve as an important platform for communication with suppliers. Through these meetings, we have introduced suppliers to the Sinyi Supplier platform, enable suppliers to get to know each other and to cooperate with each other. We also announce the latest supply chain management indicators at Sinyi and grow with our suppliers. We enable suppliers to learn from each other by awarding outstanding suppliers and sharing experiences.



Award-winning supplier: "Sometimes customers may not understand. It is most important to communicate patiently."



We promote opportunities to communicate with suppliers and communicate our ideas through quarterly supplier meetings.



Through the quarterly supplier meetings, we benchmark and award suppliers for their excellent service and encourage them to learn from each other.

Sustainable Supply Chain Management

Supply Chain Management Performance and Goals 102-17

To continue promoting our core values of corporate ethics, we hope to establish a sustainable supply chain with our suppliers, and continue to deepen the implementation of all aspects of supply chain management, thus ensuring that our purchasing staff uphold ethics while purchasing from our suppliers. We invite our suppliers to sign on to our Code of Business Integrity. We also provide a window for complaints and play a third-party supervisory role, effectively eliminating the occurrence of purchasing problems and avoiding any harm to our stakeholders' interests. We expand sustainability terms, including those pertaining to environmental, social, governance, and other aspects. We also create new forms, such as the "Supplier CSR self-assessment forms" and the "Feedback form" to improve the implementation of our on-site inspection. Through monthly supplier meetings, we ensure that suppliers understand the latest in sustainable supply chain management policies and our objectives. In 2018, the detailed implementation plan and performance were as follows:

Item	Description	Performance and Goals			Goals
		2016	2017	2018	2019
1 Signed Sustainability Terms	All key suppliers signed on to sustainability terms.	100%	100%	100%	<input type="radio"/>
	Updated the human rights terms as sustainability terms from 2018 onward.	100%	100%	100%	100%
2 Signed Procurement Ethics Standards	All purchasers signed onto the Procurement Ethics Standards.	100%	100%	100%	<input type="radio"/>
	Suppliers from whom single purchases of NT\$50,000 or more are obtained are required to sign the Code of Business Integrity.	100%	100%	100%	100%
3 Key Supplier Inspection Rate	Average Supplier Inspection Rate. (includes new and existing suppliers)	76.6%	89.9%	89.7%	<input type="radio"/>
		90%	90%	90%	90%
4 New Supplier Inspection Rate	New suppliers shall be approved through the new supplier evaluation mechanism.	94%	100%	100%	<input type="radio"/>
		100%	100%	100%	100%
5 Existing Supplier Inspection Rate	Existing suppliers shall adhere to signed sustainability terms and be subject to spot checks, deadlines for improvement, and contract termination mechanisms.	73%	88%	88%	<input type="radio"/>
		70%	75%	90%	90%
6 Key Supplier Work Injury Rate Check	Checking the work injury rate of key suppliers, which falls under our scope.	100%	100%	100%	<input type="radio"/>
		100%	100%	100%	100%
7 Supplier Risk Assessment	Human rights and sustainability related risk identification is undertaken for key suppliers that have signed the relevant terms.	No relevant negative impacts			Ongoing



For more information

Supply Chain Management Performance

<http://csr.sinyi.com.tw/en/supplychain/achievement.php>

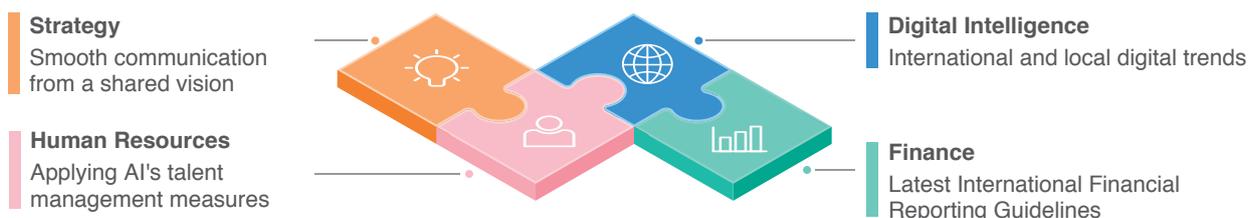


Go Ho with Suppliers

Sharing Learning Resource

We attach great importance to the development of our staffs' skills across various disciplines. In 2018, we planned a series of integrated learning courses to help staff face the challenges and opportunities in the digital age. We consider our suppliers as an extension of Sinyi Realty. We share our learning resources and strive to grow with our suppliers and hope to face the challenges and seize the opportunities specific to the digital age.

2018 Integrated Learning Course - Challenges and Opportunities in the Digital Age



Adapting Innovative Technology to Optimization Service

Since the advent of the digital age, we have worked with our suppliers on several documents in the commission process, using network technology in combination with handheld devices to transform the paper-based document process into an electronic one. This enabled an improvement in the speed establishing and transmitting data in addition to reducing the number of errors as a result of maintaining handwritten records.



Spontaneous public welfare activities hosted by suppliers

"Staying at home for a long time with no one to talk to and no one for company!" Most elders live alone, facing situations like this. In 2018, a supplier hosted a voluntary charity event, called "Respecting the old and loving the old, starting from Anxin." This was hosted through the Hongdao Foundation and the staff of Anxin served the elderly like their own children by engaging in "light travel." The staff accompanied the elders to step out of their homes, in order for them to engage with society.



Innovate with suppliers - Community Help APP



Community Help

Sinyi and Yowoo Technology jointly developed an innovative app called "Community Help" to solve problems in the neighborhood by shortening the distance between neighbors and creating a good living environment. With community-based households placed at the core, the inspired interface, functional design, and integration of the app with an e-intelligence system enable the creation of convenient and diverse functions for the community such as enabling postal services, providing community announcements, reading gas meters, enabling community voting, and providing special stores, etc.

