# Polytronics Technology Corp. 2023 Sustainability Report

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# **To Stakeholders**

ESG (Environmental, Social, and Governance) is gaining importance in corporate management. In order to implement sustainable management and fulfill corporate social responsibility, Polytronics has established the Sustainable Development Committee and Sustainability Promotion Team in 2024 to incorporate sustainability, environmental, social, and corporate governance issues into the overall planning and implementation of the business strategy, and issued the first sustainability report. We understand that the success of a business not only depends on financial performance, but also on our commitment and actions to the environment, society and corporate governance.

Disasters have been reported around the world due to the extreme climate caused by global warming. The United Nations has called on the world to take more active action on GHG issues. Taiwan's government also released the "Taiwan's Roadmap to Net Zero by 2050" in March 2022. In 2023, we introduced ISO 14064-1: 2018 GHG inventory standard, and set 2022 as the base year for GHG inventory. Among them, the 2022 GHG inventory report has been verified by British Standards Institution (BSI), an external verification agency.- In addition, we have set a target to complete the carbon inventory and verification of the Group by 2026.

Sustainable management and the practice of corporate social responsibility are the core of our management, and it is also the direction we promote sustainable development of society. As climate change intensifies, people's living environment is gradually changing, and the impact of extreme weather has caused major disasters to the environment and personal property. We believe that in addition to the pursuit of profitable growth, corporate operations must implement ESG commitments and plans in order to truly achieve sustainability. Given this, we will continue to take environmental protection actions such as GHG inventory, water resource management, and waste reduction, and explain the results of these implementations to our shareholders, employees, and relevant stakeholders through the sustainability report. In the future, Polytronics will fulfill the spirit of sustainable management, fulfill its corporate social responsibility, and continue to move towards the goal of a green enterprise.

# **About the Report**

## **Principles of Preparation**

The Report is the first Sustainability Report issued by Polytronics Technology Corporation (hereinafter referred to as "the Company", "Polytronics" or "we"). This report has been prepared in accordance with the GRI Standards 2021 announced in 2021 in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) and Article 4 of the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and disclose sustainability-related actions.

## **Reporting Period**

The data and contents disclosed in the Report are mainly based on the information of 2023 (January 1 to December 31, 2023). For the completeness and comparability of the information, part of the information will be backdated to 2022 in order to present relevant trends and changes.

## **Report Boundary and Information Scope**

The scope of the information disclosed in the Report is inconsistent with the scope of the consolidated financial statements. The scope of the Report only covers the operations and production sites of Polytronics Technology Corporation and PolyTCB Electronics Corporation. If the scope of disclosure in the chapter is different from that described above, it will be explained in the respective chapters. All information and statistics disclosed in the Report are based on the Company's own statistics, except for the annual financial data that is quoted from the financial statements audited and attested by CPAs (in NTD thousand). Relevant statistical data are calculated based on internationally accepted indicators, local laws and regulations, industry standards, or industry practices. If the quantitative indicators disclosed have special meanings, they will be explained in notes.

## **Issue Date**

The Report is the first Corporate Sustainability Report issued by Polytronics Technology Corporation. A sustainability report will be issued regularly every year and is available for browsing and downloading on the official website of Polytronics Technology Corporation

Publication date of this Report: August 2024

Scheduled publication date of the next report: August 2025

## Feedback

Please feel free to contact us with any suggestions regarding the Report or the sustainable development of Polytronics Technology Corporation.

Responsible unit/person in charge: Sustainability Promotion Team/ Convener: Acting President Kevin Yang Email: ir@pttc.com.tw

Address: No. 24-1, Gongye East 4th Rd., Science Park, Hsinchu City

# **Chapter 1 Corporate Sustainability**

# **1.1 About Polytronics**

Item	Details				
Material Topics	Economic performance				
Policies, Commitments and Materiality	The Company has established a comprehensive "internal control system" for all departments to follow to reduce possible losses caused by various operational risks. The Company's Board of Directors and functional committees have appointed managers with professionalism and leadership and decision-making abilities to effectively manage and ensure the steady growth of the Company's operations. This will help the Company increase the operational efficiency, creating maximum economic value, and further giving back to employees, shareholders and society.				
Responsible Unit	Board of Directors, President's Office, Audit Office, and Planning Office.				
Short-, Mid- and Long-term Goals	<ul> <li>Short-term goals:</li> <li>The Company prepares an annual budget and operational goals, which are regularly followed up and reviewed.</li> <li>Continue to maintain financial stability and innovative management.</li> <li>Mid- and long-term goals:</li> <li>Deepen the Company's advantage of materials technology and continue to increase the width and depth of production lines.</li> <li>Focus on the management of core business, strengthen competitiveness of technology R&amp;D, customer services and needs that are close to market needs.</li> <li>Make vigorous efforts to expand product application fields and to develop new customers.</li> </ul>				
Action Plan	<ol> <li>At the end of each year, the Company's Board of Directors approves the Company's operating goals for the following year, allocates various budgets according to departments. The current operating performance is reviewed through management meetings to urge employees to achieve the budget targets.</li> <li>The Company has established a bonus system to encourage employees and various departments to achieve operational objectives by setting Key Performance Indicators (KPIs) and distributing bonuses. If the Company falls behind on targets, a review must be conducted with improvement measures proposed to be tracked.</li> </ol>				
2023 Performance	<ol> <li>In 2023, the parent company only turnover was NTD 1,302,477 thousand, a decrease of approximately 6.21% compared to the previous year.</li> <li>In 2023, the parent company only gross profit was NTD 562,315 thousand, a decrease of approximately 6.81% compared to the previous year.</li> <li>In 2023, the parent company only net profit for the current period was NTD 106,353 thousand, an increase of approximately 18.25% compared to the previous year, and the earnings per share (EPS) after tax was approximately NTD 1.24.</li> </ol>				
Grievance Mechanism	The Company's operational and financial status will be disclosed on its website and on MOPS in a timely manner. Shareholders' meetings and investor conferences are also convened on a regular basis.				

#### 1.1.1 Company Profile

Established in 1997, we provide professional design and manufacturing services for overcurrent protection devices and thermal conductive boards to protect the increasingly dense circuit components and thermal systems. At Polytronics, we uphold the spirit of professional R&D, differentiation, diligence, and cooperation, continuing to expand various applications to provide customers with newer and better product solutions.

	Company Basic Information				
Full Name of the Company	Polytronics Technology Corporation				
Company Name in Short	Polytronics				
Date of Incorporation	1997/12/18				
Corporate Headquarters	No. 24-1, Gongye East 4th Rd., Hsinchu Science Park				
Chairperson and President	Edward Chu				
Industry	Electronic Components				
Stock Code	6224				
Listing Date	2009/09/17				
Capital Amount	856,453,610				
Main Product Items	Protection devices and thermally conductive boards				
Operating Sites	Hsinchu Science Park, Taiwan; Wisconsin, USA; Kunshan, China				

We specialize in the R&D, manufacturing, and sales of protection devices (polymeric positive temperature coefficient thermistors, overcurrent protection devices, and three-terminal fuse modules) and thermally conductive boards. The Company's business is in the electronic components industry. The industry chain diagram is shown below.



▲ Upstream, midstream, and downstream of the protection device industry



▲ Upstream, midstream, and downstream of the thermally conductive board industry

#### **1.1.2 Operations and Financial Position**

In 2023, the Company's annual revenue reached NTD 1,302,477 thousand, a decrease of approximately 6.21% compared to the previous year. At the same time, we allocated the direct economic value generated, part of which was returned to stakeholders and part of which was reserved for future operations. The economic value allocated accounted for approximately 77.70% of the economic value generated, an increase of approximately 0.26% compared to the previous year.

		(	Unit: NTD thousand)
Item	2022		2023
Direct economic value generated	\$ 1,466,663	\$	1,385,628
Operating Income	1,388,787		1,302,477
Interest income	3,930		12,195
Rental income	49,534		52,247
Other income	24,412		18,709
Direct economic value allocated	\$ 1,073,857	\$	1,076,662
Operating costs	785,361		740,162
Operating expenses	304,215		320,719
Financial costs	11,067		14,730
Other gains and losses	(26,786)		1,051
Profit Before Tax	169,918		162,356
Supplementary disclosure information			
Operating costs- Employee salary	132,599		106,262
Operating expenses- Employee salary	139,431		141,278
Subtotal- Employee salary	272,030		247,540
Operating costs- Employee benefits	24,763		21,577
Operating expenses- Employee benefits	21,702		21,531
Subtotal- Employee benefits	46,465		43,108
Financial costs- Interest expenses	11,067		14,730
Dividends distributed in the current year	363,993		128,468
Dividends distributed in the current year	363,993		128,468
Payments to the government in the current year	119,316		57,137

Financial Performance in the Past Two Years

Note1: The data in this table is from the 2023 parent company only financial statements.

#### **1.1.3 Participation in Associations**

In addition to cooperating with the upstream and downstream of the industry chain, Polytronics actively participates in relevant external associations and organizations, responds to relevant initiatives, maintains information sharing, and keeps abreast of the latest developments and development trends in the industry. The Company is a member of the following associations: Allied Association for Science Park Industries, Taiwan Patent Attorneys Association, Hsinchu Bar Association, and Taipei Bar Association.

## **1.2 Corporate Sustainability Governance Framework**

In accordance with the "Sustainable Development Best Practice Principles of Polytronics Technology Corporation", the "Sustainability Promotion Team" was formed, with the acting president as the convener. The Sustainability Promotion Team is the dedicated unit for the Company's sustainable development, responsible for the sustainable development, coordination, and promotion of related affairs of the Company. Under the Sustainability Promotion Team, three working groups have been established: Corporate Governance and Product Supply Chain Team, Environmental Sustainability Team, and Employee Care and Social Care Team. The members of the groups are the managers and members of each department, effectively integrating resources to incorporate the sustainability strategies in all departments and divisions. Polytronics Technology Corporation reports to the Board of Directors at least once a year on the implementation results of sustainable strategies and projects.



## **1.3 Identification and Analysis of Material Issues**

In 2023, in accordance with Taiwan's "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and in accordance with the GRI Universal Standards 2021, we identified the significant stakeholders of the Company and the impact of each sustainability issue. In addition to serving as the management guidelines in the sustainability report, the Report can also be used to inventory the Company's current sustainability status and continue to promote the implementation of relevant policies to create value for society and the Company.

Material Topic Ar	nalysis Process					
Phase 1 Understand the organization's context						
Collect sustainability issues 18 sustainability issues	Based on the Company's industry characteristics and internal topics of concerns, as well as with reference to the GRI Standards, domestic and foreign sustainability trends, industry benchmarks, and peer information, the common topics in the industry were identified through the intersection method and 18 sustainability issues were determined.					
Phase 2 Assess the actua	al/potential impact of the issues					
Assess the significance of impacts 4 internal questionnaires	<ul> <li>A questionnaire was adopted for 4 members of management to rate 18 sustainability issues.</li> <li>Assessed the positive/negative impacts of the 18 sustainability issues on the economy, the environment, and people (including human rights), and multiplied and sum up the "positive/negative impact level" and "positive/negative likelihood" of each topic to get the impact level of each topic.</li> </ul>					
Phase 3 Establish the rat	nking of material topics					
Major Topic Resolutions 9 Material Topics	<ul> <li>After reviewing the results of the internal impact questionnaire, as well as the current operating conditions of the Company and industry trends, the Sustainability Promotion Team of Polytronics Technology Corporation identified nine material topics: economic performance, education and training and career development, and employee benefits. and remuneration, ethical corporate management, energy management and GHG management, information security and privacy protection, innovative R&amp;D and green products, occupational safety and health, and climate governance.</li> <li>This year's sustainability report has been prepared based on the above material topics. The management policy and performance results will be fully disclosed in the report.</li> </ul>					
Phase 4 Reporting and Disclosure						
Information Reporting and Disclosure	The Sustainability Promotion Team establishes the management system and process, collects information, and prepares the sustainability report. The team members reviews to ensure that sustainability information and performance are accurately presented. The final report is approved by the Board of Directors and published in issued before August 31 of each year.					



List of Material Topics of Polytronics Technology Corporation								
			Value Chain Impact					
Orientation	2023 Material	Significance of Sustainability Issues to	Within the Organization	Outs	ide the Organiz	ation	Disclosure	GRI Standards Index
	Topics	1 opics Polytronics		Upstream (suppliers)	Midstream (peers)	Downstream (customers)	Chapter	
Governance	Ethical corporate management	The Company adheres to the business principles of integrity, law-abiding, and information disclosure, and is committed to the pursuit of sustainable development and growth.	V	V	V	V	2.2 Ethics and Integrity	GRI 205 Anti- corruption
Governance	Economic performance	The Company is committed to creating reasonable profits and value for shareholders, employees and society.	V				1.1 About Polytronics	GRI 201 Economic Performance
Governance	Information security and privacy protection	A proper information security risk management mechanism can minimize the impact of emergencies and quickly recover from a crisis.	V	V	V	V	4.3 Information Security and Customer Privacy	GRI 418 Customer Privacy
Governance	Innovative R&D and green products	In response to the production technology requirements of diversified product applications and the changing market environment, we tirelessly promote product design innovation and production technology innovation to maintain corporate growth momentum and competitiveness.	V		V	V	4.1 R&D Innovation	Customize Topic
Environmental	Climate governance	Climate change impacts the Company's operations. A robust mitigation and adaptation strategy can reduce the direct or indirect impacts of climate risks.	V	V		V	3.1 Response to Climate Change	GRI 201 Economic Performance

List of Material Topics of Polytronics Technology Corporation

	Value Chain Impact							
Orientation	2023 Material	rial Significance of Sustainability Issues to Polytronics –	Within the Organization	Within the Organization Outside the Organization				GRI Standards Index
	Topics		Polytronics	Upstream (suppliers)	Midstream (peers)	Downstream (customers)	Chapter	
Environmental	Energy management and GHG management	The Company actively responds to global warming issues. Reducing GHG emissions and enhancing energy efficiency are ones of the core strategies for low-carbon transformation.	V	V		V	3.2 Energy and GHG Management	GRI 302 Energy GRI 305 Emissions
Social	Education and training and career development	The Company provides diverse learning resources for talent cultivation and has established a comprehensive training system to ensure that employees are equipped with the capabilities to complete their jobs and achieve sustainable development.	V				5.3 Talent Cultivation and Development	GRI 404 Training and Education
Social	Employee benefits and remuneration	The Company values every colleague as the most important partner in the Company's sustainability, and provides a comprehensive welfare and remuneration system to retain and attract talent.	V		V		5.2 Talent Attraction and Retention	GRI 201 Economic Performance GRI 401 Employment GRI 405 Diversity and Equal Opportunity
Social	Occupational safety and health	Employee health and safety is a priority for the Company. All plants have established occupational safety and health management measures and policies to protect the health of employees.	V	V			5.4 Occupational Safety and Health	GRI 403 Occupational Health and Safety

# 1.4 Stakeholder Engagement and Communication

With reference to the AA1000 SES Stakeholder Engagement Standard 2015 (Stakeholder Engagement Standard 2015), we have identified four stakeholders based on past experience and industry characteristics. These four stakeholders identified are shareholders, employees, customers, and suppliers. By establishing transparent and smooth communication channels, we hope to understand the issues of concern to various stakeholders and make continuous improvements to meet their expectations and needs.

Stakeholders	Issues of Concern	Frequency of Communication and Response	Communication Channel
Shareholders	Corporate governance Ethical corporate management Risk management Economic performance Legal compliance Climate governance	MOPS: Monthly Investor conferences in Chinese and English/quarterly financial statements: Quarterly Board meetings/functional committee meeting: Quarterly Shareholders' Meeting: Annually Annual/sustainability report: Annually Corporate Sustainability Section: From time to time Material information announcements/press releases/investor conferences/official website: From time to time	Contact: Investor Relations Hotline: (03) 564-3931 Email: ir@pttc.com.tw
Employees	Employee benefits and remuneration Education and training and career development Employment and labor- management relations Occupational safety and health	Employee Welfare Committee meeting: Quarterly Labor-management meeting: Quarterly Employee suggestion box: From time to time Employee surveys: From time to time Employee training and promotion meetings: From time to time Occupational Safety and Health Committee: Quarterly	Contact: Personnel Section Hotline: (03) 564-3931 Email: Staff@pttc.com.tw
Customers	s Innovative R&D and green products Customer service hotline/customer suggestion box: Immediately Personal visit/telephone contact/email: From time to time Customer satisfaction survey: From time to time Corporate Sustainability Section: From time to time		Contact: Sales Department Hotline: (03) 564-3931 Email: Sales@pttc.com.tw
Suppliers	Climate governance Ethical corporate management Economic performance Supplier management	Personal visit/telephone contact/email: From time to time Corporate Sustainability Section: From time to time Supplier meetings and supplier evaluations: From time to time	Contact: Materials Department Hotline: (03) 564-3931 Email: supplier@pttc.com.tw

# **Chapter 2 Steady Corporate Management**

## 2.1 Corporate Governance

#### 2.1.1 Corporate Structure and Composition of the Board of Directors

In compliance with Article 20 of the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies", Polytronics has formulated a board member diversity policy to ensure the implementation of corporate governance and enhance the functions and structure of the Board of Directors. The Board of Directors has established an appropriate diversification policy based on the Company's business model and needs. Therefore, the selection of Board members has gradually become more diversified. Through our multifaceted recruitment experience, we attract talent with different professional backgrounds, professional skills, and industry experience to continuously strengthen corporate governance and operational synergy.

The 10th Board of Directors of the Company consists of nine directors with different professional backgrounds, including four independent directors, four corporate directors and their designees, and one natural person director. Among them, only two directors serve as the Company's managers. The number of directors who are also employees is 22% of all directors, and the directors who are not employees account for 78% of all directors, which exceeds half of the total number of directors. In addition, independent directors accounted for 44% of all directors, and corporate representatives accounted for 44% of all directors. The age distribution of the current directors is as follows: three directors are under 60 years old, four directors are between 61 and 70 years old, and two directors includes full-time and part-time professors at national universities, financial experts in the fields of financial and accounting and strategic management, as well as business management professionals in the chemical, food, trade-related and financial industries. In addition to the basic requirements and professional knowledge and skills, the experience of directors can contribute to the supervision and decision-making of corporate governance, environmental sustainability, corporate social responsibility, legal compliance and human rights protection through the operation of various functional committees.

The Company encourages the Board members to continue their education and enhance their professional capabilities and accomplishments, become more familiar with the current industry trends and regulatory changes. Also, the Board members are also encouraged to master and apply the latest management strategies, expand their vision of corporate governance, and cultivate their judgment and sensitivity to the market environment. By attending training courses, seminars, and forums, Board members have complied with the "Corporate Governance 3.0 -Sustainable Development Blueprint", that each term of office must take at least three hours of continuing education each year. The actual attendance rate of all directors in 2023 was 91%.

Corporate Structure Chart



#### Continuing Education of Directors in the Year

Continuing	Continuing Education of Directors in the Year							
Name/Title	Date	Organizer	Course Name	Hours of Course				
Edward Chu Chairperson	2023/10/26	Securities & Futures Institute	Shareholders' meeting, management and equity strategy	3				
Wei-Wang Chen	2023/04/21	Taiwan Corporate Governance Association	How the Board of Directors Formulated ESG Governance Strategies in 2023	3				
Director	2023/06/02	CNAIC	2023 Taishin Net Zero Power Summit Forum	3				
Alexander Kuo Director	2023/10/27	Taiwan Corporate Governance Association	Family Charter and Family Office	3				
Dennis Ho Director	2023/10/26	Securities & Futures Institute	Shareholders' meeting, management and equity strategy	3				
Te-Fung Tsao Director	2023/08/09	GCFDA	Impact of Carbon Pricing on Corporate Operations	3				
Joseph C.P. Hsieh Independent Director	2023/07/11	Taiwan Corporate	Risks Are Everywhere, How to Manage Them Effectively?	3				
	2023/08/22	Governance Association	Sustainability and Digital Transformation	3				
	2023/05/09		Effectiveness of Performance Assessment Related to Corporate "ESG" and "Risk Management"	3				
	2023/08/07		Board Governance under ESG	3				
Po-Yong Chu Independent Director	2023/08/10	Taiwan Corporate Governance Association	Taiwan Green Power Trading System and Procurement Practices	3				
	2023/08/21		Net Zero Trend and Response Strategies of the Paper Industry; Carbon Rights Management and Net Zero Support	3				
	2023/08/21		Opportunities in Taiwan's AI Industry; Generative AI Accelerates Digital Transformation and Smart Manufacturing	3				
Biing-Jye Lee	2023/08/25	Taiwan Corporate	Corporate Financial Statement Fraud and Case Study	3				
Independent Director	2023/09/12	Governance Association	Corporate Growth Strategy and External Innovation	3				
Huei-Chu Huang Independent Director	2023/05/24	Taiwan Corporate	Information Security Risk Management and Trends	3				
	2023/10/18	Governance Association	Directors' Duties of Care and Responsibilities for False Financial Statements and Insider Trading	3				

Board	l members and backgrounds						
Title	Name of director	Gender	Age	Date of Election (Appointment)	Term of Office	Educational Background and Experience	Major positions in the Company and other companies
Chairperson	Edward Chu	Male	71 - 80 years old	2023.06.21	3	Manager, Electronic Materials and Manufacturing Department, Raychem Corporation PhD in Polymer Science, the University of Akron, USA	CEO & President, the Company Chairperson & President, TCLAD Technology Chairperson & CEO, TCLAD Inc. Director, TCLAD Europe GmbH
Director	Everlight Chemical Industrial Corporation Representative: Ke-Lun Chen	Male	61 - 70 years old	2024.03.15	3	Ph.D., Institute of Chemistry, National Tsing Hua University	Vice President, R&D Center, Everlight Chemical Industrial Corporation Director, Trend Tone Imaging, Inc. Director, Hong Hui Investment Co., Ltd.
Director	Littelfuse Europe GmbH Representative: Alex Kuo	Male	31 - 40 years old	2023.06.21	3	Department of Materials Engineering, Northwestern University	Sr Director, Corporate Development of Littelfuse, Inc.
Director	Tsai-Ying Investment Co., Ltd. Representative: Dennis Ho	Male	51 - 60 years old	2023.08.10	3	Deputy Head, Foreign Exchange Section, China Bank of International Commerce Master of Business Administration, National Chung Hsing University	Vice President, the Company Chairperson, Kunshan Polystar Electronics Co., Ltd. Director, TCLAD Technology Director, TCLAD Inc. Director, TCLAD Europe GmbH
Director	Charng Hui Ltd. Representative: Te-Fung Tsao	Male	71 - 80 years old	2023.10.31	3	R&D Director, Quaker Oats Company Master of Health Engineering, Colorado State University, USA PhD in Food Chemical Engineering, Colorado State University, USA	Chairperson, Standard Foods Corporation Chairperson, FreshDelight Company Chairperson, Domex Technology Corporation Chairperson, Standard Beverage Company Limited Director, Jiacheng Industrial Co., Ltd., etc.

Title	Name of director	Gender	Age	Date of Election (Appointment)	Term of Office	Educational Background and Experience	Major positions in the Company and other companies
Independent Director	Joseph C.P. Hsieh	Male	61 - 70 years old	2023.06.21	3	Doctor of Finance, Kent State University	Full-time Professor, Institute of Finance, National Taiwan University of Science and Technology International Business and Professor, National Taiwan University Independent Director, AS Media Technology Inc. Director, Foundation for International Cooperation in Higher Education of Taiwan
Independent Director	Po-Yong Chu	Male	61 - 70 years old	2023.06.21	3	Doctor of Business Administration, Purdue University USA	Department of Management Science and EMBA Program and Adjunct Professor, National Yang Ming Chiao Tung University Independent Director, Hsin Kuang Steel Co., Ltd. Independent Director, E Ink Holdings Inc. Independent Director, Cheng Shin Rubber Ind., Co., Ltd. Director, Union Winner International Co., Ltd. Chairperson, Zhong Tai Yang Guang Technology Co., Ltd.
Independent Director	Biing-Jye Lee	Male	61 - 70 years old	2023.06.21	3	Chairperson, ENNOSTAR Inc. Chairperson, Epistar Corporation Researcher and team leader, Institute of Optoelectronics, ITRI PhD in Chemical Engineering, National Tsing Hua University	Chairperson, Tyntek Corporation Director, GCS Holdings, Inc.

Title	Name of director	Gender	Age	Date of Election (Appointment)	Term of Office	Educational Background and Experience	Major positions in the Company and other companies
Independent Director	Huei-Chu Huang	Female	61 - 70 years old	2023.06.21	3	MBA, University of Missouri Managing Director/Head of Taiwan, Ultra High Net Worth Department, UBS Bank Managing Director, Merrill Lynch Senior Vice President/Head of Investment Banking Division, KGI Financial Holding	Independent Director, VisEra Technologies Company Ltd. Independent Director, Sino Horizon Holdings Limited Independent Director, Parade Technologies, Ltd.

#### 2.1.2 Nomination and Selection of Board Members

According to the Company's Articles of Incorporation, the Board of Directors consists of seven to 11 members, and the term of office of each director is three years. The nomination of directors adopts the candidate nomination system and the cumulative voting method in accordance with Article 198 of the Company Act. Shareholders elect from a list of candidates, and the elected directors may be re-elected. There must be no less than three independent directors in the number of directors, and the number of independent directors shall not be less than one third of the number of directors. The professional qualifications, restrictions on shareholding, concurrent positions, nomination, election, exercise of powers, and other related matters of independent directors will be handled in accordance with the relevant regulations of the securities authority.

In addition, according to the Articles of Incorporation, the Board of Directors is composed of directors and requires the approval of more than two-thirds of the directors and the consent of a majority of the directors present at the meeting for the election of the chairperson. The Chairperson represents the Company externally.

Currently, Mr. Edward Chu, serves as the Chairperson and President of the Company. In addition, according to Article 4 of "Operation Directions for Establishment of Board of Directors by TWSE Listed Companies and Exercise of Powers", if the Chairperson and the President or equivalent positions of the listed company are the same person or are spouses or relatives of first degree, the number of independent directors shall not be less than four. The Company has appointed four independent directors, which has complied with the above requirements.

In order to avoid conflicts of interest, the "Rules and Procedures of Board Meetings" explicitly stipulate the terms of directors' interest avoidance: If a motion involves an interest of a director or the legal entity they represent in the meeting, he/she shall explain the importance of such interest during the current board meeting. All parties with an interest shall recuse themselves from the discussions and voting and may not exercise voting rights on behalf of other directors.

#### 2.1.3 Functional Committees

In order to strengthen corporate governance and reinforce the effective discussion or recusal of major proposals of the Board of Directors, the Company has established the Audit Committee and the Remuneration Committee to enhance the functions of the Board of Directors. The functions and composition of each functional committee are shown in the table below.

Functions and composition of the functional committees Functional Main Responsibilities and Supervision Items Composition Committee The Company's Audit Committee is made up of all independent directors and at least one meeting is held each quarter. The The Committee shall Committee is responsible for the fair expression of the Company's financial statement, the selection (release) of CPAs and their consist entirely of independence and performance, the effective implementation of internal control, and the management and control of the independent directors Company's existing or potential risks. The duties of the Committee are as follows: with no less than three An internal control system adopted or amended pursuant to Article 14-1 of the Securities and Exchange Act. I. members. One among II. Effectiveness evaluation of the internal control system. whom will serve as the III. According to Article 36-1 of Securities and Exchange Act, formulate or amend operating procedures for material financial convener, and at least one business conduct including acquisition or disposal of assets, derivatives transactions, lending funds to others, providing member shall possess Audit Committee accounting or finance endorsements/guarantees for others. IV. Audit matters bearing on the personal interest of a director expertise. V. Audits of material assets or derivatives transactions. VI. Audits of a material monetary loan, endorsement, or provision of a guarantee. VII. Audits of the offering, issuance, or private placement of any equity-type securities VIII. Audits of the hiring or dismissal of an attesting CPA, or the compensation given thereto. IX. Audits of the appointment or discharge of a financial, accounting or internal audit supervisor. Audits of annual financial reports or 6-month financial reports. Х. XI. Audits of any other material matter so required by the competent authority. Members of the Remuneration Committee shall exercise the care of a good administrator in faithfully performing the official The Committee shall powers listed below, and shall submit its recommendations for deliberation by the Board of Directors. comprise three members Periodically reviewing this Charter and making recommendations for amendments. appointed under Board of I. Remuneration Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and Directors' resolution; II. Committee the policies, systems, standards, and structure for the remuneration to the directors, and managerial officers of the Company. more than half of III. Regularly assessing the degree to which performance goals for the directors, supervisors, and managers of the Company committee members shall have been achieved, setting the types and amounts of their individual remuneration. be independent directors.

#### 2.1.4 Performance Assessment

In order to implement corporate governance and enhance the functions of the Board of Directors, we have established performance targets for the Board of Directors to enhance its operational efficiency. According to the "Procedures for the Performance Assessment of the Board of Directors", we have set a timetable for self-assessment. The self-assessment process must be completed by the Board of Directors before the end of the first quarter of the following year. The self-assessment process should be carried out by an external professional independent institution or a team of external experts and scholars at least once every three years.

The scope of board performance assessment shall include the entire board, the individual directors, the Audit Committee, and the Remuneration Committee. Assessments may proceed by way of: board internal self-assessment, director self-assessment, peer assessment, assessment by external institution or expert, and other methods as deemed appropriate.

According to the results of the self-assessment of the performance of the Board of Directors and the Board members this year, the scores are both higher than 4.6 points, indicating sound performance. The assessment results will be used as the basis for our continuous improvement to improve the operational efficiency of the Board of Directors.

Evaluation scope	Total score	Score	Average score (Note)		
1. Board of Directors	225	207	4.60		
2. Audit Committee	110	2019	4.91		
3. Remuneration Committee	90	89	4.94		
4. Board members	880	816	4.64		

2023 Board Performance Self-Assessment Results

Note 1: According to the regulations of the competent authority, the meaning of the score indicators is as follows: The full score is 5 points, 1 point: very poor; 2 points: poor; 3 points: moderate; 4 points: good; 5 points: excellent.

In addition to the internal self-assessment, an external assessment agency is engaged to conduct a regular performance assessment of the Board of Directors at least once every three years. The Company's most recent external performance assessment of the Board of Directors was conducted by the Taiwan Corporate Governance Association to conduct in August 2022. The assessment period was from September 2021 to August 2022. In addition to conducting a questionnaire review, a team of experts, led by the convener of the Evaluation Executive Committee, Mr. Ying-Cheng Hung, also conducted video interviews. The next external assessment is expected to take place in August 2025.

#### 2.1.5 Remuneration Policy

The Company has established a Remuneration Committee to assist the Board of Directors in determining the remuneration of the Company's directors and managers as well as the Company's remuneration policy. In accordance with the Company's Articles of Incorporation, the operation of the Remuneration Committee and the Board of Directors, the remuneration of directors and managers will be reviewed based on their participation in the Company's operations and the value of their contributions. In 2023, the Remuneration Committee held four meetings, and the actual attendance rate of the members was 100%. Through this process, we ensure that the performance assessment and remuneration decisions of directors and managers meet reasonable standards, while safeguarding the interests of the Company. This also demonstrates the importance we attach to regular reviews and transparency of our salary system.

#### Remuneration policy

Remuneration to directors and independent directors	Remuneration to managers
<ul> <li>Remuneration to the Board of Directors is recommended by the Remuneration Committee and submitted to the Board of Directors for resolution.</li> <li>(1) Variable remuneration (i.e. director remuneration distributed from earnings)</li> <li>Distribution shall be decided by the Board of Directors by a percentage determined by the Board of Directors in accordance with the Articles of Incorporation, with the consent of a majority of the attending directors and by resolution of two-thirds of the Board of Directors, and shall be reported to the shareholders' meeting. The independent directors may participate in the distribution. The Company has established regulations for the performance assessment of the Board of Directors, individual directors, or functional committees on a regular basis every year. The results of their performance assessments are included in the consideration for their respective remuneration.</li> <li>(2) Fixed remuneration</li> <li>Considering that independent directors are required to have work or industry experience in their professional fields, corporate governance and ESG experience, and have a sufficient understanding of the Company, which is conductive to providing in-depth and insightful views on the Company's business strategies. This poses significant benefits to the Company in the course of making judgements and carrying out duties. Considering the corresponding responsibilities and obligations imposed on independent directors in the Company's operations and the value of their contributions, with reference to the industry standard and benchmark companies in other industries, each director/independent director also chairs a functional committee at the same time, the weighting will be multiplied by a certain percentage.</li> <li>(3) Attendance allowance</li> <li>Directors and members of functional committees are entitled to a travel allowance each time they attend the meeting.</li> </ul>	Managers' remuneration includes salaries, bonuses, and employee remuneration. (1) Fixed salary A fixed salary must maintain its competitiveness with the market value. The range of salary adjustment is based on individual performance, departmental operational performance, business strategy capabilities, and the Company's operating conditions. A fixed salary is considered in the planning and budget based on the Company's personnel procedures and the Remuneration Committee makes a recommendation based on the salary level of the same industry and submits the recommendation to the Board of Directors for resolution. (2) Employee remuneration Distribution shall be decided by a percentage determined in accordance with the Articles of Incorporation, with the consent of a majority of the attending directors and by resolution of two-thirds of the Board of Directors, and shall be reported to the shareholders' meeting. The remuneration to the president and the vice president will be aligned with the Company's operating performance, combining the development of ESG in conjunction with its core competencies, and will be appropriately linked with the ESG management policy and implementation effectiveness.

#### 2.1.6 Sustainability Governance

The Board of Directors is the highest governance body of Polytronics. In addition to carrying out its business in accordance with the laws and regulations and the resolutions of the shareholders' meeting, the Company's annual financial report and semi-annual financial report, the evaluation of the effectiveness of the internal control system, the appointment and dismissal of CPAs and managers, as well as strategic plans must be approved by the Board of Directors. The Board of Directors convenes several regular and non-scheduled meetings throughout the year to discuss or report on economic, environmental, and social issues related to corporate governance, as well as GHG inventories and results. The Chairperson is authorized to handle the related matters on a hierarchical basis or directly delegate them to relevant units.

In order to promote its sustainable development and implement relevant policies, we have established a Sustainability Promotion Team in 2024, with the acting president as the convener, responsible for coordinating and promoting the Company's sustainable development affairs. The team consists of three working teams, including the Corporate Governance and Product Supply Chain Team, the Employee Care and Social Care Team, and the Environmental Sustainability Team. The teams are headed by the department head with members being representatives from various departments. The teams are aimed to bring together talent with diverse backgrounds, professional knowledge, and experience. In the future, the teams expect to report the results of various sustainable development to the Board of Directors on a regular basis.

# 2.2 Ethics and Integrity

Item	Details
Material Topics	Ethical corporate management
Policies, Commitments and Materiality	Establishing good business practices and ethical standards is the key to ensuring the sustainable operation of the Company, which can avoid the operational risks caused by illegal acts and the loss of illegitimate benefits. Good ethics not only enhances the Company's reputation and brand image, but also enhances the job satisfaction and loyalty of employees, further promoting the Company's long-term development. Therefore, we have established internal regulations such as the "Code of Ethical Conduct", the "Ethical Corporate Management Best Practice Principles", and the "Operating Procedures for Ethical Management and Conduct Guidelines" to regulate the behavior of our employees.
Responsible Unit	Management Division, Planning Office and Auditing Office
Short-, Mid- and Long-term Goals	<ul> <li>Short-term goals:</li> <li>Every new employee must sign a confidentiality agreement and complete 100% education and training.</li> <li>In the past year, the Company did not violate any ethical conduct or ethical corporate management principles.</li> <li>Mid- and long-term goals:</li> <li>Conduct ethical education and training for all employees once a year.</li> <li>Establish an internal audit plan for "Ethical Corporate Management Operation" and execute it once a year.</li> </ul>
Action Plan	<ol> <li>Our commitment to upholding the highest ethical standards shall be reflected in all business activities, including but not limited to relationships with employees, customers, suppliers, competitors, the government, and the public (including shareholders).</li> <li>Establish an internal organization, personnel and duties; set up a mutual supervision mechanism that checks and balances business activities with a higher risk of unethical conduct within the business scope.</li> <li>The Company conducts diverse ethical corporate management awareness promotion for senior executives of other units to raise the awareness on insider trading laws and ethical policies among the employees and management.</li> </ol>
2023 Performance	<ol> <li>All employees signed a confidentiality agreement and received education and training upon arrival, with a completion rate of 100%.</li> <li>During the year, no report was received, and no employee violated the Ethical Conduct and Ethical Corporate Management Best Practice Principles.</li> </ol>
Grievance Mechanism	<ol> <li>The Company's grievance hotline and email are provided for employees to file grievances.</li> <li>Employees are encouraged to report to the Audit Committee, managers, internal auditors or other appropriate personnel any suspected or discovered violations of laws and regulations or the Code of Ethical Conduct.</li> <li>Violation of the Code of Ethical Conduct by the Company's directors or managers will be handled in accordance with the disciplinary measures stipulated in the Code. The date of and the reason for the violation of the Code, as well as the violation criteria and handling situation will be immediately disclosed on the MOPS.</li> </ol>

#### 2.2.1 Anti-corruption Communication and Education and Training

In order to implement the Company's ethical conduct and ethical management and facilitate the sound development of the Company's corporate culture, Polytronics has formulated the "Code of Ethical Conduct" and passed the "Ethical Corporate Management Best Practice Principles" and "Operating Procedures for Ethical Management and Conduct Guidelines" on March 20, 2020. By establishing these rules, the Company's colleagues have a clearer direction and guidelines to follow for ethics and integrity.

In accordance with the "Ethical Corporate Management Best Practice Principles" and the "Operating Procedures for Ethical Management and Conduct Guidelines" approved by the Board of Directors on March 20, 2020, the Company's chairman shall designate a dedicated department (referred to as the Accountable Unit) as the unit responsible for the amendment, execution, interpretation, and consultation of the procedures and guidelines, as well as the supervision of related regulatory reporting and filing works. The unit shall be supported with adequate resource, staffed with competent personnel, and operate directly under the Board of Directors with respect to the following duties and is required to make regular reports (at least once a year) to the board:

- 1. Incorporate integrity and moral values into the Company's operating strategies, and establish integrity assurance and fraud prevention measures in accordance with laws.
- 2. Regular analyze and assess on business activities that are prone to risk of dishonest conduct, and implement measures against dishonest conduct, including standard operating procedures and behavioral guidelines.
- 3. Plan an internal organization, personnel and duties; set up a mutual supervision mechanism that checks and balances business activities with a higher risk of unethical conduct within the business scope.
- 4. Coordination of integrity policy awareness and training programs.
- 5. Establishment of a whistleblowing system and ensuring the effectiveness of its execution.
- 6. Assist the Board of Directors and the management in assessing the effectiveness of existing integrity practices and preventions, assess compliance of business procedures, and make regular reports to the Board of Directors.
- 7. Prepare and properly maintain the ethical corporate management policy, the statement of compliance, the implementation of commitments and the status of implementation, and other related documentary information.

In 2023, the Company completed an anti-corruption assessment, and the results showed that no corruption had occurred at any of its operational sites. In 2023, we did not receive any reports or lawsuits of violations of ethical corporate management practices.

We actively communicate with internal employees and suppliers to convey the importance of anti-corruption. In 2023, we held quarterly group meetings to conduct communication on anti-corruption and ethical management for all types of employees. In the future, we will continue to carry out anti-corruption promotion to our company members and suppliers, continuously enhancing their anti-corruption awareness.

In order to ensure that all employees of the Company are equipped with anti-corruption awareness so that it can be incorporated into the daily operations, the Company organizes education and training on anti-corruption for all employees every year. In 2023, the percentage of all employees receiving education and training on anti-corruption was 65.47%, totaling 278 employees. This demonstrates the effectiveness of the annual communication on anti-corruption.

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Employee Category	Number of Employees Who Received Anti-corruption Training	Total Number of Employees in This Category	Percentage of Employees Who Received Anti-corruption Training	
Board of Directors	9	9	100.0%	
Management	9	10	90.0%	
General employees	164	259	63.3%	
Total	182	278	65.5%	

Percentage of employees receiving education and training on anti-corruption

#### **2.2.2 Ethical Corporate Management Policy**

Taking into account the Company's actual operational needs, relevant assessment mechanisms will be set up before establishing business relationships with suppliers, customers, and other business partners in accordance with the "Ethical Corporate Management Best Practice Principles" and the "Operating Procedures for Ethical Management and Conduct Guidelines" passed by the Board of Directors on March 20, 2020.

- 1. The Company shall adhere to integrity principles and conduct all commercial activities in a fair and transparent manner.
- 2. Prior to engaging in commercial transactions, the Company shall evaluate the legitimacy of its distributors, suppliers, customers and counterparties, investigate whether they were previously involved in any dishonest conduct, and avoid dealing with entities with a track record of unethical conduct.
- 3. Contracts signed by the Company with distributors, suppliers, customers, or other business partners shall, depending on the actual circumstances, include an integrity clause that not only requires partner to comply with integrity policy, but also gives the Company the right to terminate contract at any time if the counterparty is found to have involved in any dishonest conduct. Alternatively, terms of equivalent context or legal effect may be created or supplemented in relevant agreements or written documents.

#### 2.2.3 Whistleblower System

On November 11, 2016, the Company's Board of Directors approved the "Handling of Cases of Illegal, Unethical or Dishonest Conduct", encouraging the reporting of any illegal or violation of the Code of Ethical Conduct or the Ethical Corporate Management Best Practice Principles. In 2023, no reports of violations were received. The handling procedure for the "Handling of Cases of Illegal, Unethical or Dishonest Conduct" is as follows:

- 1. Anonymous (named) report: The Company has created a grievance mailbox and assigned dedicated personnel to check the box on a weekly basis and to create files of any report raised. The various points of contact are responsible for clarifying whistleblowers' claims and available evidence. Cases that involve violation of law or unethical/dishonest conducts will have to be escalated to the Chairman and President along with evidence.
- 2. All misconduct reports are to be handled in the utmost confidentiality. The Company shall investigate informants' claims through independent channels and protect them by maintaining secrecy of their identity.
- 3. Where the whistleblower is an employee, the Company assures that the employee will not be retaliated or subjected to inappropriate treatment because of the report.
- 4. To ensure fairness of the whistleblower system and prevent it from being abused for personal quarrel, the Company shall give the counterparty fair opportunities to respond to the claim. Personnel Review Committee hearings shall be held whenever deemed necessary.

## 2.3 Risk Management

#### 2.3.1 Risk Management Framework and Responsibilities

Implementation of risk management policies and risk measurement standards: As the Company is dedicated to the implementation of the risk management mechanism, the operating measures of "Risk Management Policy and Process" have been formulated and passed by the board meeting held on December 23, 2021. The contents include: Risk management scopes, organizational structures. The evaluation results and their operations are reported to the Board of Directors at least once a year have also been formulated. The 2023 annual risk assessment report, which was dated December 18, 2023, includes information security risks. In the future, the Company is expected to report the risk evaluation status and risk management status to the Board of Directors at least once a quarter or once a year by the vice president.

The Company has integrated all risk management units into a "Risk Management Team" under the Planning Office, with the CEO serving as the top supervisor of risk management. The head of each business unit serves as the front-line managing personnel who detect, identify, evaluate and formulate relevant countermeasures on each risk, and regularly report back to the Risk Management Team.

#### 2.3.2 Key Risks and Response Strategies

Through the annual risk assessment unit, the Company collects industry risk trends and holds regular risk management meetings with various departments of the Company to collect potential risks in the Company's operations according to different aspects. By doing this, we ensure that all current potential risks of the Company are within the scope of reasonable control and will not cause serious financial, reputation and production impacts to the Company. In 2023, we identified 6 major operational risks, namely, financial risk, climate change risk, human resource risk, information security risk, operational risk, and legal compliance risk. The following table shows the Company's management policies and response strategies.

ESG-oriented	Risk items	Risk factors	Risk management policies and procedures	Risk response strategy
Governance	Financial risk	Market risk, price risk, credit risk and liquidity risk.	The Finance Department works closely with the operating units to identify, assess and manage financial risks to ensure risk mitigation and appropriate control.	<ol> <li>Market risk (price risk): The Company adopts a portfolio diversification strategy to disperse investments within the set limit to effectively control market risks.</li> <li>Credit risk: The Company conducts management and credit risk analysis for each new customer before determining the payment and delivery terms according to the internal credit policy. Assess the credit quality of customers by considering the customer's financial status, past experience and other factors, as well as internal risk control.</li> <li>Liquidity risk: When the surplus cash held by the Company exceeds the management requirement of working capital, the Company will transfer it back to the Finance Department, and the Finance Department will make scheduling and forecasting based on the capital demand to manage the liquidity risk.</li> </ol>
Environmental	Climate change risk	Operational interruption or loss caused by carbon tax, carbon fee and extreme weather events under the GHG cap.	The Company's Sustainability Promotion Team is currently conducting regular research and analysis to understand the impact of climate change on the overall economic environment and laws and regulations. In the future, the Company will further improve the relevant risk management policies and procedures to cope with these changes.	Polytronics may be directly or indirectly affected by global GHG emission caps and carbon fee collection measures. These measures may have an impact on the Company's operating strategies, procurement policies and design concepts. To cope with the challenges brought about by climate change, Polytronics will strengthen communication with customers during the product design stage and gradually expand the use of low-carbon and environmentally friendly materials to reinforce the concept of sustainability.

#### 2023 Risk Items and Future Response Strategies

ESG-oriented	Risk items	Risk factors	Risk management policies and procedures	Risk response strategy
Social	Human resource risk	Talent retention, employee development, workplace environment, etc.	<ul> <li>In order to ensure that employees' safety, salary, benefits, and workplace environment comply with relevant laws and regulations, and to consider corporate policies to reduce losses and risks caused by human resources factors, we have the following policies formulated: <ol> <li>Talent cultivation policy: Effectively promote the learning and growth of employees through on-the-job coaching, education and training, and the mentoring system.</li> <li>Education and training plan and budget creation: Budget is set aside every year for employee training to improve employees' professional skills and leadership capabilities. Encourage employees to improve themselves and participate in external training courses.</li> </ol> </li> </ul>	<ol> <li>Talent cultivation: We are committed to cultivating talent through on-the-job teaching, education and training, and the one-to-one counselor system to promote the effective learning and growth of our colleagues.</li> <li>Education and training: Budget is allocated every year for employee training to improve employees' professional skills and leadership capabilities. At the same time, we encourage employees to enrich themselves and participate in external training courses.</li> </ol>
Governance	Information security risk	The risk of extortion or leakage of sensitive data of customers or the Company due to external hacker attacks.	Through the introduction of the ISO 27001: 2022 information security management system, the Company has established an information security management structure, with an emergency information security incident reporting process set up.	<ol> <li>Information security incident management: We have established a rigorous information security incident classification system and clearly defined the urgency of incidents.</li> <li>Annual internal information security education and training: We have established an annual internal information security education and training system and conduct a phishing test on all employees to improve their ability to identify and respond to information security.</li> <li>Confidential document authority management: We have set the authority level for the acquisition of confidential documents of the Company and customers to ensure that only personnel with appropriate authorization can access these documents.</li> </ol>

ESG-oriented	Risk items	Risk factors	Risk management policies and procedures	Risk response strategy
Governance	Operational risk	Including changes in the operating model, excessive sales/purchasing concentration, product obsolescence, product and service design and quality management, and significant risk management of commercial contracts.	Risk identification, risk analysis, risk assessment, risk response, and risk monitoring and review mechanisms are implemented through five major elements.	<ol> <li>Enhance customized products and technologies to develop different customer groups, strengthen the responsiveness to changes in customer needs, and complete differentiated services.</li> <li>Enter the market gaps with existing products and introduce new products to existing customers to comprehensively increase market share and coverage to diversify market risks.</li> <li>Consolidate raw materials and strategically purchase key raw materials, and continue to optimize production costs and capacity assurance.</li> <li>Ensure that there is no centralization of purchases and sales targets and actively expand into new markets.</li> </ol>
Governance	Legal compliance risk	The risk of legal affairs mainly comes from the performance risk management and contract liability risk of commercial transactions. Intellectual property rights mainly focus on the risk control of trademark rights protection.	Regarding legal affairs, by improving the contract process, we ensure that the performing unit is aware of the potential risks of each contract when reviewing business contracts. In terms of trademark rights protection, we work closely with major trademark users and product shipping units to actively collect evidence of trademark use.	<ol> <li>Legal: Modify the contract process in a timely manner, so that the contract performing unit can identify the potential risks of the contract prior to signing.</li> <li>Trademark protection: We collect evidence of trademark use once every six months, and strengthen publicity on the importance of evidence of use in key countries.</li> </ol>

## 2.4 Legal Compliance

We believe that legal compliance is the foundation of sound business operations. The Company has a Legal Affairs Department in place responsible for legal affairs, litigation, and contracts, as well as intellectual property management and legal compliance. By continuing to stay in line with the amendments to various laws and regulations by the competent authorities, the Company adjusts internal regulations and management methods, formulates and implements compliance mechanisms, and proposes supporting measures. We organize annual education and training courses on legal affairs. For example, from 2022 to 2023, we organized online courses on corporate governance and ethical management, basic concepts of patents, and patent technology search. By doing so, we are able to enhance the knowledge of integrity principles and intellectual property rights of colleagues. Related courses and the number of participants are as follows:

Year	Course Name	No. of Hours	No. of Participants
2022	Corporate Governance and Ethical Management Course	2 hours	58 participants
2022	Patent Basic Concepts and Patent Search	1 hour	45 participants
Total		3 hours	103 participants

There have been no major violations (Note) in the past two years. The statistics are as follows:

Item	Details	2022	2023
Tatal much an af	Incidents of fines	0	0
Total number of	Non-monetary sanctions	0	0
major violations	Legal proceedings related to antitrust laws	0	0
Total number and amount of fines for violation of laws and regulations	Fines for violations of laws and regulations	NTD 0	NTD 0

Note: Major violations refer to fines exceeding NTD 1 million.

In July 2023, Polytronics was fined NTD 200,000 by Taiwan Stock Exchange Corporation for violating the material information and internal control regulations of TWSE. The fined amount did not reach the material level as defined by the Company above. The Company has made improvements through relevant laws and regulations and by strengthening the management of subsidiaries.

# **Chapter 3 Environmental Sustainability**

# 3.1 Climate Change Response

Item	Details
Material Topics	Climate governance
Policies, Commitments and Materiality	With global carbon reduction failures causing extreme weather conditions to worsen year after year, climate change has become an issue that enterprises around the world must face. Failure to properly manage and prevent extreme weather events may increase the risk of supply chain interruptions and unsustainable plant operations. Therefore, Polytronics is committed to participating in international climate initiatives to achieve the long-term goal of net-zero by 2050 and to declare to stakeholders its determination to address climate change.
Responsible Unit	Sustainability Promotion Team
Short-, Mid- and Long-term Goals	<ul> <li>Short-term goals (2024):</li> <li>Every year, we comply with the competent authorities and the ISO 14064-1 standard, and independently complete the Scope 1, Scope 2, and Scope 3 GHG inventories. The results of the inventories will continue to be used as the reference indicators for carbon reduction strategies, and are verified by a third party.</li> <li>Carbon intensity in 2024 to reduce by 5% compared to the base year (2022).</li> <li>GHG inventory will be introduced in China's factories (Kunshan Polystar and PolyStellar Electronics) in 2024, with feasible carbon reduction plans formulated based on the inventory results to achieve the goal of low-carbon production.</li> <li>Mid- and long-term goals (2025 - 2030):</li> <li>Carbon emission intensity in 2025 to reduce by 20% compared to the base year (2022).</li> <li>Complete 100% coverage of Polytronics Group's GHG emission verification in 2026.</li> <li>Continue to screen low-efficiency electrical equipment and formulate and implement energy-saving plans to eliminate them.</li> <li>Assess the compatibility of green energy measures, energy storage cabinets, and power system collocation.</li> <li>Polytronics also continues to pay attention to the carbon rights markets and trading platforms in various countries to grasp the market trend and make early deployment to prepare for the future carbon fee/tax discount. We may even invest in carbon rights in order to cope with the risks and</li> </ul>
Action Plan	<ol> <li>Gradually complete the carbon inventory of each operating site of the Polytronics Group and set specific short-, mid- and long-term carbon reduction targets for each.</li> <li>Increased the number of pumping motors in the plant area by assessing potential flooding operating sites to cope with flooding damage caused by extreme winds.</li> <li>Evaluated the introduction of the EMS (Energy management system) and analyzed the current status of energy consumption in the plant.</li> </ol>
2023 Performance	<ol> <li>Established a GHG inventory team, formulated GHG inventory procedures, introduced the ISO 1406-1:2018 organizational GHG inventory standards, and conducted personnel training for GHG inventory verification. GHG emissions will be carried out each year, with verification performed by a third party as needed.</li> <li>Carbon emission intensity reduced by 8% compared to the base year (2022).</li> <li>Annual energy use intensity reduced by 3% compared to 2022</li> <li>Implemented the energy-saving and carbon-reduction plan by replacing lamps and obsolete machinery, saving 260,417 kWh of electricity and reducing 128,646.00 kg of CO<sub>2</sub>e emissions.</li> <li>We evaluated the key risks and opportunities under climate change, and actively responded to and grasped the current trend to improve climate resilience.</li> <li>The annual suppliers were stable, and there was no supply chain interruption as a result of extreme weather.</li> <li>Completed the water stress assessment of Polytronics, and none of the sites are located in areas with high water stress.</li> </ol>
Grievance Mechanism	the Sustainability Promotion Team tracks the achievement of carbon reduction targets in each plant and clarifies the reasons for not achieving the targets. The Sustainability Promotion Team revises the targets on a rolling basis to achieve low-carbon operations.

#### 3.1.1 Climate Governance

The Global Risks Report 2024 from the World Economic Forum explores that environmental risks account for half of the world's top 10 risks, and the top four are all related to environmental risks, including extreme climate events, drastic changes to the Earth system, biodiversity loss, and shortages of natural resources. This indicates that the impact of climate change risks on us is imminent. Extreme climate is exacerbating with warming temperature, and risks such as extreme rainfall and drought have gradually jumped into the key potential risks of basic operations of enterprises. According to the United Nations Intergovernmental Panel on Climate Change (IPCC), enterprises must actively respond and adopt mitigation and adaptation strategies.

As a global citizen, Polytronics will take a proactive approach in facing the potential risks brought by climate change and formulating management strategies and taking actions to deal with extreme climate to enhance climate resilience. We also plan to gradually transform our own operations and move towards low-carbon operations.

#### **Board of Directors**

The Board of Directors is the highest unit of climate governance at Polytronics, which is responsible for promoting and deciding on the Company's climate-related strategic directions and overseeing the Company's overall climate action promotion. The Board of Directors also plays a key role in determining the Company's climate commitments and goals. The Board of Directors discusses the current climate risk and opportunity trends from time to time, and proposes the Group's overall specific strategies for key climate risks to stably maintain the Company's sustainability. The "Sustainability Promotion Team" has been established under the Board of Directors, with the acting President serving as the general convener of the committee. Polytronics Technology Corporation reports to the Board of Directors at least once a year on the implementation results of sustainable strategies and projects.

#### Sustainability Promotion Team

In order to strengthen the management and identification of climate-related risk and opportunity issues, we established the Sustainability Promotion Team in 2024. The acting president is the convener to hold meetings every year on the Company's key opportunities and risk issues, and results are reported to the Board of Directors.

The Sustainability Promotion Team is responsible for assisting in the implementation of the climate risk management policies and goals resolved by the Board of Directors. The Team regularly assesses the results of climate risk response planning and implementation, and assists in supervising the achievement of climate response goals and actions of each company and plant within the Group. The Team also assists in integrating the Group's current climate governance status.

In order to reduce the Company's impact as well as financial impact from climate change, while exploring the key risks and opportunities of the Company under climate change, and actively responding and grasping current trends to improve the Group's climate resilience, three working groups have been established under the "Sustainability **Promotion Team**", namely: Corporate Governance and Product Supply Chain Team, Employee Care and Social Care Team, and Environmental Sustainability Team, headed by department managers. The Sustainability **Promotion Team** is responsible for collecting the current status of the Company's climate risk and opportunity key issue trends of peers, and assists in bridging resources in response to the current status of climate risk issues at each site. The Team also provides recommendations to help the Group's operating sites improve climate resilience.



#### 3.1.2 Climate Risk Management

To keep abreast of key current climate opportunities and risks, the Sustainability Promotion Team regularly gathers information on risks and opportunities in the sustainability reports of peers and the CDP (Climate Disclosure Project) questionnaire, and regularly convenes three major ESG working groups every year. The ESG Working Group collects the annual climate risk response from all relevant plants and departments, and interviews the relevant units of each climate issue on the extent of impact and possibility of occurrence to compile and identify the annual key climate risks and opportunities. The results are reported to the Sustainability Promotion Team for the Board of Directors to make resolutions and formulate strategies for the Group.

Compiling Issues	_	Identifying Risks and Opportunities		Formulating Countermeasures		Tracking Management
<ul> <li>Issues in peer sustainability reports</li> <li>Peer CDP questionnaires</li> <li>International trends</li> </ul>	à	<ul> <li>Interviews with all plant units</li> <li>Scores risk and opportunity issues by colleagues of each company</li> </ul>	à	• Inventory the response status of each operating site, and formulate management measures based on the risks and opportunities of each site.	à	<ul> <li>Submit the target achievement status to the headquarters by each operating site every year.</li> <li>A monthly plant meeting is held at each operating site to review the achievement status of targets.</li> </ul>
#### 3.1.3 Climate Change Response Strategies

In order to formulate the Company's key strategies for climate change, it is a priority for us to identify the annual key issues of climate risks and opportunities. In 2023, meetings were convened by the Sustainability Promotion Team with the three major ESG working groups. Based on the TCFD guidelines, peer reports and international trends, we discussed with the ESG team and various units on the actual situation of facing and responding to the issues, and seven key climate risks and opportunities were finally resolved, namely two transformation risks, two physical risks, and three climate opportunities, as listed in the table below; the period of occurrence of the issue, current situation, and future response strategies are also listed, respectively.



Key Clim	ate Risk and Opp	ortunity Issues a	and Response Strategies of Polytronics		
Orientation	Issue	Impact Period	Current Status of Climate Risk Opportunities and Financial Impacts		Response Strategies and Management Measures
Transformation risks	Increased GHG emissions pricing	Mid-term (3- 5 years)	Taiwan's Climate Change Response Act in 2024 will levy carbon fees on the first wave of major carbon emission companies in Taiwan with annual carbon emissions of more than 25,000 tons. Although we are not included in the first wave, based on the possibility that the criteria may be gradually lowered in the future, we included this risk for assessment, as it may increase operating costs.	1.	Assess the current old equipment in the plant, create a budget for the replacement of old equipment, and gradually improve the energy efficiency of the plant's equipment. Since 2023, Polytronics has gradually promoted the carbon inventory system. In accordance with the requirements of ISO 14064-1: 2018 standard, we have completed an organizational GHG inventory, conducted a systematic GHG emission inventory, and established an inventory list. We will obtain third-party verification by 2028 if required.
Transformation risks	Costs of low- carbon and water-saving technology transformation	Mid- and long-term (3- 10 years)	The development and application costs required in the investment of the process of transformation to a low-carbon economy, such as customers' request for low-carbon products, the increase in the use of renewable energy, the improvement of power storage technology capabilities, and the improvement of process energy efficiency.	1. 2. 3.	We promote the verification of ISO 14064 to confirm the actual carbon emissions as the basis for gradual improvement. Continue to refine the Company's internal carbon reduction actions. By improving transportation efficiency and daily operation planning, we increase operational efficiency and achieve energy conservation. Continue to develop higher-end and lower energy consumption process technologies and innovative applications.
Physical risk	Increased severity of extreme weather events such as typhoons and floods	Short-term (within 3 years)	With plants located all over the world, the aggravation of extreme weather makes our sites prone to different climate risks. Climate disasters have increased the Company's risk of interruption of operations and have a material impact on the Company's finances.	1. 2. 3.	Emergency response procedures have been formulated to incorporate climate-related scenarios such as flooding, rainfall and drought into operational considerations, and to identify the hazard level, Maximum Tolerable Period of Disruption (MTPD) and Recovery Time Objective (RTO). Establish a supply chain material backup plan to avoid disruptions, and gradually diversify supply from co-suppliers to reduce the cost of having to respond to the impact of a single supplier due to climatic factors. Pumping motors have been installed in the plant to reduce flooding.
Physical risk	Unstable energy supply (power outages, water restrictions)	Mid-term (3- 5 years)	Due to the impact of national or regional policies, some regions may face temporary power or water restrictions, resulting in reduced production capacity or production interruptions.	1. 2. 3. 4.	Increase the number of the days for water storage. Increase the utilization rate and response of water resources: Establish a water condition monitoring system and a water shortage response mechanism, and activate the water truck to supply water in case of emergency. In the event of an emergency power outage, a diesel generator set is hired to prevent power shortages. Add production sites in different countries or intra-group production scheduling.

#### Key Climate Risk and Opportunity Issues and Response Strategies of Polytronics

Orientation	Issue	Impact Period	Current Status of Climate Risk Opportunities and Financial Impacts	Response Strategies and Management Measures
Opportunities	Develop and/or increase low- carbon goods and services	Short-term (within 3 years)	Customers are gradually demanding carbon- reduction or low-carbon products. The Company actively develops carbon-reducing or low-carbon products to not only meet customer needs but also the needs of sustainability and environmental protection. However, the development of carbon reduction or low-carbon products will increase the R&D cost.	Collaborate with major supply chain manufacturers to jointly formulate carbon reduction goals and plans. This effectively reduces product carbon footprint, meeting customer needs and low-carbon trends.
Opportunities	Use more efficient production and distribution processes	Medium- term (3 - 5 years)	Evaluate the procurement of energy-saving production equipment and plan the feasibility of energy-saving production equipment and related supporting measures in line with the Company's capital budget expenditure to reduce operating and management costs.	As the severity and frequency of extreme weather events increases, the cost and difficulty of acquisition also rise. Through the application of automated and smart new technologies, we can increase the yield rate and the utilization rate of energy and raw materials, and reduce the use of materials and the output of waste. We can also simplify the production process and shorten the delivery time, reduce the operating cost, and increase the productivity.
Opportunities	Enhance natural disaster resilience	Medium- term (3 - 5 years)	Our operations span across Hsinchu County and Miaoli County. In the past 10 years, there have been no extreme weather events such as typhoons, rainstorms, and floods that caused supply chain transportation disruptions, factory shutdowns, or other financial impacts. However, through such climate disaster response drills, the Company's operational risks can be reduced and the material impact on the Company's finances eased.	Manage various climate-related risks through Business Continuity Planning (BCP), establish disaster protection measures, and formulate contingency strategies to reduce the financial impact of physical and transformation risks on operations. This will improve the Company's capability to withstand natural disasters, and shorten the maximum tolerable disruption and recovery time to three days, thereby reducing the loss of property (repair costs), labor costs, and property depreciation losses.

#### **3.1.4 Indicators and Targets**

In order to actively face the impact of climate change, in addition to the specific reduction targets for Category 1 and Category 2 GHG emissions, we have also set corresponding targets for the extreme climate conditions faced by each operating site. The Sustainability Promotion Team supervises the annual achievement of each site, revises the climate targets on a rolling basis, and reports to the Board of Directors every year to confirm the validity and suitability of the targets. The following are the climate-related targets set by Polytronics and the achievement status:

Target Type	Target Description	Achievement Status
	In 2023, the carbon intensity of Polytronics decreased by 5% compared to the base year (2022)	Achieved in 2023
Carbon Reduction	In 2023, the total carbon emissions of Polytronics decreased by 5% compared to the base year (2022)	Achieved in 2023
Target	In 2024, the total carbon emissions of Polytronics will decrease by 6% compared to the base year (2022)	Under implementation
	From 2025 to 2030, the total carbon emissions of Polytronics will decrease by 20% compared to the base year (2022)	Under implementation
	In 2023, the energy intensity of Polytronics reduced by 3% compared to the base year (2022)	Achieved in 2023
Energy target	Assess the compatibility of green energy measures, energy storage cabinets, and power system collocation	Under implementation
Response to climate change	There was no suspension of shipment due to supply chain disruptions as a result of extreme weather conditions during the year	Achieved in 2023
	No production shutdowns due to high temperature power outages during the year	Achieved in 2023

# 3.2 Energy and GHG Management

Item	Details
Material Topics	Energy and GHG management
Policies, Commitments and Materiality	Energy management is closely related to GHG emissions and is also a key factor affecting global warming. In recent years, countries have introduced carbon tax regulations on product imports. Taiwan will also begin to levy carbon fees in 2024. Polytronics is well aware of the importance of energy and carbon management. Therefore, we are committed to requiring each operating site to perform routine carbon inventory in accordance with ISO 14064-1 and gradually increasing the proportion of renewable energy in the group to cope with the additional costs that will incur by the Company from future carbon regulations.
Responsible Unit	Each plant unit, Sustainability Promotion Team
Short-, Mid- and Long-term Goals	<ul> <li>Short-term goals (2024):</li> <li>Carbon emission intensity in 2024 to reduce by 5% compared to the base year (2022).</li> <li>GHG inventory will be introduced in China's factories (Kunshan Polystar and PolyStellar Electronics) in 2024, with feasible carbon reduction plans formulated based on the inventory results to achieve the goal of low-carbon production.</li> <li>Mid- and long-term goals (2025 - 2030):</li> <li>Carbon emission intensity in 2025 to reduce by 20% compared to the base year (2022).</li> <li>Complete 100% coverage of Polytronics Group's GHG emission verification in 2026.</li> </ul>
Action Plan	<ol> <li>Complete the annual CDP (Climate Disclosure Project) questionnaire.</li> <li>In 2025, we plan to introduce the EMS (energy management system) into our operating sites and analyze the current status of energy consumption in all plants.</li> <li>Gradually carry out GHG inventory at all operating sites of the Group, and external verification is carried out by a third party as required.</li> </ol>
2023 Performance	<ol> <li>Annual carbon emissions reduced by 7% compared to the base year (2022).</li> <li>Carbon emission intensity reduced by 8% compared to the base year (2022). Energy intensity of Polytronics reduced by 3% compared to the base year (2022).</li> </ol>
Grievance Mechanism	<ol> <li>Establish internal energy and carbon emission management indicators, and set up a GHG inventory operation mechanism through ISO 14001 and ISO 14064-1 to review performance.</li> <li>Submit the progress and results of the Group's carbon inventory on a quarterly basis and report to the Board of Directors.</li> <li>The headquarters tracks the achievement of carbon reduction targets in each plant and clarifies the reasons for not achieving the targets. The headquarters revises the targets on a rolling basis to achieve low-carbon operations.</li> </ol>

#### 3.2.1 Energy Management

Governments and enterprises around the world have been strengthening the implementation of carbon management and carbon reduction regulations. As a member of the global village, Polytronics must strive to minimize the impact of its operations on the environment. Therefore, we regard carbon reduction and energy conservation as the focus of our current management.

To strengthen internal energy and GHG management, Polytronics has established the ISO 14001: 2015 environmental management system and implemented ISO 14001 in all plants to reduce energy consumption. In addition, to establish a foundation for carbon reduction, Polytronics's operating sites in Taiwan will complete their first Scope 1, Scope 2, and Scope 3 GHG inventory in accordance with ISO 14064-1 in 2023, setting the base year as 2022. We have also set up a routine internal audit and carbon inventory management system and perform GHG inventory on a voluntary basis and obtain verification/assurance from a third-party organization if required to improve the quality of the GHG data. We have responded to Taiwan government's 2050 net-zero goal with concrete actions. We actively demonstrate our determination to reduce carbon emissions to customers and stakeholders.

#### 3.2.2 Energy Consumption Overview

In 2023, the total energy consumption of Polytronics was 32,053 GJ. The Company's main business items are Polymer Positive Temperature Coefficient (PPTC) components and thermally conductive boards. Therefore, the main energy consumption was purchased for process machines and air conditioning, which accounted for 79.42% of the total energy consumption, followed by transportation vehicles (diesel), accounting for 0.23% of the total energy consumption. The annual energy intensity (GJ/million revenue) decreased by 3% compared to 2022, mainly due to the continuous replacement of low-efficiency mechanical equipment and the continuous implementation of relevant energy-saving measures. In the future, we will continue to track the consumption trend of various energy categories on an annual basis and continue to come up with energy-saving solutions.

In 2023, the renewable energy utilization rate of Polytronics was 0%. In October 2022, the construction project of green roof of the E. IV Plant and E. VII Plant was completed. The electricity generated by the green roof can be directly supplied to the plant for self-use, further realizing the vision of a green economy and environmental sustainability.

Energy Consumption for the Past Three Years					
Total Internal Energy Consumption20222023					
	Gasoline (liter)	_			
Non-renewable fuels	Diesel (liter)	9,986.06	4,967.58		
	Automotive urea (liter)	14.42	39.61		
Purchased energy Purchased grey energy (kWh)		9,653,225	8,850,340		
Total calorif	ic value of energy consumption (GJ)	35,128	32,053		
Int	ensity (GJ/million revenue)	25.29	24.61		

Note1 : The statistical scope of energy consumption data covers: Polytronics (Hsinchu Science Park Plant, E. IX Plant, Toufen Plant, and E. VII Plant).

Note2 : Diesel calorific value = 8,800 kcal/L, urea calorific value = 9,000 kcal/L, electricity calorific value = 860 kcal/kWh. The coefficients are from the unit calorific value table of energy products of the Bureau of Energy, Ministry of Economic Affairs.

Note3: The intensity denominator is the annual plant's total revenue in millions.

#### 3.2.3 GHG Management

In 2023, we completed the GHG inventory in accordance with ISO 14064-1, and obtained a third-party verification by the British Standards Institution (BRI) Taiwan Branch in December 2023. In 2023, the total amount of GHG emissions for the year was 5,426 tons of CO<sub>2</sub>e, of which category 1 direct emissions accounted for 4.71% of the total, mainly from diesel company vehicles and fugitive emissions; category 2 emissions accounted for 95.29% of the total, mainly from plant/office lighting/process equipment. The overall carbon emission intensity of Polytronics decreased by 8% compared to the previous year, mainly due to the replacement of low-efficiency mechanical equipment in the plants in 2023. In the future, all plants will track the short-, medium- and long-term carbon reduction targets of Polytronics through routine carbon inventory, contributing to global carbon reduction.

Statistics of Category 1 and Category 2 GHG Emissions and Intensity for the Past Three Years

	202	2	2023	
Unit	tonCO <sub>2</sub> e	%	tonCO <sub>2</sub> e	%
Category 1 Direct emissions and removals	228.3465	4.56 %	216.3420	4.71 %
Category 2 Energy indirect emissions	4,778.3464	95.44 %	4,380.9185	95.29 %
Category 1 & 2 total	5,006.6929	100.00 %	4,597.2605	100.00 %
Category 1+Category 2 intensity (CO <sub>2</sub> e/million revenue)	3.61		3.53	
Increase/decrease % compared to the previous year	_		(8) 9	%

Note1: GHG coverage scope: Polytronics (Hsinchu Science Park Plant, E. IX Plant, Toufen Plant, and E. VII Plant).

Note2 : GHG coefficient cited: Ministry of the Environment Greenhouse Gas Emission Factor Management Table Version 6.0.4; GWP coefficient from the Fourth Assessment Report of the IPCC (2007); 2023 electricity carbon emission coefficient announced by the Bureau of Energy; and Taiwan Water Corporation coefficient announced.

Note3 : Inventory methodology: ISO14064-1:2018.

Note4 : Scope of GHG inventory: A total of 7 GHGs namely carbon dioxide (CO<sub>2</sub>), methane (sub-CH <sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), nitrogen trifluoride (NH<sub>3</sub>).

Note5: The GHG inventory is conducted using the operational control approach.

Note6 : Emission intensity = (Scope 1 + total Scope 2 CO2e)/total annual revenue.

Note7 : The GHG data in 2023 is based on the self-inventory and was not verified by a third party.

With the conversion of GHG inventory standards and the development of global carbon management trends, Polytronics also includes Scope 3 inventory to determine the materiality principle based on the collectability of activity data, the reliability of the data calculation method, and the frequency of activity occurrence. We have identified the indirect emissions from the use of products by the organization in Scope 4 to carry out the inventory. The scope of inventory covers emission sources of upstream emissions from purchased goods and GHG emissions from waste disposal. In 2023, Category 4 emissions were 829 tons of CO<sub>2</sub>e. In the future, we will continue to manage GHGs to respond to global trends while also investing in energy conservation and carbon reduction projects to continuously improve carbon management capabilities.

Aminual Scope 5 GITO Emissions					
	20	22	2023		
Unit	tonCO <sub>2</sub> e	%	tonCO <sub>2</sub> e	%	
Category 3 Indirect emissions from transportation	_	%	_	%	
Category 4 Indirect emissions from products used by the organization	916	100 %	829	100 %	
Category 5 Indirect emissions from using the organization's products	_	%	_	%	
Category 6 Other indirect emissions	_	<u> </u>	_	%	
Scope 3 total	916	100 %	829	100 %	

Annual Scope 3 GHG Emissions

Note1 : Since 2022, Polytronics (Hsinchu Science Park Plant, E. IX Plant, Toufen Plant, E. VII Plant) has conducted Scope 3 GHG inventory, and the emission coefficient has been quoted from the Ministry of the Environment- Information on the Product Carbon Footprint Website.

Note2: The inventory of Scope 3 covers emissions from upstream emissions from purchased goods and GHG emissions from waste disposal.

年度溫室氣體排放占比

範疇三各類別排放占比







8,000 6,000 5,923 5,426 4,000 4,778 4,381 0 2022 2023 類別ー 直接排效與移除 類別二 能源間接排放 類別四

近年溫室氣體排放總量(依類別一、類別二、類別四劃分)

#### 3.2.4 Reduction and Energy-saving Measures

At present, the main energy of Polytronics is used in the production system. In order to achieve the long-term goal of low-carbon operation, in 2023, each plant implemented energy-saving and carbon reduction solutions based on the circular KPI. This includes the inventory and replacement of old high-energy-consuming equipment or parts and the lighting equipment with energy-saving LED lamps in the plants.

In 2023, a total of 2 energy saving and carbon reduction measures were put in place, with a total energy saving of 260,417 kWh and a reduction of 128,646.00 kg of CO<sub>2</sub>e emissions. In terms of lamp replacement, in 2023, a total of 100 sets of T8 lamps were replaced with energy-saving LED lamps, saving a total of 29,200 kwh of energy saving and 14,424.80 kg of CO<sub>2</sub>e emissions. In addition, we implemented the project of replacing old units with high-efficiency inverter-type air compressors in E. IV Plant, saving 260,417 kWh of energy and reducing 128,646.00 kg of CO<sub>2</sub>e emissions.

Energy-saving solutions	kWh saved	Carbon reduction (kg CO <sub>2</sub> e)	%
Lamp replacement	29,200	14,424.80	11%
Replacement of old units	231,217	114,221.20	89%
Total	260,417	128,646.00	100%

Note1 : The carbon emission factor of electricity adopts the 2023 electricity carbon emission factor announced by the Energy Administration, Ministry of Economic Affairs of 0.494 kg CO<sub>2</sub>e/kWh.





## 3.3 Waste Management

#### Waste Management System

The waste generated by the Company is mainly divided into three categories: industrial waste, hazardous industrial waste, and resource recycling waste. Each plant has its own waste storage area for centralized storage, and the waste is removed, disposed of and recycled off site by a third party approved by the Ministry of Environment. Dedicated personnel regularly monitor and report the total volume.

To prevent the waste generated from our operations from negatively impacting nearby communities and the ecosystem, we have established the "Waste Disposal Regulations" in accordance with ISO 14001: 2015, where environmental, safety, and health personnel audits hazardous industrial waste disposal providers every year.

In 2023, Polytronics completed the audits of three waste disposal service providers, and found no arbitrary dumping or violation of regulations by these providers. In the future, we will continue to audit waste disposal service providers to maintain the goal of zero waste disposal violations.

Waste Value Chain Management Measures				
Waste Value	e Chain Management Measures			
Upstream of the value chain - raw materials Monthly statistics on materials received by each plant				
Own operations - office and plant waste	The storage space of hazardous waste is clearly marked according to the waste management regulations, and statistical quantitative data is collected on the storage status.			
Downstream of the value chain- waste disposal	Monthly reporting and record-keeping according to the triplicate form and conduct on-site audits of hazardous waste disposal service providers			



#### 3.3.2 Waste Generated

In 2023, the total volume of waste generated by Polytronics increased by 7.6% and the waste intensity increased by 14.8% compared to the previous year. This is mainly due to the doubling of raw material purchases as a result of the growth of orders, increasing packaging material waste and process waste. In the future, we will continue to track the trends and changes of various types of waste and gradually increase the resource recycling rate to reduce the impact of our operations on the environment.

Waste Generated					
Year	2022	2023			
Non-hazardous industrial waste (tons)	79.65	85.97			
Hazardous industrial waste (tons)	33.00	35.28			
Total waste (tons)	112.64	121.24			
Annual growth rate (%)	_	7.6 %			
Waste intensity (tons/million turnover)	0.08	0.09			

Note 1: Waste coverage scope: Polytronics (E. IV Plant, E. IX Plant, Toufen Plant, and E. VII Plant).

Note 2: 100% of the waste in each plant is disposed of off-site by a qualified third-party disposal service provider.

Note 3: The data comes from the statistics of the waste removal triplicate form actually declared by each plant in 2023.



近年廢棄物產生總量與密集度趨勢



近年有害/一般廢棄物產生總量

	Hazardous	s waste	Non-hazardous	waste (tons)	sposal	
Waste Type	Disposal	0/	Disposal	0/	Disposal	%
	Volume (tons)	70	Volume (tons)	70	Volume (tons)	
Transfer (physical treatment, reuse, recycling)	19.62	55.62%	16.65	19.36%	36.27	29.91%
Direct disposal (incineration, burial)	15.65	44.38%	69.32	80.64%	84.97	70.09%
Total volume	35.28	100.00%	85.97	100.00%	121.24	100.00%

#### Total Waste by Direct/Transfer Disposal

#### Total volume by hazardous/non-hazardous waste

Category	Total volume	Percentage
Hazardous waste (tons)	35.28	29%
Non-hazardous waste (tons)	85.97	71%
Total volume (tons)	121.24	100%

#### Final Waste Disposal Method by Item

Waste Type	Waste Item	Waste Generated (tons)	Waste Disposed of by Third Party Waste Disposal Volume (tons)	Treatment Method
Non-hazardous waste	Domestic waste and plastic materials	52.18	52.18	Incineration (energy recovery)
Non-hazardous waste	Other general waste	12.71	12.71	Recycled
Non-hazardous waste	Waste foundry sand	3.94	3.94	Raw material for reuse
Non-hazardous waste	Slag	16.14	16.14	Buried
Non-hazardous waste	Waste plastic	1.00	1.00	Incineration (non- energy recovery)
Hazardous waste	PCB scraps	4.84	4.84	Physical treatment
Hazardous waste	Waste solvent container	1.90	1.90	Incineration (energy recovery)
Hazardous waste	Copper-containing sludge	13.15	13.15	Buried
Hazardous waste	Waste electronic components, scraps and defective products	14.78	14.78	Physical treatment
Total volum	ne of waste	121.24	121.24	

#### **3.3.3 Waste Reduction Actions**

In order to reduce the impact of waste generated from our operations on the environment, we perform inventory of raw materials at the source of products. Moreover, we collect cardboard boxes and buffer materials for reuse in order to reduce the use of energy resources and the amount of waste generated. In 2023, a total of 8,960 kilograms of waste cardboard boxes were recovered. In the future, Polytronics will continue to plan waste reduction, recycling and reuse solutions to increase the ratio of waste reuse, hoping to reduce the consumption of resources and improve waste recycling.

In order to more actively achieve the goal of waste reduction, starting from 2024, the waste target has been adjusted to "waste intensity reduction". With 2023 as the base year, the waste generation intensity must be reduced by 1% every year. The target for 2024 is a 2% reduction in waste generation intensity, and 3% by 2025.

## 3.4 Water Resource Management

#### 3.4.1 Water Resource Risk Assessment

As extreme weather events worsen in recent years, the uneven distribution of rainfall around the world has become the norm. The frequency and severity of torrential rains, droughts, and floods have set historical records year after year. These impacts not only affect ordinary people's livelihoods, but also disrupt the supply chain of enterprises and cause the instability and the risk of plant operation interruption to increase. Due to the above, water risk management has become an issue that cannot be ignored in corporate operations.

In 2023, we used the Aqueduct Water Risk Atlas, a water resource assessment tool of World Resources Institute's (WRI) to analyze the water intake pressure of each operating site to determine whether there is any water risk. The results show that the operating sites of Polytronics are not located in areas with high water stress. In the future, we will continue to track and evaluate the water stress of each location year by year to prevent potential impacts of water consumption on local residents and the ecology.

Operating Sites	Main Water Source	Water Withdrawal and Catchment Area	Treatment Level	Final Destination of Water Discharge	Water Source Stress
E. IV Plant	Third-party water	Baoshan Reservoir	Secondary treatment	Keya River	Low (<10%)
E. VII Plant	Third-party water	Baoshan Reservoir	Untreated	Keya River	Low (<10%)
E. IX Plant	Third-party water	Baoshan Reservoir	Untreated	Keya River	Low (<10%)
Toufen Plant	Third-party water	Yongheshan Reservoir	Untreated	Zhonggang River	Low (<10%)

Destination of water withdrawal and water discharge at each site



(Enquiry time: July 2024)

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#### 3.4.2 Water Withdrawal, Consumption, and Discharge

The water withdrawal of all operating sites of Polytronics comes from third-party water supply companies. The E. IV Plant is required to use soft water for PCB cutting to reduce the heat generated by high-speed cutting. Based on the monthly water balance chart, it is estimated that process water accounts for approximately 80% of the total water consumption. The total water withdrawal in 2023 was 34.18 million liters, a decrease of 7% compared to 2022. The water use intensity was 0.03 (million liters/million revenue), mainly to the control the total water consumption of the Hsinchu Science Park in 2023, and horticultural watering in the plant area reduced or stopped simultaneously to decrease the amount of water withdrawn.

Water Consumption Category	Withdrawal/Discharge Destination Classification	2022	2023
Water	Water company, municipal water supply, wastewater treatment plants	36.68	34.18
withdrawal	Total water withdrawal	36.68	34.18
Water	Discharged into a wastewater treatment plant for treatment	22.63	20.10
Discharge	Total water discharge	22.63	20.10
Water Consumption	Total water consumption	14.05	14.08
Water withdraw	val intensity (million liters/million revenue)	0.03	0.03

Note1 : None of the water intake sources of Polytronics (Hsinchu Science Park Plant, E. IX Plant, Toufen Plant, E. VII Plant) are located in areas with high water pressure.

Note2 : The total dissolved solids of the water intake of Polytronics (Hsinchu Science Park Plant, E. IX Plant, Toufen Plant, E. VII Plant) are all  $\leq 1,000 \text{ mg/L}$ .



近年取水總量與與水密集度趨勢



近年水資源使用趨勢

#### 3.4.3 Wastewater Discharge Management

Wastewater of Polytronics consists of domestic sewage and process wastewater (only in E. IV Plant). Wastewater is centrally managed by the Hsinchu Science Park Bureau. In accordance with the national Effluent Standards for the industrial park water quality standard, wastewater from the cutting process in the E. IV Plant is exclusively piped into the Wastewater Treatment Plant to treat chemicals to reduce the concentration of copper and nickel ions in the wastewater before it is piped into the wastewater treatment plant of the Hsinchu Science Park Bureau, where it is treated again to meet the "Effluent Standards" of the Ministry of Environment, and then discharged to the Keya River. In order to prevent the wastewater generated by the manufacturing process of E. IV Plant from exceeding the standard and pollute the rivers, the Plant Affairs Department has appointed dedicated personnel to be responsible for the operation, monitoring, and preventive maintenance of the wastewater system. By doing this, we ensure that the quality of wastewater meets the management specifications. Every six months, we entrust a qualified inspection organization to carry out water quality inspection. The wastewater quality is inspected from time to time every month by the Hsinchu Science Park Bureau and the wastewater tested met the wastewater standards of the Hsinchu Science Park Bureau for the past two years. Given this, there has been no significant impact on the ecological environment or the local community.

Annual Wastewater Inspection Results and Local Discharge Standards			
Site	E. IV Plant		
Water quality standard	Annual testing value	Local standard value	
pH	7	5.0~9.0	
COD (mg/L)	<1	500	
SS (mg/L)	155	300	
Water temperature (°C)	28	38	
True color chromaticity	<25	400	

#### **3.4.4 Water Resource Management or Reduction Actions**

We understand the importance of water conservation. In recent years, the frequent occurrence of extreme droughts in various countries has highlighted the importance of water resource management to corporate operations. Therefore, in addition to discussing the water consumption of each plant in the monthly Plant Affairs Department meetings, we also encourage production units to annually assess and inventory the water-saving measures that can be implemented within the department. By doing so, we are able to reduce the reliance on water resources and decrease the impact of sudden water shortages on the Company's operations. In 2023, 7 water-saving actions were implemented at all operating sites of Polytronics, saving 9,198m<sup>3</sup> of water.

Annual Water-Saving Actions and Performance

Operating Sites	Water-saving Actions	Description	Water saving (m <sup>3</sup> )	Basis of Calculation (flow meter/estimation)
E. IV Plant	Reducing toilet flushing volume by 50%	Placing 3L PET bottles in the water tank	840	191 people * 5 times (flushing volume) = 955 * 3 liters (PET bottle) = 2865 liters (about 2.8 tons) = 2.8 m <sup>3</sup> * 25 working days = 70 * 12 = 840/year

Operating Sites	Water-saving Actions	Description	Water saving (m <sup>3</sup> )	Basis of Calculation (flow meter/estimation)
E. IV Plant	Maintenance of water cooling tower	Chemicals are added in the cool water towers to increase the cooling water concentration, reduce the discharge volume, and reduce the make-up water volume.	4,140	Calculation of make-up water volume for cooling water towers Water make-up = evaporation + splash loss + emissions The splash loss rate varies from manufacturer to manufacturer. Refer to the manufacturer's technical data. The concentration multiple is determined according to the make-up water value. If the conductivity of the make-up water's raw water is 200 ( $\mu$ S/cm), The conductivity of the cooling water is controlled to be 1,200 ( $\mu$ S/cm) when the concentration is 6 times. The water supply data by the air conditioning chemical provider is 21.4 - 9.9 = 11.5 m <sup>3</sup> /day * 30 working days = 345 m <sup>3</sup> /month * 12 = 4,140
E. VII Plant	Reducing toilet flushing volume by 50%	Placing 3L PET bottles in the water tank	240	51 people * 5 times (flushing volume) = $255$ * 3 liters (PET bottle) = 765 liters (about 0.76 tons) = 0.8 m <sup>3</sup> * 25 working days = $20$ * $12$ = 240/year
E. VII Plant	Maintenance of water cooling tower	Chemicals are added in the cool water towers to increase the cooling water concentration, reduce the discharge volume, and reduce the make-up water volume.	3,492	Calculation of make-up water volume for cooling water towers Water make-up = evaporation + splash loss + emissions The splash loss rate varies from manufacturer to manufacturer. Refer to the manufacturer's technical data. The concentration multiple is determined according to the make-up water value. If the conductivity of the make-up water value. If the conductivity of the make-up water is raw water is 200 ( $\mu$ S/cm), The conductivity of the cooling water is controlled to be 1,200 ( $\mu$ S/cm) when the concentration is 6 times. The water supply data by the air conditioning chemical provider is 18.1 - 8.4 = 9.7 m <sup>3</sup> /day * 30 working days = 291 m <sup>3</sup> /month * 12 = 3,492 m <sup>3</sup> /year
E. IX Plant	Reducing toilet flushing volume by 50%	Placing 3L PET bottles in the water tank	30	8 people * 5 times (flushing volume) = $40 * 3$ liters (PET bottle) = 120 liters (about 0.12 tons) = 0.1 m <sup>3</sup> * 25 working days = 2.5 * 12 = 30/year
Toufen Plant	Reducing toilet flushing volume by 50%	Placing 3L PET bottles in the water tank	60	11 people * 5 times (flushing volume) = 55 * 3 liters (PET bottle) = 165 liters (about 0.16 tons) = $0.2 \text{ m}^3 * 25$ working days = 5 * 12 = 60/year

Operating Sites	Water-saving Actions	Description	Water saving (m <sup>3</sup> )	Basis of Calculation (flow meter/estimation)
Toufen Plant	Maintenance of water cooling tower	Chemicals are added in the cool water towers to increase the cooling water concentration, reduce the discharge volume, and reduce the make-up water volume.	396	Calculation of make-up water volume for cooling water towers Water make-up = evaporation + splash loss + emissions The splash loss rate varies from manufacturer to manufacturer. Refer to the manufacturer's technical data. The concentration multiple is determined according to the make-up water value. If the conductivity of the make-up water's raw water is 200 ( $\mu$ S/cm), The conductivity of the cooling water is controlled to be 1,200 ( $\mu$ S/cm) when the concentration is 6 times. The water supply data by the air conditioning chemical provider is 1.7 - 0.6 = 1.1 m3/day * 30 working days = 33 m <sup>3</sup> /month * 12 = 396 m <sup>3</sup> /year
Total Number of Water-saving Actions	7	Total amount of water saved	9,198	

# **Chapter 4 Product Innovation and Customer Service**

## 4.1 R&D and Innovation

Item	Details			
Material Topics	Innovative R&D and green products			
Policies, Commitments and Materiality	Improve the reliability and service life of electronic products, and continue to develop overcurrent, overvoltage, and overheating protection products and services.			
Responsible Unit	Technical Division			
Short-, Mid- and Long-term Goals	<ul> <li>Short-term goals:</li> <li>Meet the needs of the consumer electronics industry, especially for high-density, high-current, and high-operating temperature applications derived from AI in electronic products. These can be further subdivided into personal computers, notebook computers, servers, printers, batteries, lighting and other areas of application. Continue to invest in innovative R&amp;D, with the proportion of R&amp;D expenditures continuing to exceed 5%.</li> <li>Mid-term goals:</li> <li>In response to issues such as low birth rate and rising wages, we will continue to deploy key components for industrial automation, and provide corresponding components and services for applications such as current protection and antilightning/anti-surge protection.</li> <li>Long-term goals:</li> <li>Expand the application of green and artificial intelligence products, and develop key technologies required for energy storage, battery management, high-speed communication, high-speed computing, and intelligent assistance systems to greatly</li> </ul>			
Action Plan	<ol> <li>improve the safety and stability of the system.</li> <li>Deploy the foundation of the technical capabilities required for the development</li> </ol>			
	<ol> <li>Deproy the fourial of the definition deproduct equation of the development of industry trends in the next three to five years.</li> <li>Industry-government-academia collaboration: Follow national policies, implement technology plans, and conduct basic research with colleges and universities to train outstanding domestic students for the development of sustainable talent.</li> <li>International collaboration: Make an effort to recruit foreign consultants to expand in Japan, Germany and the United States, enhance early international participation, joint development and cooperation opportunities, and increase exposure at the same time.</li> </ol>			
2023 Performance	<ol> <li>R&amp;D investment reached 8% of the consolidated operating revenue</li> <li>Applied for 35 patents, obtained 21 patents, and a total of 104 people received invention rewards.</li> <li>Two development collaboration projects with colleges and universities</li> </ol>			
Grievance Mechanism	<ol> <li>Annual (product) strategy meeting and product development quarterly review meeting</li> <li>Product design control process execution, progress and outcome audit</li> <li>Customer experience feedback and customer satisfaction survey</li> </ol>			

#### 4.1.1 Main Products and Services

We are engaged in the manufacturing and sales of positive temperature coefficient thermistors, three-terminal fuse, overcurrent protection devices, and heat dissipation materials, as well as related R&D, manufacturing, and application design. Essentially, we provide customers with comprehensive protection solutions and services. The application fields of our products include personal computers, notebook computers, mobile phones, printers, network facilities, base stations, communications, industrial automation, secondary batteries, energy storage equipment, toys, game consoles, power tools, solar power, lighting, vehicles and vehicle peripherals.

Taking peripheral applications for vehicles as an example, they can be further subdivided into trip computers, driving assistance systems, navigation audio and video, car networking, tire pressure monitoring, charging systems, battery management systems, seats, door locks, windows, lights and directions, power steering boxes, etc.

#### Output of Main Products

					(Unit: Thousan	d; NID thousand)
	2022			2023		
Main Products	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Protection Devices	3,238,215	2,030,317	728,768	3,243,997	1,929,502	701,757
Others	8,253	3,919	1,318,248	10,471	4,546	1,450,926
Total			2,047,016			2,152,683

Note: Product capacity and output data are within the scope of the consolidated financial statements



散熱材料

正溫度係數熱敏電阻

三端保險絲

過電壓保護元件

1.1.000

#### Product Development Trend

1. Positive temperature coefficient thermistors:

(i) Size reduction: With the increasing number of electronic components used in portable/handheld terminal products, the allowable installation space for electronic components is becoming more and more limited, and the size of components is reduced, which will significantly increase the degree of product design freedom and ease of use.

(ii) Maximize the pressure resistance, expand the applicable fields of products, and meet the future development of automotive electronics and industrial control.

(iii) Diversification of packaging to meet the demand for customization and diverse assembly applications, and work with customers in early development to raise the entry barrier for newcomers.

2. Three-terminal fuse

(i) Increase the current density per unit area for the development of small-size products to meet the battery protection needs of portable/handheld terminal products; apply to the development of large-size products to meet the battery protection needs of power tools and energy storage equipment

(ii) Wide applicable voltage range: Expand the voltage operating range of a single product, improve product applicability, reduce internal product materials, reduce the burden on customers in design and material preparation, reduce management costs, and simplify the waste reduction of residual materials.

(iii) Reduce the use of hazardous substances, and take the initiative to develop low-lead and lead-free series products, as well as low PFAS series products, to stay ahead of the industry and meet international future trends.

3. Overcurrent protection devices

(i) Low-capacitance products: In response to the market trend and demand for high-speed transmission, such as the USB TYPE-C interface, we have developed product series with low capacitance value, which have passed customer certification.

(ii) Low clamping voltage: In order to reduce the energy consumption of electronic products, the operating voltage of the system is gradually reduced. By reducing the clamping voltage of the overcurrent protection devices, its protection capability for low-voltage active IC components is improved, and it is protected against damage by surges.

(iii) High-wattage products with improved surge resistance and are widely used in power supply, energy storage, and outdoor markets.

4. Heat dissipation materials

Products with high thermal conductivity and high reliability: By taking advantage of the continuous production advantages of roll thermal adhesive film, the thermal adhesive film can be combined with metal foils, metal plates, or even FR4 substrates to be pressed into single-layer or multi-layer heat sinks for use. This increases the freedom of design and production to expand product platforms and application fields.

#### 4.1.2 R&D Personnel and Investment

The annual investment in R&D accounts for 5-8% of the operating revenue. At the same time, we continue to recruit outstanding talent at home and abroad. 35% of the total R&D personnel have Ph.D. and master's degrees account. We encourage our R&D colleagues to return to campus to obtain higher education. Two employees are currently participating in on-the-job training: One is pursuing a Ph.D. at National Tsing Hua University, and the other is pursuing a master's degree at Yuan Ze University.

#### **R&D** Expenses in the Past Two Years

K&D Expenses in the rast two re-	al 5	(Unit: NTD thousand)
Item	2022	2023
Consolidated operating revenue	2,942,851	2,793,752
Consolidated R&D investment	175,932	223,886
R&D expenses as a percentage of revenue	6%	8%

#### Technologies and Products Successfully Developed in 2023

Technologies a	Technologies and Products Successfully Developed in 2023					
Product Type	Product Scope	Application Products				
	SMD, low resistance, high temperature, small size, 1206, 0805, 0603 & 0402	Mobile phone batteries, tablet batteries, notebook portable electronic products				
Polymeric positive temperature	Chip type SCD series, ACD series	Motor stall protection, battery management system, driving power system				
coefficient thermistors	SMD, high voltage series, 90V~120V	EVs, driving assistance systems, automatic control, Industry 4.0, communication				
	SMD, high temperature series, 24V~60V	EVs, driving assistance systems, automatic control, Industry 4.0, communication				
Three-terminal fuse	SMD, lead-free 1612 size series CLM1612P0412F CLM1612P0812F CLM1612P1212F CLM1612P1412F	Mobile phone batteries, tablet batteries, notebook portable electronic products				



▲ Leading the industry in developing the smallest surface mount polymeric positive temperature coefficient thermistors

#### Future **R&D** Outlook

We strive to deepen the cultivation of existing consumer electronics customers, continue to provide brand-new products and application solutions, and meet the needs of high-power, high-current, high-service temperature, as well as high-reliability product portfolios. In addition, we will take a proactive approach in developing the EV industry, driving assistance systems, and energy storage and renewable energy systems. By doing so, we will greatly enhance the ease of use, safety, and service life of the end-products.

#### 4.1.3 Innovative Exhibitions and Industry & Academia Collaboration

We participate in national policies through national technology projects. Between 2020 and 2022, the government implemented the industrial upgrading and innovation platform counseling program, and executed the automotive high-temperature power component heat dissipation substrate. 2021 Between 2021 and 2023, the government implemented the A+ enterprise innovative R&D chain quenching plan and the automotive PPTC material and component development plan. In addition, through industry-academia collaboration, we exchange ideas with public and private universities such as National Tsing Hua University, Tunghai University, and Yuan Ze University to conduct preliminary research in the fields of polymer physics, polymer chemistry, and ceramic materials. We also hire domestic experts and professors as technical consultants. In doing so, basic research can take root and the goal of cultivating outstanding students in Taiwan is achieved.

#### 4.1.4 Intellectual Property Protection and Patent Deployment

- **Intellectual Property Management Policy**
- 1. Objective: In conjunction with the Company's operations and development, the protection of its intangible assets is implemented at the same time.
- 2. Acquisition of intellectual property: Protect proprietary technologies through patents and establish brand identity through trademarks.

- 3. Internal integration: Establish patent management procedures, integrate internal resources, and effectively generate patents; encourage and reward colleagues for their contributions to intangible assets through the reward system.
- 4. Risk management and improvement: Regularly monitor the patents of peers and take countermeasures, periodically track the current status of intellectual property rights, and develop improvement **directions**.



#### Patent Application and Maintenance Process

#### Statistics of Patents in the Past Two Years

Item	2022	2023
Number of Patent	22	35
Applications in the Year	55	55
Number of Patents Obtained	12	21
in the Year	12	21
Cumulative Number of	245	266
Patents Obtained	545	500
Brief Introduction of	Three-terminal fuse with dual	Overcurrent protection device with
Important Patents of the Year	heating elements	package structure

The patent for three-terminal fuse obtained in 2022 has at least two heating elements with different resistance values. By setting the resistance values of the two in a specific range, the suitable heating element can be automatically selected to heat the fuse in response to different voltages, thereby achieving the effect of improving the withstand voltage and expanding the application scope of the voltage.



The patent for overcurrent protection devices obtained in 2023 includes the design of the packaging layer. The invention adjusts the position of the welding pad of the overcurrent protection component, so that the sealing compound can reach the maximum coverage rate. At the same time, the electrical performance is not affected by the adhesion of the electrode or the overflow of the glue. In this way, the overcurrent protection device can be protected by the packaging layer from the problems of characteristic degradation or unstable resistance values caused by external influences.



#### 4.2 Customer Relationship Management

#### 4.2.1 Customer Satisfaction Survey

At Polytronics, we uphold the concepts of teamwork, innovation, quality, service, and sharing as the basis for sustainable corporate operations. We also establish a cooperative relationship with customers for co-existence and prosperity. The information is used as a benchmark for comparison, and improvement of various functions.

In order to obtain customer information and effectively reflect it on product planning, design and quality, a "Customer Satisfaction Survey" is issued annually or from time to time. Customers are asked to evaluate the performance of the products or services provided by Polytronics in four areas, totaling 20 items, covering technology, business, quality, and overall evaluation. The goal is to achieve a total score of more than 90 points in each survey, and the survey results will be compiled into a customer satisfaction report as a reference for internal process improvement, while also establishing the indicators for each unit to improve service quality and corrective prevention. The overall satisfaction score in 2023 was 91.03 points.

Based on the evaluation of the four areas of the customer satisfaction survey, the satisfaction level is determined to identify the competitive indicators. This also helps us understand and grasp the needs of customers in all aspects to optimize customer service, continue to improve to increase customer confidence in the Company and stabilize the relationship between the two parties, forming a virtuous cycle of positive impacts.

#### 4.2.2 Customer Complaint and Improvement

For customer complaints about product quality, we have established an internal standard handling process to ensure that we respond to customers as soon as possible. After receiving a complaint, we first investigate the production information of abnormal batches and formulate temporary countermeasures. Based on the information feedback from customers and returned products, we conduct a step-by-step analysis with professional equipment in the plant or a thirdparty certified laboratory. By taking this approach, we are able to quickly provide customers with analysis results or improvement reports to help customers solve problems in the process.

Based on the spirit of continuous improvement, we continue to improve product quality. In addition to eliminating abnormalities in the manufacturing process, the R&D Department also works tirelessly to improve the yield rate for products that are in smooth mass production, steadily improve product quality, reduce unnecessary scrap, and thereby reducing production costs.



**Customer Complaint Handling Flowchart** 

#### 4.2.3 Product Quality and Hazardous Substance Management

In order to establish an excellent quality system, we introduced the automotive product quality system more than 20 years ago to further strengthen our product manufacturing capabilities. With the spirit of continuous improvement, we are committed to improving product quality, so that our products are positively recognized by customers. We strive to follow the Company's quality policy of "sharing growth with customers with excellent products and perfect service".

In terms of environmental management, we comply with ISO 14001 and the relevant management requirements of the Responsible Business Alliance (RBA). Regarding the management of hazardous substances, we also comply with the European Union Restriction of Hazardous Substances (EU RoHS) and the restrictions of other countries to provide test reports and declarations of raw material composition. To ensure that our products meet customer needs and environmental standards, and achieve the purpose of jointly maintaining the global environment, we adhere to the environmental policy of comprehensively providing customers with green products and constantly improve our products to make them more environmentally friendly.

The EU REACH Substance of Very High Concern (SVHC) list was published by the Directorates-General in 2008 and is updated twice a year. In order to actively respond to the changes in REACH regulations, Polytronics adheres to the spirit of compliance with the constantly increasing number of restricted substances in the regulations. At the same time, we investigate the relevant restricted substances of suppliers to ensure that restricted raw materials can be effectively banned at the beginning of the supply of raw materials. By doing this, we ensure that both suppliers and us comply with the latest regulatory requirements, so that our products can keep up with the times and constantly move toward a more eco-friendly direction.

In recent years, some African governmental or non-governmental military organizations have fought for control of gold (Au), tantalum (Ta), tungsten (W), tin (Sn), cobalt (Co) and other metals as well as mica for economic gain. This has caused deterioration of society, environment and human rights by laboring the people. The Company adopts a conflict-free mineral procurement policy, supports the RBA's strategies and measures on conflict minerals, and adopts the conflict mineral reporting templates and supporting management published by the Responsible Minerals Initiative (RMI). At the same time, suppliers are required to implement the above policy requirements. To ensure that suppliers comply with EU RoHS and regulations of conflict of minerals, suppliers are required to sign the relevant declaration. Through this action, we ensure that each supplier can apply the relevant international laws and regulations as well as the Company's requirements to jointly achieve the concept of environmental protection.

# 企業社會責任政策

聚鼎科技為善盡企業對社會之責任,將遵守EICC各項準則, 訂定社會責任政策如下:

遵守法令規範,重視員工權益;維護健康安全,落實環境保護; 正直經營企業,提升倫理道德;強化社會責任,推動持續改善。

一、承諾並保證符合下列標準:

- 1. 遵守普遍公司道德準則且符合客戶要求
- 2. 不使用童工,不接受任何供應商或分包商使用童工
- 3. 尊重員工自由,禁止任何形式的強迫勞動,不接受任何供應商或分包商使用強迫勞動
- 4. 提供安全衛生的工作和生活條件,確保員工的安全和健康
- 5. 推動勞資合作,尊重員工的意見
- 6. 提供平等和公平的工作環境,禁止任何形式的歧視行為
- 7. 尊重員工的基本人權,禁止任何形式的侮辱人格的行為
- 8. 合理安排生產計畫,合理安排員工的工作時間和休息休假
- 9. 提供合理的工資福利,至少滿足員工的基本需要

10.尊重員工自由結社

本公司對相關供應商於提供本公司或本公司關係企業產品或服務過程中,亦將要求支持 本公司上開揭示政策及行為準則,並確實遵守,本公司將不定期稽核相關供應商,以確 保供應商遵循相關政策與行為準則。

### 二、無使用衝突礦產:

對於近年來,剛果民主共和國其周圍地區非政府軍事團體,武裝控制金Au、鉭Ta、鎢 W、錫Sn等金屬,造成社會、環境、人權惡化等問題,本公司將持續採取無衝突金屬 採購政策,支持EICC與GeSI在衝突金屬上的策略與做法,並已採用EICC-GeSI聯合工 作組發佈之衝突礦產報告範本和配套管理工具,調查本公司供應商是否落實上述政策。

董事長 夏 5 3 年

# 4.3 Information Security and Customer Privacy

Item	Details
Material Topics	Information security and privacy protection
Policies, Commitments and Materiality	In order to strengthen the requirements of information security management, we focus on management control, personnel training and technology application. This way, we are able to enhance the security and protection capabilities of information systems, equipment and network communications, and effectively reduce the risks of theft, misuse, leakage, tampering, or destruction of information assets due to manmade or natural disasters, in order to ensure its commitment to shareholders and customers, and achieve the purpose of ensuring the continuous operation of the Company's business.
Responsible Unit	Information Section
Short-, Mid- and Long-term Goals	<ul> <li>Short-term goals: Establish information security management measures that comply with regulations and customer needs to protect the confidentiality, integrity, and availability of company and customer information, and enhance the information security awareness of all employees, striving to achieve zero information security incidents.</li> <li>Mid-term goals: Provide a safe production environment to ensure the sustainable operation of the Company's business.</li> <li>Long-term goals: Become a fast, safe, and robust partner in the eyes of customers.</li> </ul>
Action Plan	<ol> <li>Introduce ISO 27001 and obtain certification in 2024</li> <li>2024 Education and Training Plan</li> </ol>
2023 Performance	<ol> <li>Complete self-vulnerability scanning and follow-up patching operations</li> <li>Results of information security incidents: In addition to the existing software and hardware protection, vulnerability scanning operations were strengthened this year. The target of implementation is the main system hosts, such as the Active Directory (AD), the Enterprise Resource Planning (ERP), and the Manufacturing Execution System (MES), totaling 20. Implementation result: Some hosts with high-risk vulnerabilities were discovered. Corrective action: Contact the supplier to patch high-risk vulnerabilities</li> <li>Effectiveness of social engineering drills Implementation results: Open rate 14.97%, click rate 3.87% Corrective action: Give warnings and arrange education and training for colleagues with high click rates.</li> </ol>
Grievance Mechanism	If there are any issues that endanger confidential information, they can be raised through the MIS mailbox, and internal colleagues can report directly via the internal extension at any time. Contact email: mis@pttc.com.tw Contact number: 03-5643931 #120~124

#### 4.3.1 Information Security Management Structure and Responsibilities

The Company has established an information security team in accordance with the internal Cybersecurity Incident Management Procedures. The team is responsible for the prevention, reporting, and response handling of cybersecurity incidents.

Duties	Member	Rights and responsibilities
Convener	Legal Officer or Vice President	Supervise the effectiveness of the contingency plan and approve information security incident response matters
Information Security Manager	Head of Information Department	Formulation, promotion, and execution of information security policies
Information security handling personnel	Information Department members	Maintain and implement information security defense, judgment and emergency response to information security incidents
Internal auditors	Audit Department members	Implement cyber security audits, evaluate information security risks, propose suggestions for improvement

Members and their responsibilities are as follows:



#### 4.3.2 Information Security Management Strategy

Based on the Cybersecurity Framework (CSF) of the National Institute of Standards and Technology (NIST), the Company uses five functional domains to define the information security management architecture. The five functional domains include: Identify, Protect, Detect, Respond, and Recover, which fully cover the required aspects of the information security management architecture. These five functional domains are further guided to several sub-categories and specific implementation guidelines. with the internal Cybersecurity Incident Management Procedures formulated accordingly. In addition, in order to improve information security management and control capabilities, we plan to introduce ISO 27001 in 2024 and are expected to obtain certification by the end of the year.

Function	Description	Internal Measures
		Relevant information security management measures are
	Establish organizational rules to	formulated internally to control personnel accounts,
Identify	manage cybersecurity risks to	equipment, and privileges, ensuring that information
Identify	systems, personnel, assets, data,	behaviors within the Company are identified. For
	and functions.	example, whose account logs in to which computer at
		what time and has what privileges.
Protect		Important equipment and data in the Company are
	Establish and implement	properly protected. The server room is locked and only
	appropriate security measures to	authorized personnel can access it, and there is
	ensure the operation of	monitoring and control. All data is also controlled at
	important services.	different levels, and employees need a password to log in
	-	to access them.
	Formulate and implement	The Company has built multiple protection and detection
Detect	appropriate actions to identify	architectures and systems, such as firewalls, Endpoint
Detect	the occurrence of cybersecurity	Detection and Response (EDR), and Managed Detection
	incidents.	and Response (MDR), among others.
Respond	Plan and implement appropriate	In accordance with the Company's internal cybersecurity
	actions for detected	incident response measures, incidents are handled and
	cybersecurity incidents.	responded to in different levels.
Recover	Formulate and implement	Relevant backup policies and information system disaster
	appropriate measures to restore	recovery plans are internally formulated to ensure quick
	functions and services damaged	recovery according to the plan in the event of an
	by cybersecurity incidents.	information security incident.

The figure below shows the statistics of the number of attacks detected by the Company's existing protection measures, partially extracted from the information security service report of Chunghwa Telecom applied for by the Company.



## 4.3.3 Procedures for Reporting and Responding to Information Security Incidents

Each unit must handle an information security incident according to the following steps and retain evidence of system anomalies, intrusions, and damage for subsequent restoration of the scene and evidence collection.

- Discovery and reporting: System abnormalities are discovered by Information Department members or reported by the users of the information department members.
- Confirmation and categorization: Information Department members should immediately confirm the scope of impact and the type of information security incident. Categorized into: Data breaches (destruction and deletion), virus (Trojan horses, ransomware) infections, hacker intrusions, interruption of network backbone and system services, natural disasters or fires, power outages, hardware failures, etc.
  - Control and Handling Procedures

Type of Information Security Incident	Response Process
Data breach (destruction and deletion)	In the event that data is damaged or deleted intentionally or due to careless operations, the extent of data damage must be quickly ascertained, with backup data activated, and data restoration must be executed immediately according to the restoration plan to restore data access.
Virus (Trojan, ransomware) infection	The network connection of the infected equipment should be immediately disconnected to achieve physical isolation and prevent the spread of infection. At the same time, the removal program or the system vulnerability patch must be obtained as soon as possible to complete the virus removal and vulnerability repair.
Hacking	The physical network connection should be disconnected immediately to deny any access behavior by intruders, prevent sensitive data from leaking, or become a springboard platform. At the same time, check whether the intruded equipment and system have not yet been patched due to security loopholes or improper firewall rule setting. Before repairing, try to retain relevant intrusion traces and records for future investigation, and take repairs or adjustment measures immediately after saving records.
Network, server, and system service interruption	Damage points and scope of impact must be immediately identified. The backup mechanism must be switched on to reduce the impact scope and timeline. If a maintenance contract has been signed, the maintenance contractor should be notified immediately to carry out debugging or reconstruction. If a maintenance contract has not been signed, spare parts should be urgently purchased for replacement.
Natural disasters, fires, power outages, and other emergencies	Personnel safety is the utmost priority. After the incident is eliminated, assess the extent of damage and confirm whether to activate the backup or recovery mechanism.

External assistance: If the in-house information recovery, trace preservation, evidence collection, or other operations are beyond the plant's capabilities, the Company shall entrust an external technical professional manufacturer to perform the above as soon as possible.

Response testing: A drill is carried out at least once a year for related accidents and disposals, with the process and results are recorded; appropriate improvements and corrections are made for any issue found.

#### 4.3.4 Information Security Education and Training

At present, the Company has set up comprehensive security protection, including firewalls, Endpoint Detection and Response (EDR), and managed detection and response (MDR). In addition to this, we also enhance the awareness of e-mails among our employees to avoid information leakage incidents that may affect network security due to browsing of malicious e-mails. According to the analysis of the results of e-mail social engineering drills in 2023, the e-mail open rate is about 14.9%. Given this, it is importance for the Company to reinforce the employees' concept of information security. Every employee of the Company must complete an information security education and training every year; the information security team (including supervisors) of the information department must receive one (or more) external education and training session every year.

# 郵件社交工程演練成果表

#### 開啟率與點擊率為 PChome 通知信為最高,其原因可能為該信件內容 與消費行為有關,使用者為了確認消費是否正常而去點擊

2	及鼎科技股份有限公司	郵件社交工程演練		
測試時間	2023年02月15日至2023年06月26日			
受测目標數	受測單位		受测人数	
	18		191	
信件開啟與點擊統計	信件類型	總開啟率	總點擊率	
	時事新聞	14.14%	2.62%	
	Microsoft 通知	15.71%	1.05%	
	旅遊新聞	10.99%	1.05%	
	UberEat 優惠	9.95%	0.00%	
	PChome 通知	24.08%	14.66%	
	平均	14.97%	3.87%	

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## 4.4 Sustainable Supply Chain

The Company has always had a good business relationship with all suppliers to maintain the stability of the supply of raw materials to increase the quality of purchases, lower purchase cost and convenient management. Currently the Company has established information on third parties that can fully cooperate with production and tries its best to reach a consensus while working closely side by side. The Company's main raw materials are copper foil, semiconductor materials, and ceramic materials.

Industry Chain of Polytronics		
Industrial Chain Location	Supplier/Customer Category	
Upstream	Plastic raw material manufacturers, ceramic raw material manufacturers, copper manufacturers, polymer material manufacturers, carbon black manufacturers.	
Downstream	Information, communication, consumer electronics, industrial, mobile, and other related electronics.	

#### Number of Key Suppliers

Year	Number of Key Suppliers
2023	6
2022	6

Note: Definition of key suppliers: Suppliers of important raw materials to Polytronics, including copper foil, aluminum oxide, ceramic substrate, and cover.

Supplier Risk Management

At Polytronics, we strengthen the management of sustainability risks in the supply chain. We coordinate with our suppliers regarding a stocking mechanism for any high-risk factors that may cause continuous interruption of operations, such as single supplier, regional policy changes, and insufficient production capacity. We ensure that our stock is sufficient according to the stocking schedule of each unit, ensuring a smooth supply chain. In addition, in order to avoid the risk of shortage of materials or the occurrence of abnormal conditions of a single supplier, the raw material evaluation mechanism is taken into consideration, and more than two qualified suppliers will be selected. If a supplier fails to continue to provide services, new suppliers will be developed according to the needs. We conduct evaluations to select new qualified suppliers to ensure a safe supply of materials.

#### 4.4.1 Supply Chain Management

For the supply chain management system, the "Supplier Assessment Management Procedure" and the "Supply Chain Sustainability Management Criteria" have been established. In accordance with ISO 9001, ISO 14001, and IATF 16949: 2016 automotive industry quality management system standards and RBA requirements, supplier evaluation process is performed and new suppliers are graded for management. The evaluation results will affect the quantity of the purchase and the basis for subsequent cooperation. All new suppliers must be assessed in accordance with the risk assessment process, and a supplier risk and cost assessment questionnaire with quantitative indicators shall be established to serve as the basis for supplier screening. Suppliers that meet the qualification standards must make improvements within a time limit. Only after completing the improvement of deficiencies can they be officially included in the list of new qualified suppliers.

#### Supply Chain Sustainability Management

We abide by the RBA Code of Conduct and require suppliers to fulfill corporate social responsibilities and sign the "Supplier Code of Conduct Agreement" to ensure that the working conditions provided by the Company and its suppliers are safe and that workers are treated with respect and dignity, and the production process meets the requirements of environmental responsibility. Any activities of the suppliers of Polytronics must comply with the laws, regulations, and rules of the government.

#### No Conflict Minerals

Suppliers are required to make a commitment not to use metals from armed conflicts, not to undertake illegal mining, or mining in poor working environments, and to trace gold (Au), tin (Sn), tantalum (Ta), tungsten (W) and other minerals contained in all products. This ensures that these metals do not come from "conflict mining areas" or "blood mining areas". When assessing new materials that contain metals, suppliers are required to disclose the source of the minerals in the metals, sign the Commitment to Non-use of Conflict Minerals, and use the Conflict Minerals Reporting Template (CMRT). We conduct surveys with suppliers of metal-containing materials and regularly review the update status of mineral sources.

#### Environmental Hazardous Substances Non-use Guarantee

Suppliers are required to guarantee that they do not use environmentally hazardous substances and sign the "Environmental Hazardous Substances Non-use Guarantee" to guarantee the products, parts, auxiliary materials, semi-finished products, and additives in the production process are all in compliance with the "Green Product Substance Application Specifications" and EU RoHS Directive 2.0 (2011/65/EU), including the Commission Delegated Directive (EU) 2015/863.
# 4.4.2 Supply Chain Screening and Evaluation

#### Selection and Recognition of New Suppliers/Materials

For the development of new raw materials, new suppliers, or old suppliers with products different from those produced in the past, the "Supplier Assessment Management Procedure" is followed during the implementation of the introduction evaluation. Suppliers are required to obtain at least ISO 9001 and are encouraged to obtain ISO 14001 and IATF16949 certifications. Suppliers must undergo on-site audits and procurement, production capacity and hazardous substances assessments. We also ensure that suppliers have established screening criteria for the protection of the environment, human rights, safety, health, and sustainable development. Suppliers must also meet safety and health requirements, not use child labor, adhere to non-hazardous labor rights, code of ethics, and ethical corporate management rules, etc., and sign the relevant letter of commitment in order to become our supplier. In 2023, there were no new raw material suppliers.

#### Supplier Sustainability Audit

Based on the material risk and annual risk assessment of the "Material Approval Procedures" and "Supplier Assessment Management Procedure", we use the "Supplier Performance Evaluation Form" to evaluate raw material suppliers every three months. to reduce risks through preventive measures. The annual supplier assessment pass rate is as follows:

Year	Number of Suppliers	Pass Rate
2022	32	100%
2023	34	100%



Annual Supplier Assessment and Audit Flowchart

Method and classification of annual supplier assessment: At the end of each year, the status of the annual assessment of the current year is confirmed and the "Supplier Evaluation Schedule" for the next year is formulated. Category 1 suppliers with an A rating in the quarterly assessment undergo a self-assessment for written review.

Category 1	Category 2	Category 3
Key raw materials: Copper, foil, aluminum oxide, ceramic substrate, cover	Other raw materials	<ol> <li>Environmental suppliers (such as chemical manufacturers, waste contractors)</li> <li>Suppliers of packaging materials, buffer materials, consumables</li> <li>Suppliers are designated by customers or suppliers are</li> </ol>
		customers

(A) Category 1 suppliers with an A rating in the quarterly evaluation undergo an on-site assessment or self-assessment once a year.

- (B) Category 2 suppliers with an A rating in the quarterly assessment undergo a self-assessment for written review once every three years.
- (C) Category 3 suppliers are environmental suppliers (such as chemical suppliers and contractors) and are not included in the audit but managed according to the daily quality requirements. In case of occurrence of quality abnormality or customer complaint, after guidance and improvement, supplier assessment shall be conducted within 3 months.

The assessment team members include personnel from the Procurement or Production Control/Quality Assurance/Manufacturing or R&D/Labor (Environment) Safety and Health, and the assessment members shall be equipped with adequate product knowledge and shall be handled by personnel qualifying the internal auditor training. The assessment content shall be performed according to the "Supplier and Contractor Evaluation Report". The assessment consist of 12 major items: quality system, design control, document and record control, verification, procurement, supplier quality management, process control, inspection and testing status, control of non-conforming products, environmental safety and social responsibility, non-hazardous substance management, and product audits.

### **4.4.3 Procurement Practices**

Polytronics encourages most of the sources of raw materials to be purchased locally, and implements the localization of materials to reduce unnecessary air and sea transportation costs, as well as the carbon footprint generated during transportation. In addition to fulfilling its environmental responsibility for energy conservation and carbon reduction, we strive to directly reduce the procurement cost. The proportion of local procurement exceeds 80%. Statistics are as follows:

Item	2022	2023
Proportion of local	88%	88%
Number of important	38	38

Note 1: Definition of local suppliers: domestic suppliers

Note 2: Definition of important suppliers: All suppliers included in the Company's qualified supplier list, including raw materials and supplies.

# **Chapter 5 Harmonious and Healthy Workplace**

# 5.1 Employee Human Rights Protection

### 5.1.1 Promoting the Protection of Human Rights in the Workplace

Regarding workplace human rights issues, Polytronics Technology Corporation has formulated human rights policies and implementation guidelines in accordance with the Responsible Business Alliance (RBA) Code of Conduct and other relevant international initiative principles, and announced them on the <u>Company's official website</u>. The solid implementation first starts from the Company's employees - employees enjoy equality of work opportunities regardless of gender, religion, political party. The Company also promotes human rights policy from time to time in order to raise awareness We ensure that our employees are free from discrimination and harassment by building a healthy working environment. Secondly, we provide safe and healthy working and living conditions - Occupational Safety and Health Committee has been established, which is responsible for reviews and suggestions of issues relating to plant's occupational safety and health. The Environmental Safety Unit is responsible for the execution and control of safety and health laws. We organize employee physical health examinations each year, and we also offer lunches to employees; the above acts are to ensure the safety and health of our employees. Lastly, we promote labor and management equality and hold a labor-management meeting each quarter, protecting labor rights in accordance with the laws while at the same time coordinating labor-management relations to further advance labor-management cooperation. The Company has also set up the Employee Welfare Committee for a variety of benefits. In addition, the Company organizes relevant education and training from time to time in accordance with relevant regulations.

The Company has also established the "Procedures for the Prevention of Illegal Infringement in the Performance of Duties of Polytronics Technology Corporation", the "Procedures for the Handling of Employee Grievances, and the Implementation of Labor-Management Meetings", and the "Measures for Preventing Sexual Harassment and Abuse at the Workplace, Procedures for Grievances and Penalties", and the "Procedures for the Prohibition of Child Labor and the Protection of Youth Workers". We make an effort to ensure that no child labor, forced labor, harassment, or discrimination cases occur. Employees can file grievances through multiple channels such as dedicated hotlines, e-mails, representatives of labor-management meetings, and anonymous suggestion boxes. Relevant grievance cases are handled by dedicated personnel, and the complainant and the relevant information of the process will not be leaked in order to protect the rights and interests of employees. In 2023, Polytronics received no complaints related to human rights, and no incidents of discrimination due to race, gender, religion, political affiliation, sexual orientation, sexual harassment, or workplace bullying occurred.

At the same time, the Company continues to promote workplace diversity and human rights education. During the pre-employment training for new employees, the prohibition of forced labor, prohibition of child labor, anti-harassment, anti-discrimination, and prevention of sexual harassment are promoted. All employees are also required to regularly receive relevant information. In 2023, all employees received 1.5 hours of related activities, totaling 173 participants.

# 聚鼎科技股份有限公司人權政策

聚鼎科技認同並支持聯合國《世界人權宣言》、《全球盟約》、 《國際勞動組織公約》各項國際人權公约,並依照責任商業聯盟行為準 則(舊名 EICC)等相關國際倡議原則,特制定本政策及執行方針。

本政策適用範圍及於聚鼎科技股份有限公司及其相關企業。

### 執行方針

- 遵守普遍公司道德準則且符合客戶要求。
- 2. 不使用童工,不接受任何供應商或分包商使用童工。
- 尊重員工自由,禁止任何形式的強迫勞動,不接受任何供應商或 分包商使用強迫勞動。
- 4. 提供安全衛生的工作和生活條件,確保員工的安全和健康。
- 推動勞資合作,尊重員工的意見。
- 提供平等和公平的工作環境,禁止任何形式的歧視行為。
- 尊重員工的基本人權,禁止任何形式的侮辱人格的行為。
- 合理安排生產計畫,合理安排員工的工作時間和休息休假。
- 提供合理的工資福利,至少滿足員工的基本需要。
- 10.尊重員工自由結社。

總理王招聚 董事長 年後華

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#### 5.1.2 Manpower Structure and Diverse Workplace

In 2023, there were a total of 234 employees in Polytronics Technology Corporation, of which 100% were full-time employees. In terms of gender distribution, males account for 64.10% and females account for 35.90%. In terms of age distribution, employees aged 30 - 50 account for the largest proportion of all employees, which is 75.21%, followed by employees under 30, accounting for 14.10% of all employees; in terms of rank distribution, there are nine senior executives, including 0 female executives; there are four male non-employee workers who are security guards, one male cleaning worker, five female cleaning workers, and one male consultant, totaling 11 people.

We value multiculturalism and workplace inclusion. In 2023, there was one employee with disabilities and 43 migrant workers, with an average of three years of service. In the office, the Company has barrier-free ramps and lactation rooms. In 2023, the Company did not receive any reports of discrimination, child labor, forced or compulsory labor, nor did the Company find any discrimination, child labor, forced or compulsory labor after investigation.

Employee Composition					
Gandar	nder Category		Year		
Gender			2022	2023	
	Term contract	Full-time		_	
		Part-time			
Male	Indefinite contract	Full-time	184	150	
Wate	Indefinite contract	Part-time			
	Sub-total	184	150		
	Torm contract	Full-time			
	Term contract	Part-time			
Female	Indefinite contract	Full-time	93	84	
	indefinite contract	Part-time		_	
	Sub-total		93	84	

Note1: The number of employees on the end of the reporting period on December 31. Note2: Regularly: As defined in Article 9 of the Labor Standards Act.

Composition of non-employees					
Gandar	Turc	Ye	ear		
Gender	Туре	2022	2023		
Mala	Workers other than hired workers	6	6		
Male	Sub-total	6	6		
Eamala	Workers other than hired workers	5	5		
Female	Sub-total	5	5		

Note1: The number of employees on the end of the reporting period on December 31.

Note2: 4 male security guards, 1 male cleaning worker, 5 female cleaning workers, and 1 male consultant

#### Diverse Manpower Composition

Emulance Catalogue	Under 30	Years Old	30 - 50 years old		Over 50 years old		T- 4-1
Employee Category	Male	Female	Male	Female	Male	Female	Total
Senior executives			4		5		9
Mid-level executives			16	5	8	1	30
Entry-level executives	1	1	20	8		2	32
General employees	21	10	73	50	2	7	163
Total	22	11	113	63	15	10	234
Percentage of total employees (by gender)	9.40%	4.70%	48.29%	26.92%	6.41%	4.27%	
Percentage of total employees (by age)	14.	10%	75.2	21%	10.0	68%	

Note1 : Senior executives: Chairperson, CEO, President, Vice President, Assistant General Manager

Note2 : Mid-level executives: Manager, Assistant Manager

Note3 : Entry-level executives: Section chief, team leader, foreman

#### 5.1.3 Smooth Communication Channels

We hope to create a culture of real-time and transparent communication in the workplace. Representatives of labor and management form a labor-management meeting, which is held every three months. In 2023, a total of four labormanagement meetings were held to discuss seven issues, including: working day and leave specifications, group meals, overtime procedures, work schedule variants of legal working hours, evaluation of the installation of AED in the workplace, set up of courtesy umbrellas, and planning of parking bays. The results of the above meetings are applicable to 100% of all employees. In order to implement two-way communication between labor and management, Polytronics has established multiple communication channels such as the "Suggestion Box", "Grievance Hotline, and E-mail" to respond to various suggestions in a timely manner.

Any adjustment to labor conditions at Polytronics must be approved by the labor-management meeting, and all operating activities comply with local laws and regulations. According to the minimum notice period stipulated in the "Labor Standards Act", the minimum notice period according to the employee's seniority is as follows: For those who have continued to work for more than three months but less than one year, a notice shall be given 10 days in advance; for those who have continued to work for more than one year but less than three years, a notice shall be given 20 days in advance. For those who have continued to work for more than three prescribed time period shall be given 30 days in advance. Severance pay without the advance notice within the prescribed time period shall be paid during the preceding notice period.

# 5.2 Talent Attraction and Retention

Item	Details			
Material Topics	Employee benefits and remuneration			
Policies, Commitments and Materiality	Polytronics Technology Corporation has established a complete job level and remuneration system to provide employees with remuneration at the industry level to maintain external competitiveness. The remuneration standard for new employees is determined based on the education and experience of the talent required for their duties. Salary adjustments and promotions will be made yearly depending on the performance of the employees at work corresponding remuneration will be given. At the same time, through the establishment of grades and ranks, an appropriate salary structure is established to maintain internal fairne We also provide comprehensive welfare measures for employees to actively engage in we and exert their best work capabilities to strike a physical and mental balance.			
Responsible Unit	Personnel Section			
Action Plan	<ol> <li>Every year, we conduct a salary review and salary adjustment in conjunction with the results of salary adjustment surveys conducted by peers and the market, as well as the Company's current operations, and individual performance.</li> <li>The salary management system is also linked to the performance management results, and various bonus items are assessed based on operational performance and personal performance.</li> </ol>			
Short-, Mid- and Long-term Goals	<ul> <li>Short-term:</li> <li>The future turnover rate to be less than 6%</li> <li>Establish innovative and diverse channels to recruit suitable talent</li> <li>Provide competitive remuneration and benefits</li> <li>Establish flexible welfare solutions that meet employee needs</li> <li>Mid- and long-term:</li> <li>Continue to provide performance-related and competitive overall rewards</li> <li>Provide a challenging and creative environment to unleash the potential of employees</li> <li>Continue to care for the physical and mental health of employees and provide an excellent and healthy workplace environment</li> </ul>			
2023 Performance	The turnover rate in 2023 was approximately 10.68%			
Grievance Mechanism	Through regular labor-management communication meetings and employee suggestion boxes, we respond to employee grievances and relevant positive and negative feedback, and each department formulates relevant improvement or preventive measures.			

#### 5.2.1 Status of New Employees and Resignations

In 2023, Polytronics Technology Corporation recruited a total of 20 new employees, with a hire rate of about 8.55%. A total of 61 employees resigned, with a turnover rate of about 26.07%. The reasons for resignation were analyzed and investigated, and are summarized: the work nature was different from expected, family reasons, personal career development planning, and division and transfer of business units. Excluding the 36 employees who were transferred between the business units, the employee turnover rate was 10.68%.

Therefore, in the future, we will strengthen the description of the job content during the interview to ensure that the job seeker's understanding is consistent with the actual work situation. We will also provide relevant assistance such as unpaid parental leave and continuing education subsidies so that our employees have comprehensive support, increasing the retention rate of outstanding talents.

		20	)22	2023	
Gender	Age	No. of New Employees	Hire Rate (%)	No. of New Employees	Hire Rate (%)
	<30 years old	5	1.81%	3	1.28%
Female	31 - 50 years old	3	1.08%	1	0.43%
	>51 years old		%		%
	<30 years old	11	3.97%	8	3.42%
Male	31 - 50 years old	17	6.14%	8	3.42%
	>51 years old	2	0.72%		%
Sub-total 38 13.72% 20 8.55		8.55%			

New Employee Statistics

Note1 : Hire rate: [(No. of new employees by category in the year)/(total number of employees at the end of the year)]\*100%

		20	)22	2023	
Gender	Age	No. of Employees Resigned	Turnover Rate (%)	No. of Employees Resigned	Turnover Rate (%)
	<30 years old	4	1.44%	2	0.85%
Female	31 - 50 years old	3	1.08%	8	3.42%
	>51 years old		%	1	0.43%
	<30 years old	11	3.97%	5	2.14%
Male	31 - 50 years old	17	6.14%	40	17.09%
	>51 years old	2	0.72%	5	2.14%
	Sub-total	37	13.36%	61	26.07%

Resigned Employee Statistics

Note1: Turnover rate: [(No. of new employees by category in the year)/(total number of employees at the end of the year)]\*100%

#### 5.2.2 Sound Remuneration System

We are committed to providing a transparent and fair remuneration system. The salary level is checked and approved based on the employee's education, experience, professional knowledge and skills, seniority, and personal performance. The remuneration of all employees does not subject to their gender, age, ethnic group, nationality, religion, political stance, or gender orientation.

In 2023, the average salary of full-time employees in non-management positions was NTD 831 thousand, and the median salary was NTD 696 thousand. Compared with 2022, the average salary increased by NTD 35 thousand, and the median salary increased NTD 15 thousand. This was due to the fixed annual salary increase and the promotion of some employees in 2023.

		isana)
Item	2022	2023
Full-time Non-management Positions (Number)	270	241
Mean and Median Salaries of Full-Time Employees in Non-management Positions	796	831
Mean and Median Salaries of Full-Time Employees in Non-management Positions	681	696

Mean and Median Salaries of Full-Time Employees in Non-management Positions (Unit: NTD thousand)

# 5.2.3 Diverse Employee Benefits

We provide employees with reasonable rights and benefits and strictly comply with the local laws and regulations of the operating sites to give employees the basic rights and interests they deserve, including insurance, pensions, and leave. Our diverse welfare policies include the provision of healthy meals, subsidies for weddings, funerals, and celebrations, regular trips, and club activities. by doing this, we aim to unite employees and build harmonious labormanagement relations. In 2023, the average amount of employee benefits was NTD 1,130 thousand.

We firmly believe that employees are the most important asset and the key to sustainable operation. Based on the creation of a safe and comfortable working environment, supplemented by a professional and diversified talent cultivation and development system, we help protect the physical and mental health of employees. Given the above, we have put together the following care mechanism and employee welfare items:

Care for Migrant Workers

At Polytronics, we are committed to creating a warm, positive, and inclusive working environment for our employees to work with peace of mind. We have various measures in place, such as providing recreational sports venues, organizing year-end thanksgiving services and unscheduled dinner gatherings, and arranging translators to conduct employee interviews and work care. In addition, we have formulated the "Procedures for the Management and Evaluation of Foreign Worker Agency" for manpower companies, and these procedures are regularly evaluated. The Company is fully responsible for the agency fees, physical examination fees, contract verification fees, dormitory water and electricity bills, and various residence permit application fees for migrant workers to reduce the burden on employees.

- Care for Employees with Serious Injuries and Illnesses
  - We implement care programs to provide assistance to employees suffering major injuries or illnesses. Free Psychological Counseling Service

We provide employees with free psychological counseling, spiritual healing and help with settlement, problems or challenges encountered in the workplace, child upbringing, career planning, and life difficulties. Polytronics Employee Welfare Items

Item	Details
Benefits and Allowances	<ul> <li>Employee welfare and cash/gifts for three major festivals</li> <li>Birthday cash/gifts</li> <li>Club subsidy</li> <li>Childbirth subsidy</li> <li>Childcare subsidy</li> <li>Marriage subsidy</li> <li>Funeral subsidy</li> <li>Talent introduction bonus</li> <li>Pension withdrawal and payment</li> <li>Employee emergency assistance and pensions</li> </ul>
Insurance and Health	<ul> <li>Employee insurance</li> <li>Group insurance</li> <li>Gym</li> <li>Lactation room</li> <li>Overseas business trip insurance</li> <li>On-site health services</li> </ul>
Flexible Working Hours and Leave	<ul> <li>Special leave</li> <li>Maternity leave</li> <li>Paid epidemic leave</li> </ul>

Item	Details
Professional Consultation	<ul><li>Psychological counseling</li><li>Legal consultation</li></ul>
Recreational Subsidy	<ul> <li>Contracted vendors</li> <li>Affiliated store discounts</li> <li>Movie appreciation</li> <li>Quarterly birthday party</li> <li>Year-end party</li> </ul>

# 5.2.4 Parental Leave

In order to encourage and support employees to nurture the next generation with peace of mind, Polytronics Technology Corporation allows employees to enjoy the right to unpaid childcare leave in accordance with the law. In addition to specifying the application means in the "Attendance and Leave Management Procedures", we also provide a consultant to help employees comply with the "Act of Gender Equality in Employment" and the "Regulations for Implementing Unpaid Parental Leave for Raising Children". In 2023, a total of three employees of Polytronics Technology Corporation applied for unpaid parental leave. Three employees were expected to be reinstated after unpaid parental leave and three employees were actually reinstated, achieving a reinstatement rate of 100.00%. In 2022, a total of 0 employees were reinstated.

Item	Number of Males	Number of Females	Total
2023 - Right to apply for unpaid parental leave (A)	5	2	7
2023 - Actual applications for unpaid parental leave (B)	2	1	3
2023 - Expected parental leave and reinstatement (C)	2	1	3
2023 - Actual parental leave and reinstatement (D)	2	1	3
2022 - Actual parental leave and reinstatement (E)	0	0	0
2022 - No. of employees still working 12 months after reinstatement from parental leave (F)	0	0	0
Unpaid parental leave application rate (B/A)	40.00%	50.00%	42.86%
Reinstatement rate (D/C)	100.00%	100.00%	100.00%
Retention rate (F/E)	_	_	—

# 5.3 Talent Cultivation and Development

Item	Details
Material Topics	Education and training and career development
Policies, Commitments and Materiality	Talent cultivation: We are committed to cultivating talent through on-the-job teaching, education and training, and the one-to-one counselor system to promote the effective learning and growth of our colleagues. Education and training: Budget is allocated every year for employee training to improve employees' professional skills and leadership capabilities. At the same time, we motivate employees to enrich themselves and participate in external training courses. In order to enhance industrial competitiveness, we encourage employees to continue their education, pursue professional certifications and recognize their professional improvement. We also assist employees in career development and employment stability.
Responsible Unit	Personnel Section
Short-, Mid- and Long-term Goals	<ol> <li>Short-term target average training hours for employees is 6 hours</li> <li>Mid- and long-term target average training hours for employees is 8 hours</li> </ol>
Action Plan	<ol> <li>Optimizing the talent development and cultivation plan can improve the work skills and professional knowledge of employees, and increase their flexible development and value. This will further promote corporate innovation and competitiveness while improving employee satisfaction and retention rate.</li> <li>We provide employees with diverse learning channels and development resources, including on-the-job training, classroom training, job orientation, and job rotation.</li> </ol>
2023 Performance	<ol> <li>In 2023, the number of employees receiving training was 201.</li> <li>In 2023, employees received an average of 3.80 hours of training</li> <li>In 2023, the total investment in education and training totaled NTD 211,126, and the average training cost per employee was NTD 1,005.</li> </ol>
Grievance Mechanism	Through regular labor-management communication meetings and employee suggestion boxes, we respond to employee grievances and relevant positive and negative feedback, and each department formulates relevant improvement or preventive measures.

# 5.3.1 Talent Development Management

For different levels and positions, we plan corresponding education and training courses to enhance employees' professional competencies and management capabilities, achieve the Company's operational goals, and strengthen corporate competitiveness. In 2023, we provided diverse training methods means such as departmental on-the-job training, external training, new employee education and training, and job rotation so that the employees were able to keep up with the times and learn new knowledge. In 2023, the number employees receiving training and education totaled 201, and the average training hours totaled 3.80.

Talent Training	Course Planning
Employee	Course List
Category/Department	
	Fire education and training course
All employees	Occupational safety on-the-job training course
1 5	Response drill course
	RBA advocacy
	RBA advocacy
New employees	Occupational safety course (general safety and health/hazard knowledge)
	Quality course
	Sexual narassment awareness
	125550 Automotive electronic semiconductor process technology and automotive
	Silana coupler for thermal conductive materials
	High performance enovy resin technology
	Development direction of high frequency materials
R&D Division	HHBT introduction and improvement of environmental testing
	TIM thermal gap filler course for energy vehicles
	Design and development of high heat-resistance and high thermal conductivity resin
	materials for high-temperature operating power applications such as SiC
	APZP & PPAP application practice training
	CLM product applications
	OVP product applications
Business Division	PPTC product applications
	FUSE product applications
	On-the-job education and training for forklift operators
	Education and training for internal GHG auditors
	Process safety management practice promotion, annual maintenance, and high-risk
	operation hazard prevention promotion
	• Operators of fixed cranes with a lifting capacity of more than 0.5 metric tons but less than
Production Division	3 metric tons
	Briefing session on voluntary preventive management of B Group Business
	Guidance meeting on environmental permit integration and pollution flow mapping
	Class C Labor Safety and Health Affairs Supervisor
	Dust Management Supervisor
	Quality concepts
	Enterprise network security
	Recent practices in U.S. Trademark Law
	2023 Private Equity Forum
	2023 Corporate Governance Forum: Corporate Governance
	Development of Trademark Practice: Starting from the Intellectualized Review and New
	Legal System $\square$
Management Division	Analysis of the latest tax and legal trends for cross-border intangible asset transactions
	Quantum Taiwan Forum
	<ul> <li>patent infingement across the bolder</li> <li>2023 Briefing on occupational accident insurance related laws and regulations</li> </ul>
	Seminar on Labor Standards Act held by the Ministry of Labor in 2023
	2023 I abor retirement system and regulations conference
	Unstream supply chain risk and crisis management
	Observation of lean enterprises with outstanding performance. Flite Sewing Machine
	Manufacturing
	OFD (quality function deployment)
Quality Assurance	IATF 16949 Sanctioned Interpretations
Division	Xbar-R control chart concept introduction
	Radiation re-education
	Analysis of the UL product: Q certification database for circuit board substrates and inks
Lectures (optional)	Quarterly meetings

		2023			2022		
Gender	Employee Category	No. of Employees	Total Training Hours	Average Hours of Training	No. of Employees	Total Training Hours	Average Hours of Training
	Senior	0	15	1.67		20	2.64
	executives	9	15	1.67	11	29	2.64
	Mid-level						
Mala	executives	24	60	2.50	24	2020	4.54
Male	Entry-level						
	executives	21	114	5.43	29	4	0.13
	General						
	employees	96	360	3.75	120	642	5.35
	Mid-level						
Female	executives	6	40	6.67	5	3	0.60
	Entry-level						
	executives	11	50	4.55	12		—
	General employees	67	250	3.73	76	112	1.47
То	tal	234	889	3.80	277	899	3.25

Average Hours of Training in the Past Two Years

Note1 : Senior executives: Chairperson, CEO, President, Vice President, Assistant General Manager

Note2 : Mid-level executives: Manager, Assistant Manager

Note3 : Entry-level executives: Section chief, team leader, foreman

Note4 : Average training hours per employee = total training hours / total number of employees at the end of the reporting year

Note5 : Due to the pandemic, the female mid-level executives did not participate in education and training in 2022.

### 5.3.2 Performance Evaluation Mechanism

In accordance with the "Performance Management Procedures", we conduct regular evaluations and performance reviews with employees every six months. The evaluation focuses on measuring the implementation of past work tasks and setting work goals for the future. The performance evaluation results will be used as the basis for salary adjustment, promotion, and career development planning. Every year, we refer to the evaluation of the previous year for personnel promotion and other operations. By taking this approach, we ensure that the promotion channel is transparent, fair, and complete.

The evaluation process is to start with the employees' self-evaluation followed by a re-evaluation performed by the supervisor based on the employee's performance and goal achievement. Through a two-way communication management method, both parties can achieve a common understanding of the Company and goals. The evaluation of Polytronics is divided into direct employees and indirect employees. Please refer to the figure below for the performance evaluation process.

In 2023, 100% of all full-time employees of Polytronics Technology Corporation completed the annual performance evaluation. All employees were evaluated except for those still in the evaluation period (those working for the Company for less than three months).

#### Performance Evaluation Flowchart

#### **For Indirect Personnel**

The unit supervisor informs the employee being evaluated to fill out the "Work Performance Evaluation Form" (the evaluation topics are mainly in the format announcement). The employee being evaluated conducts a self-evaluation first, and return the form to the immediate supervisor.

The unit supervisor arranges performance interviews with the employee being evaluated, and notes the meeting minutes and work expectations in the above work report. The supervisor also fully communicates with the employee being evaluated, asks them to sign for confirmation, and clearly informs them of the evaluation results and improvements to be

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Based on performance interviews and communication and the work performance of the employee being evaluated in the current year, the head of the unit approves the scores and ranks of the "Evaluation Table" and controls the ratio of performance evaluation distribution, and then reviews the results to the top supervisor of the unit through the organizational

After review by the highest authority of the unit, results are forwarded to the HR unit for coordination and submitted to the President for approval.

#### **For Direct Personnel**

The unit supervisor informs the employee being evaluated to fill out the "Work Performance Evaluation Form" (the evaluation topics are mainly in the format announcement). The employee being evaluated conducts a self-evaluation first, and return the form to the immediate supervisor.

The head of each unit conducts evaluations based on the items of the "Work Performance Evaluation Form for Direct Personnel" and clearly informs employees of the evaluation results and improvements to be made.

Approve the scores and ranks of the "Evaluation Table" and control the ratio of performance evaluation distribution, and then review the results to the top supervisor of the unit through the organizational hierarchy.

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After review by the highest authority of the unit, results are forwarded to the HR unit for coordination and submitted to the President for approval.

Performance Evaluation Items of Polytronics Technology Corporation				
Evaluation Items	Evaluation Details			
Execution skills/management skills/leadership skills	Employee performance goal management and achievement, incident handling process, cost control, and optimal use of department resources to effectively complete work			
Communication skills/colleague relations/innovation skills	Whether they have effective interpersonal communication skills, department goal achievement rate, colleagues' innovation and improvement of the Company's products and quality, and contribute to the organization			
Employee training program	Check whether supervisors have provided their subordinates with effective resources and learning and growth opportunities in the past year. Indicators include project participation, project responsibility, duty agency, and education and training.			
Work target schedule	For the work goals and action plans for the next six months, the line manager shall provide suggestions or modify the plan content to align them with the Company's operational goals.			
Annual work plan	Personal work performance at the beginning of the period, performance measurement standards, and work results for the period.			

Item	Details
Material Topics	Occupational safety and health
Policies, Commitments and Materiality	Creating a safe, friendly and healthy workplace has always been our commitment. The Company has established the "Safety and Health Work Rules", "Occupational Safety and Health Management Plan", and "Operating Environment Monitoring Management Procedures" to continuously improve work environment safety and health. By doing this, we reduce the risk of occupational accidents, protecting the safety of employees, and promote their physical and mental health.
Responsible Unit	Occupational Safety and Health Committee
Short-, Mid- and Long-term Goals	<ul> <li>Short-term goals (2024): The death rate due to work-related injuries is 0%, and the death rate due to occupational diseases is 0%.</li> <li>Mid- and long-term goals (2025 - 2030): The death rate due to work-related injuries is 0%, and the death rate due to occupational diseases is 0%.</li> </ul>
Action Plan	<ol> <li>Safety and health audits, improvement, correction, and prevention are carried out from time to time.</li> <li>Strengthen the hazard notification and education training for contractors before construction, and conduct weekly inspections and review for improvement.</li> <li>Conduct new or amended environmental safety and health laws and other relevant requirements on a monthly basis to ensure that operations meet the requirements, achieving the effectiveness of environmental, safety, and health management.</li> </ol>
2023 Performance	<ol> <li>Zero major industrial safety accidents and violations.</li> <li>Provide employee with safety and health training courses in accordance with regulations and job requirements. In 2023, a total of 11 sessions were held, with a total of 110 trainees, and a total of 366 training hours.</li> <li>There were two recordable occupational accidents, and the recordable work-related injury rate was 4.32%, including 2 cases of pinching injuries.</li> <li>No occupational disease occurred.</li> <li>A total of 247 employees participated in the employee health examination service, and the amount of investment in employee health examination service reached NTD 415,000.</li> </ol>
Grievance Mechanism	<ol> <li>The Occupational Safety and Health Committee regularly discusses relevant occupational safety issues.</li> <li>The Company shall handle a disaster according to the Company's "Safety and Health Incident Handling Measures".</li> </ol>

# 5.4 Occupational Safety and Health

### 5.4.1 Occupational Safety and Health Policy and Management System

The Company adheres to the Occupational Safety and Health Act and considers the RBA Code of Conduct, establishing operational guidelines such as the "Safety and Health Work Rules", "Occupational Safety and Health Management Plan", and "Operating Environment Monitoring Management Procedures". These guidelines apply to all workers in Taiwan facilities (E. IV Plant, E. IX Plant, Toufen Plant, and E. VII Plant), including contractors and non-employees under the Company's supervision and management at work sites, achieving 100% coverage across all locations. The Company regularly reviews regulations through the regulatory inquiry system of the competent authority on a monthly basis, updates information in the "Regulatory Registration Master List", and ensures cross-departmental communication and promotion.

The Company has established an Occupational Safety and Health Committee to implement and promote various occupational health and safety plans. Through open procedures, the required number of employees have been elected as occupational safety and health labor representatives. A committee meeting is convened every three months to discuss occupational safety and health management policies, supervise occupational safety and health performance, and update the current status of occupational safety regulations. Employees can also make suggestions to unit supervisors and occupational safety and health labor representatives by phone or email for discussion in the committee meeting. All employees are aware of the relevant occupational safety and health laws and regulations as well as safety and health information through electronic promotion and education and training.

#### 5.4.2 Hazard identification and Risk Assessment Management

In order to identify possible hazards in the work environment and operational activity process, the Company's occupational safety and health unit conducts hazard identification and operational safety risk assessment every year based on chemical, physical, ergonomic, biological and other safety and health hazards. The risk level based on its severity and possibility, judge and adopt risk control is determined, with response strategies and action plans developed according to the risk level. By doing this, we are able to continuously improve and reduce the risk value of hazards.





Safety and Health Risk Management

In terms of safety and health risks, hazard prevention measures include: operating environment monitoring, operating environment improvement, personnel education and training, mechanical equipment protection, personal protective equipment, chemical management, fire safety equipment labeling, occupational disaster investigation, risk assessment, and emergency response measures. Through the above management mechanism, we ensure that employees can work in a good and safe environment.

Operating Environment Monitoring

The Company conducts monitoring of the operating environment every six months. Any abnormality in the test results shall be corrected immediately.

Physical factors: Noise, illumination.

Chemical factors: carbon dioxide, dust, organic solvents, lead.

Operating Environment Improvement

Implement the 6S method, including Sort, set in order, Shine, Standardize, Sustain, Security.

#### Mechanical Equipment Protection

The machinery (forklifts) is inspected and hazard labels are posted on a yearly basis to ensure safety.

#### Noise Reduction

Commission a qualified testing organization to monitor the operating environment every six months, and announce the issuance of earmuffs or disposable earplugs for noisy areas.

#### Personal Protective Equipment Management

Require employees who may be exposed to hazardous substances to use personal protective equipment, with clear labels and wearing methods provided.

Operational Items with Significant Risks	Description of Risk	Response Measures
Forklift operation	<ol> <li>Injuries to personnel due to careless driving, reversing, or turning around</li> <li>Injuries to personnel due to improper braking during parking</li> <li>Injuries to operators due to not standing on the fork in accordance with the regulations, resulting in a fall</li> <li>Injuries to personnel from overturning due to overload of the road or forklift.</li> </ol>	<ol> <li>Establish "Procedures for Using Forklifts"</li> <li>In accordance with the Occupational Safety and Health Education and Training Rules, employees who complete the 18-hour initial training course for forklift operators and pass the forklift verification examination, and obtain the technician certificate will be qualified to operate forklifts. After that, they will receive on-the-job refresher courses every three years.</li> <li>Set up an alarm device to remind others to pay attention to safety</li> <li>Seat belts for forklift drivers</li> <li>Forklifts are inspected every time before operation and once a month.</li> <li>Every year, forklift are thoroughly inspected by a commissioned professional qualified manufacturer.</li> </ol>

#### Identified Significant Risks and Countermeasures in 2023:

#### 5.4.3 Procedures for Investigation of Occupational Accidents

To ensure the safety of all workers, Polytronics Technology Corporation has established the "Safety and Health Accident Handling Procedures". When there is a possibility of immediate danger in the workplace, the person in charge of the workplace shall immediately stop the on-site operation and have the colleagues retreat to a safe place. If an employee discovers a dangerous situation at the workplace, he/she may stop the operation and retreat to a safe place, and report to the superior to take appropriate contingency measures. Such employee will not be subject to any disciplinary action.

In the event of an occupational accident involving a Polytronics worker, the on-site personnel shall immediately report to the responsible department for emergency response after the accident occurs. Subsequently, the head of the accident unit will convene relevant units to form an investigation team to conduct personnel interviews and equipment inspection and analysis, checking of relevant documents and records, and reconstruction of the accident site, and propose corresponding corrective and preventive measures. The responsible unit will continue to supervise and follow up to prevent the recurrence of the same disaster.

■ Procedures for Reporting and Handling Occupational Accidents



- On-site control and prevention of secondary injuries
  Assist the injured in obtaining necessary first aid or medical treatment
- Maintain the site
- Immediately notify the unit supervisor and the occupational safety personnel
- Relevant units form an investigation team to conduct an investigation
- Identify and analyze the cause of the accident, and submit an investigation report and improvement
- Each responsible unit implements various improvement measures
- Occupational safety personnel is responsible for tracking and recording improvements

### 5.4.4 Occupational Safety and Health Education and Training

To ensure that all employees understand occupational safety and health regulations and are familiar with the Company's safety and health management mechanism, we provide safety and health education and training for employees in accordance with regulations and job requirements. Our education and training includes occupational safety and health business supervisors, occupational safety and health management personnel, managers of hazardous operations, management personnel, first-aiders, Occupational Safety and Health Committee members, and general employees on-the-job training. In 2023, a total of 110 employees received occupational safety and health education and training, totaling 366 hours.



Annual AED+CPR first aid training course

Evacuation drill



Fire-fighting training



Emergency response drill

Overview of 2023 Occupational Safety Education and Training						
Course Category	No. of Training Hours	No. of Trainees	Number of Sessions Held	Total Training Hours (No. of Training Hours * No. of Trainees * Number of Sessions Held)		
Education and training for occupational safety and health supervisors	18	3	3	18		
Education and training for occupational safety and health personnel	6	1	1	6		
Education and training for supervisors of high-pressure gas/construction operations/hazardous operations	3	1	1	3		
Education and training for special operators	3	2	2	12		
Education and training for first-aiders	24	2	2	24		
General safety and health education and training	6	101	2	303		

# 5.4.5 Occupational Health Services and Promotional Activities

In order to build a friendly, healthy and safe workplace, Polytronics Technology Corporation has established four major labor health protection plans based on the "Occupational Safety and Health Act" and PDCA cycle management, namely the ergonomic hazard prevention plan, disease prevention program for abnormal workloads, illegal infringement prevention programs for the performance of duties, and maternal health protection programs. In doing so, our employees are able to receive comprehensive physical, mental, and spiritual care, thereby enhancing their sense of identity and cohesion, continuing to create competitive advantages for the Company.

In order to build a friendly, healthy and safe workplace, Polytronics continues to promote a number of health services and promotion programs so that employees can receive comprehensive physical, mental, and spiritual care. This enhances employees' sense of identity and cohesion, so that they will continue to create competitive advantages for the Company.

#### Health Checkup

Every year, employees who have served for more than six months can participate in the annual health checkup if they wish. In the health checkup, the inspection items such as colorectal cancer screening, abdominal and carotid artery ultrasound, and cancer screening are added to take care of the employees as a whole. In 2023, 99.20% of employees received health checkups.

Implement risk management for physical/health checkups, including tracking the abnormal conditions in the health checkup report, classifying the checkup results into 1 to 5 grades, and assigning a contracted occupational nurse or occupational disease specialist to provide employees with health consultation and health instructions to employees with

grade 3 checkup results. We enhance health tracking and medical assistance for colleagues with moderate to high health risks.

#### Special Health Checkup

Health checkups for special operations are conducted every year, and health checkup results are continuously tracked, so that employees can work with peace of mind at special operation sites. In 2023, a total of 16 employees of operations (such as ionizing radiation, dust, noise, lead, etc.) with special health hazards received checkups, and the attendance rate was 100%.



Employee health checkup



On-site health services

Implement the Employee Assistance Program (EAP) to Provide Employees with a Comprehensive Support System Through Diverse and Open-Ended Professional Consulting Services. Consultation is provided to employees on issues include marriage, family, parent-child relationship, and financial management.

#### 5.4.6 Work-related Injuries and Diseases

To ensure the effectiveness of occupational safety and health management measures, Polytronics Technology Corporation uses the statistical data of work-related injuries and diseases as indicators to measure occupational safety and health management performance. By doing this, we are able to track down the root cause of problems, and continuously optimize the management policy. In the past two years, the Company did not experience any serious occupational accidents or fire accidents. We organized fires in production equipment, chemical spills in wastewater plants, fire evacuation, etc., according to the operational risks of each department. We also performed various scenario-based contingency drills on different topics, and enhanced the response capacity of the plant through regular education and training courses on fire prevention. Among the recordable work-related injuries, the main ones of Polytronics are caused by cuts and pinching injuries. In response to these identified problems, the Company has formulated corresponding management measures, such as revising the SOP, displaying warning signs, installing protective devices, etc. In the future, Polytronics will continue to improve the supporting measures related to occupational injuries and diseases, achieve regular review and dynamic optimization, and steadily move towards the goal of zero occupational hazards.

Data on Occupational Injuries and Illnesses in the Past Two Years								
Tatal harman W		Wark days last	Recordable work- related injuries		Serious work-related injuries		Number of	Number of work-
Year	worked <sup>Note 1</sup>	Note 2	Amount	Ratio Note 3	Amount	Ratio Note 4	occupational diseases	related fatalities Note 5
2022	483,496	1	1	2.07	_	0.00		
2023	463,200	6	2	4.32		0.00		

Note1 : Sum of actual hours worked of all employees: For all personnel except the employer (including employees and non-employees), the total number of days worked per year multiplied by the number of hours worked per day.

Note2: Work days lost: The number of days during which the injured person was temporarily unable to return to work. The total number of days lost does not include the day of injury and the day of return to work. However, it shall include the number of days elapsed in the interim (including Sundays, holidays, or days when the business unit is suspended) and the number of whole days during which workers are unable to work due to the disaster after resumption of work.

Note3 : Percentage of recordable work-related injuries = [Number of recordable work-related injuries (number of people suffering from work-related injuries + number of fatalities caused by work-related injuries) x 10<sup>6</sup>]/total hours worked.

Note4 : Percentage of serious work-related injuries = [Number of serious work-related injuries (excluding the number of deaths) x 10<sup>6</sup>]/total working hours.

Note5: Including the number of deaths due to occupational injuries and diseases.

# **Appendix 1. GRI Standards Index**

Statement of Use	Polytronics Technology Corporation prepares the Sustainability Report in accordance with the GRI Standards. The scope of data and information is from January 1 to December 31, 2023.
GRI 1 Version	GRI 1: Foundation 2021
Application of GRI Industry Standards	None

GRI Standards	Disclosure Items	Page	Corresponding Chapter/Supplementary Description				
GRI 2 : General disclosures (2021)							
	2-1 Organizational details	<u>8</u>	<u>1.1.1 Company Profile</u>				
	2-2 Entities included in the organization's sustainability reporting	<u>6</u>	About This Report				
	2-3 Reporting period, frequency and contact point	<u>6</u>	About This Report				
	2-4 Restatements of information		This is the Company's first published sustainability report, so there is no such situation.				
	2-5 External assurance	<u>6</u>	About This Report				
	2-6 Activities, value chain and other business relationships	<u>8</u>	1.1.1 Company Profile				
	2-7 Employees	<u>77</u>	5.1.2 Manpower Structure and Diverse Workplace				
	2-8 Workers who are not employees	<u>77</u>	5.1.2 Manpower Structure and Diverse Workplace				
	2-9 Governance structure and composition	<u>16</u>	2.1.1 Corporate Structure and Composition of the Board of Directors				
	2-10 Nomination and selection of the highest governance body	<u>21</u>	2.1.2 Nomination and Selection of Members of the Board of Directors				
GRI 2: General disclosures (2021)	2-11 Chair of the highest governance body	<u>21</u>	2.1.2 Nomination and Selection of Members of the Board of Directors				
	2-12 Role of the highest governance body in overseeing impact management	<u>25</u>	2.1.6 Sustainability Governance				
	2-13 Delegation of responsibility for managing impacts	<u>10, 25</u>	1.2 Corporate Sustainability Governance Framework 2.1.6 Sustainability Governance				
	2-14 Role of the highest governance body in sustainability reporting	<u>11, 25</u>	1.3 Identification and Analysis         of Material Issues         2.1.6 Sustainability         Governance				
	2-15 Conflicts of Interest	<u>21</u>	2.1.2 Nomination and Selection of Members of the Board of <u>Directors</u>				
	2-16 Communication of critical concerns	<u>11, 25</u>	<u>1.3 Identification and Analysis</u> of Material Issues <u>2.1.6 Sustainability</u> <u>Governance</u>				
	2-17 Collective knowledge of the highest governance body	<u>16</u>	2.1.1 Corporate Structure and Composition of the Board of Directors				
	2-18 Evaluation of the performance of the highest governance body	<u>23</u>	2.1.4 Performance Evaluation				

GRI Standards	GRI Standards Disclosure Items		Corresponding Chapter/Supplementary Description
	2-19 Remuneration policies	24	2.1.5 Remuneration Policy
	2-20 Process to determine remuneration	<u>24</u>	2.1.5 Remuneration Policy
	2-21 Annual total compensation ratio	<u>80</u>	5.2.2 Sound Remuneration System
	2-22 Statement on sustainable development strategy	<u>5</u>	Message from Manager
	2-23 Policy commitments	<u>26</u>	2.2.1 Anti-corruption Communication and Education and Training
GRI 2: General	2-24 Embedding policy commitments	<u>26</u>	2.2.1 Anti-corruption Communication and Education and Training
disclosures (2021)	2-25 Processes to remediate negative impacts		Management Approach to Material Topics
	2-26 Mechanisms for seeking advice and raising concerns	<u>28</u>	2.2.3 Whistleblower System
	2-27 Compliance with laws and regulations	<u>33</u>	2.4 Legal Compliance
	2-28 Membership associations	<u>9</u>	<u>1.1.3 Participation in</u> <u>Associations</u>
	2-29 Approach to stakeholder engagement	<u>15</u>	1.4 Stakeholder Engagement and Communication
	2-30 Collective bargaining agreements	<u>78</u>	5.1.3 Smooth Communication Channels
	Material Topics		
GRI 3: Material	3-1 Process to determine material topics	<u>11</u>	1.3 Identification and Analysis of Material Issues
Topics (2021)	3-2 List of material topics	<u>11</u>	<u>1.3 Identification and Analysis</u> of Material Issues
	Economic performance		
3-3 Management of	material topics	<u>7</u>	<u>1.1 About Polytronics</u>
GRI 201 (2016): Economic Performance	201-1 Direct economic value generated and distributed	<u>9</u>	1.1.2 Operation and Financial Position
	Ethical corporate management	ţ	1
3-3 Management of	material topics	<u>26</u>	2.2 Ethics and Integrity
	205-1 Operations assessed for risks related to corruption	<u>26</u>	2.2.1 Anti-corruption Communication and Education and Training
GRI 205 (2016):	205-2 Communication and training about anti- corruption policies and procedures	<u>26</u>	2.2.1 Anti-corruption Communication and Education and Training
Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	<u>26</u>	2.2.1 Anti-corruption <u>Communication and Education</u> <u>and Training</u> No occurrence of related incidents during the reporting year
	Climate governance		
3-3 Management of	material topics	<u>34</u>	<u>3.1 Response to Climate</u> <u>Change</u>
GRI 201 (2016):201-2 Financial implications and other risks and opportunities due to climate change		<u>36</u>	<u>3.1.3 Climate Change</u> <u>Response Strategies</u>
	Energy management and GHG management	gement	
3-3 Management of	material topics	<u>41</u>	3.2 Energy and GHG Management
GRI 302 (2016):	302-1 Energy consumption within the organization	<u>42</u>	3.2.2 Energy Consumption Overview
Energy	302-2 Energy consumption outside of the organization	-	The Company has no consumption of external energy for the time being

GRI Standards	Disclosure Items	Page	Corresponding Chapter/Supplementary Description
	302-3 Energy Intensity	<u>42</u>	<u>3.2.2 Energy Consumption</u> Overview
	302-4 Reduction of energy consumption	<u>46</u>	3.2.4 Reduction and Energy- saving Measures
	305-1 Direct (Scope 1) GHG emissions	42	3.2.3 GHG Management
	305-2 Energy indirect (Scope 2) GHG emissions	<u>42</u>	3.2.3 GHG Management
GRI 305 (2016):	305-3 Other indirect (Scope 3) GHG emissions	<u>42</u>	3.2.3 GHG Management
Emissions	305-4 GHG emissions intensity	<u>42</u>	3.2.3 GHG Management
	305-5 Reduction of GHG emissions	<u>46</u>	3.2.4 Reduction and Energy- saving Measures
	Innovative R&D and green produ	ucts	•
3-3 Management of	material topics	<u>56</u>	4.1 <u>R&amp;D and Innovation</u>
	Information security and privacy pro	otection	
3-3 Management of	material topics	<u>66</u>	4.3 Information Security and Customer Privacy
GRI 418 (2016): Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<u>67</u>	4.3.1 Information Security <u>Management Structure</u> No occurrence of related incidents during the reporting year
	Employee benefits and remunera	tion	
3-3 Management of	material topics	<u>79</u>	5.2 Talent Attraction and Retention
GRI 201 (2016): Economic Performance	201-3 Defined benefit plan obligations and other retirement plans	<u>81</u>	5.2.3 Diverse Employee Benefits
GRI 405 (2016): Diversity and Equal Opportunity	405-2 Ratio of basic salary and remuneration of women to men	<u>80</u>	5.2.2 Sound Remuneration System
CDI 401 (001()	401-1 New employee hires and employee turnover	<u>79</u>	5.2.1 Status of New Employees and Resignations
Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<u>81</u>	5.2.3 Diverse Employee Benefits
	401-3 Parental leave	<u>82</u>	5.2.4 Parental Leave
	Education and training and career dev	elopment	
3-3 Management of	material topics	<u>83</u>	5.3 Talent Cultivation and Development
	404-1 Average hours of training per year per employee	<u>83</u>	5.3.1 Talent Development Management
GRI 404 (2016): Training and	404-2 Programs for upgrading employee skills and transition assistance programs	<u>83</u>	5.3.1 Talent Development Management
Education	404-3 Percentage of employees receiving regular performance and career development reviews	<u>85</u>	5.3.2 Performance Evaluation Mechanism
	Occupational safety and health	h	-
3-3 Management of material topics		<u>87</u>	5.4 Occupational Safety and Health
GRI 403 (2018): Occupational Health and Safety	403-1 Occupational safety and health management system	<u>87</u>	5.4.1 Occupational Safety and Health Policy and Management System
	403-2 Hazard identification, risk assessment, and incident investigation	<u>88, 89</u>	5.4.2 Hazard identification and Risk Assessment Management 5.4.3 Procedures for Investigation of Occupational Accidents

GRI Standards	GRI Standards Disclosure Items		Corresponding Chapter/Supplementary Description
	403-3 Occupational health services	<u>91</u>	5.4.5 Occupational Health Services and Promotional Activities
	403-4 Worker participation, consultation, and communication on occupational safety and health	<u>87</u>	5.4.1 Occupational Safety and Health Policy and Management System
	403-5 Worker training on occupational health and safety	<u>90</u>	5.4.4 Occupational Safety and Health Education and Training
	403-6 Promotion of worker health	<u>91</u>	5.4.5 Occupational Health Services and Promotional Activities
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<u>88, 89</u>	5.4.2 Hazard identification and Risk Assessment Management 5.4.3 Procedures for Investigation of Occupational Accidents
	403-8 Workers covered by an occupational health and safety management system	<u>87</u>	5.4.1 Occupational Safety and Health Policy and Management System
	403-9 Work-related injuries	<u>93</u>	5.4.6 Work-related Injuries and Diseases
	403-10 Work-related ill health	<u>93</u>	5.4.6 Work-related Injuries and Diseases
	Other topics GRI 200: Economic		
GRI 204 (2016): Procurement Practices	204-1 Proportion of spending on local suppliers	<u>74</u>	4.4.3 Procurement Practices
	GRI 300: Environment	[	
	303-1 Interactions with water as a shared resource	<u>50</u>	<u>3.4.1 Water Resource Risk</u> <u>Assessment</u>
GRI 303 (2018):	303-2 Management of water discharge-related impacts	<u>53</u>	3.4.3 Wastewater Discharge Management
Water and Effluents	303-3 Water withdrawals	<u>50</u>	<u>3.4.2 Water Withdrawal,</u> <u>Consumption, and Discharge</u>
	303-4 Water Discharge	<u>50</u>	<u>3.4.2 Water Withdrawal,</u> <u>Consumption, and Discharge</u>
	303-5 Water consumption	<u>50</u>	<u>3.4.2 Water Withdrawal,</u> <u>Consumption, and Discharge</u>
	306-1 Waste generation and significant waste-related impacts	<u>47</u>	3.3.1 Waste management System
GRI 306 (2020):	306-2 Management of significant waste-related impacts	<u>47</u>	3.3.1 Waste management System
waste	306-3 Waste generated	<u>47</u>	3.3.2 Waste Generated
	306-4 Waste diverted from disposal	<u>47</u>	3.3.2 Waste Generated
	306-5 Waste directed to disposal	<u>47</u>	<u>3.3.2 Waste Generated</u>
GRI 308 (2016)	308-1 New suppliers that were screened using environmental criteria	<u>72</u>	4.4.1 Supply Chain Management
Supplier Environmental Assessment	308-2 Negative environmental impacts in the supply chain and actions taken	<u>72</u>	4.4.1 Supply Chain <u>Management</u> No occurrence of related incidents during the reporting year
GRI 400: Social			
GRI 405 (2016): Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	<u>77</u>	5.1.2 Manpower Structure and Diverse Workplace
GRI 402 (2016): Labor/Management Relations 402-1 Minimum notice periods regarding oper changes		<u>78</u>	5.1.3 Smooth Communication Channels

GRI Standards	Disclosure Items	Page	Corresponding Chapter/Supplementary Description
GRI 406 (2016): Non-discrimination	406-1 Incidents of discrimination and corrective actions taken by the organization	<u>75</u>	5.1.1 Promoting the Protection of Human Rights in the Workplace
GRI 408 (2016): Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	<u>75</u>	5.1.1 Promoting the Protection of Human Rights in the Workplace
GRI 409 (2016): Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<u>75</u>	5.1.1 Promoting the Protection of Human Rights in the Workplace
GRI 414 (2016): Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	<u>73</u>	4.4.2 Supply Chain Screening and Evaluation
	414-2 Negative social impacts in the supply chain and actions taken	<u>72</u>	4.4.1 Supply Chain <u>Management</u> No occurrence of related incidents during the reporting year

# Appendix 2. Sustainability Disclosure Indicators for -Electronic Components

Item	Indicator	Annual Disclosure	Corresponding Chapter
1	Total energy consumption, percentage of purchased electricity, and utilization rate of renewable energy	Total energy consumption: 32,053 GJ Percentage of purchased electricity: 79.42% of overall energy consumption Utilization rate of renewable energy: 0%	<u>3.2.2 Energy Consumption</u> <u>Overview</u>
2	Total water intake and consumption	Total water intake: 34.18 thousand cubic meters Total water consumption: 14.08 thousand cubic meters	<u>3.4.2 Water Withdrawal,</u> <u>Consumption, and Discharge</u>
3	Weight of hazardous waste generated and percentage recycled	In 2023, 35.28 metric tons of hazardous waste was collected, and the recycling percentage was 55.62%.	3.3.2 Waste Generated
4	Describe the type, number of people, and proportion of occupational accidents	There were no serious occupational accidents in the Company. In 2023, there were 2 recordable work-related injuries, which were cuts and pinching injuries. The recordable work-related injury rate was 4.32.	5.4.6 Work-related Injuries and Diseases
5	Disclosure of product life cycle management: Including the weight of end-of-life products and electronic waste, and the percentage of recycling	In 2023, the amount of waste electronic components, scraps and defective products was 14.78 metric tons. After physical treatment, the waste was shredded with the valuable metals removed, and the remaining waste was subject to final treatment.	3.3.2 Waste Generated
6	Description of risk management associated with the use of critical materials	See 4.4 Sustainable Supply Chain for details	4.4.1 Supply Chain Management
7	Total pecuniary losses as a result of legal proceedings related to the anti-competitive laws	The Company did not suffer any pecuniary losses as a result of legal proceedings related to the anti- competitive laws	2.4 Legal Compliance
8	Production volume of major products by product category	Protection devices: 1,929,502 thousand pieces Others: 4,546 thousand pieces	4.1.1 Main Products and Services

# Appendix 3. Climate-related Information of Listed Companies

Item	Item	Corresponding Chapter
1	Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	3.1.1 Climate Governance
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<u>3.1.3 Climate Change Response</u> <u>Strategies</u>
3	Describe the financial impact of extreme climate events and transformational actions.	3.1.3 Climate Change Response Strategies
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	3.1.2 Climate Risk Management
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Under planning
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks	Under planning
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Under planning
8	If climate-related targets have been set, the activities covered, the scope of GHG emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Under planning
9	GHG inventory and assurance, as well as reduction goals, strategies, and specific action plans.	3.2.3 GHG Management