

2023 ESG REPORT

Tai-Tech Sustainability Report

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About this Report

Welcome to reading the Sustainability Report (hereinafter referred to as “the Report”) issued by Tai-Tech Advanced Electronics Co., Ltd. (hereinafter referred to as “Tai-Tech”). This is the fourth report that Tai-Tech has voluntarily released in Chinese and English languages on the Company's official website. This report discloses the concrete results of ESG practice in 2023 by Tai-Tech. The report meets the expectations of the public for the sustainable operation of the Company.

Disclosure of ESG Information

Disclosure category	Scope of Coverage
Period	The disclosure is for the year 2023. In consideration of the integrity of the information disclosed, if part of the content refers to the operating activities of different years, it will be explained in the text of this report.
Restatements of information	<ul style="list-style-type: none"> This report adopts the GRI 201-1 calculation method for financial performance, and the data of the previous two years are updated together. Correction: The calculation of the occupational injury rate of the TAIPAQ Plant in 2021 and 2022 should be 200,000 work hours, and it was incorrectly numbered as one million work hours. It is hereby corrected.
Operating locations	Taiwan-based Plants (Taoyuan Headquarters) Plants in China (Kunshan Plant, TAIPAQ Plant)
Financial performance	Data of the Company's consolidated financial statements
ESH and Employee Performance	Taiwan-based Plants (Taoyuan Headquarters) Plants in China (Kunshan Plant, TAIPAQ Plant)
Public welfare performance	Taiwan and China

Basis for Preparation

This report has been prepared in accordance with the GRI Standards: 2021 established by the Global Reporting Initiative (GRI) and complied with the Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX Listed Companies Attachment 1 Sustainability disclosure indicators, Attachment 2 Climate-related Information (TCFD), and Sustainability Accounting Standards Board (SASB) requirements, and discloses Tai-Tech's management approach and implementation performance on material topics such as the environment, people (human rights), and corporate governance. In addition, the GRI content index, sustainable disclosure indicators for the electronic parts and components industry, sustainable accounting standards for electrical appliances and electronic equipment, and climate-related information of companies listed on Taipei Exchange are provided in the attachments of this report for stakeholders' reference.

Information confirmation

The financial data disclosed in this report has been audited and certified by PricewaterhouseCoopers Taiwan in accordance with the International Financial Reporting Standards (IFRS), and is expressed in NT\$ thousand. Statistics on environment, health and safety and employees are compiled by the responsible departments, which are then confirmed by the department heads. The statistics are presented in the calculation method of internationally accepted indicators.

Tai-Tech has formulated the Sustainability Report Preparation and Verification Procedures. The responsible department first reviews the accuracy of the report's contents before submitting it to the ESG Committee to confirm that the report has completely covered all material topics.

To improve the quality of information disclosure in the report, Tai-Tech appointed an external institution, PricewaterhouseCoopers Taiwan, to conduct assurances in accordance with the Standard on Assurance Engagements No. 3000, "assurance engagements other than audits or reviews of historical financial information," and obtained a limited assurance report. Please also refer to the appendix at the end of this report.

To meet the needs and expectations of internal and external stakeholders, such as meeting customer needs, ensuring the physical and mental health and safety of employees, and reducing negative impact on the environment, we have actively introduced various management systems and risk management concepts in recent years to continuously improve and enhance and maintain the effectiveness of various systems in pursuit of sustainable operation of the Company.

Management System

Taoyuan Headquarters	Management Systems	Certification Body
	ISO 9001:2015	TUV
	ISO 14001:2015	TUV
	IATF 16949	TUV
	ISO 45001 : 2018	TUV
	ISO 14064-1 (Note 1)	In progress
	ISO 14067 (Note 2)	TUV

TAIPAQ Plant	Management Systems	Certification Body
	ISO 9001:2015	AFAQ
	ISO 14001:2015	Amtivo Group
	IATF 16949	AFAQ
	ISO 45001 : 2018	Amtivo Group
	ISO 14064-1	Guidance in progress

Kunshan Plant	Management Systems	Certification Body
	ISO 9001:2015	AFAQ
	ISO 14001:2015	AFAQ
	IATF 16949	AFAQ
	ISO 45001 : 2018	AFAQ
	ISO 14064-1	Under planning

Note 1: The Taoyuan headquarters is expected to conduct external verification of ISO 14064-1 in June and July 2024.

Note 2: Only the Taoyuan Headquarters has passed the ISO 14067 certification.

Release frequency

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Contact methods

If you have any suggestions or advice regarding this report, please feel free to provide your valuable comments or contact us directly:
Department: Management Department
Address: No.1, You 4th Rd., Yang-Mei Dist., Taoyuan City, Taiwan 326013
Telephone: 03-4641148 ext. 1242
Email: esg@tai-tech.com.tw



Management system certificates



Tai-Tech ESG Website

Statement from the Management Team

Messages from the Chairman and the President

To our stakeholders who care about Tai-Tech's sustainable development:

Looking back at 2023, although the world has recovered from the COVID-19 pandemic, the overall economy was still affected by multiple factors, including the regional wars, the expansion of the US and China chip ban, high interest rates, high inflation and the post-pandemic economic performance of the mainland China market was not as good as expected, leading to the overall economy significantly adversely impacted. In particular, the passive component industry was also challenged by the weak demand for end products in the electronics industry and Tai-Tech's annual revenue and profit showed a downward trend compared to the previous year.

In the face of the sluggish economy in 2023, Tai-Tech Advanced Electronics adopted several strategies in terms of product research and development, in order to adjust the product mix and ensure the competitiveness in the market. The Company's primary strategy is to increase capital and manpower investment in the research and development of automotive grade electronic components, especially in response to the potential growth trend of the electric vehicle market. The Company will actively seek product certification from automotive electronics customers in Europe and the United States, in order to consolidate and expand long-term cooperative partnerships. Secondly, during the stage of destocking, the Company adjusted its order receiving strategy, gave up some orders for LAN transformers with low gross profit margins and made use of the Company's core competitive advantages to develop new products in order to quickly recover the gross profit margins of the products affected. Furthermore, the Company continues to optimize product design, manufacturing processes and materials to improve the performance and reliability of existing products and thereby increase their market share in the high-end market. Finally, the Company has invested heavily in the improvement of R&D capabilities, especially the development of popular products suitable for the current market such as AI servers. By doing this, we hope to incorporate our innovative products into customers' solutions at the early stage of design.

With the vigorous development of high-speed computing, artificial intelligence, high-speed networking, 5G technology, Internet of Things, and future cars, we have high expectations and confidence in the potential growth of these areas. The Company will continue to make use of our core expertise, continue to innovate, and develop next-generation products to meet the needs of these growing markets.

In terms of external competition, due to the wide application of power inductor components in the fields of information, communication, consumer electronics, and automotive electric vehicles, the market demand is large, making the industry competition very fierce. The Company has been actively responding to such an environment for many years, and will continue to exert its key technical capabilities in magnetic materials, ferrite core design and manufacturing, and highly automated production to maintain our core competitiveness.

In terms of legal compliance, the Company has always insisted on legal operation and fulfillment of corporate social responsibility since its establishment. Through the contingency strategies of professional managers and the consultation of legal experts, we ensured that all factories comply with regulatory requirements.

The macro-economic environment is volatile nowadays. In recent years, slowed market demand and soaring raw material price as a result of wars and inflation have had a broad impact on the electronics industry. New end electronic product functions continue to emerge, such that the demand for power inductor component products continues to be driven up, thereby providing continuous growth opportunity for the Company. In the future, the Company will actively engage in R&D and innovation along with the market trend, in order to provide high-value-added and quality products and improve customer services, as well as to understand the market's competitive status and increase growth energy. The Company will also continue to adopt the business strategy of diverse products and application markets in order to achieve growth and spread risks, thereby establishing long-term competitive advantages.

Looking into the future, new generations of electronic end products and applications will continue to emerge and evolve, which will in turn drive further advances of the electronic component industry technologies and result in increased demand and opportunities for ongoing business growth of the Company. In the upcoming years, TAI-TECH will actively plan and develop automotive grade electronics, network communication, high-speed digital computation, and AI. For product development, the Company will focus on satisfying the demands of the aforementioned application fields and will aim at the development direction of miniaturized products, and products of high frequency, high speed, high current resistance, increased working temperature, as well as increased product performance and reduction of current loss. The Company will continue to increase the product added value and to optimize product combination, in order to increase the output ratio of niche products, thereby further improving gross margin performance and profit performance. In the future layout of production lines, we will also increase the expansion of production lines in the main plant in Taiwan and the new plant in Malaysia. The risks of changes in the international political and economic situation will be taken into account in an effort to pursue the sustainability of the Company, striving to become the preferred supplier of global magnetic components.



President

Ming-Liang Hsieh

謝明良

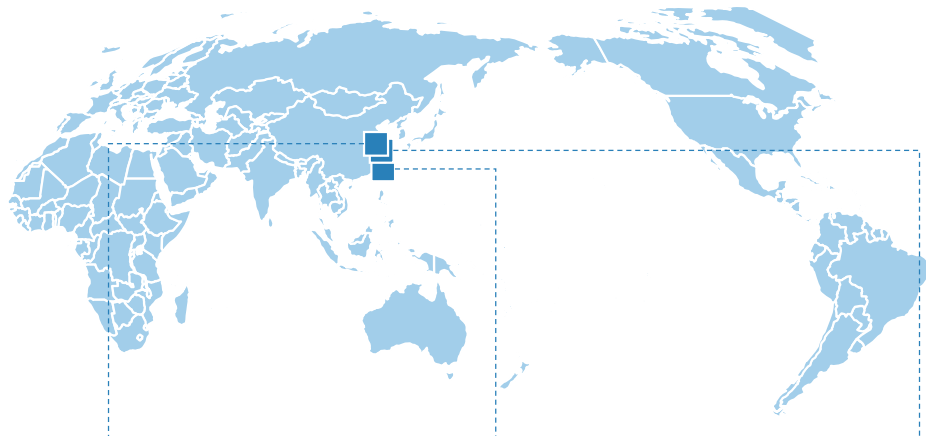
Chairman

Ming-Yen Hsieh

謝明仁

About Tai-Tech Advanced Electronics

Company Profile



Provider

Tai-Tech Advanced Electronics Co., Ltd.

Location of Headquarters

No.1 You 4th Rd., Yangmei Dist.,
Taoyuan City, Taiwan

Industry Classification

OTC Electronic Components

SASB Industry Classification

Resource transformation /
appliance and electronic
equipment

Revenue of Current Year

NT\$4,431,789 thousand

Capital

NT\$1,020,340 thousand

Main products / services

Production and sale of magnetic
materials and power inductors

Number of Employees

1,822 people

Main Sites of Operations

Taiwan Taoyuan Headquarters
Si-Hong TAIPAQ Plant in China
Kunshan Plant in China

Production Value Ratio from Main Sites of Operations

Taiwan 22.62 %
China 62.33 %
Others 15.05%

Major products production volume

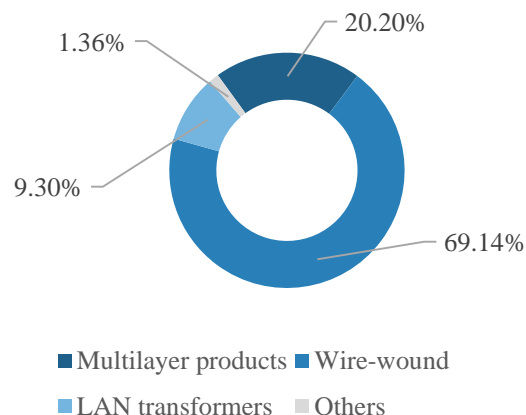
Wire-wound products 2,564,820
thousand pieces
Multilayer products 16,656,452
thousand pieces
LAN transformers 1,251,410
thousand pieces

Shareholding structure ratio

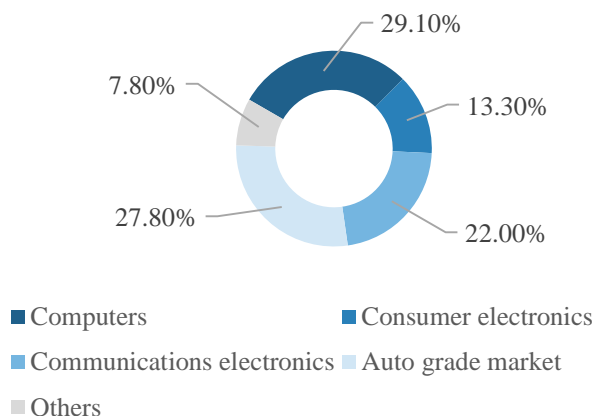
Domestic corporate shareholders
24.80%
Domestic individual shareholders
63.53%
Foreign institution and individual
shareholders 11.67%

Tai-Tech Advanced Electronics Co., Ltd. has been operating for more than 40 years since its predecessor, North West Electric Engineering Industry Co., Ltd., was established. With years of experience in magnetic material technology and vertically integrated manufacturing capabilities, the Company has competitive advantages in diverse inductive products and highly automated production capabilities, and therefore has laid a solid foundation in the inductive and magnetic components industry. In terms of product portfolio, our three major categories of products are multilayer products, wire-wound products, and LAN transformers.

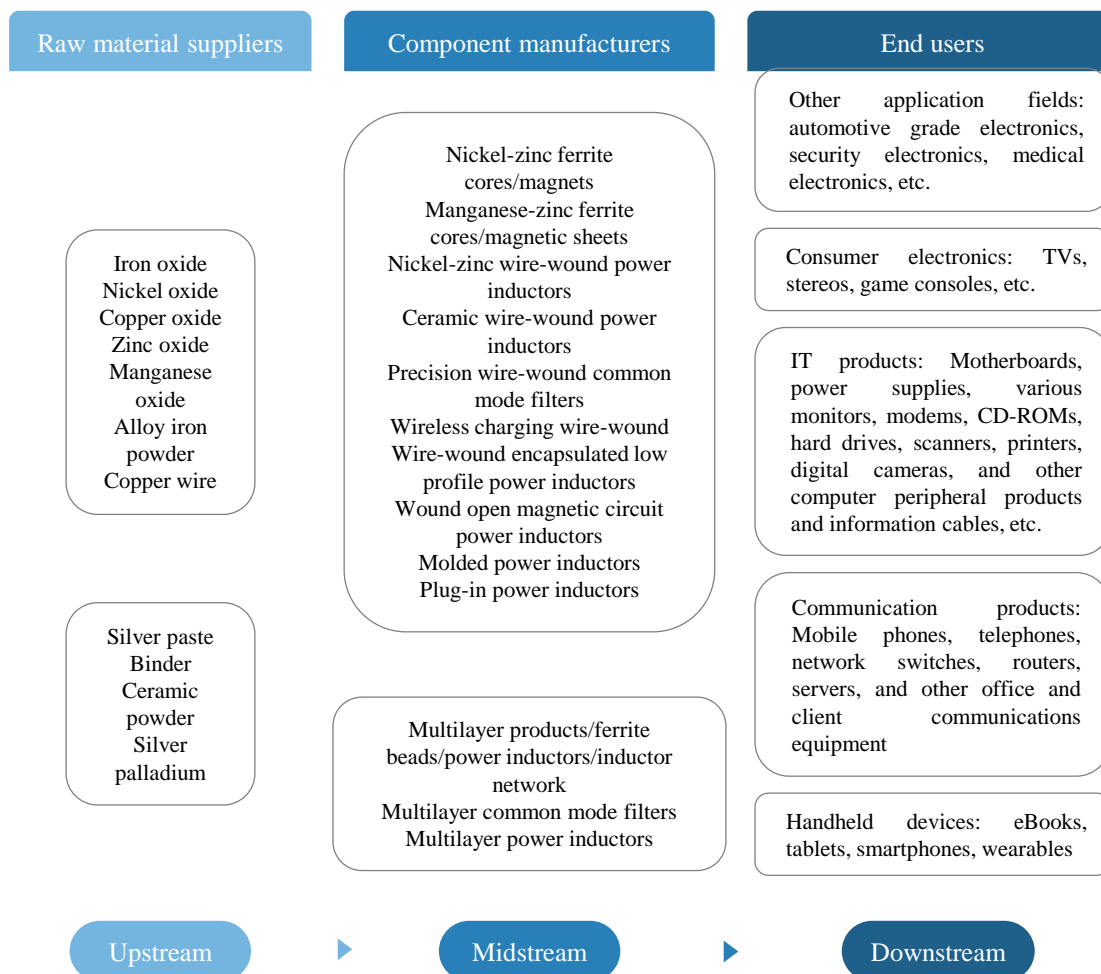
Proportion of product revenue in 2023



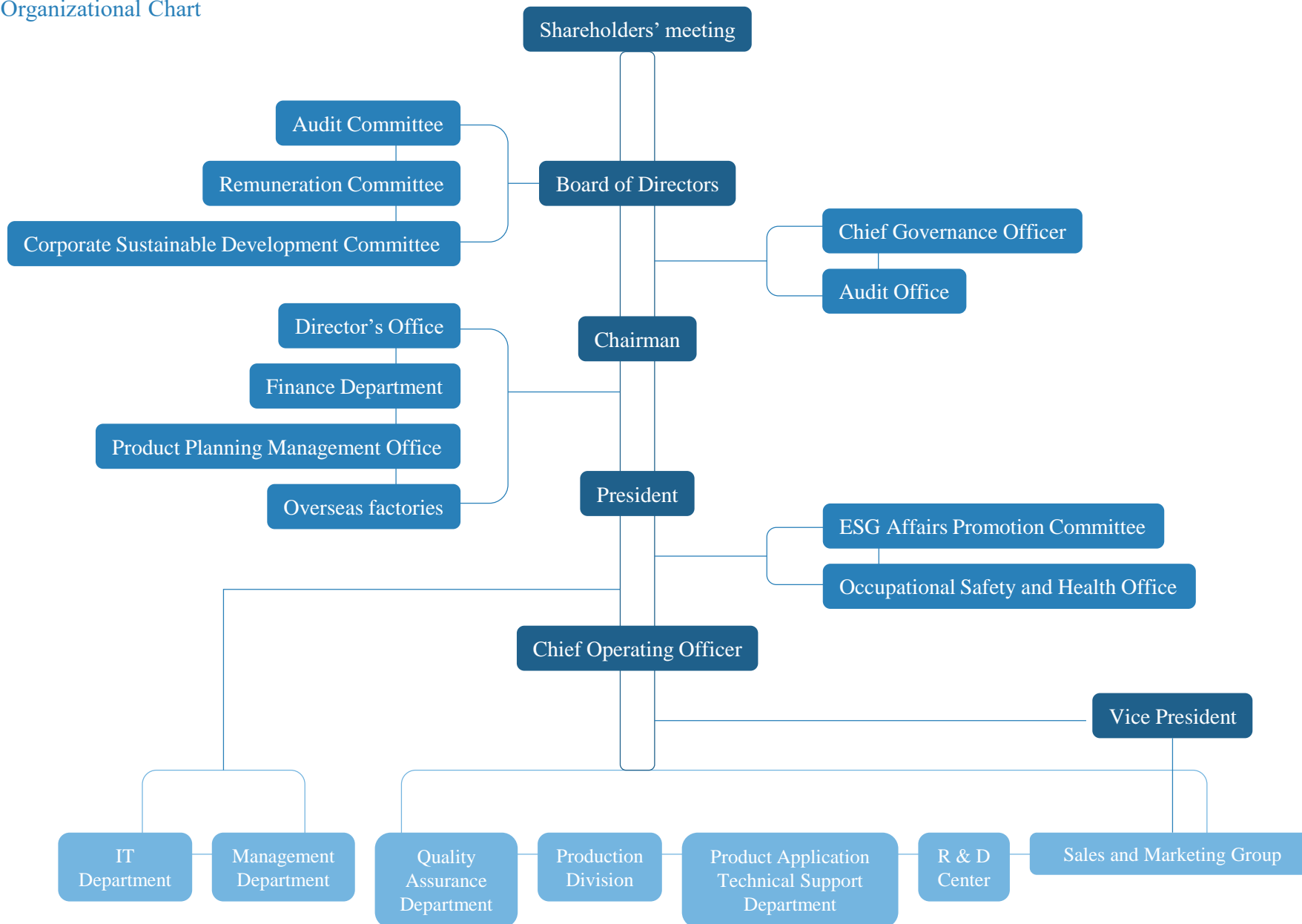
Market share of product applications in 2023



Tai-Tech is at the midstream of the industry chain



Organizational Chart



Overview of Operations

As the functions of electronic products continue to evolve and the specifications of magnetic and inductive components continue to be improved, electronic products are higher speed, lighter, thinner, shorter, and smaller. Thus, Tai-Tech's main products have been developed in the direction of high frequency, thinning, low loss, high power, and high current resistance. In addition, in response to the global trend of automated production, we consider automated production in the early design stages of the development of each product. With rising environmental awareness in the market, green requirements for electronic components have become more stringent. The above-mentioned trends will shape the future direction of the Company's product development.

In response to the trend of smart manufacturing and green factories, we have steadily promoted our own annual management goals for energy conservation, water conservation, and waste reduction over the years. In the future, we will continue to invest in pollution prevention, energy conservation, and waste reduction to actively reduce the impact of our operating procedures on the environment, while developing first-class durable products with low energy consumption. We will also leverage our strong research and development (R&D) and manufacturing capabilities accumulated over the years to provide clients and the market with the most competitive and forward-looking solutions.

Core
values

Focus on our
core business

Pragmatic
Management

Mission

Provide customers with high-quality
magnetic component products and services

Create value for
stakeholders

Short-term
operational goals

Looking ahead to 2024, the regional war is not over, unfavorable factors such as high interest rates and inflation will still exist, and geopolitical tensions will also make economic development full of challenges and uncertainties. However, the application market of technological innovations such as artificial intelligence, future cars, 5G, IoT, high-speed networking, and high-speed computing is still booming, bringing us new growth opportunities. With a conservative and optimistic outlook, we look forward to achieving greater breakthroughs in these application markets. Therefore, the Company will continue to exert its core capabilities to the best of its ability and focus on the above-mentioned growth markets, in order to achieve the target of double-digit percentage revenue growth in 2024 compared to 2023.

Mid-term operational
goals

In the upcoming years, TAI-TECH will actively plan and develop automotive grade electronics, network communication, high-speed digital computation, and AI. For product development, the Company will focus on satisfying the demands of the aforementioned application fields and will aim at the development direction of miniaturized products, and products of high frequency, high speed, high current resistance, increased working temperature, as well as increased product performance and reduction of current loss. The Company will continue to increase the product added value and to optimize product combination, in order to increase the output ratio of niche products, thereby further improving gross margin performance and profit performance. In the next five years, the goal will be higher than the average growth rate of sales and profits of industry peers.

Long-term
operational goals

The planning for future product line will also be executed based on the consideration of the international political and economic status change risk. The Company will expand the production line capacity in the headquarter plant in Taiwan and will continue to focus on the core business along with the practical management philosophy, enhancement of ESG implementation, in order to head toward sustainable operation and to achieve the vision of world first-class inductors supplier with best effort.

Participation in External Associations

In addition to enhancing the competitiveness of our core business, we actively participate in relevant associations and organizations to communicate and brainstorm new ideas with businesses in the same industry and connect the influences of various companies and organizations to deepen our social participation.

Taoyuan Headquarters	Participation in External Associations	Identity
	Taiwan Electrical and Electronic Manufacturers' Association	Members
	Association of Cubs Industry, Taoyuan City	Members
	Taoyuan City Industrial Association	Members
	Taiwan Passive Component Industry Association	Director

TAPPA Plant	Participation in External Associations	Identity
	Jiangsu Province Environment Federation	Members
	Suqian City High-Tech Enterprises Association	Members
	Taiwan Compatriot Investment Enterprises Association of Suqian City	Director
	Suqian City Work Safety Association	Members
	Si-Hong County Charity Federation	Members

Kunshan Plant	Participation in External Associations	Identity
	Environmental, Safety and Health Association of Kunshan City, Jiangsu Province	Members
	Taiwanese Chambers of Commerce of Kunshan City, Jiangsu Province	Members

Sign onto external initiatives

The ESG Sustainability Initiative is a public initiative of E.SUN Bank and like-minded corporate partners to implement ESG concepts and actions, and promote the United Nations SDGs sustainable development goals, hoping to exert greater influence and create a better society. TIn order to demonstrate Tai-Tech's determination to implement ESG to the public, we have also actively responded to E.SUN Bank's call to sign the Sustainable Development Initiative.



ESG Awards and Honors in Recent Years

Taoyuan Headquarters ESG Awards



Certificate of Appreciation for Planting Adoption

Assisted the Taoyuan Lion Youth Industrial Park Service Center of the Ministry of Economic Affairs in promoting landscaping and adoption to enhance the overall environmental landscape of the industrial park.

ESG Awards for Plants in China



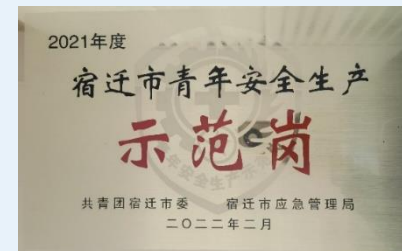
2021 Work Safety Demonstration Enterprise



2022 Jiangsu Province Water-Saving Enterprise



2023 Ethical Enterprise



2021 Suqian City Youth Production Safety Demonstration Post



2023 Suqian City Healthy Enterprise



2023 Si-Hong County Advanced Unit for Fire Protection

Corporate Sustainable Development

Corporate Sustainable Development Committee

First of all, for Tai-Tech to actively manage its internal sustainability information and implement a systematic cross-departmental cooperation mechanism for the implementation and planning of sustainable business, the company's Board of Directors has passed the "Sustainable Development Best Practice Principles" and the "Corporate Sustainable Development Committee Charter." The Board of Directors authorized the establishment of the Corporate Sustainable Development Committee (hereinafter referred to as the "ESG Committee"), which consists of the Chairman, 3 independent directors and the President. The Chairman serves as the chairperson of the ESG Committee. In addition, the President's Office has established the Sustainable Development Affairs Committee (hereinafter referred to as the "ESG Affairs Committee"). The ESG Affairs Committee has functional teams led by department heads. The President would authorize each of the team leader to manage related topics to corporate governance, sustainable operations, green innovations and employee and societal care and so on functions. We also address stakeholders' expectations in a timely manner. Each team reports to the President on a regular basis, so that the senior management can grasp the progress of ESG implementation in real time and coordinate the provision of necessary resources.

The ESG Committee convenes meetings twice a year. Before the meeting begins, the executive secretary issues a meeting opening notice. Each team leader is requested to compile stakeholders' opinions and submit them to the executive secretary for compilation. The meeting then discusses and reaches a resolution during the ESG committee meeting. Finally, the matters are submitted to the Chairman for approval.

After the preparation of the ESG report, the President will convene an ESG Committee meeting to confirm that the report for release for the current year has covered all ESG material topics. Furthermore, to ensure the quality and accuracy of the ESG information disclosed externally, the Company has established procedures for the preparation and verification of the sustainability report and incorporated these procedures into the internal control system.

The Company also arranges for the President to report the progress of ESG implementation to the Board of Directors on a regular basis every year. The Board of Directors evaluates the feasibility of policies and goals defined on ESG material topics and reviews the effectiveness of ESG implementation. Subsequently, the implementation results of the Company's sustainable development will be disclosed in the shareholders annual report and the Company's official website. The Company further plans to have the ESG report passed by the Board of Directors in 2024, so that the Board of Directors can be deeply involved in the Company's ESG practice.

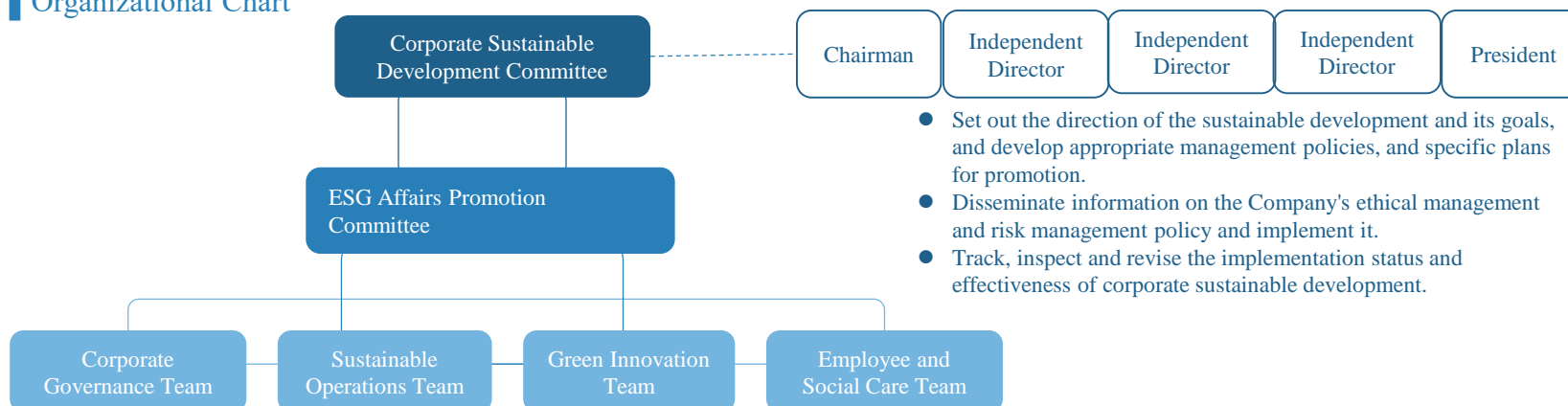


Sustainable
Development Best
Practice Principles



ESG Affairs Promotion
Committee Charter

Organizational Chart



Sustainable Development Implementation Outcomes

Material Topics		Achievements in 2023	Future goals
Green Innovation	Energy Management	<ul style="list-style-type: none"> Annual electricity saving rate was 0.72% and the electricity saving was 139,453.13 kWh Average annual electricity savings rate for 2015-2023 was 1.63% 	<ul style="list-style-type: none"> Average annual electricity savings rate for 2015-2024 was 1% Introduce ISO 50001 energy management system and obtain certification Review renewable energy construction plan to effectively reduce energy consumption
	Water Resources Management	<ul style="list-style-type: none"> Reduced the core process water consumption to 72% Core process water consumption ratio decreases by 23.5%, accounting for 51.5% of the total water consumption, and tap water of 20,872 tons is reduced The recycling rate of ROR wastewater was 10.14%, reducing 9,006 tons of tap water. 	<ul style="list-style-type: none"> Continue to reduce water consumption for core processes to 70% in 2024. In 2024, maintained the ROR wastewater recycling rate above 15%. Verify goal achievement rate with ISO14001
	Waste Management and Recycling	<ul style="list-style-type: none"> The overall waste reuse and recycle rate was 82.77%. Harmful electroplating waste liquid was brought into the factory for treatment at 100%. Material powder recycling rate was 2.64%, reducing waste output by 3.06 tons. 	<ul style="list-style-type: none"> In 2024, the overall waste reuse and recycle rate increased by 1% In 2024, maintained the harmful electroplating waste liquid brought into the factory for treatment at 100%. In 2024, the ratio of remaining material powder re-fed into manufacturing process of the process total output reuse and recycle rate increased by 2%. Waste total weight reduction reaches above 3%
	Green Products	<ul style="list-style-type: none"> Expand the use of high-efficiency, high-inductance power inductors and MOSFETs with lower on-resistance RDS(on). Currently, 6% of the total R&D projects have been completed. 	<ul style="list-style-type: none"> By selecting components, we use high-efficiency power inductors to reduce the temperature of the hottest part of the motherboard by about 10%, and lower on-resistance RDS(on) to reduce the temperature of MOSFETs. Continue to introduce high-efficiency power management active ICs, MOSFETs with low-loss power inductors and low R-ds(on) on new models, and investigate circuit optimization and the latest parts selection from time to time. Improve product energy efficiency to achieve the goal of energy saving through research and development of software and hardware. Continue to cooperate with upstream manufacturers to develop active and passive materials for green design and accumulate green design resources.
	Sustainable Supply Chain	<ul style="list-style-type: none"> During the cooperation between the Company and suppliers, the suppliers were not involved in any serious adverse environmental and social impacts. Adoption of the GRI Environmental and Social Topic Guidelines, screening 100% of new suppliers. Local procurement ratio of goods was 56% The local procurement ratio of raw materials was 71% Green Procurement Amount reached NT\$16,745 thousand 	<ul style="list-style-type: none"> During the annual supplier audit, suppliers must fill out the supplier audit checklist and return it. If any records of serious adverse impact on the environment or society are found during the transaction or collaboration period, business dealings with such suppliers will be terminated immediately Suppliers are requested to provide certificate for zero-use of hazardous substances, and the Company also submits materials to third party for inspection to implement two-stage controls in order to ensure that products comply with the standards 100%.

Material Topics		Achievements in 2023	Future goals
Employee and Social Care	Occupational Safety and Health	<ul style="list-style-type: none"> No major deficiencies from the audit results Passed the audit for ISO45001 occupational safety and health management system certification Implemented 7 optimization projects for workplace safety 	<ul style="list-style-type: none"> Continue to maintain ISO 45001 system certification Perform inspection periodically with all department heads once monthly Report safety and health matters and internal compliance assessment during monthly meeting Number of accident-free working hours reaches 600 thousand hours Implement 3 optimization projects for workplace safety
	Human rights protection	<ul style="list-style-type: none"> 4,089 hours of human rights training in all plants No human rights violations occurred 	<ul style="list-style-type: none"> In 2024, the average hours of employee human rights training was 4.5 hours or more. Include human rights protection clauses in all supplier contracts at all levels 100% of suppliers receiving human rights education and training
	Employee Care	<ul style="list-style-type: none"> 3% salary increase for all employees Employee satisfaction rate reached 94.65%, and questionnaire response rate reached 86.96% Employee retention subsidy amounted to NT\$9,510 thousand The reinstatement rate from parental leave was 100%, and the retention rate was also 100%. No work reduction or unpaid leave throughout the year Implemented 2 optimization projects on employee care 	<ul style="list-style-type: none"> In 2024, employee satisfaction rate reaching 70%, and questionnaire response rate reached 95% No work reduction or unpaid leave in 2024. Promote at least one new/optimized employee benefits policy each year Engage an external organization to conduct employee satisfaction surveys.
	Talent Cultivation	<ul style="list-style-type: none"> Education and training program implementation rate 97.8% Completed construction of training e-system 	<ul style="list-style-type: none"> In 2024, the education and training plan implementation rate reaching more than 94.6% In 2027, the Company received the Silver Medal for the Talent Quality-management System (TTQS) presented by the Workforce Development Agency, Ministry of Labor
Corporate Governance / Sustainable Operations	Customer Service	<ul style="list-style-type: none"> A total of 23 questionnaires were sent out for the top 20 customers (including alternative customers) by transaction amount. The questionnaire recovery rate was 100%, and the average score reached 94.26 points. The customer satisfaction survey average scores for the last three years were all above 92 points 	<ul style="list-style-type: none"> Customer satisfaction survey average score above 90 points Plan to introduce the Responsible Business Alliance (RBA) in 2024

Material Topics		Achievements in 2023	Future goals
Corporate Governance / Sustainable Operations	Ethics and Integrity	<ul style="list-style-type: none"> Conducted internal and external education and training on ethical management for a total of 642 hours A total of 81 new employees reporting to training for a total of 283.5 hours All employees sign the Code of Ethics A total of 43 suppliers from the Taiwan Plant, 16 from the Kunshan Plant, and 39 from the TAIPAQ Factory signed the Letter of Undertaking of Integrity. The number of integrity violation cases accepted was 0. 	<ul style="list-style-type: none"> Diverse communication and establishment of stakeholder communication channel Enhance suppliers' ethical commitment requirements, and implement supplier ESG evaluation Suppliers continue to sign the Letter of Undertaking of Integrity Request all employees and board members to participate in education and training related to ethics
	Innovation and R&D	<ul style="list-style-type: none"> NT\$85,460 thousand invested in R&D Taiwan plants obtained 7 patent certificates in the year Accumulated 88 valid patents New product sales accounted for 3.85% of overall revenue Automotive application products increased significantly The application of TLVR server equipment continues to increase. 	<ul style="list-style-type: none"> Establish systematic development process and R&D database, develop high-end products satisfying market demands, improve market visibility and competitiveness, enhance computer aided design capability Obtain the opportunities on early design-in for high-end and overseas products, in order to develop advanced and high-end products
	Product Liability	<ul style="list-style-type: none"> All products comply with the EU's product safety requirements (REACH/RoHS) No major deficiencies were found during internal audit and customer audit 	<ul style="list-style-type: none"> Establish reliability annual verification plan Internal product hazard substance tests, submit each product to SGS to test hazardous substances annually Introduce green raw materials for all raw materials All products comply with EU REACH/RoHS requirements
	Information security protection	<ul style="list-style-type: none"> Execute the upgrade of information security software and hardware, and the total investment for information security construction is about NT\$5 million. Organized 100 new employees' information security training, averaging 0.5 hours per person, and 100% completion rate External professional training for IT personnel for 3 people, 24 hours per person Completed core system vulnerability scans, penetration tests, and disaster recovery drills, and improved high-risk items. No major information security incidents affecting the Company's operations 	<ul style="list-style-type: none"> New recruits, information and communication system operators, information security personnel, and mail service users should complete the information security training courses required by the company. Vulnerability scanning, penetration testing, and disaster recovery drills are performed on the core information and communication system every year, and subsequent improvements are made. ≤ 2 significant information security incidents per year Implement ISO 27001 information security management system in all factories, obtain certificates, and continue to maintain the effectiveness of the system

Stakeholder Engagement

We attach great importance to interaction with stakeholders. Regardless of the impact caused by Tai-Tech or the impact on Tai-Tech, as the organizations, groups, or individuals are all Tai-Tech's stakeholders. To focus on communication, we have identified seven categories of stakeholders with reference to the five main principles of dependency, responsibility, influence, diverse perspective, and tension under the AA1000 Stakeholder Engagement Standard (SES)-2011: government agencies, shareholders, clients, employees, suppliers/contractors, media and banks. For these seven categories of major stakeholders, with respect to the special topics of concerns, Tai-Tech reviews the risks and opportunities in our operations to develop feasible responses and action policies for their main issues of concern. The Company refers to the opinions of stakeholders to formulate the corporate sustainability management policy and vision, and arranges to report the two-way communication between stakeholders and the Company to the Board of Directors once a year.

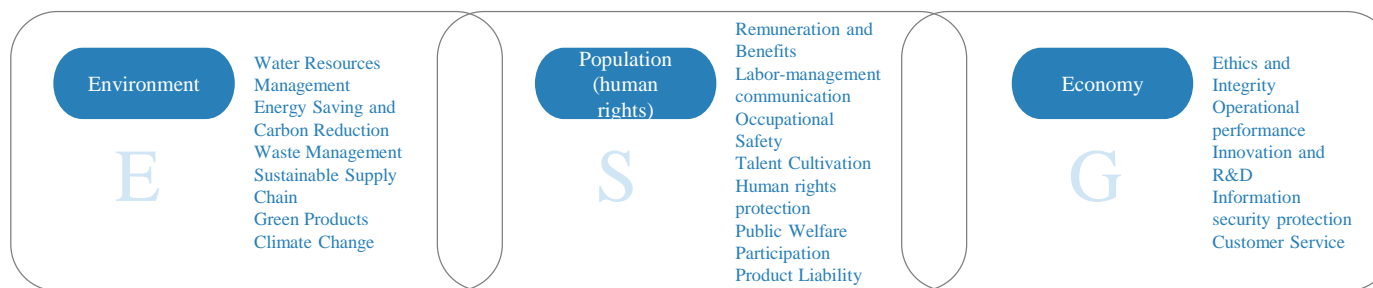
Major Stakeholders		Concerned topic	Communication channel	Frequency	Interaction Statistics
Government Agencies	Significance to Tai-Tech Government agencies' supervision and audits on the Company's compliance practices Responsible Department/Contact Information Ms. Fan, Jiang from Management Department adminis@tai-tech.com.tw	Energy Saving and Carbon Reduction Waste Management Occupational Safety Legal Compliance	Competent authority policy advocacy meeting	From time to time	<ul style="list-style-type: none"> 1 session of online seminar 10 official letters from the competent authority. Number of official letters with government agencies: 215 documents received, 30 documents issued 4 on-site audits by the Labor Inspection Division
			Telephone, email, official document	From time to time	
			On-site audit	From time to time	
Shareholders	Significance to Tai-Tech Shareholders/investors are the Company's supporters. The Company shall protect their rights and interests, treat all investors fairly, and they have the right to be fully informed of material matters. Responsible Department/Contact Information Ms. Lee, Shareholder Affairs invest@tai-tech.com.tw	Operational performance Ethical Management Legal Compliance Information security protection	Email	From time to time	<ul style="list-style-type: none"> Attendance at shareholders' meetings - 62.05% Investor hotline received 65 calls Held 3 investor conferences 80 emails
			General Shareholders' Meeting	Annually	
			Investor conference	From time to time	
			Financial statements	Quarterly	
			Annual report	Annually	
			Investors zone on the official website	Monthly	
			Market Observation Post System of TWSE	From time to time	
Clients	Significance to Tai-Tech We emphasize the importance of customer needs. When customers put forward requirements, we are committed to providing the best solutions and high-quality products to meet customer expectations. Responsible Department/Contact Information Mr. Hsieh, Sales and Marketing Business Group sales@tai-tech.com.tw	Legal Compliance Ethical Management Operational performance Innovation and R&D Green Products Customer Service Information security protection Tax policy	Client video conference	From time to time	<ul style="list-style-type: none"> Satisfaction survey conducted for the top 20 customers and 3 auto parts customers: The questionnaire recovery rate was 100%, and the average score reached was 94.26 points. 2 physical ESG seminars 1 session of online seminar
			visit to clients	From time to time	
			Client Satisfaction Survey	Once a year	
			Telephone, email	From time to time	
			Communication software	Weekly	

Major Stakeholders		Concerned topic	Communication channel/frequency	Frequency	Interaction Statistics
Employees	<p>Significance to Tai-Tech The growth of Tai-Tech is due to the efforts of employees. Therefore, establishing good labor-management relations and smooth communication channels is an important factor for maintaining stable operations.</p> <p>Responsible Department/Contact Information President g110@tai-tech.com.tw Internal Extension Employee suggestion mailbox</p>	<p>Legal Compliance Ethical Management Operational performance Remuneration and Benefits Human rights protection Occupational Health and Safety</p>	President's email, employee feedback box	From time to time	<ul style="list-style-type: none"> ● Held 4 labor-management meetings ● Held 4 Employee Welfare Committee meetings ● Four meetings of the Occupational Safety and Health Committee were held ● Conducted 1 time of employee satisfaction anonymous survey ● Employee satisfaction survey averaged 94.65% ● 3 cases of employee feedback received
			Labor-management meeting	Quarterly	
			Employee Welfare Committee	Quarterly	
			Occupational Safety and Health Committee	Quarterly	
			Employee satisfaction anonymous survey	Annually	
			Stakeholders communication log	From time to time	
Supplier/ Contractor	<p>Significance to Tai-Tech Tai-Tech is committed to working with suppliers and distributors under the collaborative structure to jointly create a complete sustainable value chain.</p> <p>Responsible Department/Contact Information Ms. Wang from the Procurement Section procurement@taitech.com.tw</p>	<p>Sustainable Supply Chain Green Products Energy Saving and Carbon Reduction Human rights protection Ethical Management Waste Management</p>	Telephone, email, communication software	From time to time	<ul style="list-style-type: none"> ● 42 suppliers signed the ESG assessment form ● Checklist for supplier audit - 51 suppliers ● External audit on 7 industrial waste contractors ● A total of 43 new suppliers signed the commitment to integrity
			Supplier audit checklist	Annually	
			External audit operations of business waste cleaning contractors	From time to time	
Media	<p>Significance to Tai-Tech Maintain good communication channels with the media to convey complete corporate information and brand image.</p> <p>Responsible Department/Contact Information Spokesperson Mr. Tseng james-t@tai-tech.com.tw</p>	<p>Legal Compliance Community relations Maintenance Public Welfare</p>	Email	From time to time	<ul style="list-style-type: none"> ● Interviews with 5 media at the Company each quarter ● 1 telephone call ● 1 investor conference ● 1 news outlet will be published on a quarterly basis
			Appointment with media for an interview	From time to time	
			Press release	From time to time	
Banks	<p>Significance to Tai-Tech The bank loan allows the Company to continue investing in energy-saving equipment, maintain product competitiveness, and create more revenue for the Company.</p> <p>Responsible Department/Contact Information Ms. Ho from Accounting Department acc@tai-tech.com.tw</p>	<p>Legal Compliance Occupational Health and Safety Energy Saving and Carbon Reduction Waste Management Green Products Ethics and Integrity Operational performance</p>	Visits	From time to time	<ul style="list-style-type: none"> ● 28 visits ● 532 mails ● 180 communication sessions on software
			Email	From time to time	
			Communication software	From time to time	

Identification of Major Themes

To accurately capture the sustainability issues that major stakeholders are concerned about and understand the level of impact of each issue on them, we collect the sustainability issues raised by major stakeholders in the routine business dealing process of each department. The committee converged and compiled, referring to the 2021 edition of the GRI Standards and ESG reports of peers, to summarize 18 sustainability issues covering the economy, environment, and people (human rights) to ensure that the sustainability information disclosed by Tai-Tech meets the requirements of the GRI for completeness and diversity of requirements.

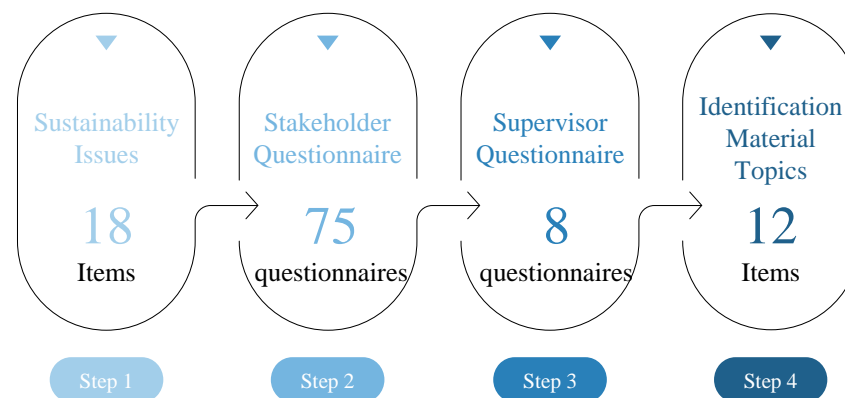
ESG Sustainability Issues



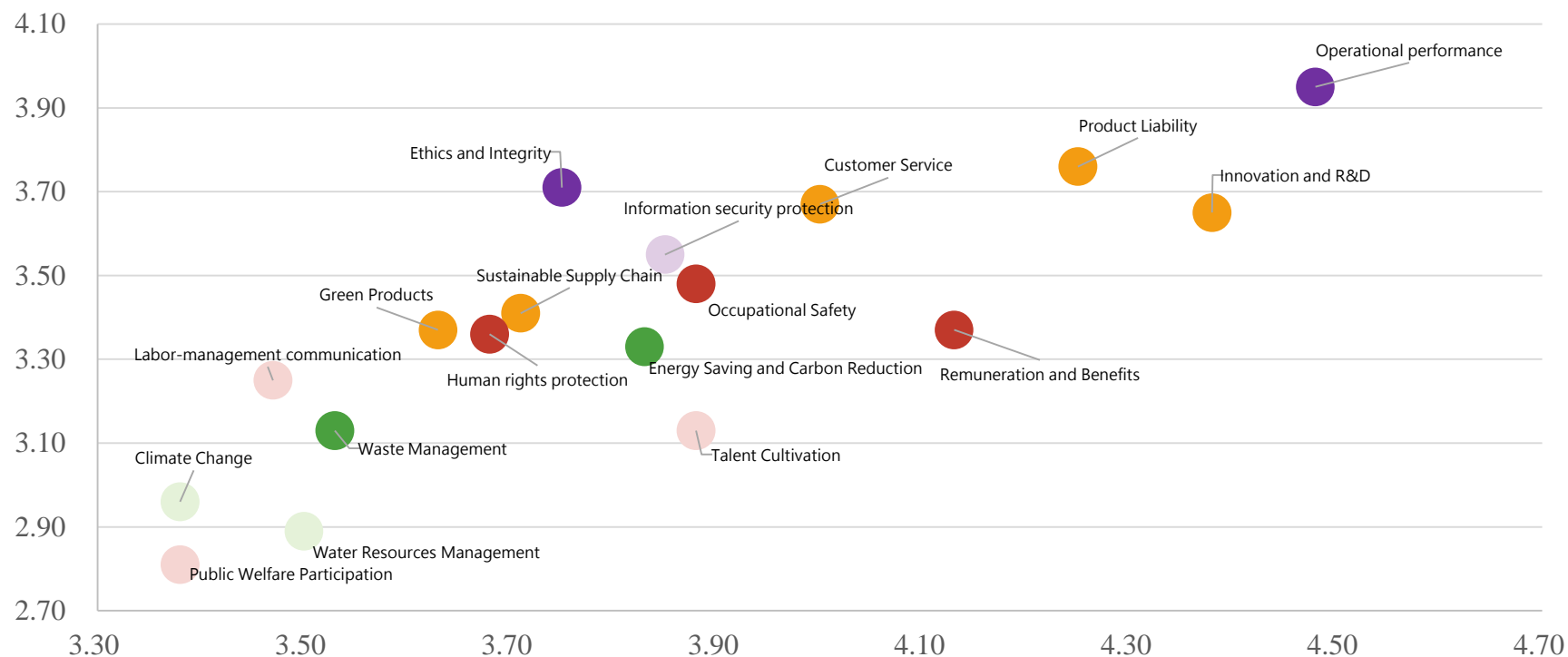
Note: Corporate governance, risk management, and legal compliance fall within the scope of required disclosures in the GRI Standards: 2021. Therefore, although they are not included in the list of sustainability issues, they will still be disclosed in this report.

Secondly, we invited major stakeholders to fill out the Impact Stakeholders' Impact Assessment Questionnaire through online questionnaires. A total of 75 questionnaires were collected, including 23 from shareholders, 12 from employees, 18 from customers, 16 from suppliers/contractors, 1 from government agency, and 5 from the banks, and so on. The degree of influence on the major stakeholders of various sustainability issues was obtained by recovering the questionnaires. The 8 senior executives of Tai-Tech then gave scores to the significant impacts on economy, environment, and people (human rights) of Tai-Tech based on each topic, and summarizing the two scores to obtain a matrix of material topics. The results are then discussed by the ESG Affairs Promotion Committee in meetings to prioritize top four issues of the three aspects of economy, environment, and people (human rights), and to confirm the 12 material topics that should be disclosed first in 2023. In descending order, they are: operational performance, innovation and R&D, product liability, customer service, remuneration and benefits, ethical integrity, occupational safety, energy conservation and carbon reduction, and sustainable supply chain, human rights protection, green products, and waste management. In this report, we will explain the management approaches and performance indicators for each material topic.

Material Topics Identification Process



Material Topic Matrix Diagram



Sorting	2022 Material Topics	2023 Material Topics	Compare	Sorting	2022 Material Topics	2023 Material Topics	Compare
1	Operational performance	Operational performance	Maintained	7	Remuneration and Benefits	Occupational Safety	↓5
2	Occupational Safety	Innovation and R&D	↑1	8	Water Resources Management	Energy Saving and Carbon Reduction	↓2
3	Innovation and R&D	Product Liability	↑6	9	Product Quality and Safety	Sustainable Supply Chain	↓4
4	Customer Service	Customer Service	Maintained	10	Waste Management	Human rights protection	Newly Added
5	Sustainable Supply Chain	Remuneration and Benefits	↑2	11	Ethics and Integrity	Green Products	Newly Added
6	Energy Saving and Carbon Reduction	Ethics and Integrity	↑5	12	-	Waste Management	↓2

Chapters Corresponding to Material Topics

Material Topics	Significance to Tai-Tech ★Positive Impact ▲Negative Impacts	Internal Distinctions	External boundary				Corresponding GRI Topic Guidelines	Disclosure Chapter
		The Company	Shareholders	Clients	Suppliers Contractors	Banks		
Operational performance	★Good operational performance can not only improve the Company's profitability, provide better employee benefits to attract and retain outstanding employees, but also provide better quality products and services to attract more customers and improve the Company market share of our products, thereby creating greater profits for shareholders.	●	●			●	GRI 201: Economic Performance 2016	1.1.3 Operational Performance
Innovation and R&D	★ The Company is committed to the product R&D and technology innovation, and continues to expand product application field, in order to increase the lead from competitors and to establish firm leading advantages.	●	●	●		●	Custom Topics	2.1 Innovation Capabilities
Product Liability	★ The Company shall ensure that its products meet customer requirements and continue to improve product quality and safety through various stages of product reliability verification to maintain product competitiveness.	●	●	●	●		GRI 416: Product Health and Safety 2016	2.3.2 Quality Management
Customer Service	★ Customers are the main source to the revenue of the Company, and the Company values product quality, delivery, technology R&D and sales service as the highest commitment to customers. Maintaining high customer satisfaction on the Company will be beneficial to continue winning customer recognition of the Company.	●	●	●		●	GRI 418: Customer Privacy 2016	2.3.1 Customer Relationship Maintenance
Remuneration and Benefits	★ With sound remuneration and benefit system, retention of outstanding personnel can be achieved, and greater outstanding talents can also be attracted to join the team of Tai-Tech.	●				●	GRI 401: Employment 2016 GRI 405: Employee Diversity and Equal Opportunity 2016	4.3 Employee Care
Ethics and Integrity	▲ The Company's philosophy has ethics principles at its core. With the formulation and implementation of internal regulations, all unethical behavior is strictly prohibited to strengthen the awareness of integrity of the Company's personnel, so as to reduce the risk of loss to the Company's finances and goodwill due to violation of ethical integrity.	●		●		●	GRI 2: General Disclosures 2021	1.1.2 Ethical corporate management

Material Topics	Significance to Tai-Tech ★Positive Impact ▲Negative Impacts	Internal Distinctions	External boundary				Corresponding GRI Topic Guidelines	Disclosure Chapter
		The Company	Share holders	Clients	Suppliers Contractors	Banks		
Occupational Safety	▲ As employees contribute to the Company, the Company shall protect the physical and mental well-being of employees. Employee safety is the Company's unchanging commitment. In the event of an accidental occupational accident, it may result in interruption of the Company's operations and a decrease in productivity, as well as damage to the image and related legal liabilities.	●		●		●	GRI 403: Occupational Health and Safety 2018	4.5 Friendly Workplace
Energy Saving and Carbon Reduction	▲ As energy saving and carbon reduction under the impact of climate change is the future trend and the impact on the ecology becomes more prominent, Tai-Tech is committed to energy saving and carbon reduction in daily practices, and also continues to complete government's promotion on the average annual electricity reduction of 1% for users of large energy consumption.	●		●		●	GRI 302: Energy 2016 GRI 305: Emissions 2016	3.2 Energy conservation and carbon reduction
Sustainable Supply Chain	★ The Company values the topic of corporate sustainability. With regard to the management of the supply chain, we have built the Company's supply ecological chain with the strategy of "like-minded, symbiotic, co-prosperous, and local" and built the supply chain's ESG resilience.	●		●	●	●	GRI 204: Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016	2.2 Supply Chain Management
Human rights protection	★ The Company values the rights and interests of employees. For example, the Company has formulated a human rights policy that strictly prohibits any workplace bullying or discrimination, implemented internal human rights training, implemented consensus between labor and management, and implemented a smooth reporting mechanism to protect the human rights of employees.	●				●	GRI 2: General Disclosures 2021	4.1 Human rights protection
Green Products	★ To satisfy customers' high emphasis on the environment, the Company introduces the green concept at all stages of the product life cycle to reduce the negative impact on the overall environment.	●		●	●	●	Custom Topics	2.1.3 Green Design
Waste Management	★ The Company's goal is to reduce the negative impact on the environment. Accordingly, we will continue to follow relevant environmental protection laws and regulations, implement continuous improvement, practice surplus material recycling and regeneration, prevent pollution, implement resource saving and regeneration, reduce industrial waste and promote friendly neighborhood and community.	●				●	GRI 306: Waste 2020	3.4 Waste management

1 Sustainable Governance

1.1 Robust Governance

- 1.1.1 Corporate Governance
- 1.1.2 Ethics and Integrity
- 1.1.3 Operational Performance
- 1.1.4 Internal control
- 1.1.5 Legal Compliance
- 1.1.6 Information Security

1.2 Risk Management

2023 Key Performances

NT\$4.433 billion



The Company's consolidated revenue was NT\$4.433 billion.

Ranking in the 6% - 20% range



Corporate governance evaluation: TPEx-listed companies in the 6% - 20% range.

Excellent rating



The external evaluation result of the Board of Directors was excellent.

1.1 Robust Governance

The shareholders' meeting is composed of all shareholders. It makes decisions on major issues of the Company and listens to the reports of the Board of Directors on a regular basis. It is the highest decision-making body of the Company while the Board of Directors is the highest governing body. All Board members fulfill the duty of care as good administrators and plan the Company's business policies and review the financial performance and ensure that the Company's operations comply with various laws and regulations. In order to improve corporate governance and strengthen the Company's competitiveness, the Board of Directors has established an Audit Committee and a Remuneration Committee to improve the operation of the Board of Directors. There is also an independent Audit Office under the Board of Directors, which audits and reports the audit results to the Audit Committee and the Board of Directors.

Tai-Tech attaches great importance to corporate governance, pursues sustainable growth and ethical management, and continues to strengthen the corporate governance structure. We uphold information transparency and an effective internal control system to protect the rights and interests of stakeholders. In accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Company weighs the Company's overall operating activities, designs and implements an internal control system, and reviews it at any time to respond to changes in the internal and external environment to ensure the continued effectiveness of the design and implementation of the internal control system. Hence, a comprehensive management mechanism was built to improve operational performance and achieve the goal of sustainable development.

At the same time, the Company's financial statements are regularly audited and certified by accounting firms, and various information disclosures required by laws and regulations can be accurately and timely completed. The responsible personnel are responsible for the disclosure of the Company's information to the public, and a spokesperson system has been established to ensure various material information can be disclosed in a timely and fair manner for shareholders and stakeholders to refer to the Company's financial and business-related information.

Striving to continue to pursue progress in corporate governance, Tai-Tech has appointed the Manager of the Accounting Department to hold concurrent position as the Head of Corporate Governance in November 2022. Her responsibilities are to handle matters related to the Board of Directors and shareholders' meetings, prepare the minutes of the Board of Directors and shareholders' meetings, assist directors in taking office and continuing education, provide directors with the information needed to perform duties, and assist directors in complying with laws and regulations and more. Led by the Head of Corporate Governance, Tai-Tech was promoted by one level to the range of 6%-20% in the over-the-counter listed companies in the current year's corporate governance evaluation.

Scope of Action by the Head of Corporate Governance

Assisted in the conduct of the Annual Shareholders' Meeting, 9 meetings of the Board of Directors, 4 meetings of the Audit Committee, 4 meetings of the Remuneration Committee, and the second meeting of the Sustainable Development Committee

Corporate governance supervisor up to 15 hours of training

The average number of hours of continuing education per director is 6 hours

Evaluation of and purchase of liability insurance for directors and managers

10th Corporate governance evaluation: TPEX-listed companies in the 6% - 20% range



Corporate
Governance Best
Practice Principles

1.1.1 Corporate Governance

Tai-Tech adheres to a business philosophy of focusing on the core business and pragmatic management. In addition to actively recruiting outstanding talent to the Board of Directors to assist with business management, we duly implement compliance and strengthen corporate governance through the operation of the board's performance evaluation, the Audit Committee, and the Remuneration Committee, to effectively protect each shareholder's rights and interest.

Board of Directors

The Board of Directors is responsible for drawing the Company's business strategy and being accountable to shareholders and other stakeholders. The directors faithfully perform their duties and exercise good managerial care, exercising their functions and powers in a prudent manner, and have an impact on the execution of the Company's business and the operations and arrangements of various governance systems. Except for matters that shall be resolved by the shareholders' meeting according to law or the Articles of Incorporation, they shall be resolved by the board of directors. Tai-Tech's Articles of Incorporation stipulates that a candidate nomination system shall be adopted for the election of directors. Periodic re-election shall be conducted in accordance with the principle of meritocracy. Meanwhile, according to the Corporate Governance Best Practice Principles, the selection of directors shall consider diversity, including but not limited to basic requirements and values, professional knowledge and skills, and generally possess the knowledge, skills, and attainments necessary to perform their duties.

The Board of Directors of Tai-Tech is the highest governing body of the Company. It has 9 directors, including 6 directors and 3 independent directors with term of office for a 3-year period. The term of office of this Board of Directors is from June 21, 2022 to June 20, 2025. In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company has established regulations and guidelines for the election of directors. All directors have professional capabilities or extensive practical experience.

Note: For detailed information such as education, experience, concurrent positions, and operation-related regulations of Board members, please refer to the 2024 annual report of the Shareholders' Meeting of Tai-Tech or the Company's official website.

Independence and Diversity of Directors

Title	Name	Actual attendance rate	Number of other companies concurrently serving as a director	Industry and ESG-related background and experience
Chairman	Ming-Yen Hsieh	100%	0	Industry and Management
Director	Yu-Hsiang Yu Hsieh	100%	0	Industry
Director	Chin-Sheng Chen	100%	0	Industries and International Markets
Director	Chien-Jung Lin	100%	0	Industry and Management
Director	Chih-Cheng Hung	100%	0	Management
Director	Kuei-Kuang Huang	100%	0	Industry and Management
Independent Director	Yu-Tsun Li	100%	0	Industry
Independent Director	Yang-Pin Shen	100%	1	Finance
Independent Director	Yi-Chun Chiang	100%	1	Legal

3 independent
directors
33.3 %



2 female
directors
22.2 %



Age of the 5
directors
Under 60 years old
55.6 %



Statistics on Director Diversity

Gender	Male	Female
	7 people	2 people
	77.80%	22.20%

Age	Aged 50 - 60	Aged 60 and above
	5 people	4 people
	55.60%	44.40%

Educational background	Graduate school	Junior college	Others
	5 people	1 person	3 persons
	55.60%	11.10%	33.30%

Note: Percentage of female directors = (Number of female directors at the end of the year/Number of directors at the end of the year)*100%

To construct a good operating system for the Board of Directors, improve the supervision function, and ensure that independent directors can maintain independence when performing business, the Board of Directors of Tai-Tech has passed the “Procedures for Board of Directors Meetings” to clearly define the scope of directors' responsibilities for compliance. Directors shall uphold the spirit of self-discipline and recuse themselves from conflicts of interests. For those who has a stake in board matters and the directors themselves or the juristic person they represent, besides providing an explanation on the important contents of the interests at stake at the board meeting, and if there is harm to the interests of the Company, the director shall recuse himself/herself from discussions and voting, and may not exercise voting rights on behalf of other directors.

To effectively manage risks and increase the willingness of professionals to serve as directors, the Company has purchased US\$5 million liability insurance for directors and managers to eliminate worries for directors and reduce and spread the risks caused by directors' mistakes or negligence. Hence, it lowers the risk of material damage to the Company and shareholders.

At the same time, all departments of the Company regularly interact with stakeholders through routine channels. If they encounter stakeholders or sustainability issues that may have a potentially significant negative impact on the Company, the responsible department will first go through the internal reporting process and seek instructions from the President and Chairman. After that, the responsible department will conduct due diligence on the stakeholders or sustainability issues in terms of financial status, legal compliance records, environmental protection and labor rights and interests, and report the investigation results to the President and the Chairman. Whether the specific outcome will cause significant harm to the company's operations will be assessed and reported to the Board of Directors. The Board of Directors will make a resolution on the due diligence report submitted by the department and assign it to the company's responsible department for implementation. In 2023, Tai-Tech developed to enhance the company's competitiveness and satisfied customer requirements. We proactively plan to introduce the Responsible Business Alliance (RBA) from the second quarter of 2024.

Directors' Continuing Education

Tai-Tech considered various legal compliance and governance practice issues that directors may face when participating in the company's operational decision-making. The head of corporate governance arranged for directors to take relevant professional courses. In 2023, all directors received a total of 54 hours of continuing education, and each director received 6 hours of continuing education, of which 100% are studies related to corporate sustainability. In the future, the Head of Corporate Governance will also continue to plan courses related to corporate sustainability for directors. Tai-Tech believes that under the leadership of the Board of Directors with ethical governance and extensive industry experience, the Company's operations will be more vigorous, and the Company will continue to make great strides on the road of sustainable development.



Rules of the
Procedure for Board
of Directors'
Meetings



Resolutions of
the Board of
Directors

Board Performance Evaluation

To implement corporate governance and enhance the functions of the Board of Directors, Tai-Tech formulated the “Regulations for Performance Evaluation of Board of Directors of Tai-Tech Advanced Electronics Co., Ltd.” in accordance with the “Corporate Governance Best Practice Principles” for TWSE/TPEX Listed Companies, to carry out director performance evaluation procedures. The performance evaluation shall be conducted at least once a year, as per regulations, in the form of internal self-evaluation of the Board of Directors, self-evaluation of directors, and peer evaluation. For every three years, the evaluation is conducted by an external professional independent institution or external experts and scholars. The evaluation results shall be submitted to the Board of Directors for review and improvement, and the relevant information shall be revealed in the annual report. The Board of Directors’ performance evaluation results will be adopted as a reference for the selection or nomination of directors, and the individual directors’ performance evaluation results will be used as the basis for determining their remuneration. In 2023, in addition to completing the self-assessment of the Board of Directors, individual Board members, and functional committees, we also invited the Taiwan Corporate Governance Association to conduct a professional evaluation on the Company's Board of Directors and functional committees. The overall evaluation was excellent. This indicates that the Company's Board of Directors and functional committees are operating well. In the future, the Company will also focus on making improvements based on the recommendations made by the external evaluation report, and move forward in the direction of continuing to strengthen the operation of the Board of Directors to enhance the effectiveness of corporate governance.

Self-evaluation (questionnaire)

Year	2021	2022	2023
Board of Directors	96.7	98.4	98.4
Audit Committee	97.3	97.9	97.9
Remuneration Committee	97.4	99.6	99.6

External assessment (questionnaire, on-site visit)

Year	2021	2022	2023
Board of Directors and functional committees	-	-	Excellent

Audit Committee

The Audit Committee assists the Board of Directors in supervising the quality of the Company's accounting, auditing, financial reporting processes and financial control, and submits the evaluation results to the Board of Directors for discussion. Tai-Tech's Board of Directors has passed the Audit Committee Charter to set up an Audit Committee under the Board of Directors. All independent directors serve as the audit committee members, one of whom is the convener, and at least one person has accounting or financial expertise. At least one meeting is convened every quarter. In 2023, the Audit Committee attendance rate of all independent directors reached 100%.

Moreover, communication between independent directors and internal audit supervisors and accountants have direct communication channels, and communication is good. The Company also invites accountants and audit supervisors to attend meetings of the Audit Committee, and invites relevant department heads to attend as needed. Audit supervisors submit audit reports to the independent directors in accordance with the regulations and report to the Audit Committee. In 2023, 9 meetings were held between independent directors and the internal audit officer, and 2 meetings were held between independent directors and accountants. As for the specific operation results, the communication between independent directors, the internal audit officer, and accountants was smooth and not obstructed.



Audit Committee
Charter



Audit Committee
meeting minutes

Remuneration Committee

To improve Tai-Tech's remuneration system for directors and managers, and to evaluate the business performance of directors and managers and whether the remuneration they received is fair and reasonable, the Board of Directors passed the Remuneration Committee Charter and established a Remuneration Committee under the Board of Directors. Independent directors shall take up more than half of the seats of the Committee. Currently, all 3 committee members are independent directors. In 2023, the attendance rate of all members of the Remuneration Committee meeting reached 100%.



Remuneration Committee
Charter



Remuneration Committee
meeting minutes

Articles of Incorporation	<ul style="list-style-type: none"> Where there are earnings in the final account, no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and no higher than 2% shall be allocated as remuneration for directors and supervisors. The distribution of employee remuneration and director remuneration shall be approved by a special resolution of the board of directors and reported to the shareholders' meeting.
Remuneration policy for directors	<ul style="list-style-type: none"> According to the Company's Remuneration Regulations for Directors, the Remuneration Committee may determine the remuneration for directors performing their duties based on the level of participation and contribution of individual directors, with reference to the general standard of the industry in the industry. According to the Company's Articles of Incorporation, if the Company makes a profit in a year, no more than 2% of it shall be allocated as director remuneration. In addition, the Company, being it in profit or loss, must pay independent directors a monthly fixed amount of compensation for their performance of duties. Such compensation may be adjusted by the Remuneration Committee by looking at the extent of their participation in the Company's operations and the value of their contribution. Independent directors do not participate in the distribution of profit-sharing remuneration to directors.
Managers' Remuneration Policy	<ul style="list-style-type: none"> According to the employee remuneration management regulations, various work allowances and bonuses are specified to show compassion and reward employees for their hard work at work. Relevant bonuses are also approved based on the Company's annual operating performance, financial status, operating status and personal performance. According to the Articles of Incorporation, if the Company makes a profit in a year, no less than 6% of the pre-tax profit of the year shall be appropriated as employee compensation (to be distributed in the middle of the following year), and a fixed percentage of the after-tax profit of the year shall be appropriated as year-end bonus. The Company's operating performance and results are appropriately reflected in the employee's remuneration, and the payment is paid based on the employee's performance. The results of the performance evaluation conducted by the Company in accordance with the Employee Performance Evaluation Regulations are used as the reference for the distribution of manager bonuses. The manager performance evaluation items are divided into two parts: <ol style="list-style-type: none"> Organizational performance related to financial indicators: Allocation of planned work and evaluation of achievement results according to the Company's established organizational goals. Non-financial indicators: The fulfillment of the Company's core values and operational management capabilities, innovation (driving corporate change) capabilities, leadership team coordination and cooperation capabilities, material problem analysis and decision-making capabilities, authorization and supervision, and the ability to assist colleagues in their growth.

The Company has not yet linked the personal remuneration of managers to the Company's overall ESG performance. In the future, the Company will refer to the reference guidelines formulated by the competent authorities and assess the Company's internal ESG implementation maturity. The method for evaluating manager remuneration and ESG performance will be discussed and formulated, which will substantially strengthen the participation of managers in corporate sustainable operations.

1.1.2 Ethics and Integrity

Material Topics

Ethics and Integrity

Significance to Tai-Tech

Based on the principle of ethics, with the establishment and implementation of regulations and systems, any unethical conduct is prohibited, and the ethical management awareness of the Company is enhanced, in order to reduce the risk of financial and reputation loss due to violation of ethics.

Commitments and Policies

- The management is also committed to implement properly in internal management and business activities.
- To establish the corporate culture of ethical management, sound development, and to establish proper business operations.

Short-term Goal

- Diverse communication and establishment of stakeholder communication channel.
- Enhance suppliers' ethical commitment requirements, and implement supplier ESG evaluation.

Mid- and Long-term Goal

- Suppliers continue to sign the Letter of Undertaking of Integrity
- Request all employees and board members to participate in education and training related to ethics.

Resources invested in the current year

- Conducted internal and external education and training on ethical management for a total of 642 hours.
- Orientation training for 81 employees for a total of 283.5 hours.

2023 Evaluation Results

- All employees sign the Code of Ethics.
- 43 suppliers in the Taiwan plant signed the Letter of Undertaking of Integrity.
- 16 suppliers of Kunshan Plant signed the Letter of Undertaking of Integrity.
- 39 suppliers of TAIPAQ Plant signed the Letter of Undertaking of Integrity.
- 0 cases of breach of integrity accepted.

Responsible department
Management Department

Grievance mechanism
official website

With the goal to establish a corporate culture of ethical management, sound development, and establish good business operations, the Board of Directors has approved the Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct, and the Board of Directors and senior management are also committed to implementing internal management and business activities. The Management Department is a full-time unit dedicated to promoting ethical management. It regularly summarizes the business contents and submits it to the President to report the ethical management policy, prevention of unethical behavior, and supervision implementation status once a year to the Board of Directors.

Tai-Tech regularly promotes the company's integrity rules and regulations to all or new members of the Board of Directors, all new employees, and transaction partners. General trainings are provided to new employees which include contents on integrity, and 1 hour of training is provided for all of the employees each year. All employees are required to sign the Code of Ethics. In addition, Tai-Tech is gradually extending the integrity requirement to its supply partners. In 2023, 43 suppliers of the Taiwan Plant signed the Letter of Integrity Commitment, 16 suppliers of the Kunshan Plant, and 39 suppliers of the TAIPAQ Plant signed. Internal and external stakeholders can consult the Company's integrity regulations or express opinions through different channels.



Ethical Corporate
Management Best
Practice Principles



Codes of Ethical
Conduct



Procedures for Ethical
Management and
Guidelines for Conduct

1.1.3 Operational Performance

Material Topics

Operational performance

Significance to Tai-Tech

Good operational performance can improve the Company's profitability, provide better employee benefits to attract and retain outstanding employees, and provide customers with better quality products and services to attract more customers and enhance the market share. This in turn can maximize profit for shareholders and enhance the Company's image, thereby attracting more investors and customers. In view of the above, the meaning of emphasizing operational performance to the Company is to assist the Company to realize long-term success and sustainable development.

Commitments and Policies

Improve operational performance and strengthen the Company's competitiveness to achieve long-term success and sustainable development.

- Expand the breadth of innovative application markets and international market deployment.
- Continue to develop new products, upgrade existing products, and expand product portfolios to meet the evolving needs of the end market.
- Activation of idle production capacity; optimization of production processes, improvement of efficiency and yield rate, and reduction of costs.
- Further improvement of the “zero defect” quality mindset.
- Accelerate the Company's operational upgrading through digital transformation and the introduction of smart manufacturing.
- Continue to invest resources to strengthen the implementation of ESG-related affairs.

Short-term Goal

- Continuous growth of revenue: consolidated product gross margin>28%, net profit ratio>16%
- Automotive electronics market application ratio> 28%
- Ratio of R&D expense over revenue>2.8%
- Return on equity > 14%

Mid- and Long-term Goal

- Continue to increase the product added value and optimize product combination, in order to increase the output ratio of niche products, thereby further improving gross margin performance and profit performance.
- The future production line planning will also consider the risk of international political and economic changes, in order to increase the production lines of the main factories in Taiwan.
- Continue to focus on the core business, adopt the business philosophy of stable and practical management, enhance the implementation of ESG, continue to head toward sustainable operation, and achieve the vision of the first class of power inductor supplier worldwide with best effort.

Resources invested in the current year

- Capital expenditure: NT\$260,973 thousand
- R&D expenses as a percentage of turnover: 2.9%
- Total number of employees (the Group's 3 plants) reached 1,822 persons.

2023 Concrete Results

- Multilayer products accounted for 20.20% of revenue
- Wire-wounds products accounted for 69.14% of the revenue
- LAN transformer products accounted for 9.30% of revenue
- Other products 1.36%

Assessment results

- Monthly group business meeting, monthly management report review, board of directors quarterly report, annual report review report

2023 Financial Results

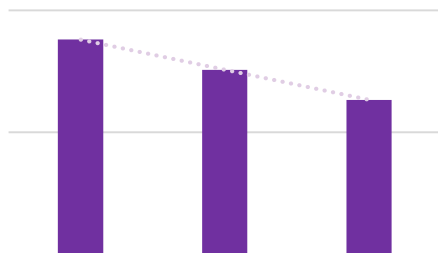
- Turnover NT\$4,431,789 thousand
- Gross margin was 25.2%; net margin after tax was 13.4%; earnings per share were NT\$5.82
- Automotive grade electronics market application ratio > 27.8%
- Return on equity > 8.94%

Responsible Department
President's Office

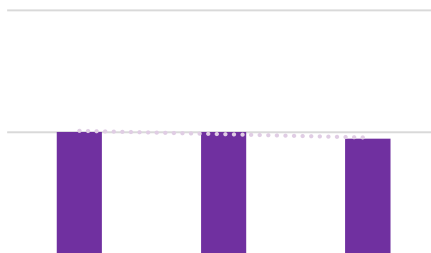
Grievance Mechanism
President's mailbox

Tai-Tech's main products are inductive components. In terms of industry category, we are classified under the passive component industry. The Company is one of the few domestic professional manufacturers of magnetic and inductor components that can simultaneously produce multiple such components of different types with different materials for different application fields. In 2023, despite the global recovery of the COVID-19 pandemic, the industry was severely impacted by multiple factors, including regional wars, the US-China chip ban, high interest rates and inflation, and the post-pandemic economic performance in the mainland China market was not as expected. These have some relative impacts to the industry. Under the circumstance of weak demands for the terminal electrical products, the operation of the passive component industry has also encountered huge challenges. The revenue and profit in 2023 showed a downward trend compared to the previous year. In the face of the sluggish economy in 2023, Tai-Tech Advanced Electronics adopted several strategies in terms of product research and development, in order to adjust the product mix and ensure the competitiveness in the market. The Company's primary strategy is to increase capital and manpower investment in the research and development of automotive grade electronic components, especially in response to the potential growth trend of the electric vehicle market. The Company will actively seek product certification from automotive electronics customers in Europe and the United States, in order to consolidate and expand long-term cooperative partnerships. Secondly, during the stage of destocking, the Company adjusted its order receiving strategy, gave up some orders for LAN transformers with low gross profit margins and made use of the Company's core competitive advantages to develop new products in order to quickly recover the gross profit margins of the products affected. Furthermore, the Company continues to optimize product design, manufacturing processes and materials to improve the performance and reliability of existing products and thereby increase their market share in the high-end market. Finally, the Company has invested heavily in the improvement of R&D capabilities, especially the development of popular products suitable for the current market such as AI servers. By doing this, we hope to incorporate our innovative products into customers' solutions at the early stage of design. With the vigorous development of high-speed computing, artificial intelligence, high-speed networking, 5G technology, Internet of Things, and future cars, we have high expectations and confidence in the potential growth of these areas. The Company will continue to make use of our core expertise, continue to innovate, and develop next-generation products to meet the needs of these growing markets.

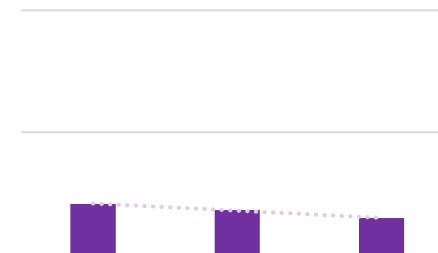
Financial Data (NT\$ thousand)



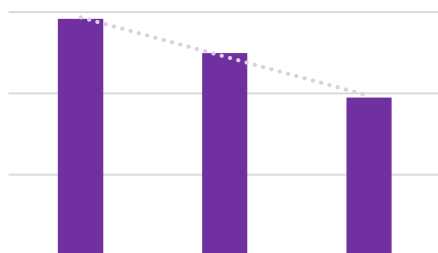
Revenue		
2021	2022	2023
6,165,281	5,291,333	4,432,789



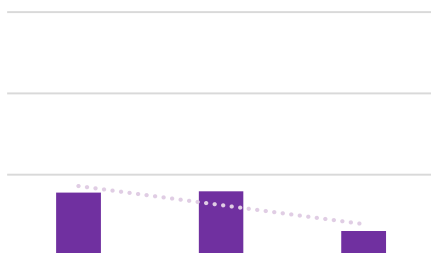
Operating costs		
2021	2022	2023
3,511,808	3,511,808	3,314,106



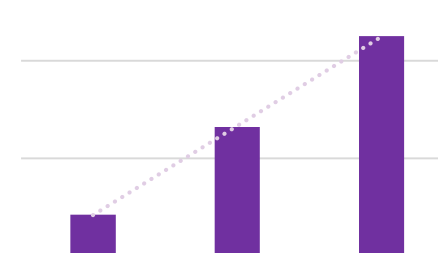
Employee Salary and Benefits		
2021	2022	2023
1,441,053	1,268,171	1,035,543



Payments to funders		
2021	2022	2023
728,996	624,216	487,549



Payments to government		
2021	2022	2023
194,329	198,426	76,503



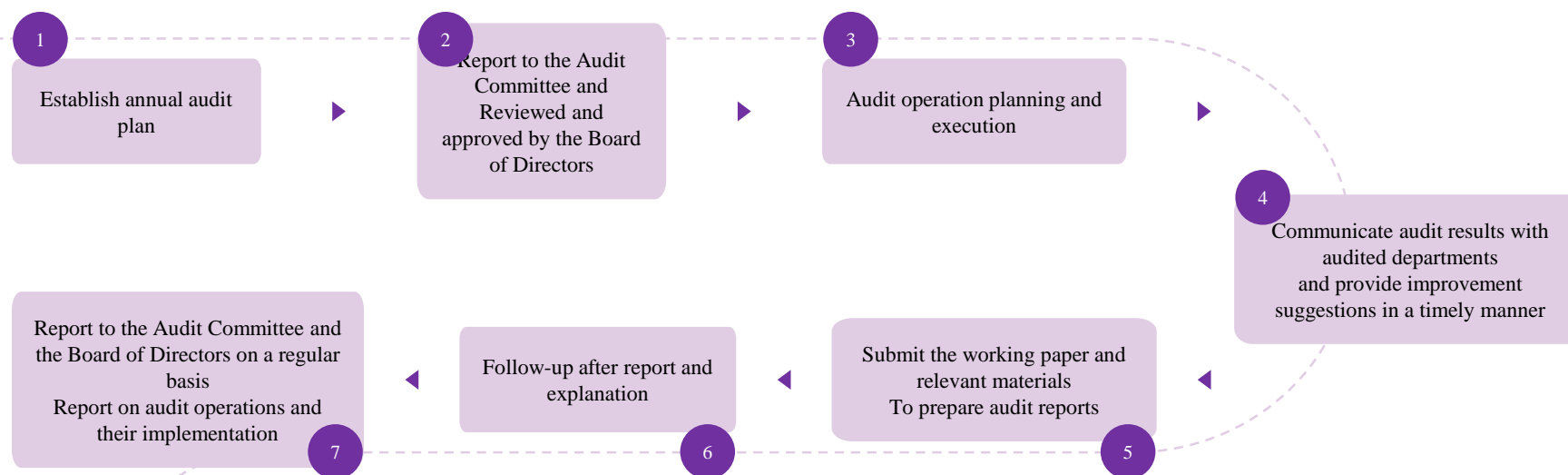
Community investment		
2021	2022	2023
422	1,322	2,253

1.1.4 Internal control

The purpose of the Company's internal audit is to assist the Board of Directors and managers in inspecting and reviewing the deficiencies of the internal control system, measuring the effect and efficiency of operations, and providing improvement suggestions in a timely manner to ensure the continuous and effective implementation of the internal control system and as a basis for the review and amendment of the internal control system. In accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, Tai-Tech has established an effective internal control system by considering its own operating activities, and reviewed and improved the system at any time to cope with changes in the Company's internal and external environment and ensure that the design and implementation of the internal control system are effective continuously. To ensure that the auditors perform the audit work with impartiality and detachment, Tai-Tech has established an independent audit office under the board of directors according to the law and has appointed two auditors. The “Corporate Governance Best Practice Principles” stipulate that the appointment and dismissal of the audit chief should be submitted to the board of directors for resolution. In addition, the appointment and dismissal, evaluation, and remuneration of internal auditors should be signed by the chief audit officer and reported to the Chairperson for approval.

Besides conducting the self-assessment of the Company's internal control system, the Board of Directors and management review the self-assessment results of each department and the audit report of the Audit Office at least annually. Chief Auditor will attend the Board meetings to report on the audit executions adhering to the regulations, and report to the independent directors on the implementation status of internal audits and internal control operations. Furthermore, in order to strengthen the professional capabilities of the auditors, the Company arranges continuous training for auditors and participates in internal audit workshops organized by institutions designated by the competent authorities to improve and maintain their audit quality and implementation effectiveness. The overall training hours exceeded the legal requirements.

The Company continuously monitors the implementation of various operating systems through the auditors, and has established an effective accounting system and internal control system under the regular internal control review conducted by CPAs to lay a solid foundation for sustainable development. The total number of audit items for the current year was 678 items, and the audit compliance rate was 99.71%. All nonconforming items have been improved within the time-limit.



1.1.5 Legal Compliance

Supplementary Topics

Legal Compliance

Significance to Tai-Tech

Compliance with government laws and regulations is essential to normal operation of the Company, and in case where the Company violates laws and regulations, it may cause significant damage to the finance and corporate image.

Commitments and Policies

- Legal compliance is the foundation to corporate sustainable operation.
- Implementation of Regulations and Management Mechanisms.
- Track and regularly audit compliance with relevant regulations and immediately make improvements.
- Strictly comply with various regulatory requirements and keep up-to-date with regulatory developments.

Goals

- Zero violations of social, economic, and environmental protection regulations or fines during the Company's operations.

Resources invested in the current year

- Arrange external training for employees with different business and job attributes.
- Internal general training.

2023 Evaluation Results

- No penalties for major violations occurred.

Note: A major violation refers to a single fine of more than NT\$100,000.

Responsible department Management Department, Accounting Department, Audit Office

Grievance Mechanism Each Department's Extension

Legal compliance is the foundation of corporate operations. The Company promotes internal integrity regulations and requires employees to sign the Code of Ethics when new employees report to work. The departments are aware of the latest developments in the amendment of relevant laws and regulations, and then conduct internal and external training for colleagues in their respective departments to ensure that the Company's operations are in compliance with various laws and regulations.

Firstly, in terms of personnel management, Tai-Tech has formulated relevant internal integrity regulations to promote the Company's core values of honesty and integrity. At the same time, Tai-Tech has also explicitly stated its integrity policy on its website, and the Board of Directors and senior management actively implement its commitments to the integrity policy, and fulfil them in internal management and business activities. Through a series of internal policy formulation, implementation, self-review, smooth reporting channels, and whistleblower protection mechanisms, a comprehensive legal compliance firewall is built; the management sets an example, and requires every employee to ensure the Company's business conducts comply with laws and regulations, the Company's policies and internal regulations, and the compliance is reviewed through annual internal control reviews and internal audits. Through the above measures, the Company's management and employees can reduce the risk of violating the law when engaging in business activities, participate in industrial competition based on the principles of integrity and fairness, create a corporate culture of legal compliance, and establish a trustworthy and respected corporate reputation.

Furthermore, in terms of personnel training, in order to improve colleagues' awareness of professional ethics and legal compliance, Tai-Tech has complied with laws and regulations and personnel training regulations, and the responsible department has conducted various internal and external education and training on the laws and regulations involved in its business. Corresponding training contents are provided for different business responsibilities, including training for new employees and professional training for departments, so that colleagues can keep abreast of the latest developments in laws and regulations.

Finally, in terms of environmental health and safety, the Company's responsible department is responsible for ensuring that the Company meets the requirements of local environmental protection, human rights, and occupational safety regulations throughout the product life cycle, and adopts various control measures to avoid environmental pollution, human rights infringement, or occurrence of an occupational accident. The Company introduced the environmental management system and occupational safety management system and continued to maintain the effective operation of the system. In 2023, for Tai-Tech's overall legal compliance practice, there have not been any incidents related to corporate governance, securities trading, environmental protection, labor human rights, marketing labeling, product safety and so on records of major violations.

1.1.6 Information Security

Supplementary Topics

Information security protection

Significance to Tai-Tech

Information security protects the Company's business secrets and customers' trade secrets. If an information security incident occurs accidentally, and the data of the Company or customers is leaked, the Company may face penalties from the competent authorities and customer trust in the short term, while loss of goodwill and customer orders will occur in the long term.

Commitments and Policies

With the goal of “zero information security incidents,” we will strengthen various information security measures according to the latest external environment and information security threats to ensure the security of the Company's information environment.

- Strengthen employees' awareness of information security and require employees to participate in information security training to raise the awareness of information security throughout the Company.
- Strictly abide by information security measures, comply with all internal regulations on information security, and evaluate and adjust regularly.
- Protect the confidentiality, integrity, and availability of the Company's sensitive information and information communication systems, and strictly prohibit unauthorized access and tampering.
- Regularly perform information security internal audits to ensure compliance with information security regulations.

Resources invested in the current year

- Program for server update, AD/MDR information security deployment, email protection upgrade, etc., and the total expenditure for information security deployment is about NT\$5 million.
- Organized 100 new employees' information security training, averaging 0.5 hours per person, and 100% completion rate
- External professional training for IT personnel for 3 people, 24 hours per person
- Plan to expand the manpower of the IT Department, more than doubling the number of employees from the original 4 persons.

2023 Evaluation Results

- Information audits are conducted annually by external accountants to review the compliance of various information processes. There have been no major deficiencies in recent years.
- Cooperate with customer information audits, and there are no major violations.
- No major information security incidents affecting the Company's operations in recent years

Short-term Goal

- New recruits: Accept the “Cyber Security Education and Training” course arranged by the Management Department.
- Cyber security system operators: Attend the internal “Cyber Security Education and Training” course at least once a year.
- Information security personnel: Accept the external “Cyber Security Professional Education and Training” course at least once a year.
- Mail service users: Attend “social engineering drills” at least once a year.
- Core Information and Communication Technology (ICT) system: Vulnerability scanning, penetration testing, and disaster recovery drills are performed on the core information and communication system every year, and subsequent improvements are made.
- Major information security incidents: ≤ 2 incidents per year
- Continuous improvement of information security: The deficiencies identified in the audit should be improved before the next audit, and the number of deficiencies that have not been improved before the next audit is ≤ 2 .

Mid- and Long-term Goal

- Implement ISO 27001 information security management system in all factories, obtain certificates, and continue to maintain the effectiveness of the system

Responsible Department President's
Office, IT Department

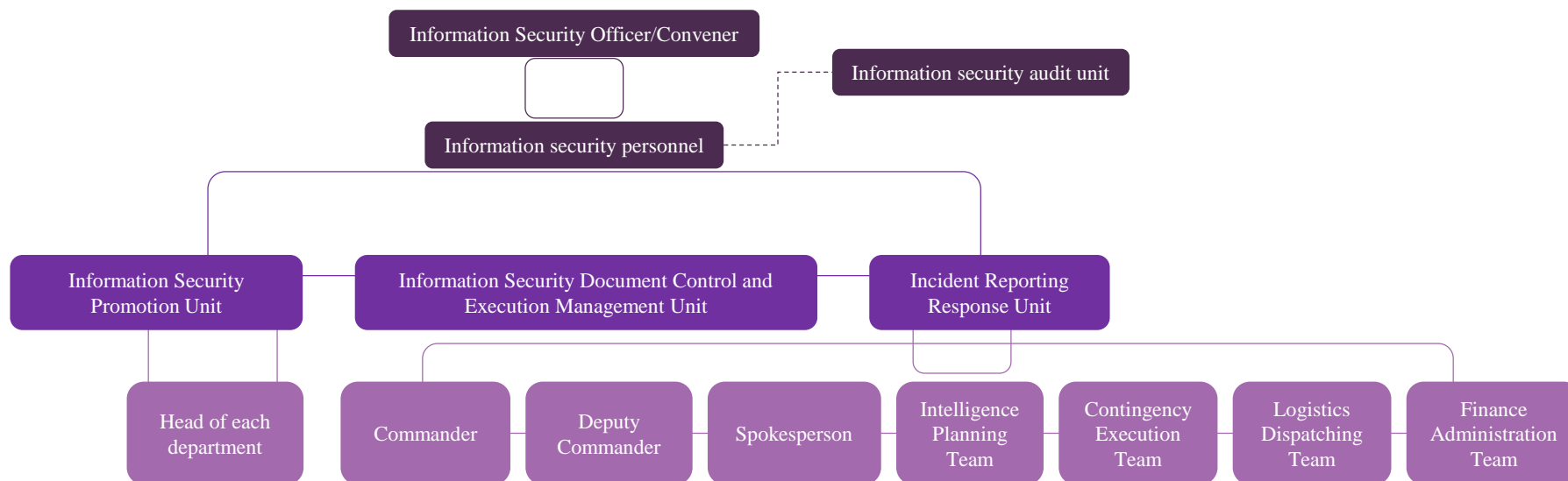
Grievance Mechanism
President's mailbox

In the era of advanced information technology, it is both an opportunity and a risk for companies. The importance of information security has become an important issue that all companies cannot avoid. Therefore, Tai-Tech established the Information Department under the President's Office and deployed 8 information personnel, including 2 dedicated information security personnel. The Information Security Department formulates the information security policy and submits it to the President for approval before publication and implementation. In addition to building firewalls for the network and server rooms and configuring and using internationally certified antivirus software for each endpoint computer, the Company also performs local and remote cross-backup of various data. All commercial software currently used by the Company has maintenance contracts signed with the manufacturers. In the event of information security problems, in addition to being able to be eliminated within the Company immediately, professional manufacturers are also available for assistance. The servers in the server room have been replaced with hyper-converged infrastructure (HCI) servers in recent years, and the power facilities in the server room have also been improved, such as the completion of the UPS system, ATS power switching system, and dedicated backup generators for the server room. It also ensures the enhancement of performance, and gives an added layer to the protection of information security. At the same time, the Company scans the core information and communication systems for vulnerabilities and performs penetration tests every year to make subsequent improvements to the high-risk items after testing. In addition, the Company conducts disaster recovery drills for the core systems every year, and produces drill reports to strengthen colleagues' response to information security emergencies.

The Company also implements information security education and training for internal colleagues, and requires general or professional training for new recruits, system operators, personnel in charge of information security, and email service users. In addition to advising colleagues on information security issues via email from time to time, the IT Department also conducts social engineering drills by the end of the fourth quarter every year to raise employees' information security awareness. The Company also engages external agencies to conduct information audits every year. The audit results are all in compliance with the requirements and there are no major deficiencies. In recent years, the Company has not received any complaints about violations of customer privacy or loss of customer data.

In pursuit of effective management of information security issues, the Board of Directors has appointed the President as the information security supervisor to convene the Information Security Management Promotion Committee (hereinafter referred to as the Information Security Committee). The members are heads of various departments. Meetings are held to deepen the awareness of information security in each department, and the President regularly reports to the Board of Directors on the implementation of information security for the year. The various information security protection measures within the Company aim to restore the operational risks caused by information security in the shortest time possible and minimize the damage.

Information Security Management Promotion Committee



Given the large, wide, and constantly changing information security scope, Tai-Tech Advanced Electronics is continuously seeking various resources to enhance the aspect and depth of information security risk management. Beyond this, we will simultaneously comply with government regulations, strengthen the organizational structure of information security, protect the rights and interests of investors, and gradually advance toward the goal of sustainable business operations.

Information security routine management measures

Personnel security assessments

- Each department shall implement appropriate security assessment procedures for personnel who can access confidential and sensitive information or systems and personnel who will be granted special access permissions to the systems due to work, and strengthen work assessments before assigning tasks.
- When an employee resigns, his/her access to all the information and systems at the unit shall be canceled immediately; this shall be included in the department's necessary procedures for changing job.

Daily operations security management

- Only legal software with intellectual property rights can be used. The use of unauthorized legal software shall be prohibited.
- Necessary measures shall be taken to prevent the intrusion of computer viruses, and computer virus prevention software with complete functionality shall be selected carefully and maintained and updated regularly.

Equipment Security Management

- The equipment shall be placed in an appropriate location and protected to reduce risks caused by environmental insecurity, and reduce the chance of unauthorized access to the systems.
- A standby power supply shall be set up, and the response measures for the failure of the uninterruptible power system shall be included. Additional strengthened security measures shall be taken for more important systems.

Computer system security management

- Information security incidents shall be managed properly in accordance with the internal control system's information security checks in the computer operation cycle, and the check results shall be recorded.
- The Company shall appoint different personnel responsible for the management, design, and execution of important information services, respectively, and establish a mechanism of mutual checks and balances to avoid illegal or improper use of data or systems.

Network Security Management

- A security control mechanism for the computer network system shall be established to ensure the security of data transmitted through the network, protect connected operations, and prevent unauthorized system access.
- The use of illegal or inappropriate information that violates copyrights or morals, or hinders the normal operation of the network system shall be prohibited.

Business sustainable operation plan

- A backup system and a remote backup mechanism shall be set up to ensure that important businesses continue to operate in the event of an accident occurring to the information system, data files, or personnel.
- System restoration plan management regulations shall be formulated, and disaster restoration drills shall be conducted from time to time.

1.2 Risk Management

Tai-Tech believes that only by accurately identifying the risks faced by an enterprise and planning accordingly is necessary for an enterprise to move toward sustainability in the fast-changing business market. To this end, the Company conducts environmental, demographic (human rights), and economic risk assessments based on the ESG materiality principles, identifies material ESG risks of the organization, and formulates risk management strategies to minimize potential threats to the lowest level.

Risk Identification and Management Strategy

Note: For the risk assessment method based on ESG materiality principles, please refer to this Report/Material Topic Identification subsection.

Type of Risk		Risk Management Strategy (Response Measures)
Sustainable Environment	Energy intensity cannot be reduced	<ul style="list-style-type: none"> The Taiwan plants participated in external energy conservation and carbon reduction events, assessed the feasibility of measures, and introduced internal operations. Assess the feasible solutions for replacement of parts during production operation, select and use high performance equipment for replacement, in order to save electricity.
	Low utilization rate of renewable energy	<ul style="list-style-type: none"> Participate in external renewable energy use events, effectively assess the feasibility of various solutions, and introduce them into factory operations.
	The intensity of greenhouse gas emissions cannot be reduced	<ul style="list-style-type: none"> The greenhouse gas emission intensity of the Taiwan plant is lower than last year due to the rapid decrease in production capacity and the effective management of the power consumption of energy-consuming equipment in the plant. Introduce the air compressor load monitoring system to effectively manage equipment operation and performance distribution. Introduce ISO 14064 greenhouse gas inventory and pass external verification, collect reasonable emission data, and analyze the causes and improvement measures. Assess the feasible solutions for replacement of parts during production operation, select and use high performance equipment for replacement, in order to reduce carbon emissions.
	Continuous increase of wastewater discharge	<ul style="list-style-type: none"> Introduce the ISO 14001 environmental management system, obtain certificates, and continue to maintain the effectiveness of the system The discharge of wastewater from the Taiwan plants was lower than the previous year, mainly due to the implementation of water-saving measures in the plant. Continue to monitor the plant's water consumption every day, record water-saving targets and measures, and propose timely reviews and improvement plans if there is an abnormality in large amounts of water consumption. Participate in external water-saving issues, assess the feasibility of measures, and introduce them into in-plant operations.
	Increase of waste treatment volume / Reduction of recycling rate	<ul style="list-style-type: none"> Introduce the ISO 14001 environmental management system, obtain certificates, and continue to maintain the effectiveness of the system. Effectively analyze various waste types and data according to the internal waste management procedure, in order to review the cause of abnormality. Participate in external waste recycling and reduction issues, assess the feasibility of measures, and introduce them into factory operations.
	Water shortage	<ul style="list-style-type: none"> In the event of water shortage, emergency water conservation measures are implemented in the plant for the processes with relatively large water consumption, and the Management Department assists in contacting external water supply truck suppliers to perform water supply operations.
	Typhoon, flood	<ul style="list-style-type: none"> In case of typhoon or flood, each department staff cooperates with the employees of the same commute route and arranges driving personnel to assist with the commute to/from work. For migrant workers, the human resource agency assists with the commute to/from work. The facility and safety/health personnel inspect the internal building and structure related safety operations.
	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> Conduct regular identification of environmental protection laws and regulations, and effectively operate through the ISO 14001 environmental management system, and obtain certificates through external audits every year to significantly reduce the company's risk of violating environmental protection laws and regulations.

Risk Category		Risk Management Strategy (Response Measures)
Employee Care	Occupational accidents and fires	<ul style="list-style-type: none"> ● Introduce the ISO 45001 Occupational Safety and Health Management System, obtain certificates, and continue to maintain the effectiveness of the system. ● Perform occupational safety and health risk assessment annually, and discuss issues during safety and health committee meetings. ● Perform field compliance inspection monthly and irregularly. ● Regular safety education and training and tracking of training results. ● Twice a year fire drills are carried out to enhance the coverage and the effectiveness of the drills. ● Conduct quarterly random inspections of outsourced dormitories and require the implementation of fire drills. ● Invest in safety equipment and firefighting facilities, such as smoke detectors, fire extinguishers, safe exit signs, etc.. ● Develop and regularly update emergency response procedures, including evacuation plans and emergency contacts. ● Establish a quick-response incident reporting system to ensure that incidents can be handled quickly when they occur. Conduct effective post-incident investigations.
	Human Rights Violations	<ul style="list-style-type: none"> ● Formulate a human rights policy that strictly prohibits workplace illegal abuse and sexual harassment. ● Employee general training includes human rights preventive measures. ● Establish grievance channels and encourage employees to report misconduct. ● Conduct annual surveys on employee satisfaction, work environment, and workplace culture to identify potential risks of human rights violations. ● Prompt and impartial investigation and handling of grievances and whistleblower protection mechanism. ● Provide psychological counseling and legal support to victims. ● Regularly review and improve policies and procedures based on case handling experience and employee feedback, and incorporate them into human rights training materials for the coming year.
	Overworked employees	<ul style="list-style-type: none"> ● The system issues a warning message when an employee is on the verge of working overtime. ● Conduct employee health and satisfaction surveys on a regular basis to identify signs of overwork as early as possible. ● Provide health promotion plans, such as mental health support and subsidies for club activities, to reduce the physical and mental stress of employees.
	Facing Labor Shortage issue	<ul style="list-style-type: none"> ● Retain key talents and improve employee retention through employee benefits and career development opportunities. ● Offer options such as flexible working hours to attract and retain employees. ● Optimize workflows through automation and digital transformation to reduce reliance on manpower. ● Provide skill improvement and multi-function training to enable employees to take on a variety of job roles. ● Establish a talent reserve pool through internal promotion and talent development plans.
Operation Performance	Violation of Ethics and Integrity	<ul style="list-style-type: none"> ● Internal integrity regulations are in place and implemented accordingly, and reporting channels and reporting handling procedures are established. ● Senior management sets an example for employees through their own behavior and creates a work environment that emphasizes integrity and ethics ● Requiring all employees to sign the Code of Ethics. ● Education on relevant topics is organized during the education and training for new employees. One time of ethical management and anti-corruption education and training is organized annually for on-job employees. ● Event investigation statistical table is performed monthly, which is reported by the Management Department to the Audit Office. ● Investigate the reported violations and take corresponding measures based on the investigation results.

Type of Risk		Risk Management Strategy (Response Measures)
Operation Performance	Declining product competitiveness, revenue decline, Increased customer complaints	<ul style="list-style-type: none"> Uphold the principle of service customers, designate responsible sales specialists and assistants to perform field visits actively, and adopt the methods of video conference, e-mail, telephone and communication software to provide normal and smooth communication channels, in order to assist customers in solving and inquiring product order problems, and to also assist customers for the time from order placement to product delivery waiting time. Irregularly organize various technology exchange and demand seminars via remote online meetings in order to interact, understand and obtain the latest demands and feedbacks from customers and then use them as the basis for new product development. Conduct customer satisfaction survey on top 20 major customers and 3 automotive accessory customers annually, and the survey content includes quality, delivery, technology R&D, price and sales service, etc. Survey assessment is performed on four aspects, and for the result of the customer satisfaction survey, relevant items of relatively lower customer evaluation scores are reflected to the relevant quality assurance, production, R&D and business departments properly for review, in order to be used as the reference for improvement of satisfaction.
	Information security incident	<ul style="list-style-type: none"> Elevate the corporate and organization hierarchy (department level) of the information unit, and plan the information unit to be under the management of President. Establish “Regulations for Information Security Event Reporting and Response” to explicitly specify the accident level, reporting process and handling methods. Plan the mutual backup between system database, and perform remote backup schedule, in order to support the system recovery. Perform information system “Accident recovery drill” annually, and output relevant drill reports. Set up ATS response system and install power generator for the server room, in order to ensure that the operation is not affected by the electricity shortage. Install firewall and update the anti-virus software of each terminal periodically, and continue to plan the information security enhancement measures of AD, MDR, vulnerability scanning, penetration testing, and social engineering drills. CPA performs information audit annually, and the external reviews each information process for compliance with the standards and systems. Implement internal information security education and training periodically in order to enhance personnel information security awareness.
	Product Liability	<ul style="list-style-type: none"> Strengthen communication with customers to improve product competitiveness and adjust the Company's production plan to meet customer needs. Monitor hazardous substance management system operation, convene environmental management promotion review meetings, review international environmental protection regulations and laws, set up HSF goal, implement hazardous substance reduction plan, and perform environmental restricted substance control plan. When the customer submits requests on specific environmental technology standards, the Company shall comply and satisfy customer demands. In case of discovery of abnormality of hazardous substance, it is necessary to report to the management and customers and to execute instructions made by the management for the irregular products. Optimize product quality and return/exchange process mechanism.
	Insufficient R&D energy	<ul style="list-style-type: none"> In case of insufficient senior level of human resource, continue to collaborate with external institutions in professional job allocation and discuss with human resource department to seek appropriate manpower continuously, and continue to implement relevant education and training in order to increase internal competency. In case of insufficient intermediate level of human resource and the issue of quality, continue to promote on-job (internal/external) education and training, in order to improve employee quality, and discuss with human resource unit to seek appropriate manpower continuously. In case of poor quality new employees, due to the impact of the overall greater environment, the personnel interviews focus on intellectual development related scores, and on-job education and training is arranged after assuming job positions in the plant.
	Insufficient supply chain resilience	<ul style="list-style-type: none"> Short-term risks: Abnormalities in the supplier's production line, unstable quality, shortage of raw materials. Countermeasures: Monitor the status of the production line, perform repairs and maintenance in a timely manner, arrange personnel audits, and find new suppliers. Predictive procurement of frequently used raw materials and commodities to prevent shortages. Medium- and long-term risks: Abnormal transportation interruption and price fluctuations of raw materials and commodities. Strategy: Establish various transportation methods to handle accidents, such as air freight or express delivery. Evaluate the feasibility of establishing a local supply chain. Reach and maintain good relationship with suppliers, establish long-term supply contracts, and control price fluctuations according to MOQ to ensure timely remedial measures in case of production line interruption.

2 Business Growth

- 2.1 Innovation Capabilities
 - 2.1.1 Intellectual Property Management
 - 2.1.2 R&D energy
 - 2.1.3 Green Design
- 2.2 Supply Chain Management
 - 2.2.1 Supply Chain Strategy
 - 2.2.2 Management of key raw materials
 - 2.2.3 Raw Materials Management
 - 2.2.4 Supplier management and regulation
 - 2.2.5 Sustainable Procurement
- 2.3 Market Operation
 - 2.3.1 Customer Relationship Maintenance
 - 2.3.2 Quality Management
 - 2.3.3 System and Management System
 - 2.3.4 Quality Improvement Project
 - 2.3.5 Relationship Management and Recognition

2023 Key Performances

88 cases



Cumulative total number of valid patents is 88

NT\$85,460 thousand



NT\$85,460 thousand invested in R&D

94.26 points



Key Customer Satisfaction Survey 94.26 points

100%



Adoption of the GRI Environmental and Social Topic Guidelines, screening 100% of new suppliers.

71%



The local procurement ratio of raw materials was 71%

NT\$16,745 thousand



Green Procurement Amount reached NT\$16,745 thousand

2.1 Innovation Capabilities

Material Topics

Innovation and R&D

Significance to Tai-Tech

The Company is committed to the product R&D and technology innovation, and continues to expand product application field, in order to increase the lead from competitors and to establish firm leading advantages.

Commitments and Policies

The Company is equipped with comprehensive R&D team and technologies, and adopts systematic development procedure to establish product R&D database, in order to develop diverse and high-end new products, to synchronously develop new products with high-end and overseas customers jointly, thereby improving product design-in opportunity and competitiveness.

- Develop high-end new products
- Assist sales to provide response to various technical specification issues encountered by customers
- Enhance magnetism theory

Short-term Goal

- Establish systematic development process and R&D database, develop high-end products satisfying market demands, improve market visibility and competitiveness, enhance computer aided design capability.

Mid- and Long-term Goal

- Obtain the opportunities on early design-in for high-end and overseas products, in order to develop advanced and high-end products.

Resources invested in the current year

- Increase auto grade quality system training courses, maintain new product or derivative product project progress, and synchronously improve the R&D capability of R&D personnel through intensive review meetings. Properly use R&D and quality tools of computer aided design and automotive product requirements, etc., in order to new product R&D quality and efficiency. In addition, use of scientific and statistical method to systematically analyze characteristics of newly developed products and the relationship between material and structural design. Establish material, process and product design database, and improve product development efficiency and quality through computer aided design technology.
- Enhance magnetic material and reliability theory, respond to demand and provide technical support timely, gain customer trust and obtain project opportunity, in order to enter the market international giant manufacturers.

2023 Evaluation Results

- Taiwan Factory obtained 7 patents
- Accumulated 88 valid patents
- New product sales accounted for 3.85% of overall revenue
- Automotive application products increased significantly
- The application of TLVR server equipment continues to increase.

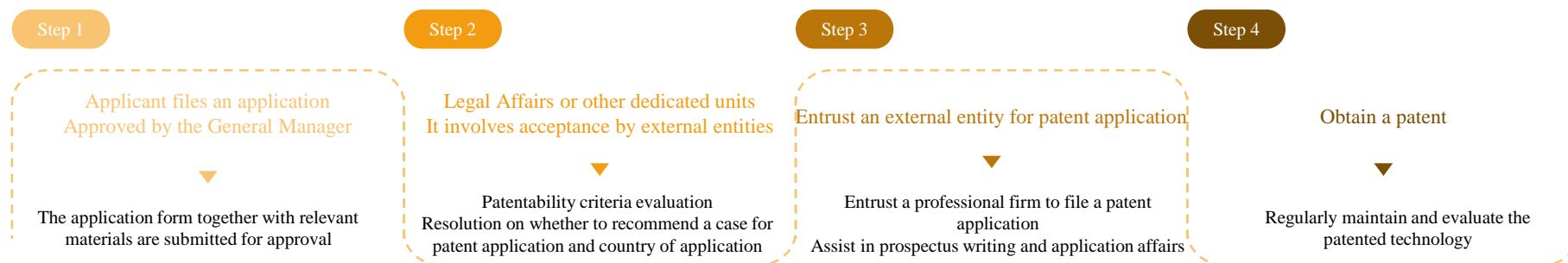
Responsible department
R&D Department

Grievance mechanism Through the sales, quality assurance hotline, product safety and consistent representative contact information

2.1.1 Intellectual Property Management

Tai-Tech is clearly aware that having top-rated technological capabilities is an important prerequisite for winning clients' trust in the ever-changing electronics industry. To consolidate our core technologies, we have long developed product capabilities surpassing our competitors in the industry through a patent layout, and we specialize in meeting clients' needs and joint research and development to provide the market with the best solutions, while applying for patents to maintain our long-term competitiveness actively. As for the system, we have set up a dedicated unit in charge of patent management, formulated patent application management regulations, and established relevant application management procedures, while providing employees with rewards for active application for patents to cope with the fierce market competition. In 2023, the cumulative number of valid patents was 88 patents.

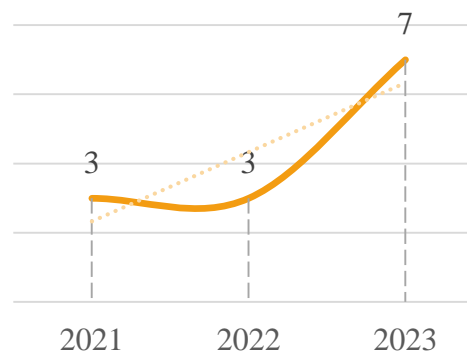
Patent Application Management Process



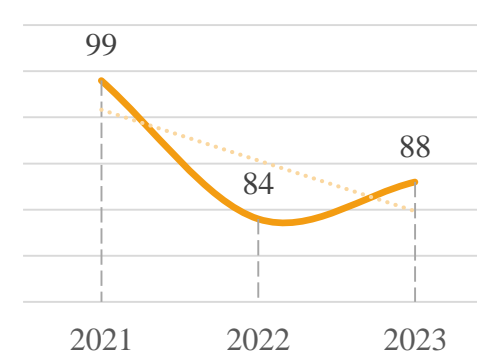
Successfully developed products and technologies

Item	Summary description
ACM series	Auto grade signal communication common mode filter
APO series	Power inductors for coaxial cable signal power common use
AMIM/TMIM	Power inductors for DDR5 (5th generation memory)
TVMP	Vertical large current power inductors
TXF series	Inductors for high-speed network module
TLVR series	Inductors for Servers

Number of patents obtained



Number of cumulative valid patents



2.1.2 R&D Capability

Tai-Tech's innovation and R&D momentum mainly come from the feedback received from interaction with clients. Through the extensive network of clients developed over the years, the Company can stay on the cutting edge of market trends, design products as per clients' needs, and provide the most competitive solutions. In 2023, the Company invested about NT\$85,460 thousand in R&D; R&D expenses accounted for 1.92% of the overall revenue; new product sales accounted for 3.85% of the revenue.

We focus on the R&D of passive components. Based on the development of new materials, product automation, and production process optimization, we aim to develop products with higher specifications. In addition, due to the industry's commitment to transitioning to a low-carbon economy, the Company is dedicated to developing low-Rdc, high-efficiency, low-power products to meet low-carbon requirements. As for business opportunities arising from green energy, we continue to develop products for electric vehicle applications and have gradually occupied a niche in the power management and the battery management module markets.

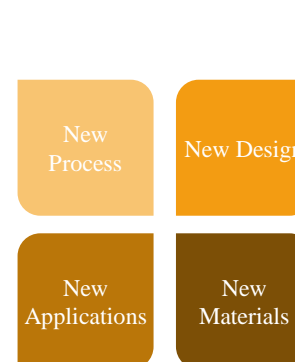
Product Development Blueprint

Multi-process technology

We continue to introduce high-efficiency innovative processes, such as new integrally-formed molding technology and multilayer metal-laminate processes.

Flexible and large-scale processes

For different technologies, application products are developed, such as wireless Bluetooth earphones, auto grade signal transmission, network, innovative LAN transformers, and high-speed transmission interfaces (USB3.1/HDMI2.1).



Vertically integrated production

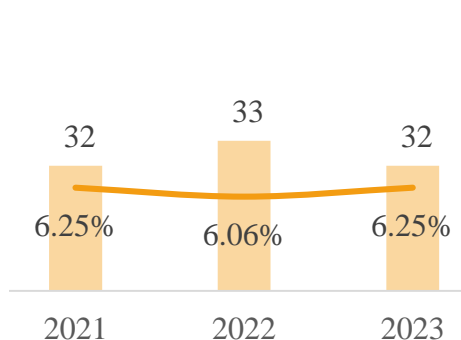
Improved product design to keep up with the latest specifications and trends in the international market, with the development of capacitive network filter high-speed applications (10G/25G/40G) and small-size applications.

Materials technology

Developed innovative material applications such as new molded power inductors (special materials), amorphous metal powders, and micro metal powders, to alleviate the impact on the environment and improved product performance.

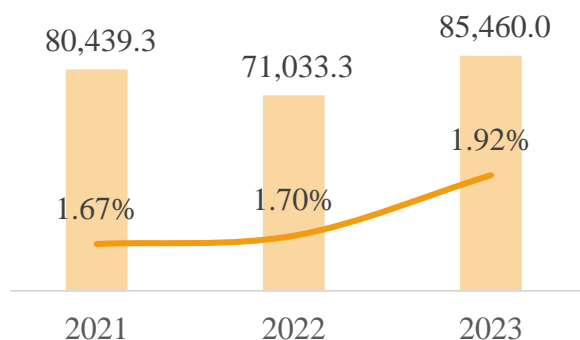
Ratio of R&D manpower to research institute

Unit: persons

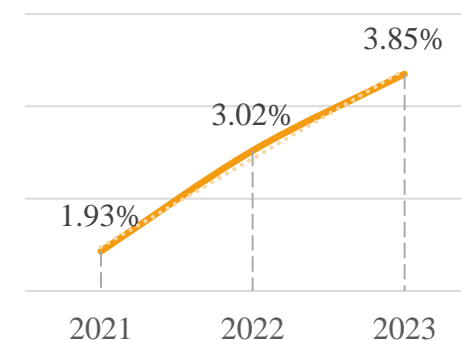


R&D Expenses to Revenue Ratio

Unit: NT\$ thousand



Ratio of new product sales to revenue



2.1.3 Green Design

Material
Topics

Green
Products

Significance to Tai-Tech

Through technological innovation, we bring opportunities for the Company to reduce production costs, while complying with regulations and government policies, and reducing risks. Our efforts not only focus on satisfying the current market, but also focus on the Company's long-term economic benefits, promote sustainable development, and lay a solid foundation for the future of the enterprise.

Commitments and Policies

Actively promote the research and development of green products to promote sustainable development. Adhering to the principle of environmental protection and through technological innovation, we are committed to developing products that meet the highest environmental standards to protect the environment and contribute to society.

Short-term Goal

- Hardware: By selecting components, we use high-efficiency power inductors to reduce the temperature of the hottest part of the motherboard by about 10%, and lower on-resistance RDS(on) to reduce the temperature of MOSFETs.

Mid- and Long-term Goal

- Continue to introduce high-efficiency power management active ICs, MOSFETs with low-loss inductance and low R-ds(on) on new models, and investigate circuit optimization and the latest parts selection from time to time. Improve product energy efficiency to achieve the goal of energy saving through research and development of software and hardware.
- Continue to cooperate with upstream manufacturers to develop active and passive materials for green design and accumulate green design resources.

Resources invested in the current year

- Increase the proportion of green products in all commodities to reduce energy consumption.
- Strengthen marketing and publicity: Demonstrate the advantages and value of green products to consumers through marketing and publicity to increase consumers' awareness and trust in green products.
- Increase capital investment: Invest sufficient capital to support the research and development, production, and marketing of green products to ensure product quality and market competitiveness.

2023 Evaluation Results

- Expand the use of high-efficiency high-inductance inductors and MOSFETs with lower on-resistance RDS(on). Currently, 6% of the total R&D projects have been completed. They would be continued for use into the future. There are limits to the features of the materials. Hence, we will collaborate with suppliers to develop materials for better efficiency in future.

Responsible department
R&D/Quality Assurance

Grievance mechanism
Business, quality assurance
hotline

We tap into our excellent R&D and innovation capabilities to incorporate green concepts into product R&D and design. For example, in the product design and the production stages, we reduce the size of components, develop low-loss materials, and improve product application efficiency, to achieve energy conservation in the product use stage. Moreover, the Company's production and R&D units all have energy conservation projects in place, such as reducing coil winding time by using high-speed machines, improving overall process efficiency, and achieving energy conservation and carbon reduction.

In terms of products, to take advantage of the thriving development of green products, we tap into our advantages in material development and design to continue to expand our product portfolios of high-efficiency and low-power inductors, and provide clients with products that meet the features of low energy consumption for application in emerging fields, such as electric vehicles and servers. This also allows the Company to be part of the overall low-carbon economic supply chain.

Green Concept Products Column

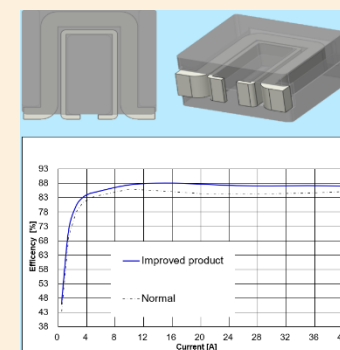
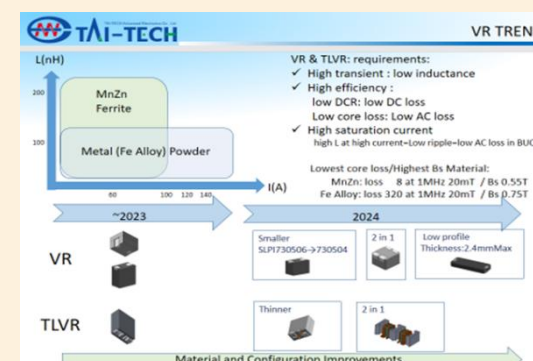
The excellent performance of low energy consumption of power inductor components has helped clients create greater values

Our pursuit of excellence in technology never stops. We have long focused on developing more energy-efficient product lines to reduce their potential impact on the environment during the product life cycle. Choosing to adopt Tai-Tech's solutions means choosing to stand on the side of environmental protection and striving to create a better future for all. Since 2021, computer simulation-aided design and advanced product loss measurement systems have been introduced to reduce product energy consumption.

In 2022, V2 power inductor for DDR was developed. The comparison between the new low-loss material and the power inductors of the best performance in 2021 indicates that based on the estimation of the (load) during use, it is able to further increase 0.5% of performance, and each power inductor is able to save 0.61mW/pcs (Note 1). For the calculation of 10 million units of computers, and each computer being used for 8 hours per day, when 2 DDR modules are installed per computer with each module installed with two power inductors, then it is able to save approximately 70,272K joules/8hrs (Note 2).

In 2023, the Trans Inductor Voltage Regulator (TLVR) inductor was developed to use a coupled inductor in series to tune the inductor to increase the coupling current and rapidly increase the current response, making it more capable of coping with the new generation of servers with increasingly higher power consumption due to its high coupling advantage. The goal is to achieve extremely fast transient response without sacrificing other key performance parameters. By increasing the transient response, a large amount of output capacitance can be reduced. The reliability of the circuit is improved, and the cost of the capacitor is reduced.

A comparison between the new TLVR low-loss material and the best performing power inductors in 2022 shows that the performance can be further improved by 1.94% under the estimated operating time (heavy load), and each power inductor can save 0.776W/pcs (Note 3). Assuming that there are 10 million computers, each used for 8 hours a day, and 8 power inductors, the saving is about 1,787,904 MJ/8hrs (Note 4).



Note 1: 0.61mW/pcs = $3.5A^2 \times 0.01 \times 0.5\%$

Note 2: 70,272K = 10,000,000 computers * 8HRS * 2DDR * 2 * 0.61mW / 1,000 * 3,600

Note 3: 0.776W/pcs = 40W * 1.94%

Note 4: 1,787,904M = 10,000,000 computers * 8HRS * 8 * 40W / 1,000 * 3,600

2.2 Supply Chain Management

Material Topics

Sustainable Supply Chain

Significance to Tai-Tech

Tai-Tech values the topic of corporate sustainability. With regard to the management of supply chain, we have constructed Tai-Tech's ecological supply chain under the strategy of "common goal, symbiosis, co-prosperity, and localization" and the specific strategic direction has also been established.

- Strengthen suppliers' ESG awareness and performance
- Actively communicate, strengthen cooperative relations, and create win-win growth
- Strengthen supply chain resilience and reduce industrial chain risks
- Promote local procurement, and promote local development to reduce transportation risks and carbon emissions

Short-term Goal

- During the annual supplier audit, suppliers must fill out the supplier audit checklist and return it. If any records of serious adverse impact on the environment or society are found during the transaction or collaboration period, business dealings with such suppliers will be terminated immediately.
- Suppliers are requested to provide certificate for zero-use of hazardous substances, and the Company also submits materials to third party for inspection to implement two-stage controls in order to ensure that products comply with the standards 100%.
- The Company regularly and irregularly accepts relevant internal and external audits, and also performs review and optimization on internal procedures according to valuable recommendations.

Mid- and Long-term Goal

- Strengthen suppliers' ESG awareness and performance.
- Promote local procurement, and promote local development to reduce transportation risks and carbon emissions.
- There are no major deficiencies found during internal and external audits.

Commitments and Policies

The Company has established the "Responsible Procurement Policy" and is committed to comply with the standard specified in the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (referred to as the "Guidance") announced by the Organization for Economic Cooperation and Development (OECD) in order to perform due diligence investigation. Procurement is made by purchasing 100% products from smelters or refineries approved by the third party inspection, in order to prohibit the purchase or use of any conflict minerals from high risk areas.

Resources invested in the current year

- 42 suppliers signed the ESG assessment form.
- A total of 51 suppliers are listed on the supplier audit checklist.
- A total of 7 industrial waste disposal contractors have been audited.
- A total of 43 new suppliers signed the Letter of Undertaking of Integrity.

2023 Evaluation Results

- No major deficiencies were found during internal audit and customer audit.
- Tai-Tech's suppliers have had no serious adverse impact on the environment or society during the transaction or cooperation period.
- Local procurement ratio of goods was 56%.
- The local procurement ratio of raw materials was 71%.

Responsible department
Procurement Section

Grievance mechanism
extension, e-mail

2.2.1 Supply Chain Strategy

Global risk incidents occur frequently. To keep our promises to our clients and effectively control the impact of uncertainties, we have prioritized supply chain resilience, implemented risk diversification strategies for important raw material sources, and maintained over two suppliers for each type of raw material to avoid significant impacts from material shortages.

Tai-Tech values the topic of corporate sustainability. With regard to the management of supply chain, we have constructed Tai-Tech's ecological supply chain under the strategy of "common goal, symbiosis, co-prosperity, and localization" and the specific strategic direction has also been established:



2.2.2 Management of key raw materials

To keep our commitments to clients and reduce raw material risk, Tai-Tech's corresponding strategic measures to handle possible key raw material risks are shown below:

Key Raw Materials	Type of Risk	Corresponding Strategic Measures
Powder	<ul style="list-style-type: none"> There is a risk of delay in the shipping schedule when procuring from an agent Affected by international metal raw material price fluctuations 	<ul style="list-style-type: none"> Seek a secondary supplier or alternative material Place long-term orders to ensure supply source and price
Silver paste	International heavy metal price fluctuations	Place stock orders in advance
Enameled wire	International heavy metal price fluctuations	Place stock orders in advance and find a secondary supplier
Ferrite cores	<ul style="list-style-type: none"> Whether the quality meets the client's needs Delivery shipping risks 	Place orders in advance and seek a secondary supplier or alternative materials

Note: Tai-Tech defines key raw materials as those that must be used in the production process and are subject to the risk of supply restrictions.

2.2.3 Raw Materials Management

In 2022, the quantity of equipment transferred from TAIPAQ Plant and sold back by overseas subsidiaries was relatively higher, such that the local purchase amount in that year was reduced. In the future, the Company will continue to plan and implement local procurement or to seek alternative suppliers, in order to reduce the risk and carbon emissions issue during the transportation process.

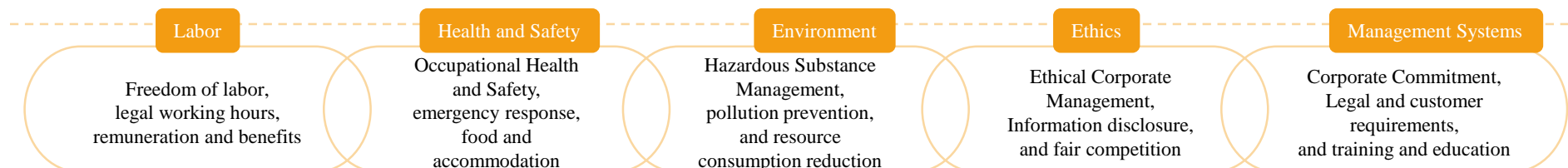
Proportion of purchase expenditures from local suppliers

Including raw materials, equipment, and packaging materials Procurement items	2021		2022		2023	
	Raw materials	Goods	Raw materials	Goods	Raw materials	Goods
Ratio of local suppliers	89%	31%	86%	31%	76%	36%
Ratio of local procurement amount	93%	52%	82%	50%	78%	56%

As Tai-Tech's operations have expanded to the global market, we assume more risks and responsibilities. We comply with the local laws and regulations as the basic principle of a series of operating activities from planning, procurement, manufacturing, and distribution to after-sales services. We also follow the international organization standards and initiative trends by incorporating the spirit of the Responsible Business Alliance Code of Conduct into the Company's overall supply chain management strategy. We have thus formulated the guidelines for the entire supply chain to follow in the five major dimensions of labor, health and safety, environment, ethics, and management systems, to lead our business partners to jointly create the maximum values for the environment and society.

Implementation of environmental/social standards and cooperation with business partners

Supply Chain Resilience



2.2.4 Supplier management and regulation

To implement its supply chain management strategy, Tai-Tech conducts regular evaluations of suppliers to avoid unethical business activities, and has gradually included the ethical conduct clauses in contracts signed with transaction counterparties. Regarding occupational safety, we have formulated the Contractor Management Procedures, and the Occupational Safety and Health Office regularly sends emails regarding relevant occupational safety and health matters to engage with supply chain partners. Regarding environmental protection issues, we have formulated the Green/Environmental Product Specifications Operating Procedures, which will be provided to suppliers to sign and return when new specifications are recognized, to urge suppliers to follow the latest green standards. During the annual supplier audit, suppliers must fill in the supplier audit checklist and return it. If any records of serious adverse impact on the environment and society are found during the transaction or collaboration period, business dealings with such suppliers will be terminated immediately.

Tai-Tech has adopted a conflict-free mineral procurement policy, and the procurement documents all specify the requirement for zero use of conflict minerals. We support RBA's and GeSI's strategies and approaches to conflict minerals, and have adopted the Conflict Minerals Reporting Template released by the EICC/GeSI Extractives working group and its supporting management tools released by the RBA-GeSI joint working group to investigate whether our suppliers implement the above policy. Regarding hazardous substances, we have implemented a zero-tolerance policy and follow internal procurement management regulations. Our suppliers must provide certificates of zero use of hazardous substances. We will also send the substances for inspections and testing, double-checking to ensure that the products are 100% in compliance with standards. Due to the pandemic in 2020, the on-site audit mechanism adopted in previous years has been replaced with audits of written materials. An annual supplier audit shall be conducted in accordance with the Company's supplier audit regulations. If our important raw material suppliers have any deficiencies in the key audit items, they shall respond with an improvement plan within 10 days and a re-evaluation date within one month of the improvement. If a supplier fails to meet standards in the re-evaluation, we will cancel its eligibility and stop purchasing from it. If the on-site audit cannot be conducted due to COVID-19 or other force majeure reasons, document reviews or online auditing will instead be conducted.

Major audit items on the supplier audit checklist

Quality Control System Quality control organization and whether quality control system certification is obtained	Training and Education Check whether there are education and training documents and plans related to environmental protection	Technological Capabilities Review the design process and R&D personnel assignment	Defective Goods Control Check whether there are documented defective goods control procedures in place
Manufacturing Capabilities Review operators' qualifications and production processes	Raw Material Management Check whether a mechanism to distinguish green products from non-green ones is established	Machinery and Equipment Check whether a maintenance and inspection system is established	Outsourcing and Supplier Management Check whether there is an appropriate supplier rating system to track suppliers' key performance indicators
Business Management Check whether personnel education and training is held; the factory environment is inspected, and finances are stable	Incoming Material Quality Control Check whether the incoming material inspection documents (standard inspection procedure or SIP) contains records of inspection and environmental restricted substances	Traceability Mechanism Check whether a manufacturing control system is established	Process Quality Control Check whether the operating procedures for preventing pollution and the mixing of prohibited substances have been established
Laws and regulations and customer requirements Assess the organization, talent, and measures of environmental management and zero use of conflict minerals	Outgoing Product Quality Control Check whether there is an identification method in place for green products	Cooperation and Service Check whether a declaration or a survey form is signed and returned	Internal Review Check whether there is a documented procedure stipulating the audit plan and the responsibilities and requirements of audits
Instruments and Methods of Analysis Check whether there is a documented procedure to control inspection, measurement, calibration of testing equipment	Document Control Check whether there is a documented process to define the engineering drawing purpose and specification changes to conduct version control and keep quality records	Design Engineering Check whether there are changes to environmental restricted substance management regulations	

The review of written materials contains 19 dimensions. In addition to the suppliers' self-evaluation, the Company's evaluation is included to ensure the rigorous nature of the overall evaluation mechanism; meanwhile, we encourage supply chain partners to transform and upgrade themselves actively to create greater values in the overall industry chain.

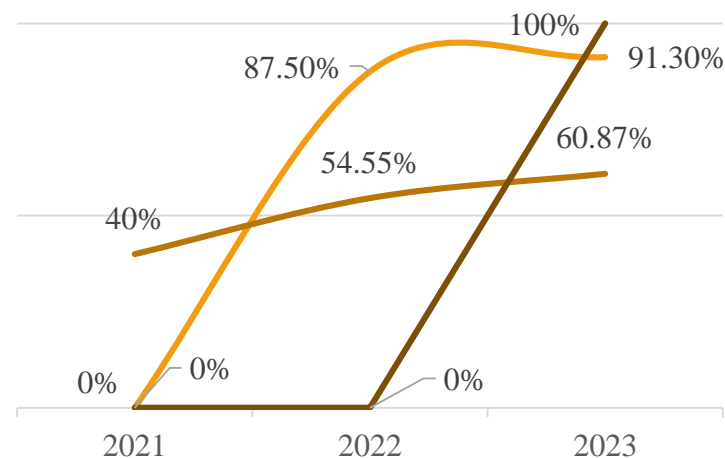
In terms of due diligence on existing suppliers, Tai-Tech only conducted financial due diligence on suppliers before 2020, and began to conduct ESG due diligence on important suppliers in 2021. Revised the supplier management policy in 2024 to require suppliers to have management systems related to environmental protection, occupational safety, or human rights in stages based on the scale of the suppliers and the transaction amount between both parties.

In addition, for the newly added suppliers at home and abroad, in the past three years, Tai-Tech has adopted 100% of environmental/social standards to screen. Tai-Tech will continue to enhance the cooperation relationship with supply chain partners, and will implement the supplier ESG survey form properly. In addition, the Company will work together on various major issues to meet our stakeholders' expectations.

Supplier ESG Audit

Taoyuan Headquarters	Supplier ESG Audit	2021	2022	2023
	Total number of suppliers	18	32	46
	Number of self-assessments	0	28	42
	Number of on-site audits	0	0	20
TAIPAQ Plant	Supplier ESG Audit	2021	2022	2023
	Total number of suppliers	62	41	39
	Number of self-assessments	67	46	39
	Number of on-site audits	21	26	18
Kunshan Plant	Supplier ESG Audit	2021	2022	2023
	Total number of suppliers	0	0	16
	Number of self-assessments	0	0	16
	Number of on-site audits	0	0	10

Overall Audit Rate

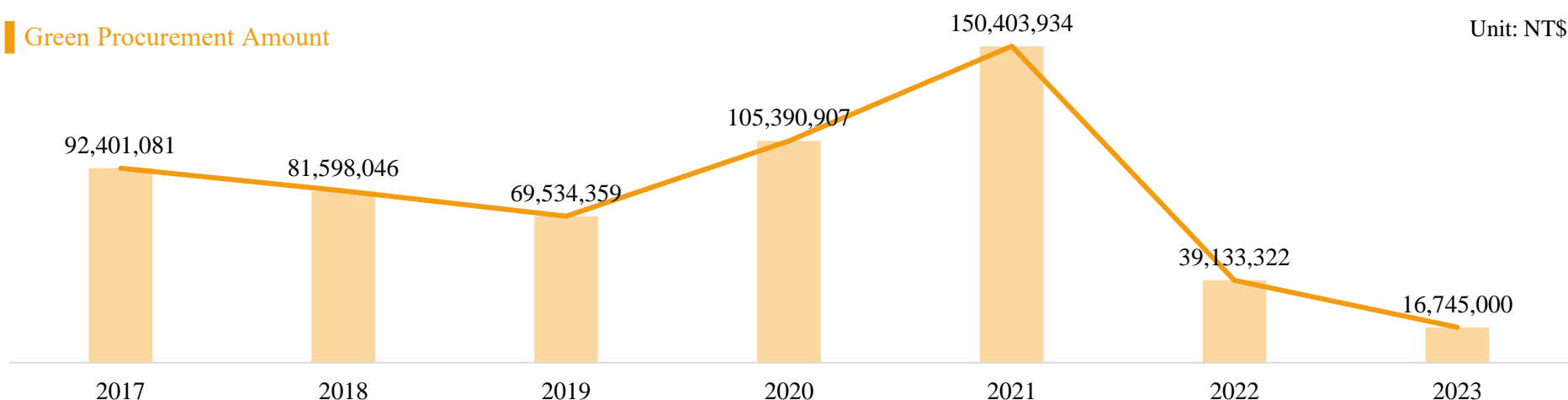


Overall Audit Rate	2021	2022	2023
Taoyuan Headquarters	0%	87.50%	91.30%
TAIPAQ Plant	40.00%	54.55%	60.87%
Kunshan Plant	0%	0%	100%

2.2.5 Sustainable Procurement

To establish a more resilient supply chain strategy and implement relevant supplier management regulations, Tai-Tech has incorporated sustainable procurement strategies in its procurement practices, actively selected sources with environmental protection or green labels for raw material procurement, and is committed to aligning suppliers to improve corporate social responsibility together, and contribute to the environment and society in which we live together. In 2023, the company's green procurement amount reached NT\$16,745 thousand. In the most recent seven years, Tai-Tech received from the Ministry of Environment (was previously the Environmental Protection Administration) the “Outstanding Private Enterprise and Organization Unit in Green Procurement.” In the future, we will continue to plan and implement local procurement to reduce carbon emissions from transportation and promote economic opportunities in the region where our operations are located.

Green Procurement Amount



Certificate of Commendation from the Environmental Protection Administration for Outstanding Suppliers in Green Procurement



Note: As the trophy for 2023 has not yet been issued, a photo of the 2022 trophy is used as a substitute

2.3 Market Operation

Material Topics

Customer Service

Significance to Tai-Tech

Customers are the main source to the revenue of the Company, and Tai-Tech values product quality, delivery, technology R&D and sales service as the highest commitment to customers. Maintaining high customer satisfaction on the Company will be beneficial to the Company in order to continue to seek customer recognition.

Commitments and Policies

- Establish service-oriented operation model and optimize service process, in order to improve customer trust and achieve win-win situation
- Apply innovative technology control and improve product quality, and cooperate with customers, in order to provide products and services satisfying demands

Short-term Goal

- Value customer demands, provide excellent customer services
- Provide value to customers, and resolve customer complaints to prevent loss of customer trust
- Customer satisfaction survey average score above 90 points

Mid- and Long-term Goal

- Establish win-win service partnership with customers

Resources invested in the current year

- Uphold the principle of service customers, designate responsible sales specialists and assistants to perform field visits actively, and adopt the methods of video conference, e-mail, telephone and communication software to provide diverse communication channels for daily exchanges, in order to assist customers in solving and inquiring product order problems, and to also assist customers for the time from order placement to product delivery waiting time.
- Reinstate the frequency of customer visits. The frequency of visits and communication with major customers depends on customer needs, conducted for more than once a week, and remote online meetings are held from time to time to organize various technical exchanges and demand seminars to interact with customers, understand and obtain customer needs and feedback.

2023 Evaluation Results

- A total of 23 questionnaires were sent out for the top 20 customers (including alternative customers) by transaction amount. The questionnaire recovery rate was 100%, and the average score reached 94.26 points.
- The customer satisfaction survey average scores for the last three years were all above 92 points.

Responsible department sales and marketing business group, and responsible for the dedicated business of each customer.

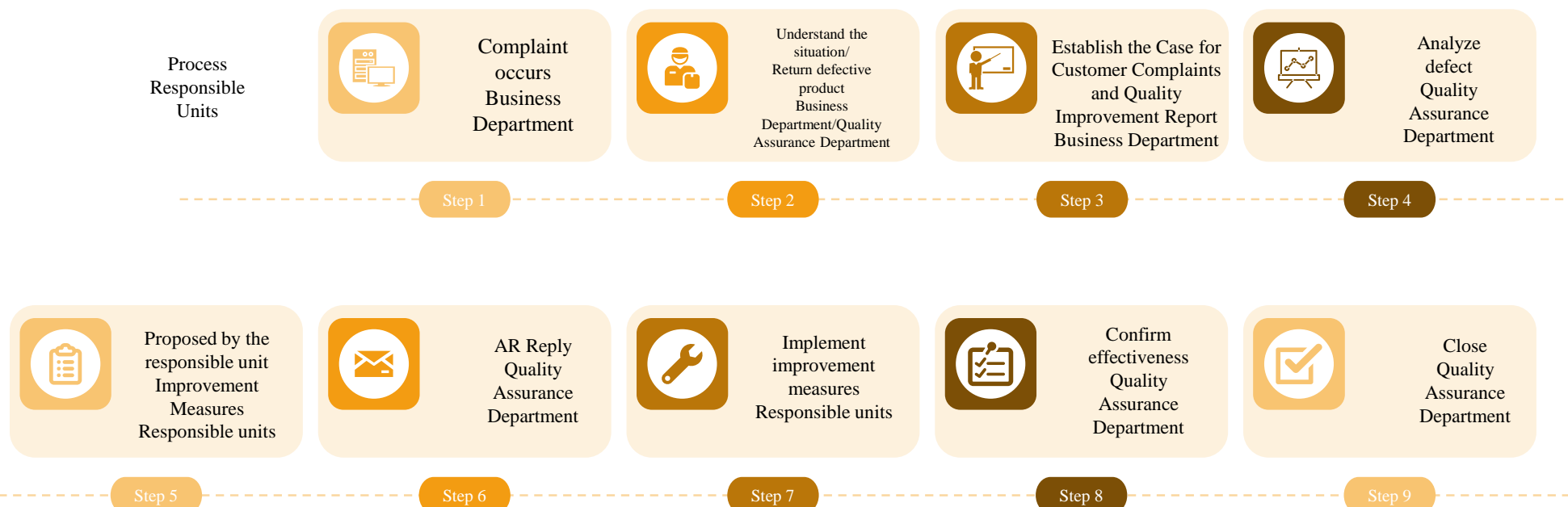
Grievance Mechanism sales@tai-tech.com.tw

2.3.1 Customer Relationship Maintenance

After years of endeavors in the field of passive components, Tai-Tech is one of the few companies in the industry with the ability to manufacture and sell various types of inductors and provide customized products to clients. With a transformed business model, Tai-Tech can no longer be defined as a traditional contracted manufacturer. Working closely with clients to develop products and markets, and provide them with high value-added solutions is the key to the company's foothold in this fiercely competitive market. In recent years, our customer service has progressed to the stage where we develop products with clients, including component design, engineering verification, and after-sales service. We provide services to improve customer stickiness from the initial stage of product development. The Company also has a professional laboratory and a professional team of engineers to provide clients with services, including verification reports. Tai-Tech has transcended the framework of simply manufacturing products, and instead runs on a manufacturing service model.

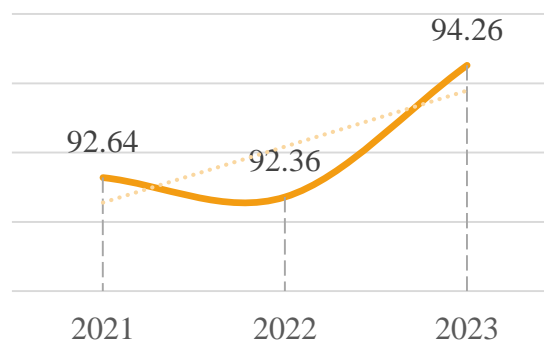
Under this new business model, Tai-Tech is committed to enhancing the interaction with clients and conducting systematic management to effectively keep abreast of clients' feedback. We have formulated the internal Customer Complaint Response Procedures to establish a complete interdepartmental response mechanism for customer complaint risks to ensure that each client's advice and criticism are duly handled quickly to meet their needs and gain their trust. We analyze and review the content of their complaint and put forward countermeasures and improvement reports to prevent the same incident from recurring and promote our after-sales services and improve product quality. In the past 3 years, the Company has not leaked, lost, or damaged customer data, nor received any complaints from customers.

Customer Complaint Response Process



In addition to a complete customer complaint response mechanism, Tai-Tech has established the Client Satisfaction Operating Procedures to conduct client satisfaction surveys. The Company's sales staff will give the customer satisfaction questionnaire to clients to conduct client satisfaction surveys through visits or by fax or e-mail each year to evaluate the four dimensions of "quality," "delivery," "technological research and development," and "price and sales service." In 2023, a total of 23 copies of questionnaires were distributed to major customers, with a response rate of 100% and an average questionnaire score of 94.26, representing the high recognition of major customers for Tai-Tech.

Customer Satisfaction Survey Score



Note: The full score of the customer satisfaction survey is 100, and the Company's target value is above 90.



According to the "Customer Satisfaction Operating Procedures," we have established a continuous improvement and tracking mechanism based on the results of the questionnaires collected to instantly keep abreast of customers' feedback and market trends, which has allowed us to adjust our operational strategies flexibly strengthening the overall business resilience.

Customer satisfaction questionnaire handling process

Information obtained from the survey is used as the reference for subsequent management and improvement information of each department



Tai-Tech focuses on client-oriented services. After using regular client satisfaction surveys to confirm the results, the company also pays attention to comments from external agencies, reviews client privacy, and attaches great importance to information confidentiality. Tai-Tech will continue to conduct surveys, improve client satisfaction, and pay attention to customer privacy. The goal is to build willingness and confidence for clients to maintain long-term cooperation and customer relationships.

2.3.2 Quality Management

Material Topics

Product Quality and Safety

Significance to Tai-Tech

The Company has been committed to the cultivation of outstanding talents for a long period of time, and through verification of reliability of each stage and green products, the Company continues to improve product quality and safety, in order to ensure product competitiveness.

Commitments and Policies

- Satisfy customer demands
- Our “products” are able to meet the specifications set by customers

Short-term Goal

- Establish reliability annual verification plan
- Internal product hazard substance tests, submit each product to SGS to test hazardous substances annually

Mid- and Long-term Goal

- Introduce green raw materials for all raw materials
- 100% of products comply with the international requirements of REACH/RoHS standards

Resources invested in the current year

Use of green products, complying with product safety requirements (REACH / RoHS)

● REACH

In 2021, we invested NT\$280,900

In 2022, we invested NT\$296,500

In 2023, we invested NT\$310,000

In 2024, we invested NT\$575,200

● RoHS

In 2021, we invested NT\$245,450

In 2022, we invested NT\$214,100

In 2023, we invested NT\$206,200

In 2024, we invested NT\$255,710

2023 Evaluation Results

- No major deficiencies were found during internal audit/customer audit
- Both customer compliant rate and OKM defect KPI reached the target

Responsible department
Quality Assurance
Department

Grievance mechanism
Business, quality assurance
hotline

Providing clients with reliable products and services is at the core of Tai-Tech’s competitiveness. We have long upheld the quality policy of meeting clients’ needs and provided them with the best quality and specifications.

In the spirit of our quality policy, we have constantly improved the quality of our products, and formulated corresponding key performance indicators (KPI) according to this policy, and our overall quality management system is based upon using quantitative indicators to ensure that our product quality meets clients’ expectations. Every year, we set and review the annual quality KPI in the management review, in line with the Company’s overall business policy and quality KPI, and request relevant departments to cooperate with the execution, review, and follow-up.

Tai-Tech’s manufacturing and management quality are in alignment with international standards. To reinforce our foundation in the field of automotive electronics, to enter the supply chain of world-class automobile manufacturers, and seize emerging opportunities from electric vehicles, we have obtained the IATF automotive industry quality management system certification (IATF 16949: 2016), which covers design and development, production, installation, and service regulations, proving that we have top-rated capabilities to provide automotive electronic component solutions.

Quality policy: Meeting clients’ needs



2.3.3 System and Management System

Tai-Tech has introduced ISO 9001: 2015 quality management system structure comprehensively and continued to be certified. We have established management and evaluation mechanisms, including leadership, planning, software and hardware resources, operation and production, performance evaluation, and continuous improvement, and we have the Quality Assurance Department within the organization to be responsible for product inspection and abnormality, clients' complaint response, quality audit and certification, instrument calibration and management, and after-sales service. As the management representative authorized by the President, the head of the Quality Assurance Department is responsible for implementing a quality assurance system under ISO 9001: 2015 and IATF 16949: 2016 to ensure the implementation of the client-oriented policy, to improve our overall business performance and client satisfaction.

With the above management systems, we have established the Product Identification and Traceability Procedures and the Non-conforming Product Control Procedures to ensure that all products and materials are traceable, and raw materials, materials, or products that are non-conforming or may not meet the requirements can be identified, labeled, isolated, and handled immediately. To prevent further processing or misuse from causing non-conformities to occur again, we will do our best to ensure that every product and part produced by Tai-Tech can meet the test of the market.

In addition to complete quality management procedures, we invest resources and manpower to implement quality improvement projects every year, and explore the issues related to the processes or the products to break through the current bottlenecks we encounter. We also continue improving efficiency and enhancing our own technological capabilities through current situation analyses, improvement countermeasures, and effect verification. Tai-Tech has been able to build diverse and innovative product lines upon years of experience, which is the key to winning our clients' trust and reflects our performance in implementing our quality management system.

In addition, in order to meet the requirements and expectations of customers, Tai-Tech plans to introduce the Responsible Business Alliance (RBA) in 2024.

ISO 9001:2015



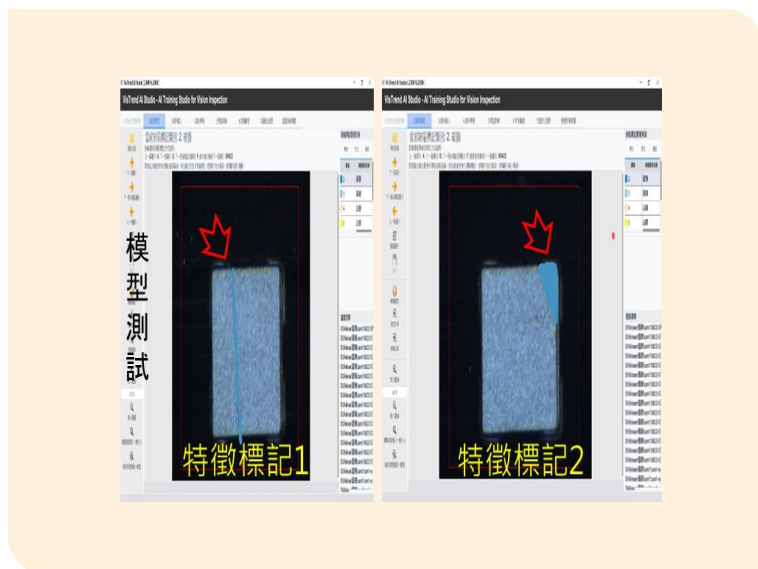
IATF 16949:2016



2.3.4 Quality Improvement Project

Quality management

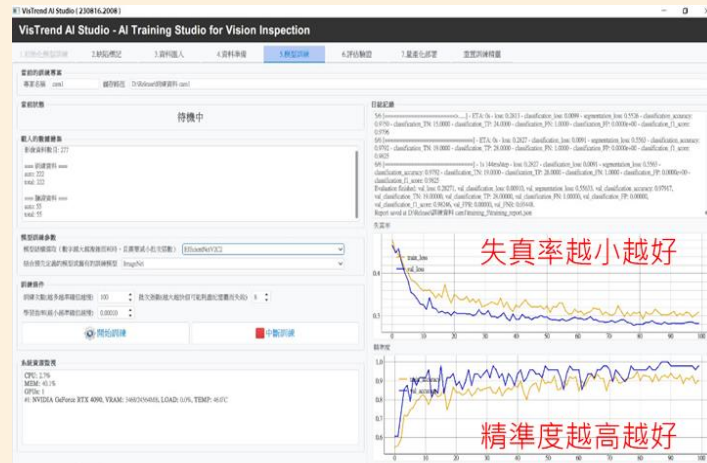
1. High-frequency inductor manufacturing process with the introduction of upper computer function, and the entire station uses barcode to scan work orders. The system automatically import the process condition, in order to prevent manual condition setting error. In addition, it also includes the function of personnel, material use criteria scanning and verification, and lot number with traceable checks.
2. High-frequency inductor manufacturing process with the introduction of assembly line along with the installation of winding machine AI visual inspection to replace the manual inspection and material receiving, in order to comply with the fully automated equipment process management.
3. Automated AI appearance inspection testing packaging machine is installed to replace radiational manual inspection, in order to prevent any appearance defect output due to manual inspection error, such that the labor cost can be reduced, and the automated process can be achieved, thereby increasing customers' faith on the Company's products.



Automated Data Collection and Analysis

Develop Industry 4.0; adopt smart machine networking; use Big Data collection and analysis; and make products more effective and competitive in design, development, manufacturing, sales, etc., to improve productivity and quality while creating higher added value.

1. Introduce automotive welding end surface tension SPC to reduce manual operation
2. Introduce testing packaging machine SPC to automatically save the production characteristic readings of each unit, and to achieve automatic control of CPK/PPK requirements.
3. Introduce tension gauge with digital display to automatically control the tension standards for different cable diameters.

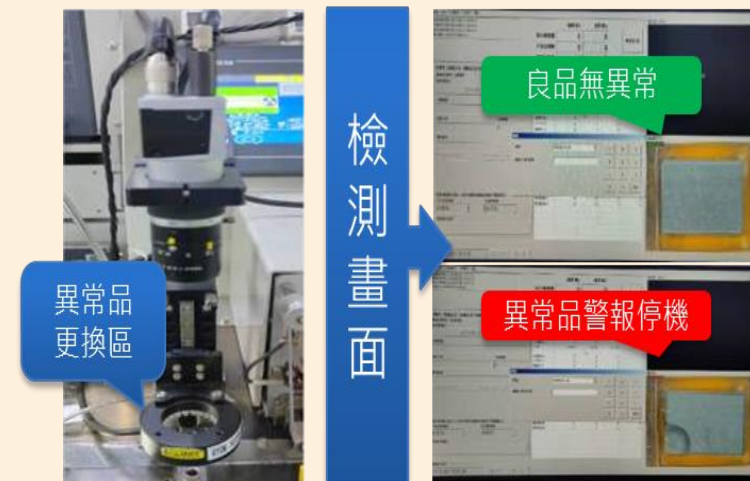


Production Data Bulletin Board Management

1. The production activity information feedback is timely and efficient and has the “self-discipline” ability
2. Bulletin board data moves with logistics, making information flow integrated into logistics and easy to manage
3. Production inventory is low, and quality is controlled
4. Expose many problems in production and promote continuous enterprise improvement

Automated Inspection

After testing and packaging, a 2x magnifying glass inspection is conducted, and automatic inspection equipment is used instead of manual inspection, to prevent defective products from flowing out to clients due to personnel fatigue or negligence. The cost of inspection per item can be reduced to NT\$0.0142.



Promotion and Prospect of Tai-Tech Industry 4.0

Improve operational efficiency and decision-making information transparency

Since 2021, Tai-Tech has continued to actively invest in equipment and production line upgrades to maintain cutting-edge manufacturing capabilities and adopted external resources for a comprehensive software and hardware upgrade to ensure that our products and services align with the latest trends in the industry. The first stage of on-site production process integration has been completed, the production visualization and quality traceability mechanism have been established, and the production line efficiency and control performance are optimized through mobile device connection operations.

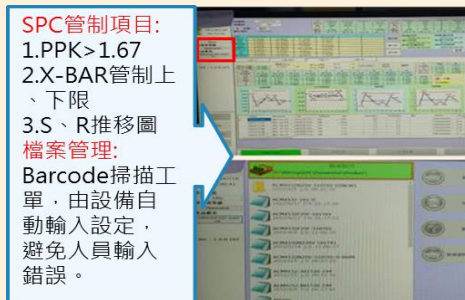
Improved Production Information Collection Efficiency

We have replaced the traditional production information manual transcription using mobile devices with QR CODE applications. This effort can increase information collection immediacy and credibility while improving data analysis and Big Data applications.



Production Management Enhancement and Information Transparency

Prevent neglect and negligence caused by human factors via maintenance schedule reminders and regular production equipment inspections, and ensure the production lines operate according to specifications. With the introduction of MES and electronic bulletin boards, real-time production status data can be obtained through the system for analysis.



Tai-Tech intends to increase its efforts in 2023 to gradually construct a machine network environment and collect and manage various production data under the full automation principle. The goal is to ensure that higher production quality and better traceability standards are used to comprehensively improve the automated production line environment. The relevant data is combined with the Business Intelligence tools analysis to provide an operational reference. We aim to meet high-quality product demands for items such as automotive grade electronics.

2.3.5 Relationship Management and Recognition

Over the years, Tai-Tech and its subsidiaries have maintained positive interactions with various stakeholders around the world and are committed to building a solid and reliable corporate image. Through the endeavors of Tai-Tech's entire team, we have repeatedly obtained recognition and certifications from important stakeholders of the government agencies and industry chain clients and also demonstrated our specific governance achievements in the ESG fields.



Strengthening Online Services and Building Application Simulations

Conduct webinars, provide application simulations, and interact closely with business partners

Tai-Tech has actively enhanced its technical service capabilities in response to rapidly changing market trends. Tai-Tech understands that traditional business and technical personnel visits or face-to-face meetings are not enough to maintain close interaction with business partners successfully. In addition to continuous face-to-face communication with customers, we have regularly held online seminars to discuss various topics since 2020. We also invited external consultants to learn about product technical issues and trends to make progress with our clients. Establish product application online program and simulation testing capabilities, and reduce the technical threshold for clients to select products. Properly implement common-good philosophy for growth together with customers through actual actions and resource investment, and more than 2,500 persons-time have participated in the meetings organized over the past years.

Status of seminars organized in lastest year

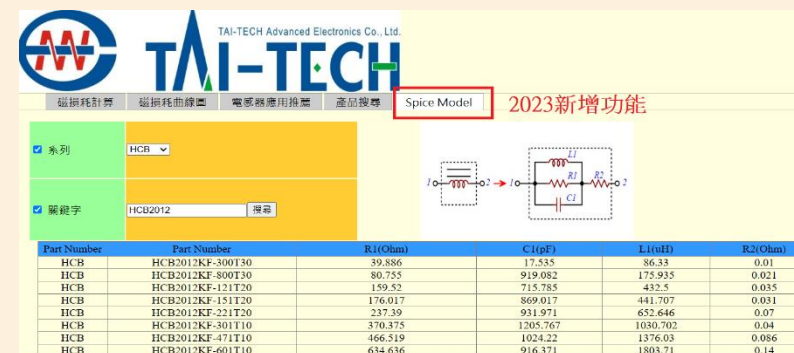


2023 Webinar with external participants

Date	Technical Exchange Course	Number of people
January 31	Buck-Boost	129
February 21	Buck-Boost part 2	131
March 28	Introduction to Power Inductors	145
April 25	Class D amplifier inductor applications	172
May 30	Application of ferrite beads in DC filter circuits	176
June 27	LAN transformer introduction	145
July 26	Power inductors and TLVR	200
August 30	Buck frequency compensation	160
September 27	Boost power inductor application	160
October 25	EMC - Electromagnetic Compatibility	140
November 29	Power EMI management	150
December 27	High-speed transmission EMI management	145

Product Application Online Program

Active online functions that are known to use the product name to estimate the magnetic loss and the appropriate product recommended under application conditions. In 2023, additional product functions were provided.



Product Application Simulation Test

We have established component transient current tolerance, component noise analysis, magnetic field distribution, and other product application simulation test technologies to satisfy clients' various application doubts. For example, the current tolerance specification for general power inductor components is rated based on continuous use over long periods. But in actual use, there will be instantaneous high currents (short-time super currents). The instantaneous high currents generated also vary by application or design within the same application, so application simulations must be conducted according to the clients' conditions, which general component manufacturers lack.



3 Green Environment

2023 Key Performances

3.1 Climate change risks and opportunities

3.1.1 TCFD framework

3.1.2 Indicators and Targets

3.2 Energy conservation and carbon reduction

3.2.1 Energy consumption

3.2.2 Greenhouse gas inventory

3.3 Water resource management

3.4 Waste management

3.5 Pollution prevention

3.5.1 Environmental management system

3.5.2 Air pollution control

Energy saving by 0.72%



In 2023, the electricity saving was 0.72%, saving 139,153.1 kWh; the average annual electricity saving rate from 2015 to 2023 was 1.63%.

The overall waste reuse and recycle rate was 82.61%.



In 2023, the overall waste reuse and recycling rate did not reach the target to increase by 1%. Although it decreased by 2.88% compared to last year, the overall waste reuse and recycling rate was 82.61%, which is still a high performance of recycling. We will continue to work hard.

Material reuse and recycling rate of 2.64%



In 2023, the material powder recycling data was established. Through the powder sieving process, the good powder materials with larger particle sizes after sieving were collected and transferred back to the material manufacturing process for addition and remanufacturing. The material reuse recovery rate was 2.64%, reducing waste powder waste of 3.06 tons.

Water recycling and reuse rate 10.14%



Achieved the reduction of the proportion of core process water consumption from 75% to 72%. In 2023, the core process water consumption ratio reduced by 20.51%, accounted for 51.49% of the total water consumption, with the reduction of tap water of 18,216 tons; falling short of the target of water recycling rate of more than 15%, the water recycling rate in 2023 was 10.14%, mainly due to the reduction in the production of ROR wastewater, although the target was not achieved through the utilization measures, we still reduced 9,006 tons of tap water; in 2023, a total of 27,222 tons of tap water was reduced.



3.1 Climate change risks and opportunities

In recent years, climate change has become a common problem faced by all mankind. In addition to the increasingly significant negative impact on our daily life, it has caused a huge impact on enterprises. In view of this, Tai-Tech refers to the Task Force on Climate-related Financial Disclosures (TCFD) released by the international Financial Stability Board (FSB) in 2017 to review and assess our current risks and opportunities arising from climate change, and devise countermeasures.

3.1.1 TCFD framework

Although Tai-Tech currently does not have a climate governance organization, in the future, we will establish a governance unit in line with the TCFD framework, and raise this issue to the board level as the basis for the Company to set out countermeasures against climate change. In view of the potential risks and opportunities arising from climate change, the Company has conducted preliminary assessment and identification, and the results are as follows.

Climate Change Risks and Opportunities

Four Core Elements of Climate-Related Financial Information Disclosures

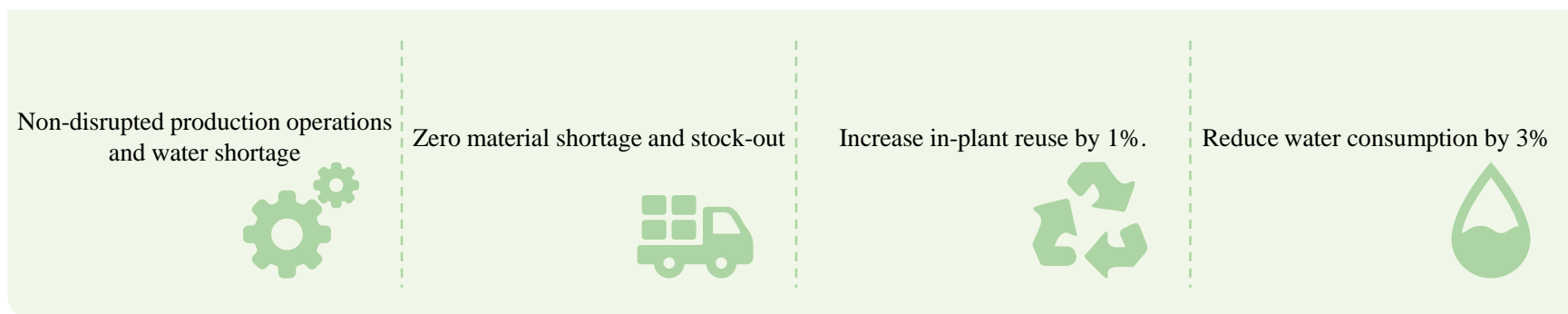


Risks and opportunities	Physical Risk	Transition Risk
Item	Long term	Market
Topics	Rainfall (rainwater) pattern change and climate pattern extreme change	Increase of raw material cost
Potential financial impact	<ol style="list-style-type: none"> 1. Increase of operating cost (such as insufficient water of hydroelectric power station or insufficient cooling water of nuclear power plant or fossil-fuel power station) 2. Increase of infrastructure cost (such as facility damage) 3. Decrease of revenue due to reduction of sales volume/output 4. Increase of insurance fee and assets located at "high risk" area facing insurance enrollment difficulty 	<ol style="list-style-type: none"> 1. Decrease of product and service demand due to change of consumer preference 2. Increase of production cost due to changes of investment cost (such as energy, water) and output demand (such as waste treatment) 3. Unexpected energy cost change 4. Revenue portfolio and source change 5. Asset re-pricing (such as fossil foil storage, land valuation, security valuation)
Countermeasures	When the probability of rainfall is extremely small, in case of water shortage at the internal of the plant, adopt the internally established emergency water saving measures for manufacturing processes with relatively large water consumption, and the Management Department assists to contact external water supply truck company to perform water supply operation.	Place long-term order for raw materials in order to secure the supply source and price, and actively seek second supplier or alternative material, increase local procurement opportunity to reduce carbon emissions.

Risks and opportunities	Opportunity		Opportunity	Opportunity
Item	Resource efficiency		Resource efficiency	Resource efficiency
Topics	Use production and distribution processes of higher efficiency		Recycle and reuse	Reduce water usage and consumption
Potential financial impact	<ol style="list-style-type: none"> 1. Reduce operating cost (such as through the methods of increasing efficiency and reducing cost) 2. Increase production capacity, and increase revenue 3. Increase fixed asset values (such as high performance buildings) 4. Implement management and planning beneficial to the labor force (such as improvement of sanitation and safety, employee satisfaction), and reduce cost 			
Countermeasures	<p>Increase of production efficiency:</p> <ol style="list-style-type: none"> 1. Introduce automatic inspection machine to improve the inspection capability and to replace manual inspection, in order to reduce inspection cost 2. After network equipment's speed has been increased through production line project proposal, the winding machine has been increased from 12k to 18k, an increase of approximately 33% 3. Plating wire single drum is progressively changed to double drum, in order to increase the production benefits by two folds and to reduce cost <p>Distribution process optimization:</p> <ol style="list-style-type: none"> 1. Select appropriate distribution strategy according to the customer demand, location, service standard and cost, in order to optimize distribution process and to reduce transportation cost. 		For each waste disposal method adopted by the internal of the plant, the Environmental Protection room personnel effectively seek external transfer, reuse and recycle treatment methods.	Through the in-plant water analysis chart, the water consumption of the core production process has been reduced by 3% year by year and the ROR wastewater has been introduced for reuse to reduce the water discharge relatively.

3.1.2 Indicators and Targets

Tai-Tech has established indicators based on TCFD climate risks and opportunities, and further set the goals:



As for the climate change risks and opportunities identified, Tai-Tech will gradually implement relevant countermeasures to cope with the potential financial impact caused by climate change and improve our organization's resilience; meanwhile, we will seize potential climate change-related opportunities for financial development and continue to develop green and low-carbon products, with the aim of stepping into new markets and creating business opportunities.

3.2 Energy conservation and carbon reduction

Material Topics

Energy Saving and Carbon Reduction

Significance to Tai-Tech

As energy saving and carbon reduction under the impact of climate change is the future trend and the impact on the ecology becomes more prominent, Tai-Tech is committed to energy saving and carbon reduction in daily practices, and also continues to complete government's promotion on the average annual electricity reduction of 1% for users of large energy consumption.

Commitments and Policies

We adhere to the concepts of maintaining the natural environment and implementing green activities. We aim to fulfill our corporate social responsibility and sustainable management concepts by implementing an environmental management system.

- Establish, implement and maintain an environmental management system
- Commit to industrial waste reduction, pollution prevention, and continuous improvement work
- Comply with relevant environmental laws and regulations and customer requirements
- Promote the concept of green design, implementing waste classification and removal management to improve environmental performance
- Through communication, advocacy and education training, make all employees aware of the importance of environmental management
- Communicate environmental protection information to relevant parties

Short-term Goal

- Through the air compressor electrical load analysis, to assess its actual energy consumption status
- Perform feasibility assessment on parts replacement for high performance equipment during internal operation

Mid- and Long-term Goal

- Complete average annual electricity saving rate of 1% for 2015 to 2024 specified by the Bureau of Energy of the government.
- Introduce ISO 50001 energy management system and obtain certification
- Review renewable energy construction plan to effectively reduce energy consumption

Resources invested in the current year

- NT\$3,000,000 for installation of an air compressor load monitoring system

2023 Evaluation Results

- Annual electricity saving rate was 0.72% and the electricity saving was 139,453.13 kWh
- Average annual electricity savings rate for 2015-2023 was 1.63%

Responsible department
Management Department,
Production Department

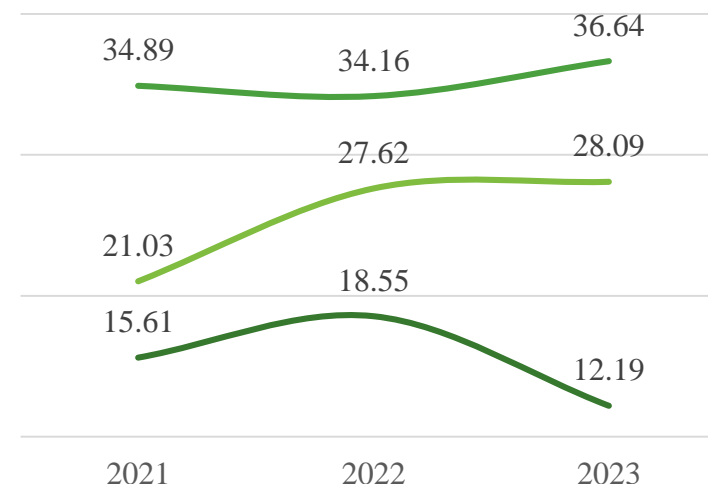
Grievance Mechanism
Each Department's
Extension

3.2.1 Energy consumption

Taoyuan Headquarters	Gigajoule GJ	2021	2022	2023
	Gasoline (external)	186.17	236.02	256.45
	Diesel (external)	363.57	316.54	347.89
	Liquefied petroleum gas (internal)	6,923.36	4,622.94	5,505.02
	Purchased electricity (internal)	93,682.08	110,230.38	80,761.40
	Total	101,155.18	115,405.88	86,870.75
TAIPAQ Plant	Gigajoule GJ	2021	2022	2023
	Gasoline (external)	257.75	191.31	357.45
	Purchased electricity (internal)	137,057.18	119,152.67	106,286.40
	Total	137,314.93	119,343.98	106,643.85
	Percentage of externally purchased electricity	99.81%	99.84%	99.66%
Kunshan Plant	Gigajoule GJ	2021	2022	2023
	Gasoline (external)	117.9	116.29	54.38
	Purchased electricity (internal)	24,685.10	23,590.07	26,716.06
	Total	24,803.00	23,706.36	26,770.44
	Percentage of externally purchased electricity	99.52%	99.51%	99.80%

And revenue intensity

Unit: NT\$ million



and revenue intensity			
NT\$ million	2021	2022	2023
Taoyuan Headquarters	21.03	27.62	28.09
TAIPAQ Plant	34.89	34.16	36.64
Kunshan Plant	15.61	18.55	12.19

Note 1: Tai-Tech Advanced Electronics does not use purchased coal or purchased steam and renewable energy in Taiwan region and for the subsidiaries in China.

Note 2: The calorific value of externally purchased electricity: 3,600 GJ/million kWh for the Taoyuan headquarters, and the Taiwan coefficient is applied for the plants in China for inclusion in the calculation.

Note 3: For energies other than the externally purchased electricity, the conversion is subject to the calorific value table per product unit announced by the Bureau of Energy, Ministry of Economic Affairs. The calorific values of automotive grade gasoline, diesel, and LNG are 7,800kcal/L, 8,400kcal/L, and 9,000 kcal/L, respectively. For each plant in China, the automotive grade gasoline is 0.75KG/L, and the calorific value of gasoline: 1KG=43,070kJ, according to the Energy Statistics Knowledge Manual (prepared by the Business and Communication Department, National Bureau of Statistics of China)

Note 4: Conversion of energy unit is subject to 1 cal = 4.184J

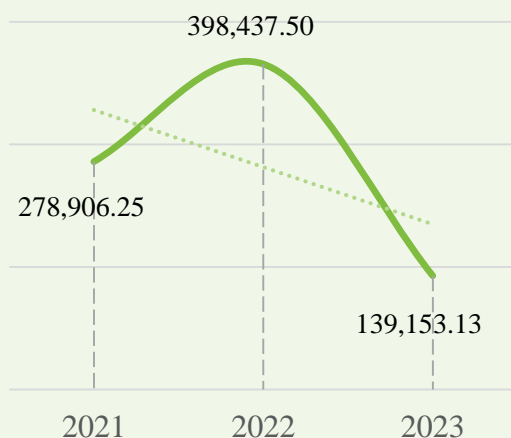
Energy Saving Measures and Benefit Analysis

As climate change has become a global concern with an increasingly significant impact on life, Tai-Tech has striven to save energy in day-to-day operations, such as organizing green office activities. Although Tai-Tech has not participated in and declared “2050 Net Zero Emission,” it continues to focus on greenhouse gas reduction as its future sustainable development indicator and long-term planning strategy. and assess other reduction measures in the long-term in the future.

Tai-Tech’s energy consumption is mainly from externally purchased electricity, gasoline, diesel, and liquefied petroleum gas. In line with the government’s promotion of energy conservation policies for major energy users, in 2021, production capacity was expanded by the purchase of 7 sets of 100HP energy-saving air compressors, which saved 278,906.25 kWh of electricity that year. The year 2022, we have recognized the purchase of 7 sets of 100HP air compressors and 2 sets of 100HP energy-saving air compressors within 6 months, saving 398,437.50 kWh of electricity for the year. In 2023, for the cost reduction project, TAIPAQ Plant has steel self-winding air compressor heat sealing gun (2000W/unit) which is replaced by a motor (30W/unit) fan blowing to save electricity consumption. A total of 72 units were installed. The original consumption was 1,968 kWh/day, but the consumption was optimized after the installation for 295.2 kWh/day, saving 1,672.8 kWh/day, monthly electricity saving of 48,511.2 kWh, and annual saving of about 582,132 kWh.

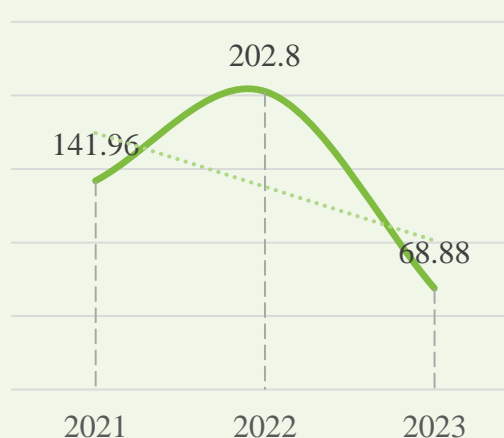
Reduction of energy consumption

Unit: kWh



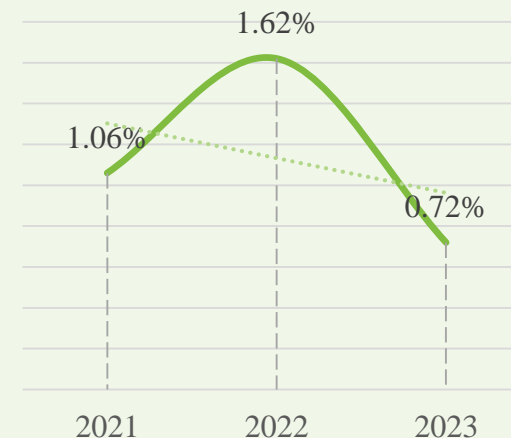
Reduction of greenhouse gas emissions

Unit: metric tons CO₂e



Power Saving Rate

Unit: %



Reduce product and service energy demands

The excellent performance of low energy consumption power inductor components has helped clients create greater value

Our pursuit of excellence in technology never stops. We have long focused on developing more energy-efficient product lines to reduce their potential impact on the environment during the product life cycle. Choosing to adopt Tai-Tech's solutions means choosing to stand on the side of environmental protection and striving to create a better future for all. Since 2021, computer simulation-aided design and advanced product loss measurement systems have been introduced to reduce product energy consumption.

In 2022, V2 power inductor for DDR was developed. The comparison between the new low-loss material and the power inductors of the best performance in 2021 indicates that based on the estimation of the (load) during use, it is able to further increase 0.5% of performance, and each power inductor is able to save 0.61mW/pcs^(Note 1). For the calculation of 10 million units of computers, and each computer being used for 8 hours per day, when 2 DDR modules are installed per computer with each module installed with two power inductors, then it is able to save approximately 70,272K joules/8hrs^(Note 2).

In 2023, the Trans Inductor Voltage Regulator (TLVR) inductor was developed to use a coupled inductor in series to tune the inductor to increase the coupling current and rapidly increase the current response, making it more capable of coping with the new generation of servers with increasingly higher power consumption due to its high coupling advantage. The goal is to achieve extremely fast transient response without sacrificing other key performance parameters. By increasing the transient response, a large amount of output capacitance can be reduced. The reliability of the circuit is improved, and the cost of the capacitor is reduced.

A comparison between the new TLVR low-loss material and the best performing power inductor in 2022 shows that the performance can be further improved by 1.94% under the estimated operating time (heavy load), and each inductor can save 0.776W/pcs^(Note 3). Assuming that there are 10 million computers, each used for 8 hours a day, and 8 power inductors, the saving is about 1,787,904 MJ/8hrs^(Note 4).

2021

Saving 282,240K Joules/8hrs

2022

Improve performance by another 0.5%
Save 0.61mW per power inductors
Saving 70,272KJ/8hrs

2023

Improve performance by another 1.94%
Saving 0.776W per power inductors
Saving 1,787,904MJ/8hrs

Note 1: $0.61\text{mW/pcs} = 3.5\text{A}^2 \times 0.01 \times 0.5\%$

Note 2: $70,272\text{K} = 10,000,000 \text{ computers} \times 8\text{HRS} \times 2\text{DDR5} \times 2 \times 0.61\text{mW} / 1,000 \times 3,600$

Note 3: $0.776\text{W/pcs} = 40\text{W} \times 1.94\%$

Note 4: $1,787,904\text{M} = 10,000,000 \text{ computers} \times 8\text{HRS} \times 8 \times 40\text{W} / 1,000 \times 3,600$

3.2.2 Greenhouse gas inventory

The Taoyuan headquarters began to voluntarily disclose the GHG inventory Scope 1 and Scope 2 disclosures in 2020, and the disclosure was extended to subsidiaries in the 2022 Sustainability Report. The disclosure of the GHG inventory includes the data of the previous two years. The Taoyuan headquarters is expected to implement an independent third-party verification of greenhouse gas inventory by the end of the second quarter of 2024. Tai-Tech also calculated and revealed the direct (Scope 1: including gasoline, diesel, and liquified petroleum gas) and indirect (Scope 2: i.e. purchased electricity) greenhouse gas emissions from energy consumption. The emissions data for the last three years are shown in the figure below:

Greenhouse gas emissions and intensity

Total emissions	Metric tons CO ₂ e	2021	Ratio	2022	Ratio	2023 ^(Note 1)	Ratio
Scope 1	Parent company (Taoyuan headquarters)	363.45	93.44%	256.33	92.46%	301.01	91.28%
	Subsidiary (TAIPAQ Plant)	17.5	4.50%	12.99	4.69%	24.28	7.36%
	Subsidiary (Kunshan Plant)	8.01	2.06%	7.9	2.85%	4.48	1.36%
	Sub-total	388.96	0.79%	277.22	0.59%	329.76	1.03%
Scope 2	Parent company (Taoyuan headquarters)	13,063.45	26.83%	15,585.35	33.14%	11,112.06	52.92%
	Subsidiary (TAIPAQ Plant)	30,189.93	62%	26,246.06	55.81%	16,837.51	34.93%
	Subsidiary (Kunshan Plant)	5,437.45	11.17%	5,196.24	11.05%	3,866.12	12.15%
	Sub-total	48,690.83	99.21%	47,027.65	99.41%	31,815.69	98.97%
Scope 3	-	-	-	-	-	-	-
Group total		49,079.79	100%	47,303.48	100%	32,145.46	100%
Intensity	Metric tons CO ₂ e / NT\$ million	2021 ^(Note 2)	Ratio	2022 ^(Note 2)	Ratio	2023 ^(Note 2)	Ratio
Intensity	Parent company (Taoyuan headquarters)	2.79	20.09%	3.79	24.64%	3.69	32.81%
	Subsidiary (TAIPAQ Plant)	7.67	55.22%	7.52	48.90%	5.97	51.51%
	Subsidiary (Kunshan Plant)	3.43	24.69%	4.07	26.46%	1.76	15.68%
	Group total	13.89	100%	15.38	100%	11.24	100%

Note 1a: The Taoyuan Headquarters cited from the EPA's GHG Emission Factor Management Table (version 6.0.4), which indicates a gasoline emission factor of 2.2631kg CO₂e/L; a diesel emission factor of 2.606kg CO₂e/L; and an LNG emission factor of 1.7529 kg CO₂e/L under Scope 1. Scope 2 emissions are based on the Taiwan Power Company's electricity emission factor in 2022, which was 0.495 kg CO₂e/kWh.

Note 1b: Data of each plant in China are based on the 2022 national grid average carbon emission factor of 0.5703 t CO₂e/MWh and gasoline emission factor of 18.9*10⁻³*0.98*44/12 tCO₂e/GJ.

Note 2: Total emissions of each plant (Metric tons CO₂e) / sales amount of each plant (million NT\$).

3.3 Water resource management

Supplementary Topics

Water Resources Management

Significance to Tai-Tech

Although Tai-Tech's geographical location faces no immediate risk of water shortage, we are well aware that water resources are hard to come by, and are committed to water conservation and water recycling measures.

Commitments and Policies

We adhere to the concepts of maintaining the natural environment and implementing green activities. We aim to fulfill our corporate social responsibility and sustainable management concepts by implementing an environmental management system.

- Establish, implement and maintain an environmental management system
- Commit to industrial waste reduction, pollution prevention, and continuous improvement work
- Comply with relevant environmental laws and regulations and customer requirements
- Promote the concept of green design, implementing waste classification and removal management to improve environmental performance
- Through communication, advocacy and education training, make all employees aware of the importance of environmental management
- Communicate environmental protection information to relevant parties

Short-term Goal

- In 2024, reduced the ratio of core process water consumption to 70%
- In 2024, maintained the ROR wastewater recycling rate above 15%.
- Verify goal achievement outcome with ISO14001

Mid- and Long-term Goal

- Review wastewater recycle system and rainwater recycle plan in order to cope with the risk of water shortage during drought
- Participate in water saving related topic meetings, and effectively assess applicable internal measures

Resources invested in the current year

- The wastewater facility maintenance expense paid was NT\$326 thousand
- Operating expenses for wastewater input (including chemical fees) NT\$5,153 thousand

2023 Evaluation Results

- Achieved the reduction of the proportion of core process water consumption from 75% to 72%. The core process water consumption ratio reduced by 23.5%, accounted for 51.5% of the total water consumption, with the reduction of tap water of 20,872 tons.
- The recycling and reuse rate of ROR wastewater was 10.14%, which did not reach the target of 15%, reducing 9,006 tons of tap water. This is mainly due to the introduction of a process with poor water quality, which reduced production capacity and low water consumption, and the water production rate of the RO water purification machine was improved without excessive ROR wastewater.

Responsible department: Environmental Protection Office of Factory Affairs Section

Grievance Mechanism Department Extension

Tai-Tech is located in the non-arid or water-deficient area of Taoyuan District, and the risk of water shortage is 10-20%. Although there is no immediate risk of water shortage, we know water resources are hard to come by, hence, we are committed to water conservation and water recycling. The wastewater discharged from the production operation is treated in the factory and released into the industrial area's sewage and sewer system, eventually leading to the Shezi river from Tianxinzai Valley through special pipes.

Due to our commitment to water conservation measures, the overall site's water withdrawal in 2023 was 152.34 million liters, a decrease of 45.27 million liters from 197.62 million liters in 2022. In addition, the total tap water withdrawal of all plants in Taiwan in 2023 was 94.11 million liters, compared to 136.60 million liters in 2022, a reduction by 31%. That is, a reduction of 42.49 million liters of tap water. The plant continues to promote water-saving measures. In 2023, the water recycling rate reached 10.14%. The total tap water withdrawal of the TAIPAQ Plant in 2023 was 38.97 million liters, compared to 45.31 million liters in 2022, a reduction by 14%. That is, a reduction of 6.34 million liters of tap water. Kunshan Plant's total tap water withdrawal was 19.26 million liters in 2023, an increase of 23%, compared to 15.71 million liters in 2022. That is, an increase of 3.55 million liters of tap water.

Water consumption statistics

Taoyuan Headquarters	Million liters	Total water withdrawal		Total water discharge	Water consumption
	2021	Total	144.55	110.24	34.31
	2022	Youth Industrial Park Plant	127.40	88.46	38.94
		Jinchang Plant	8.29	6.63	1.66
		Zhongli Plant	0.43	0.34	0.09
		Zhongyuan Plant	0.49	0.39	0.10
		Total	136.60	95.82	40.78
	2023	Youth Industrial Park Plant	88.82	55.93	32.89
		Jinchang Plant	4.61	3.69	0.92
		Zhongli Plant	0.44	0.35	0.09
		Zhongyuan Plant	0.24	0.19	0.05
		Total	94.11	60.16	33.95

TAIPAQ Plant	Million liters	Total water withdrawal	Total water discharge	Water consumption
	2021	71.75	25.31	46.44
	2022	45.31	19.90	25.41
	2023	38.97	22.46	16.51

Note: The water withdrawal source for TAIPAQ Plant is Si-Hong Jitai Tap Water Supply Plant; the drainage area is the Si-Hong Development Zone Sewage Plant

Kunshan Plant	Million liters	Total water withdrawal	Total water discharge	Water consumption
	2021	26.60	10.66	15.94
	2022	15.71	8.35	7.36
	2023	19.26	7.97	11.29

Note: Kunshan Plant draws water from Kunshan Economic and Technological Development Zone Water Supply Company; drainage source is Kunshan Development Zone Electroplating Center

Note 1: Water intake = water source cited in the organization's operations, except for the Youth Industrial Park Plant, which uses a master water meter, all other plant water sources are all from third-party entities (tap water). In 2022, the plants in Taoyuan Headquarters started to include the tap water consumption of other business locations.

Note 2: Discharge volume = water withdrawal after the organization's operations, and the final water source discharged through the treatment facility. Except for the Youth Industrial Park Plant, which uses tap water, the other plants are calculated according to the industrial zone regulations for tap water*0.8.

Note 3: Water consumption = water intake - drainage water and water source consumed by other methods

Tai-Tech's wastewater discharge operation is located within the jurisdiction of the industrial area. There is a wastewater treatment facility in the factory, and its treatment process is operated according to the Wastewater Treatment Procedure, and the content of the water measures permit. We have also complied with the relevant provisions of the Industrial Zone Sewer System and the Water Pollution Prevention and Control Law. The goal is to ensure that the discharge water quality meets the discharge water standards set by the industrial zone discharge water testing standard and to develop pollution prevention measures to reduce operational impact risks.

Emission/discharge substance statistics

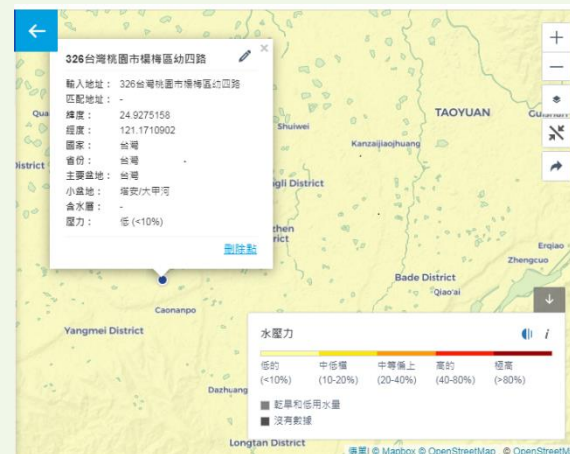
Taoyuan Headquarters	mg/L	Total suspended solids	Biochemical oxygen demand	Chemical oxygen demand
	Effluents standard	480	640	0.70
	2021	12.82	35.00	0.24
	2022	18.38	31.82	0.22
	2023	21.60	39.00	0.10

Note: According to the effluents standard of Youth Industrial Park

TAIPAQ Plant	mg/L	Total suspended solids	Biochemical oxygen demand	Chemical oxygen demand
	Effluents standard	400	300	500
	2021	18.00	2.60	14.00
	2022	7.00	9.50	32.00
	2023	8.91	4.00	37.59

Note: Due to the implementation of new standard "Discharge Standard of Water Pollutants for Electronics Industry" in October 2022, the COD standard has been changed from the original $\leq 80\text{mg/L}$ to $\leq 500\text{mg/L}$

Kunshan Plant	mg/L	Total suspended solids	Chemical oxygen demand
	Effluents standard	30	50
	2021	0.56	19.90
	2022	0.36	17.60
	2023	NA	15.3



The sources of water withdrawal of Taiwan Headquarters are all freshwater and based on the WRI Aqueduct water stress data analysis, belonging to area with no water stress.



Taiwan Headquarters Wastewater Treatment Facilities

3.4 Waste management

Material Topics

Waste Management

Significance to Tai-Tech

Tai-Tech is committed to maintaining the safety and health of personnel and protecting the environment and ecology. Accordingly, we will continue to follow relevant environmental protection and occupational safety and health laws and regulations, implement continuous improvement, practice surplus material recycling and regeneration, prevent pollution, implement resource saving and regeneration, reduce industrial waste and promote friendly neighborhood and community, in order to establish indicators for environmental protection and sustainable operation.

Short-term Goal

- In 2024, the overall waste reuse and recycle rate increased by 1%
- In 2024, 100% of the harmful electroplating waste liquid was introduced into the factory for zero pollution. Participate in related waste reduction-related issues, and evaluate the feasibility of in-plant application in a timely manner.
- In 2024, the ratio of remaining material powder re-fed into manufacturing process of the process total output reuse and recycle rate increased by 2%.

Mid- and Long-term Goal

- Waste total weight reduction reaches above 3%

Commitments and Policies

We adhere to the concepts of maintaining the natural environment and implementing green activities. We aim to fulfill our corporate social responsibility and sustainable management concepts by implementing an environmental management system.

- Establish, implement and maintain an environmental management system
- Commit to industrial waste reduction, pollution prevention, and continuous improvement work
- Comply with relevant environmental laws and regulations and customer requirements
- Promote the concept of green design, implementing waste classification and removal management to improve environmental performance
- Through communication, advocacy and education training, make all employees aware of the importance of environmental management
- Communicate environmental protection information to relevant parties

Resources invested in the current year

- The expenses for waste removal and disposal was NT\$4,903,000

2023 Evaluation Results

- The overall waste reuse and recycling rate was 82.77%, which did not meet the target. This is mainly due to the increase in the total amount of general waste that could not be recycled. We will work hard to reduce waste and find solutions that can be reused.
- The hazardous electroplating waste liquid with the introduction of internal treatment reached 100%, which has complied with the goal of zero disposal.
- Material powder recycling rate was 2.64%, reducing waste output by 3.06 tons.

Responsible department: Environmental
Protection Office of Factory Affairs Section

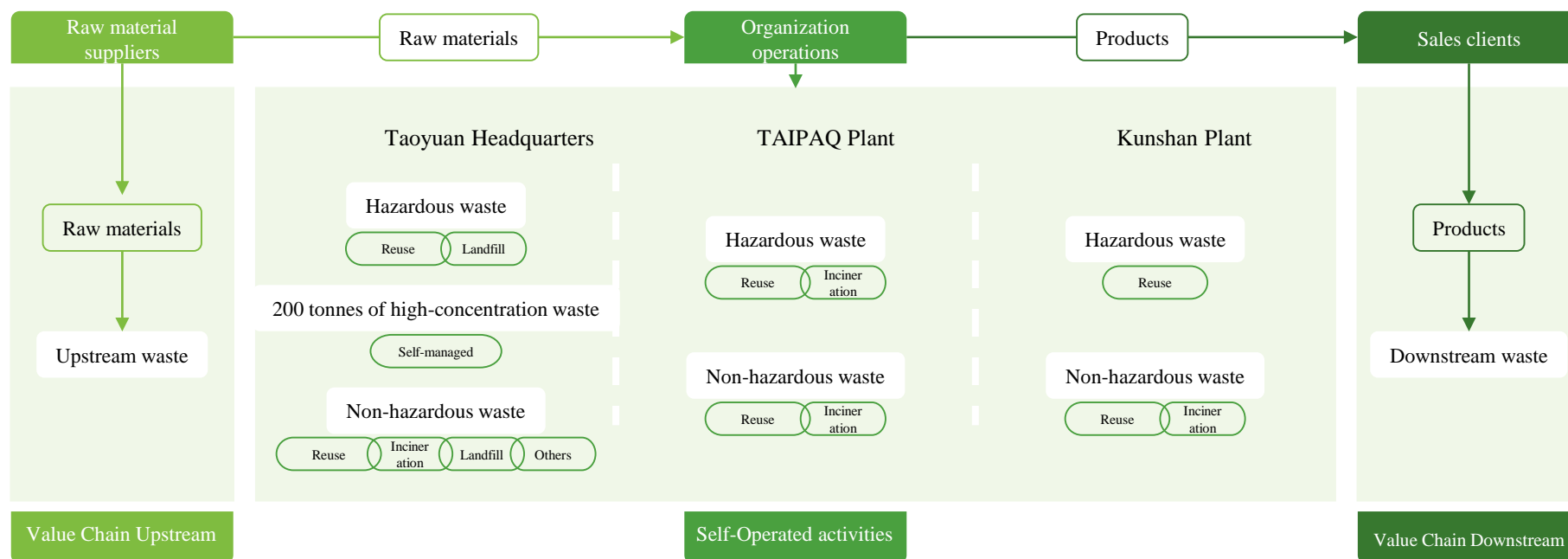
Grievance Mechanism Department
Extension

Tai-Tech is part of the electronic components industry and is committed to the R&D and manufacturing of magnetic materials and power inductor components-related products. We strictly comply with environmental laws and regulations, from raw material input and manufacturing processes to product output and waste disposal. Moreover, the Company has actively invested in development and innovative thinking, adjusted manufacturing parameters, evaluated technical improvements, and implemented a raw material source reduction policy.

According to the internal TEAW2012 Waste Management Procedure, the Company signs contract with qualified removal and disposal institution entrusted, and the Environmental Protection Office schedules the implementation of waste external audit operation annually and also obtains relevant audit supporting documents. The Environmental Protection Office personnel screens wastes entering the plant in order to retain waste resource reuse and development of convertible resources for reuse. Wastes generated by Tai-Tech are general industrial wastes, and the industrial wastes mainly refer to waste lubricant oil, rolling sludge generated from metal heat treatment (BAL), annealing pickling (APL) and rolling (CRM and CGL) procedures and sludge after wastewater treatment. In addition, there are wastes of domestic waste of employees and non-process generated waste woods (packaging materials) and waste plastics, which are entrusted to qualified disposal contractor for treatment. For the waste lubricant oil, since the output volume is not great, it is presently stored inside the plant, and after it has reached the disposal volume, it is disposed and treated altogether.

The wastes generated during operations are divided into hazardous and non-hazardous wastes (general wastes). General wastes are domestic wastes generated in the office, people's livelihood wastes, waste saggars derived from the production process, waste plastics, etc. Hazardous wastes are generated during the production process, including electroplating sludge, waste liquid, waste filter element, electronic waste components, etc. The relevant waste output flow chart is shown in the table below.

Waste Output Flow Chart



The Company strictly complies with the “Waste Disposal Act” for overall waste disposal. The organization’s waste disposal plan requires cooperation and signed contracts with specialists approved by the competent authority to ensure legal waste disposal. The Company has implemented waste classification management in accordance with the “Waste Management Procedure”, and scheduled regular industrial waste treatment inspection and evaluation in accordance with the “Annual Industrial Waste Audit Plan” to effectively prevent improper waste disposal. The goal is to reduce the risk of operating impacts and environmental harm. There were no incidents of leakage throughout the Company's operations in 2023.

Waste transferred from disposal in recycling operations

Metric ton	Taoyuan Headquarters		TAIPAQ Plant	Kunshan Plant	
	Reuse	Recycle	Reuse	Reuse	Recycle
2021	203.50	272.05	474.29	268.08	26.61
2022	162.42	355.95	420.73	394.88	34.66
2023	159.69	375.92	381.86	45.40	32.34

After rigorous waste classification treatment, if there is still waste that cannot be recycled and reused, Tai-Tech Headquarters complies with relevant requirements of environmental protection regulations to adopt the incineration and landfill methods for treatment. The general wastes of Tai-Tech at the plants in China includes: waste cartons, waste plastics and waste metals with the adoption of recycle and reuse method; domestic waste is uniformly collected at the waste transfer station of the industrial park area; harmful wastes (hazardous wastes) include: electroplating sludge, tin-containing sludge, nickel-containing sludge, and small amount of waste oil. Such type of hazardous wastes are transferred to qualified comprehensive use treatment institution for harmless treatment. Furthermore, other hazardous wastes include: waste activated charcoal, waste glue, and waste filter, which are transferred to qualified treatment unit for incineration.

Waste Statistics of Taoyuan Headquarters

Metric ton	Waste item	2021	2022	2023	Treatment method	Offsite/onsite treatment
Hazardous industrial waste	Electroplating sludge	187.63	144.27	142.75	Reuse	Offsite
		4.36	0.00	0.00	Curing	Offsite
	Dust collected	42.35	19.21	25.31	Curing	Offsite
	Waste electroplating filter elements	13.27	9.04	6.23	Curing	Offsite
	Plastic empty chemical buckets	2.09	1.28	0.68	Reuse	Offsite
	Electroplating waste liquid	200	305	333	Recycle	Onsite
	Waste solvent	0.00	0.00	0.00	Physical	Offsite
	Waste electronic components, scraps, and defective products	8.62	8.92	9.95	Reuse	Offsite
		0.00	4.02	0.00	Physical	Offsite
	Sub-total	458.32	491.73	517.92	-	-
	Total amount recycled	396.25	457.72	486.38	-	-
	Recovery rate	86.45%	93.08%	93.91%	-	-
General industrial waste	Waste paper	34.56	30.14	26.02	Recycle	Offsite
	Scrap iron cans, scrap aluminum cans, waste PET bottles	1.40	0.79	0.80	Recycle	Offsite
	Waste plastic	4.21	4.81	5.09	Recycle	Offsite
		1.09	5.36	5.36	Incineration	Offsite
	Scrap iron (iron scrap and scrapped equipment)	20.01	6.11	7.26	Recycle	Offsite
	Scrap copper wire	11.77	9.00	3.65	Recycle	Offsite
	Waste light tubes	0.10	0.10	0.10	Recycle	Offsite
	Kitchen waste	2.40	2.40	2.40	-	Offsite
	Domestic waste	3.42	19.96	21.35	Incineration	Offsite
	Waste timber	5.16	7.95	6.31	Reuse	Offsite
	Waste sagger and workstation plates	21.28	0.00	0.00	Landfill	Offsite
	Non-hazardous single scrap metal-core	2.90	0.00	14.5	Landfill	Offsite
	Waste lubricant oils	3.62	0.00	0.00	Physical	Offsite
	Night soil	51.11	25.93	37.61	-	Offsite
	Sub-total	163.03	112.55	130.45	-	-
Total		621.35	604.29	648.37	-	-
Total recycled weight		473.46	516.62	535.61	-	-
Total recycling percentage of the hazardous and general waste		76.19%	85.49%	82.60%	-	-
Total recycling percentage of the hazardous wastes		63.77%	75.74%	75.02%	-	-

TAIPAQ Plant Waste Statistics

TAIPAQ Plant	Metric ton	Waste item	2021	2022	2023	Treatment method	Offsite/onsite treatment
	Hazardous industrial waste	Tin-containing sludge	12.90	11.98	0.79	Reuse	Offsite
		Electroplating sludge	153.96	128.62	104.81	Reuse	Offsite
		Nickel-containing sludge	15.64	11.87	8.50	Reuse	Offsite
		Waste oil	1.14	0.76	1.35	Reuse	Offsite
		Waste rags and packaging drums	9.64	10.59	6.25	Incineration	Offsite
		Waste activated charcoal	13.00	15.77	13.38	Incineration	Offsite
		Testing waste liquid	0.26	0.24	0.18	Incineration	Offsite
		Waste glue	1.55	1.10	2.96	Incineration	Offsite
		Cleaning waste liquid	2.76	0.00	0.00	Incineration	Offsite
		Waste residue from scrubbers	0.00	0.00	1.49	Incineration	Offsite
		Sub-total	210.84	180.92	139.69	-	-
		Total amount recycled	193.64	153.23	115.45	-	-
		Recovery rate	91.84%	84.69%	82.64%	-	-
	General industrial waste	Cartons	158.49	134.03	140.69	Reuse	Offsite
		Scrolls	7.58	2.81	2.1828	Reuse	Offsite
		Waste iron powder	41.50	16.23	-	Reuse	Offsite
		Waste iron and accessories	6.83	21.00	27.80	Reuse	Offsite
		Iron barrel	20.26	12.06	9.65	Reuse	Offsite
		Scrap copper wire	0.00	0.00	49.89	Reuse	Offsite
		Waste saggars	0.00	7.43	3.60	Reuse	Offsite
		Waste electronic components, scraps, and defective products	56.00	73.95	32.62	Reuse	Offsite
		Domestic waste	-	-	49.89	Incineration	Offsite
Sub-total		290.66	267.51	316.31	-	-	
Total		501.49	448.42	456.00	-	-	
Total recycled weight		484.30	420.74	381.88	-	-	
Total recycling percentage of the hazardous and general waste		96.57%	93.82%	83.74%	-	-	
Total recycling percentage of the hazardous wastes		38.61%	34.17%	25.32%	-	-	

Kunshan Plant Waste Statistics

Kunshan Plant	Metric ton	Waste item	2021	2022	2023	Treatment method	Offsite/onsite treatment
	Hazardous industrial waste	Electroplating sludge	98.40	187.63	18.88	Reuse	Offsite
			56.72	4.36	0.00	Curing	Offsite
		Electroplating waste filter filter/rag/activated charcoal	9.91	13.27	9.69	Incineration	Offsite
		Plastic empty chemical buckets	1.40	2.09	2.32	Reuse	Offsite
		Electroplating waste liquid	160	200	4.40	Reuse	Offsite
		Waste solvent/waste liquid from scrubbers	0.50	0.00	13.60	Reuse	Offsite
		Sub-total	326.93	407.35	48.89	-	-
		Total amount recycled	260.30	191.72	39.20	-	-
		Recovery rate	79.61%	47.06%	80.18%	-	-
	General industrial waste	Waste paper	26.51	34.56	32.14	Recycle	Offsite
		Waste light tubes	0.10	0.10	0.20	Recycle	Offsite
		Kitchen waste	2.40	2.40	3.60	-	Offsite
		Domestic waste	4.66	3.42	7.00	Incineration	Offsite
		Waste timber	7.78	5.16	6.20	Reuse	Offsite
		Sub-total	41.45	45.64	49.14	-	-
Total		368.38	452.99	98.03	-	-	
Total recycled weight		294.69	231.54	77.74			
Total recycling percentage of the hazardous and general waste		79.99%	51.11%	79.30%			
Total recycling percentage of the hazardous wastes		70.66%	42.32%	39.99%			

Group-wide waste statistics

	Metric ton	Taoyuan Headquarters	TAIPAQ Plant	Kunshan Plant
2021	Total Hazardous Waste	458.32	210.84	326.93
	Total amount of non-hazardous waste	163.03	290.66	41.45
	Total waste	621.35	501.49	368.38
2022	Total Hazardous Waste	491.74	180.92	407.35
	Total amount of non-hazardous waste	112.55	267.51	45.64
	Total waste	604.29	448.42	452.99
2023	Total Hazardous Waste	517.92	139.69	48.89
	Total amount of non-hazardous waste	130.45	316.31	49.14
	Total waste	648.37	456.00	98.03

The 2023 overall total waste was 1,202.39 metric tons, the reusable and recyclable waste through disposal was 995.21 metric tons, the waste of direct disposal was 207.18 metric tons, and the overall waste recycling and reuse rate was 82.77%, among which the total hazardous waste was 706.49 metric tons, and a total of 641.02 metric tons was recycled and reused. The hazardous waste recycling and reuse rate was 90.73%. In addition, the recycling rate of hazardous wastes from electroplating sludge and electroplating waste liquid was the most significant, with its recycling and reuse volume accounting for 94.20% of the total hazardous waste recycling and reuse rate. We do our best to improve the utilization of various resources. For example, we implement waste classification management to increase resource recycling rates, actively develop various wastes that can be reused, and continue to recycle and reuse raw materials from processes to reduce costs and alleviate the impact on the environment.

Recycling and Reuse Column

Improve Overall Waste Recycling via the Circular Economy Concept

Tai-Tech promotes the circular economy, which the dedicated Environmental Protection Unit first implements within the organization. The goal is to select and create downstream waste manufacturers and introduce business waste into feasible recycling and reuse programs. Currently, the recycling rate outcome for electroplating sludge and electroplating waste liquid was most significant.

Tai-Tech will gradually expand to target wastes from manufacturing, product packaging, upstream suppliers, etc., to increase overall waste reuse and recycling, while minimizing waste sources through cross-departmental communication and advocating circular economy initiatives. The goal is to fulfill corporate social responsibility and adhere to the business philosophy of sustainability.

3.5 Pollution prevention

3.5.1 Environmental management system

Tai-Tech has continued to obtain ISO14001:2015 environmental management system certification. Each year, the Company holds environmental management review meetings to review resolutions, assess the previous year's environmental goal achievement rates and environmental plans, and communicate relevant information from various departments. In addition, the environmental management system operation and implementation are achieved through internal and external audit operations.

In addition, the Company also complies with all environment-related laws and regulations. In 2023, there was no occurrence of violation related to hazardous waste storage. The improvement strategy is: Increase control items using ISO14001 environmental management system and use ISO14001 and internal control audit for mutual verification. Require each department to report the storage days for various wastes during monthly meetings to prevent the violation from recurring.

The Company's environmental management policy aims to maintain the natural environment, implement green activities, and formulate the six environmental management commitments below:

Environmental stewardship commitment



ISO 14001 : 2015



3.5.2 Air pollution control

Tai-Tech factory discharges volatile gas, organic solvent gas, and granular pollution source waste gas. We have obtained a fixed pollution source operation permit issued by the competent authority and operates air pollution control equipment in accordance with its content and operating parameters. Inspections for the pollutants generated by the Company's operations at the discharge outlets were conducted during our permit extension in accordance with regulations. The Company's exhaust gases have met local environmental protection regulations, and there were no air pollution violations in 2023.

Tai-Tech's air pollution testing data shows that the exhaust gas emitted during operations has a very low impact on the local ecological environment. We will continue to pay attention to air pollution prevention, the best feasible technologies, emissions that may destroy the atmospheric ozone layer, and other related issues, to ensure that the organization's operations generate no unnecessary risks.

Air Pollution Emissions

Metric ton	Taoyuan Headquarters				TAIPAQ Plant		Kunshan Plant	
	Nitrogen oxides (NO _x)	Sulfur oxides (SO _x)	Persistent organic pollutants	Suspended particles	Volatile Organic Compounds	Particulate matter	Sulfuric acid mist	Hydrogen chloride
2021	0.42	0.03	4.48	0.17	0.27	0.05	0.52	0.64
2022	0.28	0.02	3.11	0.27	0.80	0.26	0.62	0.54
2023	0.33	0.03	2.69	0.22	0.46	0.53	0.56	0.48

Note: In 2022, the particle emissions of TAIPAQ Plant increased by five times greater was mainly due to the new environmental evaluation on the construction expansion item in 2022, such that the particle discharge was further added. Originally, DA004/DA005 were the particles required to be counted; however, after 2022, the particles of DA001/DA002 are further included for the counting of the particles. As a result, the particle emissions increased in comparison to the emissions of last two years.

4 Harmonious Communities

- 4.1 Human rights protection
- 4.2 Overview of the team
 - 4.2.1 Employee Diversity Statistics
 - 4.2.2 Data on New and Resigned Employees
- 4.3 Employee Care
 - 4.3.1 Remuneration system
 - 4.3.2 Benefits policy
 - 4.3.3 Nursing care
 - 4.3.4 Retirement protection
 - 4.3.5 Labor-management communication
 - 4.3.6 Employee satisfaction survey
- 4.4 Human capital
 - 4.4.1 Talent cultivation
 - 4.4.2 Education & Training Satisfaction Rate
 - 4.4.3 Periodic Performance Evaluation
- 4.5 Friendly Workplace
 - 4.5.1 Occupational health and safety management system
 - 4.5.2 Risk assessment and control
 - 4.5.3 Accident investigation process and subsequent improvement
 - 4.5.4 Occupational health services
 - 4.5.5 Occupational Safety and Health Worker Participation and Training
- 4.6 Care for Society

2023 Key Performances

4,089 hours



A total of 4,089 hours of human rights training for employees in all factories

100%



The reinstatement rate from parental leave was 100%, and the retention rate was also 100%.

94.65%



Employee satisfaction 94.65%

97.8%



Education and training program implementation rate 97.8%

4.58



Employees' satisfaction with the Company's overall training goals reached an average of 4.58 points.



4.1 Human rights protection

Material
Topics

Human rights
protection

Significance to Tai-Tech

To protect the rights and interests of employees, create a friendly environment where human rights are protected, and respect universal fundamental human rights, including freedom of assembly and association, care for disadvantaged groups, prohibition of child labor, prohibition of forced labor, elimination of all forms of employment discrimination, and abide by the Company's policies and procedures. Comply with the labor laws and regulations of the operation location and eliminate any infringements and violations of human rights.

Commitments and Policies

Human rights issues are taken into consideration in all aspects of the Company's operations. The Company will continue to provide stakeholders with diverse communication channels to ensure that they can express their opinions freely and safely. The Company will also respond to stakeholders' suggestions.

Short-term Goal

- In 2024, the average hours of employee human rights training was 4.5 hours or more.

Mid- and Long-term Goal

- Include human rights protection clauses in all supplier contracts at all levels
- 100% of suppliers have received human rights education and training

Resources invested in the current year

- A total of 886 persons of Taoyuan Headquarters participated in the human rights general training, for a total of 2,039 hours.
- A total of 1,025 persons of TAIPAQ Plant participated in the human rights general training, for a total of 2,050 hours.

2023 Evaluation Results

- Human rights training coverage rate reached 100%
- No human rights violations occurred
- Legal awareness courses for supervisors
- Organize cultural activities to foster a friendly and inclusive workplace

Responsible department
Management Department

Grievance Mechanism Manager's mailbox (extension), President's mailbox (extension), and employee opinion box

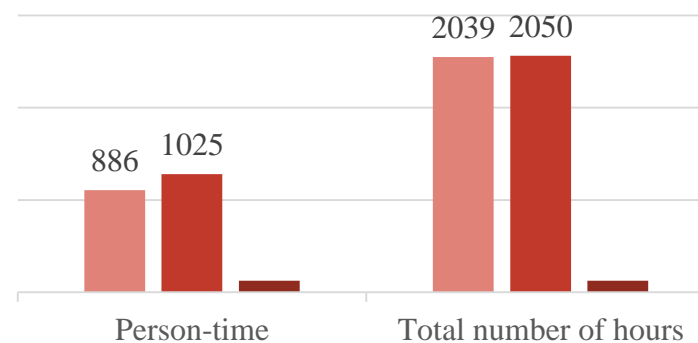
Tai-Tech complies with the core principles of international conventions such as the “Universal Declaration of Human Rights,” the “United Nations Global Compact,” the “United Nations Guiding Principles on Business and Human Rights,” and the International Labor Organization’s “Declaration on Fundamental Principles and Rights at Work.” In accordance with labor and human rights regulations, the Company reiterates that important messages such as human rights protection and labor rights and other information for new recruits and employees which are promoted from time to time. Employees are not given any form of differential treatment due to their gender, gender-orientation, race, age, marital status, family situation, religion, political inclination, nationality, appearance, disability, or union membership. The Company values occupational safety and health. In addition to complying with laws and regulations to ensure that the working environment of colleagues meets safety and health, the Company has also established necessary health and first aid facilities and provides employees with regular health checkups, occupational safety education courses, and health seminars which are organized to ensure the safety of employees, effectively reduce the risk of occupational accidents, prevent overwork, implement health protection for pregnant employees, and ensure their physical and mental health and work-life balance. The Company is committed to creating a dignified, safe, equal, and harassment-free work environment.

Tai-Tech issued the human rights policy and implemented related management regulations in June 2022 with the approval of the Chairman, and translated them into different language versions. In 2023, all factories began to accept RBA audits by customers. In the same year, the Company organized human rights training courses at its Taoyuan Headquarters and TAIPAQ Plant, and it is planned to organize human rights training at Kunshan Plant in 2024. In addition, the Company has established the “Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at workplace” in response to the Act of Gender Equality in Employment. When an employee is harassed sexually, he/she can file a complaint through the sexual harassment prevention hotline or e-mail, and the Company’s internal Grievance Committee (composed of a total of seven members, of whom no fewer than one half are female) will handle the entire process in a confidential manner. In 2023, the Company had no record of human rights violations and internal or external human rights complaints.

2023 Human Rights Training

2023 Human Rights Training	Person-time	Total number of hours
Taoyuan Headquarters	886	2,039
TAIPAQ Plant	1,025	2,050
Kunshan Plant	Under planning	Under planning

Note: Kunshan Plant plans to start human rights training for employees in March 2024.



4.2 Overview of the team

4.2.1 Employee Diversity Statistics

In accordance with the human rights policy, Tai-Tech respects gender equality, cares for disadvantaged groups, prohibits child labor, and eliminates all kinds of workplace discrimination, and confirms that the human resources policy does not have differential treatment based on gender, race, socioeconomic class, age, marital and family status, and thoroughly implements employment opportunities with equal and fair employment conditions, compensation and benefits, training, evaluation, and promotion opportunities.

Hence, the Company pays attention to the employees' diverse backgrounds. In addition to recruiting people with disabilities in accordance with the laws to ensure their employment opportunities, we employ people from other disadvantaged groups, such as indigenous people and new immigrants. In 2023, Tai-Tech's factories had a total of 1,822 employees. The company uses the following table to disclose the gender, age, and other diversity indicators of employees.

Employee Employment Type

Total number of employees (Note 1)		2021				2022				2023			
		2,656				2,054				1,822			
Employment contract (Note 2)		Non-fixed term	Total	Fixed term	Total	Non-fixed term	Total	Fixed term	Total	Non-fixed term	Total	Fixed term	Total
Taoyuan Headquarters	Male	248	540	2	3	227	514	3	4	225	494	4	6
	Female	292		1		287		1		269		2	
TAIPAQ Plant	Male	112	323	496	1,591	1	44	405	1,334	4	60	329	1,117
	Female	211		1,095		43		929		56		788	
Kunshan Plant	Male	0	0	50	199	0	0	38	158	0	0	39	145
	Female	0		149		0		120		0		106	
Type of employment (Note 3)		Full-time	Total	Part-time	Total	Full-time	Total	Part-time	Total	Full-time	Total	Part-time	Total
Taoyuan Headquarters	Male	248	541	2	2	228	516	2	2	227	497	2	3
	Female	293		0		288		0		270		1	
TAIPAQ Plant	Male	496	1,591	112	323	405	1,334	1	44	329	1,117	4	60
	Female	1,095		211		929		43		788		56	
Kunshan Plant	Male	50	199	0	0	38	158	0	0	39	145	0	0
	Female	149		0		120		0		106		0	

Note 1: Based on the total number of employees as of December 31 of the current year.

Note 2: Employment contracts are divided into employees with non-fixed-term contracts and employees with fixed-term contracts. For plants in China, due to the local regulatory requirements, employees with the number of years of service for less than 10 years sign fixed-term labor contract (i.e. contract renewed every 3 years, and continuous employment is evaluated upon maturity of employment period), and for employees with the number of years of service reaching 10 years and above, employees perform self-evaluation on whether they are to be changed to non-fixed term labor contract.

Note 3: Employment is divided into full-time employees (the working hours per week reach the legal upper limit of working hours) and part-time employees (the working hours per week do not reach the legal maximum working hours).

Note 4: The significant change in the number of employees in the China plants is mainly due to the decrease in orders and the adjustment of the Company's human resources policy.

Statistics on Employee Diversity at Taoyuan Headquarters

Direct employees		2021		2022		2023	
		Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Gender	Male	161	29.65%	137	26.45%	124	24.80%
	Female	208	38.31%	203	39.19%	177	35.40%
Age	Under 30 years old	130	23.94%	112	21.62%	99	19.80%
	30-49 years old	201	37.02%	186	35.91%	160	32.00%
	50 years old or above	38	7.00%	42	8.11%	42	8.40%
Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
	Junior college/college/university	39	7.18%	39	7.53%	30	6.00%
	Others	330	60.77%	301	58.11%	271	54.20%
Indirect employees		2021		2022		2023	
		Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Gender	Male	89	16.39%	93	17.95%	105	21.00%
	Female	85	15.65%	85	16.41%	94	18.80%
Age	Under 30 years old	16	2.95%	21	4.05%	29	5.80%
	30-49 years old	133	24.49%	129	24.90%	136	27.20%
	50 years old or above	25	4.60%	28	5.41%	34	6.80%
Educational background	Graduate school	10	1.84%	9	1.74%	16	3.20%
	Junior college/college/university	134	24.68%	142	27.41%	156	31.20%
	Others	30	5.52%	27	5.21%	27	5.40%

Note 1: Percentage of direct employees under the age of 30 = (total number of direct employees under the age of 30 at the end of the year/total number of employees at the end of the year)*100%

Note 2: Percentage of indirect employees with a graduate degree = (Total number of indirect employees with a graduate degree in the current year/Total number of employees at the end of the year)*100%

Statistics on Employee Diversity in TAIPAQ Plant

TAIPAQ Plant	Direct employees		2021		2022		2023	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
	Gender	Male	511	26.70%	311	22.57%	266	22.60%
		Female	987	51.57%	669	48.55%	527	44.80%
	Age	Under 30 years old	566	29.57%	144	10.45%	105	8.90%
		30–49 years old	891	46.55%	767	55.66%	646	54.90%
		50 years old or above	41	2.14%	69	5.01%	42	3.60%
	Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
		Junior college/college/university	245	12.80%	34	2.47%	52	4.40%
		Others	1253	65.46%	946	68.65%	741	63.00%
	Indirect employees		2021		2022		2023	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
	Gender	Male	97	5.07%	95	6.89%	91	7.70%
		Female	319	16.67%	303	21.99%	293	24.90%
	Age	Under 30 years old	122	6.37%	75	5.44%	78	6.60%
		30–49 years old	276	14.42%	296	21.48%	283	24.00%
		50 years old or above	18	0.94%	27	1.96%	73	2.00%
	Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
		Junior college/college/university	63	3.29%	73	5.30%	83	7.10%
		Others	353	18.44%	325	23.58%	301	25.60%

Statistics on Employee Diversity in Kunshan Plant

Kunshan Plant	Direct employees		2021		2022		2023	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
	Gender	Male	34	17.09%	26	16.46%	24	16.55%
		Female	86	43.22%	73	46.20%	67	46.21%
	Age	Under 30 years old	26	13.07%	13	8.23%	10	6.90%
		30–49 years old	93	46.73%	75	47.47%	61	42.07%
		50 years old or above	1	0.50%	11	6.96%	20	13.79%
	Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
		Junior college/college/university	3	1.51%	3	1.90%	1	0.69%
		Others	117	58.79%	96	60.76%	90	62.07%
	Indirect employees		2021		2022		2023	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
	Gender	Male	16	8.04%	12	7.59%	15	10.34%
		Female	63	31.66%	47	29.75%	39	26.90%
	Age	Under 30 years old	16	8.04%	9	5.70%	4	2.76%
		30–49 years old	61	30.65%	48	30.38%	44	30.34%
		50 years old or above	2	1.01%	2	1.27%	6	4.14%
	Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
		Junior college/college/university	22	11.06%	18	11.39%	19	13.10%
		Others	57	28.64%	41	25.95%	35	24.14%

Employment of local residents as senior executives

Number of people	Senior executives	Employment of local residents as senior executives	Proportion
Taoyuan Headquarters	37	37	100%
TAIPAQ Plant	6	4	66.67%
Kunshan Plant	2	2	100%

Female employees and female supervisors

Number of people	Female employees	Proportion	Managerial female employees	Proportion
Taoyuan Headquarters	271	54.20%	6	16.22%
TAIPAQ Plant	844	71.71%	0	0.00%
Kunshan Plant	106	73.10%	0	0.00%

Note: Senior executives are supervisors at the managerial level (inclusive) or above of the Company.

Workers who are not employees

Total number of workers		2021				2022				2023			
		303				393				99			
Contract type		Dispatch	Total	Other type	Total	Dispatch	Total	Other type	Total	Dispatch	Total	Other type	Total
Job type		Operators	Total	Other personnel	Total	Operators	Total	Other personnel	Total	Operators	Total	Other personnel	Total
Taoyuan Headquarters	Male	17	28	6	6	7	10	6	7	4	6	6	7
	Female	11		0		3		1		2		1	
TAIPAQ Plant	Male	112	323	20	28	1	44	22	30	1	57	8	13
	Female	211		8		43		8		56		5	
Kunshan Plant	Male	0	0	8	8	0	0	8	8	0	0	0	0
	Female	0		0		0		0		0		0	

Note: Workers who are not employees are defined as those who do not have a direct employment relationship with the Company but provide services for the Company. The statistics are based on the number of people as of December 31 of the current year.

4.2.2 Data on New and Resigned Employees

With the growth of the Company's business and scale, we continue to recruit talent in various fields through job banks, internal recommendations, dispatch work agencies, and government's employment service stations. In 2023, for all plant sites of Tai-Tech, there were a total of 1,318 new employees, and a total of 814 employees resigned. The detailed distribution by age and gender is shown in the table below.

New and resigned employees of Taoyuan Headquarters

Taoyuan Headquarters			2021		2022		2023	
			Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
New employees	Age	Under 30 years old	107	57.22%	49	57.65%	50	54.95%
		30 to 49 years old	78	41.71%	35	41.18%	41	45.05%
		50 years old or above	2	1.07%	1	1.18%	0	0.00%
	Gender	Male	96	51.34%	31	36.47%	45	49.45%
		Female	91	48.66%	54	63.53%	46	50.55%
	Educational background	Graduate school	4	2.14%	1	1.18%	4	4.40%
		Junior college/college/university and above	32	17.11%	24	28.24%	32	35.16%
		Others	151	80.75%	60	70.59%	55	60.44%
	Total		187	100.0%	85	100.0%	91	100.0%
Resigned employees	Age	Under 30 years old	58	53.21%	48	43.64%	43	39.45%
		30 to 49 years old	48	44.04%	58	52.73%	62	56.88%
		50 years old or above	3	2.75%	4	3.64%	4	3.67%
	Gender	Male	65	59.63%	51	46.36%	47	43.12%
		Female	44	40.37%	59	53.64%	62	56.88%
	Educational background	Graduate school	3	2.75%	2	1.82%	0	0.00%
		Junior college/college/university	20	18.35%	18	16.36%	23	21.10%
		Others	86	78.90%	90	81.82%	86	78.90%
	Total		109	100.0%	110	100.0%	109	100.0%

Statistics on New and Resigned Employees of TAIPAQ Plant

TAIPAQ Plant			2021		2022		2023	
			Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
New employees	Age	Under 30 years old	2,143	69.83%	690	62.84%	183	15.50%
		30 to 49 years old	919	29.94%	402	36.61%	929	78.90%
		50 years old or above	7	0.23%	6	0.55%	65	5.50%
	Gender	Male	1,165	37.96%	292	26.59%	357	30.30%
		Female	1,904	62.04%	806	73.41%	820	69.70%
	Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
		Junior college/college/university and above	408	13.29%	86	7.83%	135	11.50%
		Others	2,661	86.71%	1,012	92.17%	1,012	88.50%
	Total		3069	100.0%	1098	100.0%	1177	100.0%
Resigned employees	Age	Under 30 years old	1,995	69.95%	982	60.02%	256	39.90%
		30 to 49 years old	840	29.45%	637	38.94%	374	58.30%
		50 years old or above	17	0.60%	17	1.04%	12	1.90%
	Gender	Male	1,056	37.03%	496	30.32%	266	41.40%
		Female	1,796	62.97%	1,140	69.68%	376	58.60%
	Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
		Junior college/college/University	275	9.64%	189	11.55%	94	14.60%
		Others	2,577	90.36%	1,447	88.45%	548	85.40%
	Total		2852	100.0%	1636	100.0%	642	100.0%

Statistics of new and resigned employees of Kunshan Plant

Kunshan Plant			2021		2022		2023	
			Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
New employees	Age	Under 30 years old	44	34.38%	20	29.85%	20	42.55%
		30 to 49 years old	82	64.06%	37	55.22%	24	51.06%
		50 years old or above	2	1.56%	10	14.93%	6	12.77%
	Gender	Male	43	33.59%	30	44.78%	24	51.06%
		Female	85	66.41%	37	55.22%	26	55.32%
	Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
		Junior college/college/university and above	11	8.59%	7	10.45%	4	8.51%
		Others	117	91.41%	60	89.55%	46	97.87%
	Total		128	100.0%	67	100.0%	50	106.4%
Resigned employees	Age	Under 30 years old	56	50.00%	31	28.70%	14	22.22%
		30 to 49 years old	55	49.11%	63	58.33%	45	71.43%
		50 years old or above	1	0.89%	14	12.96%	4	6.35%
	Gender	Male	50	44.64%	43	39.81%	15	23.81%
		Female	62	55.36%	65	60.19%	48	76.19%
	Educational background	Graduate school	0	0.00%	0	0.00%	0	0.00%
		Junior college/college/university	5	4.46%	7	6.48%	8	12.70%
		Others	107	95.54%	101	93.52%	55	87.30%
	Total		112	100.0%	108	100.0%	63	100.0%

4.3 Employee Care

Material Topics

Remuneration and Benefits

Significance to Tai-Tech

- All employees become partners, respecting others, trusting each other, exerting their team strength, inspiring the pioneering spirit, and pursuing higher goals. These are also the keys to corporate sustainability.
- With sound remuneration and benefit system, retention of outstanding personnel can be achieved, and greater outstanding talents can also be attracted to join the team of Tai-Tech.

Commitments and Policies

Establish competitive and fair remuneration and evaluation system, and provide diverse employee welfare and retirement benefits, in order to achieve the business philosophy of mutual respect, cohesion and joint growth.

Short-term Goal

- Employee satisfaction rate reached 70%, and questionnaire response rate reached 95% in 2023
- No work reduction or unpaid leave in 2023
- Promote at least one new (optimized) employee benefits policy each year
- Engage an external organization to conduct employee satisfaction surveys.

Mid- and Long-term Goal

- Become a company that employees are proud of, and continue to attract and retain outstanding talents

Resources invested in the current year

- 3% salary increase for all employees
- Employee retention subsidy amounted to NT\$9,510 thousand
- The proposal system was optimized, and an employee applied for 1 case.

2023 Evaluation Results

- Employee satisfaction rate reached 94.65%, and questionnaire response rate reached 86.96%
- No work reduction or unpaid leave
- Optimization of tables and chairs in employee cafeterias
- In addition to the existing medal or certificate of merit, an additional gift voucher of NT\$1,500 was given to the Outstanding Worker Award.

Responsible department
Management Department

Grievance Mechanism Manager's mailbox (extension), President's mailbox (extension), and employee opinion box

4.3.1 Remuneration system

Tai-Tech's salary and remuneration policy for our employees is subject to the employee's individual ability, contribution to the Company, performance, and the consideration for the Company's future operational risks. We do not treat our employees differently due to his/her gender, age, race, or other factors.

According to the Company's Articles of Incorporation, no less than 6% of the annual profit should be appropriated as employee remuneration, and the board of directors will determine the distribution in shares or cash (to be distributed in the middle of the following year). We also distribute year-end bonuses at a fixed percentage of the year's earnings after tax. Business performance and results are reflected in employee compensation appropriately.

Full-time non-managerial employees' salaries

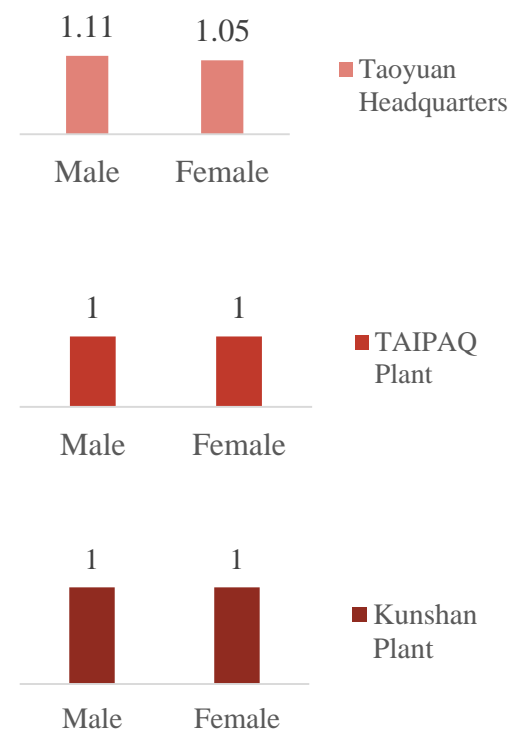
Taoyuan Headquarters	NT\$ thousand	Number of employees	Average annual salary	Median annual salary
	2022	503	783	657
	2023	506	680	580
	Difference	+3	-103	-77

TAIPAQ Plant	RMB	Number of employees	Average monthly salary	Median monthly salary
	2022	1,297	4,282	3,936
	2023	1,177	5,150	4,650
	Difference	-120	+868	+714

Kunshan Plant	RMB	Number of employees	Average monthly salary	Median monthly salary
	2022	148	7,045	7,265
	2023	145	6,989	6,764
	Difference	-3	-56	-501

Note: The salaries of employees of the Taoyuan Headquarters are calculated based on the annual salary, and the unit is NT\$ thousand; the salaries of the employees of TAIPAQ Plant and Kunshan Plant are calculated based on the monthly salary, and the unit is RMB.

Ratios of standard entry level wage by gender compared to local minimum wage



Note: The Company's entry-level personnel are direct personnel.

Employee base salary-to-remuneration ratio

Operating locations	Employee type	Item	2021		2022		2023	
			Male	Female	Male	Female	Male	Female
Taoyuan Headquarters	Executives (Note 1)	Basic salary (Note 2)	1.4	1	1.32	1	1.3	1
		Remuneration (Note 3)	1.34	1	1.29	1	1.37	1
	Non-executives	Basic salary ratio	1.11	1	1.09	1	1.03	1
		Remuneration	1.15	1	1.13	1	1.04	1
TAIPAQ Plant	Executives	Basic salary ratio	1	1	1	1	1	1
		Remuneration	1.16	1	1.25	1	1.14	1
	Non-executives	Basic salary ratio	1	1	1	1	1	1
		Remuneration	1.10	1	0.86	1	1.01	1
Kunshan Plant	Executives	Basic salary ratio	1.1	1	1.1	1	1	1
		Remuneration	1.1	1	1.1	1	1.08	1
	Non-executives	Basic salary ratio	1.2	1	1.2	1	1.03	1
		Remuneration	1.2	1	1.2	1	1.37	1

Note 1: Executives are defined as personnel at or above the subsection level (inclusive).

Note 2: Basic salary refers to the minimum fixed amount paid for employees' performance of job duties, excluding any additional compensation, such as overtime pay, bonus or various allowances

Note 3: Remuneration refers to the amount of basic salary plus additional amount paid to workers; "additional amount paid to workers" include seniority allowance, bonus (including cash and equity), benefits, overtime pay, compensatory leave and other allowances (such as traffic allowance, living expense allowance, childcare allowance)

4.3.2 Benefits policy

To attract outstanding talent and retain critical talent, Tai-Tech has formulated a comprehensive and excellent employee benefits policy, and in accordance with the law has established the Employee Welfare Committee to be responsible for the planning and implementation of employee benefits. We actively protect employees' basic benefits in cooperation with laws and regulations and have set many measures that are superior to what is stipulated in law, such as employee group insurance, employee gatherings for each department, personal leave for new employees (one day per month without influencing the perfect attendance record), education scholarships for employees' children, and share allotment for employee subscription.

As for our work environment, we have set up electric scooter charging stations in the plants in line with the local government's policy, while working with convenient store to set up smart vendor machines in the plants for employees to buy beverages, desserts, bread, and rice balls during breaks to reward their hard work.

Furthermore, to encourage and commend senior employees, the Company has set up a system to present a gold medal to an employees' service for five (and multiples of five) years, to recognize their contribution.

Full-time employee benefits

Taoyuan Headquarters	Full-time employee benefits		
	Marriage/funeral allowance	Year-end dinner party and lottery	Medical rooms, breastfeeding rooms
	Three festival bonuses/gift vouchers	Employee bonus	Childbirth allowance
	Year-end bonus	Gold medal for five-year (or multiples of five years) of services	Employee travel
	Regular health checkups that are better than what the regulations require ^(Note)	Retention Bonuses	Employee club subsidy
	Employee stock option	Employee introduction bonus	On-the-job training subsidy
	Employee and relative scholarship	Mentorship bonus	Employee dorm
	Birthday cash gifts/gifts	Hospitalization consolation money	Department gatherings

TAIPAQ Plant	Full-time employee benefits	
	Marriage/funeral allowance	Year-end dinner party and lottery
	Three festival bonuses/gift vouchers	Medical rooms, breastfeeding rooms
	Year-end bonus	Childbirth allowance
	Regular health checkups that are better than what the regulations require ^(Note)	Employee travel
	Birthday cash gifts/gifts	Employee dorm

Kunshan Plant	Full-time employee benefits
	Year-end bonus
	Regular health checkups that are better than what the regulations require ^(Note) Birthday cash gifts/gifts

Note: The Company provides health examination superior to the regulatory requirements, and one time of health examination for official employees onboard of the job for one full year is provided annually. The health examination items include statutory items and additional abdominal ultrasound test. Furthermore, for employees of special hazardous working area but with seniority not qualifying for the Bureau of Labor Insurance - Labor insurance preventive occupational disease health examination subsidy, the Company provides out-of-pocket special hazardous operation examination



Gold medal for five-year (or multiples of five years) of services



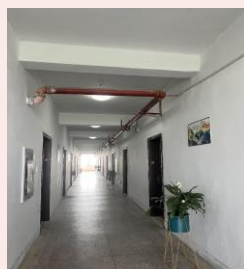
Smart vending machines



Smart coffee vending machine



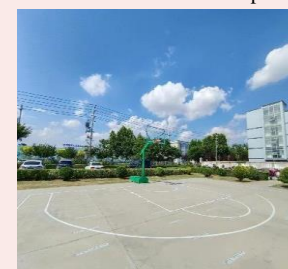
Parking permit for parking spaces for pregnant women



Employee dorm



Outdoor fitness equipment



Basketball court



Gym

4.3.3 Nursing care

In 2023, 35 employees of Tai-Tech's Taoyuan Headquarters were qualified for parental leave, and 7 female employees applied for parental leave. In 2023, the reinstatement rate for the parental leaves was 100%, and the retention rate was also 100%.

Statistics on Employee Parental Leave at Taoyuan Headquarters

Statistics on employees' unpaid parental leave	Gender	2020	2021	2022	2023
Number of employees qualified for parental leave without pay	Male	18	23	17	16
	Female	21	22	18	14
Number of employees applying for parental leave without pay	Male	0	0	0	0
	Female	5	5	8	7
Number of employees required for reinstatement after maturity of parental leave without pay (A)	Male	0	0	0	0
	Female	3	2	4	7
Number of employees who were reinstated after maturity of parental leave without pay (B) (including early reinstatement)	Male	0	0	0	0
	Female	3	2	4	7
Reinstatement rate	Male	0%	0%	0%	0%
	Female	100%	100%	100%	100%
The parental leave without pay matured in the previous year and number of employees still in service 12 months after reinstatement	Male	0	0	0	0
	Female	7	3	2	4
Retention rate	Male	0%	0%	0%	0%
	Female	88%	100%	100%	100%

Note 1: The number of employees qualified for parental leave without pay is calculated based on the number of male and female employees that have applied for maternity leave or paternity leave in the past three years.

Note 2: Reinstatement rate = (Total number of employees actually reinstated in that year / Total number of employees required for reinstatement in that year) *100%

Note 3: Retention rate = (Total number of employees continue to be employed after the maturity of parental leave without pay of last year and 12 months after the reinstatement / Number of employees actually reinstated in last year) *100%

Note 4: The data for 2020 to 2023 is disclosed as the parental leave without pay statistics span across years.

4.3.4 Retirement protection

According to the Labor Standards Act and the Labor Pension Act, employees in Tai-Tech Taoyuan Headquarters who joined before June 30, 2005 (inclusive) are entitled to the old retirement pension system. The Company had already allocated the funds in full in 2017, which was approved by the Taoyuan City Government Department of Labor. As of March 31, 2022, the Company has fully settled and paid the old pension system.

For those eligible for the new pension system, the Company shall allocate 6% of the monthly salary for labor insurance to individual employee pension accounts. In addition, employees may also voluntarily allocate 0%~6% to their individual retirement fund accounts. Employees can apply for retirement if they meet the statutory retirement conditions, and according to law, the retirement benefits in individual accounts can be withdrawn after reaching the age of 60.

Pension system

Defined benefits plan

- By adhering to the requirements set forth in the “Labor Standards Act,” the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the “Labor Pension Act” on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the “Labor Pension Act.”
- According to the “Labor Standards Act,” pension benefits are calculated based on the employee's length of service and the average salary for the 6 months prior to retirement.
- The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee

Defined contribution plan

- The Company has established the Employee Retirement Regulations according to the provisions of the “Labor Pension Act” and pension is appropriated for depositing in the individual account at the Bureau of Labor Insurance.

4.3.5 Labor-management communication

Tai-Tech has always been committed to harmonious labor-management relations. The Company adopts a two-way and open approach to interact positively with employees. One session of labor-management is convened quarterly, with five representatives from both sides. The highest ranking of employer representative attending the meeting is the President, and the labor representatives attending the meeting include CEO's Office, President's Office, Financial Department, Sales Division, Production Division I, Production Division II, Quality Assurance Department, R&D Center, Management Department, Safety and Health Office. The Company has responded in good faith to the suggestions and opinions raised by labor representatives during the meeting. Tai-Tech has also set up physical employee suggestion boxes internally, as per the Employee Suggestion Box Management Regulations. Employees can specify their opinions and suggestions in writing, put them in the employee suggestion box, or send them directly to the President by e-mail. Employees' opinions are handled in person and responded to appropriately by the President, and we promise to keep the information on the employees who raise such opinions confidential. If an employee puts forward a useful proposal for the Company's operation and management, those whose proposals have been adopted by the Company with effective results will be rewarded appropriately and commended publicly after we obtain such employees' consent. However, if such employees have any concerns and want to remain anonymous, we will respect their wishes and will not make it public.

Tai-Tech respects labor rights and interests, encourages employees' freedom of association, and is open to employees' unionization. Currently, only Kunshan Plant has established a labor union among its plants. All employees in this plant are union members, and a collective bargaining agreement has been signed with the Company.

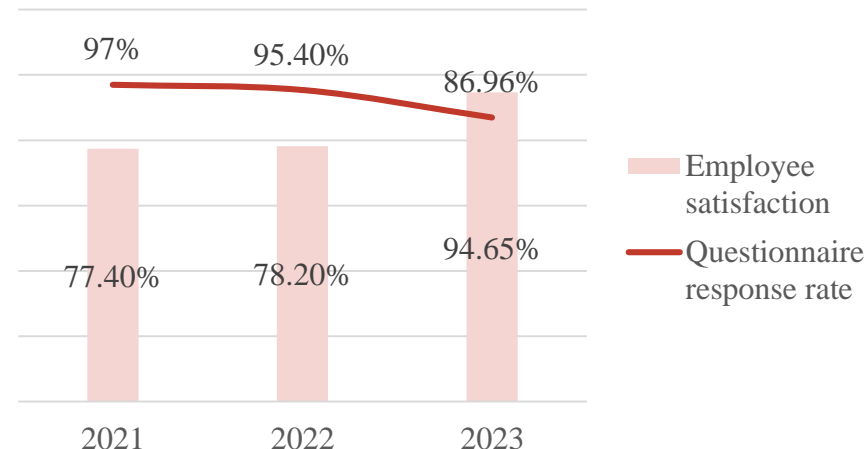


Employee suggestion mailbox

4.3.6 Employee satisfaction survey

Tai-Tech performs an anonymous employee satisfaction survey every year to determine their level of satisfaction regarding the Company's environment, executives, colleagues, salary, remuneration, job content and personal development. At the same time, the Company has set up an employee suggestion box and management procedures for occupational safety and health regulations and stakeholder requirements to ensure that stakeholders can freely and smoothly express their opinions to the Company.

The purpose of the internal employee satisfaction survey is to communicate more intimately with each employee and understand their true thoughts. The survey is conducted anonymously, and colleagues are free to express their ideas or suggestions. After the colleagues fill in the information, the Company will compile it and send it to the appropriate corresponding units for response and feedback. The goal is to improve colleagues' willingness to participate in the survey by making it clear that their opinions are appreciated.



Note: The full score of the employee satisfaction survey is 100%.

4.4 Human capital

Supplementary Topics

Talent Cultivation

Significance to Tai-Tech

Talent development and cultivation are factors critical to the sustainability of an enterprise. Tai-Tech pays attention to employee function development and is committed to systematic talent cultivation to strengthen organizational capabilities and competitiveness.

Commitments and Policies

In addition to providing the mandatory training required by law, the Company's units have also proposed training for development based on the Company's business directions, annual goals, feedback from other stakeholders, and employee functional gaps. The Company will also continue to encourage and support employees' diversified learning, build employee education and training programs, in order to improve the organization's competitiveness and competency.

Short-term Goal

- Number of major deficiencies or related penalties from various audits in 2024: 0 cases.
- In 2024, the education and training plan implementation rate reached more than 94.6%.

Mid- and Long-term Goal

- In 2022, the Company received the Bronze Medal for the Talent Quality-management System (TTQS) presented by the Workforce Development Agency, Ministry of Labor. According to the fundamental of various indicators of TTQS, the Company will continue to optimize all aspects, and it is expected to receive the Silver Medal certification within 5 years.

Resources invested in the current year

- Training expenses NT\$1,768 thousand
- Build Ehrs platform

2023 Evaluation Results

- Number of major deficiencies or related penalties from various audits: 0 cases.
- Education and training program implementation rate 97.8%
- Completed the establishment of an e-learning system for education and training.

Responsible department Administration
Section of Management Department

Grievance Mechanism
Department Email and ext.

4.4.1 Talent cultivation

Tai-Tech pays attention to employee career planning and is committed to talent cultivation. Training procedures have been established. When new employees report, the Administration Section of Management Department will publicize the company profile, various personnel rules and regulations, and occupational safety legal requirements. Special training will be provided by the department to which the new employee belongs. The Company actively encourages employees to take professional courses within the scope of their duties, and provides diversified learning channels with the continuous growth of employees as the main focus. After each department proposes training needs every year, the Administrative Section of the Management Department compiles the education and training plan for the following year. The continuing education of employees is divided into internal and external training. For internal training, each department arranges personnel to give lectures according to actual business needs. For external training, the departments will submit applications based on business needs. After approval, they will assign dedicated personnel to participate in courses organized by external organizations. After the employees participate in the training, they will share their training experiences with other employees in the department to improve the overall workplace ability of employees and allow employees to demonstrate their professionalism and for self-achievements.

4.4.2 Education & Training Satisfaction Rate

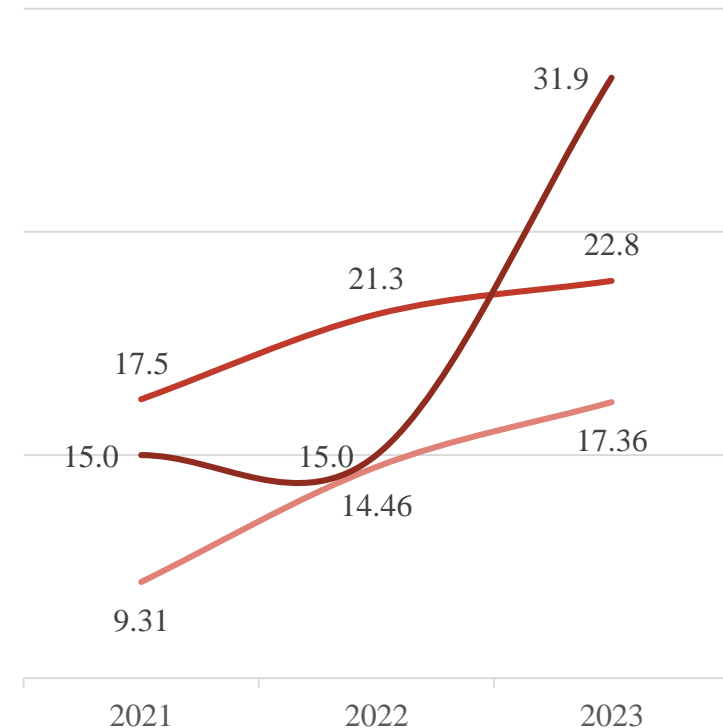
In various education and training, besides assessing the trainees, trainees' opinions and suggestions on the training process are also an indispensable part of optimizing the training system. Therefore, we have conducted "Education and Training Opinion Questionnaire surveys" on 4 aspects: course content, lecturers, personal gains, and other suggestions^(Note). In 2023, the implementation rate of the education and training plan was 97.8%; the average employee satisfaction with the Company's overall training goals (out of 5 points) reached 4.58 points.

Note: The first three aspects of the education and training opinion survey were filled out with a five-point Likert scale (choices range from very dissatisfied to very satisfied). The fourth aspect was open-ended to understand the trainees' suggestions on the course. The full score of the survey was 5 points.

4.4.3 Periodic Performance Evaluation

To ensure that the employee evaluation system can comply with the principle of objectivity and fairness, and to motivate employees and improve work performance, we have established Regulations for Evaluation of Employees' Performance. In 2023, the percentage of employees of Taoyuan Headquarters, TAIPAQ Plant and Kunshan Plant receiving regular performance evaluations was 100%.

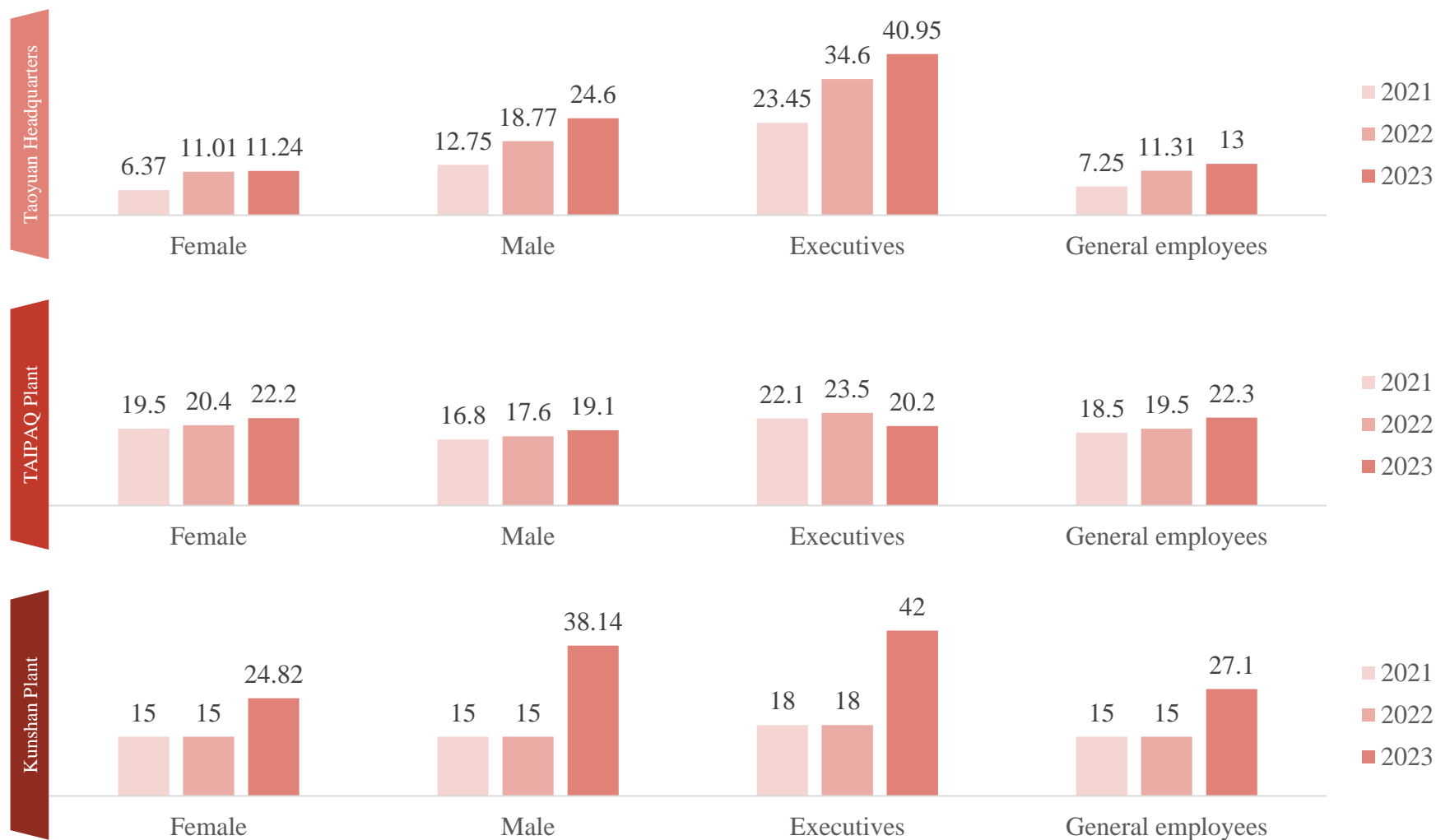
Average Training Hours of Employees



Hours	2021	2022	2023
Taoyuan Headquarters	9.31	14.46	17.36
TAIPAQ Plant	17.5	21.3	22.8
Kunshan Plant	15.0	15.0	31.9

Note: Training hours per person is the total number of training hours for all employees in the year/the total number of employees at the end of the year.

Average Training Hours by Employee Category



Note 1: Training hours per person is the total number of training hours for all employees in the year/the total number of employees at the end of the year.

Note 2: The average training hours of female employees is the total number of training hours of female employees in the year/total number of female employees at the end of the year.

Note 3: The average number of training hours of each type of employee refers to the total number of training hours of the type of employees in that year / total number of the type of employees at the end of that year. The executives refer to personnel above the rank of deputy section chief and above.

4.5 Friendly Workplace

Material Topics

Occupational Safety and Health

Significance to Tai-Tech

Workplace accidents can be devastating to people. Insufficient occupational safety and health management can result in operational disruption and productivity loss, have significant and long-term impacts on the organization, and may result in serious damage to reputation or related legal actions.

Commitments and Policies

The Company has established the Occupational Safety and Health Policy and the Occupational Safety and Health Risk Assessment Procedures, and upholds the spirit of full participation, education and communication, and injury prevention. We are committed to the 5 major objectives: risk management, education and training, health care, legal compliance, and continuous improvement. The goal is to eliminate hazards and reduce occupational safety and health risks by allowing all employees to participate in the occupational safety and health management system.

Short-term Goal

- Continuously maintain ISO 45001 system certification
- Conduct regular inspections once a month in conjunction with department heads
- Report safety and health matters and in-plant compliance evaluation in monthly meetings.
- Modify one semi-automated electroplating line to full-automated line
- Modify the procedure of one unit of spray granulator
- Improve 314 units of machine safety protection

Mid- and Long-term Goal

- Number of accident-free working hours reaches 600 thousand hours
- Implement safety observation on internal operations, and perform safety improvement

Resources invested in the current year

- Electroplating automation improvement cost NT\$4,200 thousand
- Improvement of two ergonomic factors totaling NT\$155 thousand
- Equipment security software upgrade: NT\$13.5 thousand
- NT\$830 thousand for equipment safety improvement
- Environmental and safety repair costs NT\$23,031 thousand

2023 Evaluation Results

- No major deficiencies from the audit results
- Passed the audit for ISO45001 occupational safety and health management system certification
- Added an elevator and set the ramp surface of the conveyance passage to reduce the hazard caused by human factors.
- Upgraded the process software and added safety certifications to prevent occupational disasters.
- Installed stop sensors on 73 molding machines.
- Increased height of handrails in two places
- Renovation of the external wall of the factory area and the external wall of the security office
- Replace the tables and chairs in the employee rest area with ergonomic seats
- Installation of 403 sets of protective equipment on winding machines

Responsible department Occupational
Health and Safety Office

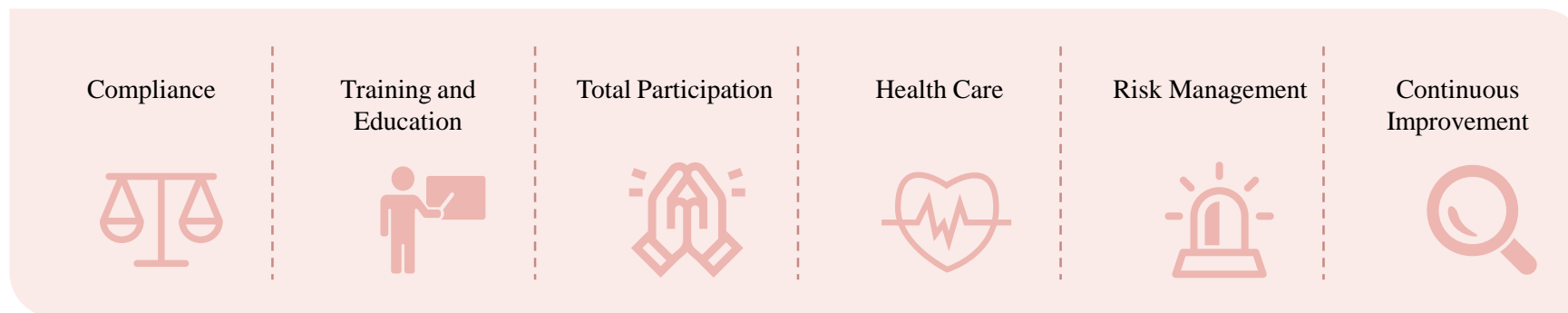
Grievance Mechanism
Department Extension

4.5.1 Occupational health and safety management system

We attach great importance to industrial safety, health, and hygiene. The ISO45001 occupational safety and health management system was implemented in 2019, and an external institution was commissioned for audit verification. The management system audit result in 2023 indicated no major deficiencies.

The Company adheres to the business philosophy spirit of “Participation of All Employees, Awareness-Raising and Communication, and Injury Prevention.” The scope of ISO 45001 covers all employees and contractors and relevant personnel regardless of whether they are from the Taoyuan headquarters or the factories in China. To fulfill and improve our commitment to occupational safety and health, we have developed occupational safety and health policies, implemented occupational safety and health protection measures in the Company's working environment, and formulated employee personal safety protection measures. The Company provides the following specific measures:

Occupational safety and health policies



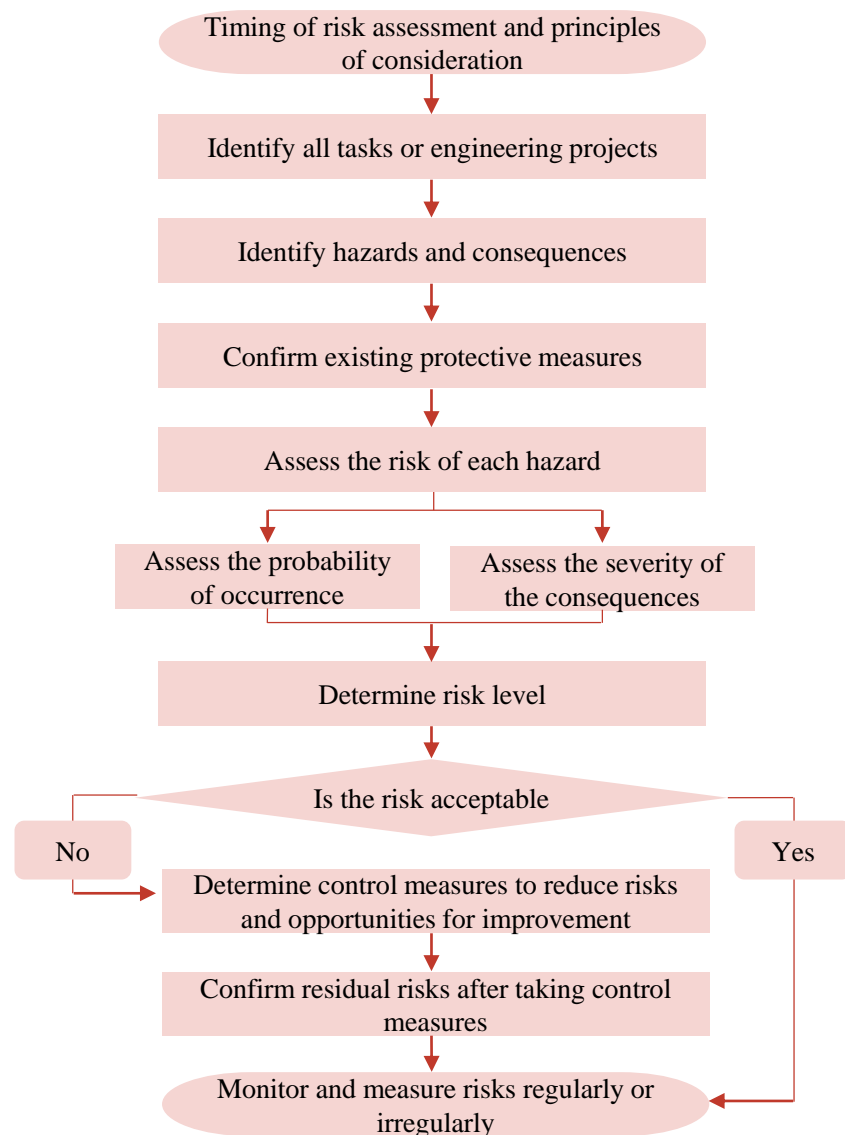
4.5.2 Risk assessment and control

Tai-Tech has formulated the “Occupational Safety and Health Risk Assessment Operating Procedures” according to the risk assessment guidelines promulgated by the Occupational Safety and Health Administration of the Ministry of Labor. The goal is to ensure occupational safety and health, protect the safety of all employees and other workers of the Company, in order to prevent personnel safety and health hazards caused by operations and facilities of the Company. The goal is to control risks to an acceptable level through continuous safety and health hazard identification, risk assessments, and project management improvements.

During recruitment and on-the-job education and training, the Company has repeatedly emphasized the content of Article 18 of the Occupational Safety and Health Act to ensure employee safety. The goal is to educate employees to escape to a safe area independently in the event of immediate danger without worrying about punishment.

According to the OH&S risk assessment process and the risk level determination, the two major elements of determining the risk level are the possibility of a hazard and the severity of the consequences. Routine or non-routine operations must follow the risk assessment evaluation process to divide all in-plant tasks into 5 risk levels. Corresponding control measures must be taken according to different risk levels to eliminate hazards and minimize risks.

Occupational Health and Safety Risk Assessment Process



Risk Level Determination Table

Risk Level	Determination Criteria	Countermeasures
5	Extremely high risk	An unacceptable risk level. We will review the integrity of existing protection and control measures immediately, and continue to set out improvement plans
4	High risk	Barely acceptable risk level. Each unit must prioritize improvement to this level of risk when drawing up a management plan to further review and determine improvement measures
3	Medium risk	A temporarily acceptable risk level, but we need to pay attention to the current control situation
2	Low risk	An acceptable risk level. We manage it using the existing method
1	Ignorable risk	Such risks can be ignored without the need for improvement

Special operation classification management

2023	Noise	Dust	Nickel	Ionizing radiation
Level 1 control	74	37	20	8
Level 2 control	10	13	27	6
Level 3 control	0	0	0	0
Level 4 control	0	0	0	0
Total number of people	84	50	47	14

Note: For Level 2 personnel, personal health guidance will be implemented according to the laws

4.5.3 Accident investigation process and subsequent improvement

To actively reduce the probability of accidents, TAI-TECH Advanced Electronics has established relevant handling procedures and incident investigation mechanisms after an accident occurs, so that employees can report an accident according to the “Emergency Response Procedures.” An investigation team is formed to carry out a formal investigation according to the severity of the disaster to investigate the cause of each accident in detail.

We aim to improve project management through accident investigation reports and risk assessments. The goal is to establish safety barriers and widen the distance between employees and hazard factors to ensure the safety of employees.

Prevention in advance is always better than remediation afterward, so we are also committed to follow-up improvement measures. Colleagues will pass the accident report detailing the cause of the accident and the improvement method to other departments so they can also learn from the experience and prevent the same incident from occurring again.

Accident Investigation Process



After an accident occurs, the unit where the accident occurred shall fill out an accident notification form within twelve hours (one hour for severe accidents), which shall also be signed by the head of the unit, and the Occupational Safety and Health Office must be informed. In the event of a severe occupational injury (such as death accident or more than three victims affected by the accident), it is necessary to report to the competent authority within eight hours.

After an accident occurs, the unit where the accident occurred should carry out a preliminary investigation immediately and send the accident investigation report to the Occupational Safety and Health Office within one week. The office will then organize an accident investigation team to conduct a formal investigation based on the accident investigation level.

All investigation reports need to be submitted to the President for approval, and tracking and improvement need to be conducted as per the Corrective and Preventive Measures Management Procedures.



Statistics on Occupational Injuries of Taoyuan Headquarters Employees and Non-employees

Year	2021		2022		2023	
Total number of working hours lapsed	1,148,602		1,246,920		1,198,874	
Ratio calculated according to every 200,000 working hours	Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Death accident due to occupational injury	0	0	0	0	0	0
Severe occupational injury	0	0	0	0	0	0
Recordable occupational injury	10	1.74	7	1.12	8	1.33
Occupational disease	0	0	0	0	0	0
Recordable occupational disease	0	0	0	0	0	0

Note 1: Traffic accidents that occurred to employees when commuting to and from work are not included in the calculation.

Note 2: Occupational injury ratio calculation equation = (Number of employees subject to occupational injuries / Total number of working hours lapsed) * 200,000 working hours

Note 3: Recognition of occupational accidents is subject to the local Ministry of Labor.



Improvement of operation switch area

Types of occupational injuries and occupational diseases among employees/non-employees of Taoyuan Headquarters

Year		2021	2022	2023	Hazard and improvement explanation
Work-related injuries	Jamming	6	6	4	Button is likely to be accidentally pressed by personnel during machine shutdown, and operation switch zone is installed with protective cover.
	Human factor	2	2	1	Enhance human factor hazard knowledge during on-job education and training
	High and low temperature contact	0	0	0	Modify equipment procedure and provide insulation gloves.
	Biological	0	1	0	-
	Falling	2	1	0	Adjust machine spacing.
	Objects falling down	0	0	3	Establish standard procedures for setting item placement areas and limiting stack heights.
Occupational disease	Overwork	0	0	0	-

Statistics on Occupational Injuries of Employees/Non-employees in TAIPAQ Plant

Year	2021		2022		2023	
Total number of working hours lapsed	6,977,859.23		5,231,121.68		2,539,240.5	
Ratio calculated according to every 200,000 working hours	Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Death accident due to occupational injury	0	0	0	0	0	0
Severe occupational injury	0	0	0	0	0	0
Recordable occupational injury	7	0.20	2	0.08	1	0.08
Occupational disease	0	0	0	0	0	0
Recordable occupational disease	0	0	0	0	0	0

Note 1: Traffic accidents that occurred to employees when commuting to and from work are not included in the calculation.

Note 2: Occupational injury ratio calculation equation = (Number of employees subject to occupational injuries / Total number of working hours lapsed) * 200,000 working hours

Note 3: Recognition of occupational accidents is made by the local work-related injury certification center.



Improvement of sockets



Replacing the draft shield of the tunnel furnace

Types of Occupational Injuries and Occupational Diseases Among Employees/Non-employees of TAIPAQ Plant

Year		2021	2022	2023	Hazard and improvement explanation
Work-related injuries	Fall injury	1	0	0	Falls due to slippery surfaces The improvement strategy is: re-mop the floor again after mopping to ensure that the ground is dry without any wetness.
	Cutting injury	0	1	1	The manual angle cutting machine is not equipped with a protective device. Improvement measures: Install protective equipment.
	Crush injury	6	1	0	Equipment protection device failure, illegal operation The improvement strategy is: perform inspection periodically, replace parts periodically, and enhance personnel education and training.
Occupational disease	Overwork	0	0	0	-

Statistics on Occupational Injuries of Kunshan Plant Employees and Non-employees

Year	2021		2022		2023	
Total number of working hours lapsed	683,886		478,728		462,996.25	
Ratio calculated according to every 200,000 working hours	Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Death accident due to occupational injury	0	0	0	0	0	0
Severe occupational injury	0	0	0	0	0	0
Recordable occupational injury	0	0	0	0	0	0
Occupational disease	0	0	0	0	0	0
Recordable occupational disease	0	0	0	0	0	0

Note 1: Traffic accidents that occurred to employees when commuting to and from work are not included in the calculation.

Note 2: Occupational injury ratio calculation equation = (Number of employees subject to occupational injuries / Total number of working hours lapsed) * 200,000 working hours

Note 3: Recognition of occupational accidents is made by the local work-related injury certification center.

Types of occupational injuries and occupational diseases among employees/non-employees of Kunshan Plant

Year		2021	2022	2023	Hazard and improvement explanation
Work-related injuries	Fall injury	0	0	0	-
	Cutting injury	0	0	0	-
	Burn injury	0	0	0	-
Occupational disease	Overwork	0	0	0	-

4.5.4 Occupational health services

To ensure that the physical and mental health of employees is properly taken care of, Tai-Tech has contracted occupational medicine specialists better than the laws and regulations to work together with the full-time labor health service nurses and occupational safety and health personnel in the factory to check the health of employees. The Company has formulated a labor health service handbook and four major programs to ensure the physical and mental health of employees in accordance with the Occupational Safety and Health Act and labor health protection rules. Employees' health-related records are managed by full-time labor health service nurses and kept in accordance with regulations. In terms of health promotion activities, we conduct health promotion activities needs and willingness surveys according to the needs of employees, and organize corresponding health lectures and publicity activities.

Four Main Programs

Maternity Health Protection Plan

We have established this plan to protect the physical and mental health and work safety of our female colleagues of child-bearing age, pregnant, postpartum, and breastfeeding. We encourage pregnant women to inform them and adjust their work scope accordingly. We have signed special agreements with nearby obstetrics and gynaecology clinics and provided exclusive parking spaces and breastfeeding rooms for pregnant women to ensure their physical and mental health and achieve the goal of maternity protection.

Abnormal Workload-Induced Disease Prevention Program

They are graded according to abnormal workload and cardiovascular disease risk, and employees are arranged to receive health education care and health guidance from factories' onsite doctors to ensure the physical and mental health of relevant workers.

Ergonomic Hazard Prevention Program

To maintain the health and well-being of our colleagues, prevent human-induced hazards, and avoid repetitive musculoskeletal injuries, we have a factory-based doctor arranged for the on-site environment and to provide recommendations, as well as provide guidance on working posture and health education. Relevant literature and publicity are also posted in the work area to avoid human-related hazards caused by repetitive operations and to protect the safety and health of colleagues.

Illegal Infringement Prevention Plan for Execution of Duty

To protect the employees' rights at work and create a workplace violence-free work environment, we have posted the "Company Written Statement on Prohibiting Workplace Violence at the Workplace" and the "Statement on Prohibition of Sexual Harassment" internally to promote this to all employees. Hazard identification and assessment are also conducted in the workplace, and education and training on the prevention of illegal workplace violations are also carried out to help employees understand the Company's management policies and channels for grievance and reporting.



On-site physician service



Physicians visit the factory

Health Exam

In addition to conducting general health checkups in accordance with the labor health protection rules, Tai-Tech also provides an annual health checkpoint that is better than the law and adds other items with the consent of the employees. We deeply understand the importance of changes in an individual's health checkpoint data over the years. Therefore, when choosing our partner hospitals, we not only consider medical institutions that meet the requirements of workers' physical fitness and health checkpoint accreditation, but also request the provision of a comparison report over the years, listing the health checkpoint data of the past three years to allow colleagues to understand the changes in the testing items data over the past three years, so that they can quickly grasp their own health status. This also helps contract occupational doctors and labor health service nurses to conduct health management classification and provide personalized health education and guidance more effectively.

For operations that are particularly hazardous to health in the company's product manufacturing processes, such as noise, dust, nickel, and ionizing radiation, we regularly conduct environmental monitoring, health inspections, and graded management of operations with special health hazards, as required by laws, and organize relevant education and training courses. According to the regulatory requirements, Level-2 employees will be given health guidance, and according to the inspection results in 2023, no personnel need to be placed under Level-3 management or higher.

Taoyuan Headquarters Annual Health Checkup

General health checkup	Laws and regulations			Superior to legal requirements			Percentage of total employees	Total subsidies
	Number of employees required for examination	Number of employees receiving examination	Examination rate	Number of employees required for examination	Number of employees receiving examination	Examination rate		
	20	19 (Note)	95%	326	325	99.60%	63.90%	\$276,250

Special health examination	Laws and regulations	Number of employees required for examination	Number of employees receiving examination	Examination rate	Percentage of total employees	Total subsidies
	Noise operation	103(+20) (Note)	84 persons	100%	24.20%	\$22,700
	Ionizing radiation		14 persons			
	Nickel		63 persons			
	Dust		50 persons			

Note 1: In addition to the items required by laws and regulations, the Company also provides abdominal ultrasound examination.

Note 2: The percentage of total employees is calculated based on total number of employees of 508 people in 2023/October.

Note 3: Some people did not meet the requirements of the Labor Insurance Bureau-Labor Insurance Health Inspection Subsidy for Occupational Diseases Prevention due to their seniority during the inspection (20 persons total). To facilitate colleagues to receive exams, the Company has included the annual health exam cost in its unified subsidy fee, so there is no need to go to the hospital for an examination

Note 4: Employees not receiving examination were Taiwanese staff assigned to station in China, and they did not return to Taiwan for health examination.



Health Promotion

Employees are a company's most valuable asset, and their health is the cornerstone of a company's sustainable development. Only healthy employees can maintain excellent work performance. The Company is well aware of this, so not only does the Company publish health promotion letters from time to time, but also actively promotes various health promotion activities. To encourage employees to participate in these activities, the Company's senior executives personally lead the activities, hoping to arouse the employees' personal health awareness and form the good habit of healthy living.

This year, we specially held the “Dementia-Friendly Workplace Awareness Seminar” with the Taiwan Dementia Association. Due to medical research in recent years, the trend of dementia is getting younger, and people under the age of 65 diagnosed with dementia are called “youth-onset dementia”. Young-onset dementia patients do not look ill at the initial stage because they are usually in their prime. Our company's employees are mainly middle-aged. Therefore, through this lecture, we hope to give everyone a deeper understanding of the characteristics and impacts of dementia and how to cope with it. Such understanding can help employees show more concern for and support of colleagues with dementia and empathy for them. It can also help build a friendly and inclusive workplace and collaborations to improve work efficiency and corporate atmosphere.

Furthermore, to encourage colleagues to develop the habit of exercise and strengthen their physical health, the Company not only organizes internal health promotion activities but also participates in corporate health challenge competitions in collaboration with external fitness centers. Thanks to the active participation of our colleagues, we won the second prize in the group of corporate groups with more than 500 employees.



Executives actively participated in the Company's health promotion activities and led the atmosphere of health promotion for the workplace.

Health Promotion Bulletin Board



Dementia-friendly
workplace awareness
seminar



Corporate Wellness Challenge

Health Promotion Activities

Health Promotion Activities	Activity Topic	Frequency	Number of participants
Health education promotion	Letters, bulletin board posting, posters	From time to time	Whole plant
Health Talks and Activities	Problems for Office Workers - Neck Pain & Low Back Pain	6 sessions	12 persons
	How to regain health and a good figure		17 persons
	Free Online Health Seminar - Persistent Health		11 persons
	Metabolic Syndrome Seminar+ Non-mydiatic fundus photography screening + blood sugar screening +Inquiry about screening eligibility for four types of cancer		15 people
	Dementia-friendly workplace awareness seminar		27 persons
	Spiritual Healing - Depression and Stress Management Seminar		11 persons
External health promotion activities	Tai-Tech Advanced Electronics Co., Ltd. X WORLD GYM - Corporate ESG Health Challenge		

Awareness Course Activities

Advocacy courses	Activity Topic	Frequency	Number of participants
Workplace abuse and Labor human rights education and training (Manager Course)	Workplace workers, supervisors, and employers shall all receive education and training on workplace abuse prevention. The publicity course syllabus is: workplace abuse hazard prevention and communication skills training, labor human rights, sexual harassment prevention, and stalking and harassment law-related issues. Courses are held according to the level of management and the level of employees.	1 session	44 persons
Workplace abuse and Labor human rights education and training (Employee courses)		1 session	47 persons
First Responder Education and Training	Implement education and training on relevant personnel in order to effectively handle accidental emergency conditions.	1 session	20 persons



Health promotion posters



AED education and training

Covid-19 Prevention Measures

Since the global outbreak of COVID-19 in 2019, the manufacturing industry must take epidemic prevention measures into account while ensuring production capacity to prevent the impact of the epidemic on workplace safety. In response to the Central Epidemic Command Center's implementation of the "Guidelines for Continuing Operations," establishing a biological pathogen disaster response team, and formulating corporate epidemic prevention measures, the Company aims to reduce the impact of the epidemic on corporate operations. At the same time, the Company has strengthened epidemic prevention and health measures and management, and paid attention to the health and safety of employees.

On March 20, 2023, the Central Epidemic Command Center adjusted the case definition, and the international epidemic prevention level was also lowered. From May 1, 2023, "COVID-19" was adjusted from Category 5 infectious disease to Category 4 infectious disease. The Company follows the trend of normalization of pandemic prevention guided by the central government, but still actively promotes vaccinations for employees and implements oral and nose hygiene habits to ensure the continuous operation of the enterprise and the health and safety of employees.



4.5.5 Occupational Safety and Health Worker Participation and Training

Tai-Tech has established an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act to ensure the work safety and health-related measures of workers, and regularly review the safe environment and operating modes in the factory.

The Company implements 3 hours of new employee education and training for all new employees when they report for duty, including occupational safety and health and emergency response training. At least 4 sessions of safety and health related education and trainings are organized annually according to the annual plan, past accident cases and employee demands, etc. The Company generally holds regular emergency response and fire drills every 6 months. The goal is to enable employees to quickly organize, mobilize, and take corrective actions in the event of an accident to effectively control the disaster.

The Company also provides relevant education and training for common hazards in the factory to enhance employees' safety and health knowledge and attitude, encourage employees to develop good safety and health habits, and shape a safety and health culture. For special hazards, in addition to the implementation of relevant education and training for special workplace, emergency accident drill and understanding of hazards are also promoted.

Education and Training Records in 2023

Course	Number of trainees	Number of hours arranged	Total number of hours
Safety and health education and training for new employees	102	3	306
Safety and health education and training for on-job employees	38	3	114
ISO45001 system	15	3	45
Illegal infringement	92	3	276
Noise Protection	27	3	81
Chemical labeling	49	3	147
Breathing protection education and training	46	2	92
Traffic safety	34	2	68

4.6 Care for Society

As a member of society as a whole, an enterprise is interdependent with investors, employees, local communities, and other stakeholders. Tai-Tech has exerted its influence to fulfill its corporate social responsibility by setting an example for others to follow. We collaborate with local groups to make the most effective use of resources of kindness and strive to make society a better place.

Public Welfare Achievements

Taoyuan Headquarters	Item	Funds for public welfare activities	NT\$ thousand	
	1	Taitung National Chenggong Commercial Fisheries Vocational School Youth Baseball Team	600	
	2	National Taipei University of Technology's swimming team	240	
	3	Chung Yuan University Track and Field Renovation Project and Digital Education Learning Base Construction and Upgrade	400	
	4	Public welfare project for remote health promotion for the elderly in rural areas	150	
	5	Donation to Yong An Junior High School in Taoyuan City for the use of 3D laboratory system	78.35	
	6	Donation to National Central University Education Foundation	100	
	7	Charity sale receipt from the Noordhoff Craniofacial Foundation (650 charity desk calendars)	103.48	
	8	Public Welfare Activities of Yilan Family Relief Foundation	50	
	9	Fundraising activity of Taishin Charity Association (charitable donations from corporate customers)	50	
Total amount			1,771.83	
TAIPAQ Plant	Item	Location	Funds for public welfare activities	RMB
	1	Co., Ltd.	Blood donation for public welfare	200
	2	Si-Hong County Fire Brigade	Condolences to the fire brigade	6,840
	3	Roads near Si-Hong Development Zone	Summer Refreshment Event	486
	4	Si-Hong Government and County Area	Summer Refreshment Event	510
	5	Si-Hong Charity Federation	“Fortune Citizen 100 with Charity Donation to Si-Hong” Public Welfare Activities	20,000
	6	Si-Hong County Experimental Primary School	Teachers' Day condolences	7,334
	7	Si-Hong No. 1 Experimental School	Mid-Autumn Festival condolences	15,276
	8	Chonggang Community Home for the Elderly	Public welfare activities such as sending warmth to the elderly on their birthdays.	5,666
	9	Si-Hong County Red Cross Society	Donation to the earthquake-stricken areas in Gansu Province	50,000
Total amount				106,312

Taoyuan Headquarters Public Welfare Achievements

Tai-Tech actively participates in the development of local communities by donating funds, mobilizing corporate volunteers, or investing in other public welfare services.

Sponsored the Taitung National Chenggong Commercial Fisheries Vocational School Youth Baseball Team with a total amount of NT\$600 thousand.



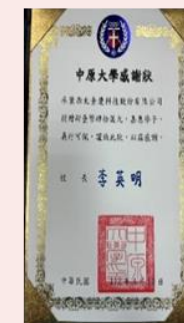
Sponsored the Taipei University of Technology's swimming team with NT\$240 thousand.



Sponsored the National Central University Foundation for Education Development.



Sponsored Chung Yuan University Track and Field Reconstruction Project and Construction and Upgrade of Digital Education and Learning Base.



Sponsoring a charity project for the promotion of remote health care for the elderly in rural areas.



Sponsoring public welfare activities of Yilan Family Care Foundation.



Sponsored charity sale of the Noordhoff Craniofacial Foundation (650 charity desk calendars)



In response to the Ling Jiou Mountain Charity Foundation's sponsorship for the use of 3D laboratory system in remote schools.



Public Welfare Achievements of TAIPAQ Plant

Tai-Tech actively participates in the development of local communities by donating funds, mobilizing corporate volunteers, or investing in other public welfare services.

Charitable Donations

- The Company actively responded to the public welfare event of “Fortune Citizen 100 with Charity Donation to Si-Hong” proposed by Si-Hong County Government, and donated funds to provide assistance to children of poverty families for school and to poverty families due to traffic accidents.
- Donation to the earthquake-stricken area in Jishishan County, Linxia Prefecture, Gansu Province through the Si-Hong Red Cross Society for the earthquake-stricken area.

Blood donation for public welfare

The Management Department organized more than 180 staffs and employees to donate blood for public welfare, responding to the love with practical actions, igniting new hope for life, and contributing love to society.



Public welfare condolence activities on Teacher's Day & Mid-Autumn Festival.

- Purchased 190 bags of food supplies and donated them to all the teachers and staff of Si-Hong County Experimental Elementary School for condolences.
- Purchased 402 bags of food supplies and donated them to all the teachers and staff of Si-Hong County No. 1 Experimental School for condolences.



Sending Love to Environment and Health Workers, Organizing Cooling Activities in Summer

Considering the hot weather, the Management Department organized personnel to proceed to the development zone several times in order to deliver green bean soup and consolidation goods of towel and soap, etc. to the environmental health and cleaning personnel working at the front line on the road as relief from the hot weather.



Condolences to the Si-Hong County Fire Brigade

We purchased 150 boxes of food supplies at our own expense and sent them to the Si-Hong County Fire Brigade to express their sincere greetings to the firefighters on the front line and provide them with anti-summer goods.



Public welfare activity for sending warmth to the nursing home



Appendix 1 GRI Content Index

Statement of Use			GRI 1 adopted	Applicable GRI Standards
Tai-Tech Advanced Electronics’s report content for the period from January 1 to December 31, 2023 has been disclosed according to the GRI Standards			GRI 1: Foundation 2021	N/A
Topic	Description of disclosure items		Chapter	Page number (or reason for omission/necessary explanation)
GRI 2: General Disclosures 2021				
The organization and its reporting practices	2-1	Organizational details	About Tai-Tech Advanced Electronics	8
	2-2	Entities included in the organization’s sustainability reporting	About this Report	3
	2-3	Reporting period, frequency and contact point	About this Report	3
	2-4	Restatements of information	About this Report	3
	2-5	External assurance/assurance	About this Report	3
Activities and workers	2-6	Activities, value chain and other business relationships	About Tai-Tech Advanced Electronics	8
	2-7	Employees	4.2.1 Employee Diversity Statistics	90
	2-8	Workers who are not employees	4.2.1 Employee Diversity Statistics	90
Governance	2-9	Governance structure and composition	1.1.1 Corporate Governance	26
	2-10	Nomination and selection of the highest governance body	1.1.1 Corporate Governance	26
	2-11	Chair of the highest governance body	1.1.1 Corporate Governance	26
	2-12	Role of the highest governance body in overseeing the management of impacts	1.1.1 Corporate Governance	26
	2-13	Delegation of responsibility for managing impacts	1.1.1 Corporate Governance	26
	2-14	Role of the highest governance body in sustainability reporting	Corporate Sustainability / Corporate Sustainable Development Committee	14
	2-15	Conflicts of interest	1.1.1 Corporate Governance	26
	2-16	Communication of critical concerns	1.1.1 Corporate Governance	26
	2-17	Collective knowledge of the highest governance body	1.1.1 Corporate Governance	26
	2-18	Evaluation of the performance of the highest governance body	1.1.1 Corporate Governance	26
	2-19	Remuneration policies	1.1.1 Corporate Governance/Remuneration Committee	26 / 29
	2-20	Process to determine remuneration	1.1.1 Corporate Governance/Remuneration Committee 4.3.1 Remuneration system	26 / 29 99
	2-21	Annual total compensation ratio	-	Confidentiality requirements/Remuneration are confidential in the Company

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Topic		Description of disclosure items		Chapter	Page number (or reason for omission/necessary explanation)
Strategy, policies and practices	2-22	Statement on sustainable development strategy		Message from the Chairman	6
	2-23	Policy commitments		2.2.1 Supply Chain Strategy 4.1 Human rights protection	50 88
	2-24	Embedding policy commitments		2.2.4 Supplier management and regulation 4.1 Human rights protection	52 88
	2-25	Processes to remediate negative impacts		1.2 Risk Management	40
	2-26	Mechanisms for seeking advice and raising concerns		Corporate Sustainable Development/ Stakeholder Communication	14 / 18
	2-27	Legal Compliance		1.1.5 Legal Compliance	36
	2-28	Membership in associations		About Tai-Tech/Involvement in External Associations	8 / 12
Stakeholder engagement	2-29	Approach to stakeholder engagement		Corporate Sustainable Development/ Stakeholder Communication	14 / 18
	2-30	Collective bargaining agreements		-	Not applicable/ The company has not signed collective bargaining agreement with employees.
GRI 3: Material Topics 2021					
Material topics (* denotes material topics)		3-1	Process to determine material topics	Corporate Sustainability/ Identification of Material Topics	14 / 20
		3-2	List of material topics	Corporate Sustainability/ Identification of Material Topics	14 / 20
Economic aspect					
★ Economic Performance	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.3 Operational Performance	32
	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	1.1.3 Operational Performance	32
		201-2	Financial implications and other risks and opportunities due to climate change	3.1 Climate change risks and opportunities	68
		201-3	Defined benefit plan obligations and other retirement plans	4.3.4 Retirement protection	103
		201-4	Financial assistance received from government	-	Not applicable/no relevant circumstances
Market position	GRI 202: Market Position 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.3.1 Remuneration system	99
		202-2	Proportion of senior management hired from the local community	4.2.1 Employee Diversity Statistics	90
★ Procurement Practices	GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Supply Chain Management	49
	GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.2 Supply Chain Management	49

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Topic		Description of disclosure items		Chapter	Page number (or reason for omission/necessary explanation)
★ Ethics and Integrity	GRI 3: Material Topics 2021	3-3	Management of material topics	1.1.2 Ethics and Integrity	30
	Custom Topics	Integrity-1	Number of employee integrity training hours in the current year	1.1.2 Ethics and Integrity	30
★ Innovation and R&D	GRI 3: Material Topics 2021	3-3	Management of material topics	2.1 Innovation Capabilities	44
	Custom Topics	Innovation -1	Invest energy in R&D	2.1.2 R&D energy	46
Environmental aspect					
★ Energy	GRI 3: Material Topics 2021	3-3	Management of material topics	3.2 Energy conservation and carbon reduction	70
	GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.2.1 Energy consumption	71
		302-2	Energy consumption outside of the organization	3.2.1 Energy consumption	71
		302-3	Energy Intensity	3.2.1 Energy consumption	71
		302-4	Reduction of energy consumption	3.2.1 Energy consumption	71
		302-5	Reduce product and service energy demands	3.2.1 Energy consumption	71
Water and Effluents	GRI 303: Management approach	303-1	Interactions with water as a shared resource	3.3 Water resource management	75
		303-2	Management of water discharge-related impacts	3.3 Water resource management	75
	GRI 303: Water and Effluents 2018	303-3	Water withdrawal	3.3 Water resource management	75
		303-4	Water discharge	3.3 Water resource management	75
		303-5	Water consumption	3.3 Water resource management	75
★ Emissions	GRI 3: Material Topics 2021	3-3	Management of material topics	3.2 Energy conservation and carbon reduction	70
	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.2.2 Greenhouse gas inventory	74
		305-2	Energy indirect (Scope 2) GHG emissions	3.2.2 Greenhouse gas inventory	74
		305-3	Other indirect (Scope 3) GHG emissions	-	Not applicable/ The Company has not yet conducted a complete Scope 3 inventory
		305-4	GHG emissions intensity	3.2.2 Greenhouse gas inventory	74
		305-5	Reduction of GHG emissions	3.2.2 Greenhouse gas inventory	74
		305-6	Emissions of ozone-depleting substances (ODS)	-	Not applicable/ The Company does not discharge related substances
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	Not applicable/ The Company does not discharge related substances

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Topic		Description of disclosure items		Chapter	Page
★ Waste	GRI 3: Material Topics 2021	3-3	Management of material topics	3.4 Waste management	78
	GRI 306: Management approach	306-1	Waste generation and significant waste-related impacts	3.4 Waste management	78
		306-2	Management of significant waste-related impacts	3.4 Waste management	78
	GRI 306: Waste 2020	306-3	Waste generated	3.4 Waste management	78
		306-4	Waste diverted from disposal	3.4 Waste management	78
		306-5	Waste directed to disposal	3.4 Waste management	78
★ Supplier environmental assessment	GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Supply Chain Management	49
	GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.2.4 Supplier management and regulation	52
		308-2	Negative environmental impacts in the supply chain and actions taken	2.2.4 Supplier management and regulation	52
★ Green Products	GRI 3: Material Topics 2021	3-3	Management of material topics	2.1.3 Green Design	47
	Custom Topics	Green-1	Green Design Achievements of the Year	2.1.3 Green Design	47
Social aspect					
★ Employment	GRI 3: Material Topics 2021	3-3	Management of material topics	4.3 Employee Care	98
	GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.2.2 Data on New and Resigned Employees	95
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3.2 Benefits policy	100
		401-3	Parental leave	4.3.3 Nursing care	102
		Salary	The number of full-time employees of non-executives, the average and median salary of full-time employees of non-supervisory positions, and the difference between the aforementioned three values with the values of last year shall be disclosed	4.3.1 Remuneration system	99
Labor/management relations	GRI 402: Labor management relations 2016	402-1	Minimum notice periods regarding operational changes	4.3.5 Labor-management communication	104
★ Occupational Safety and Health	GRI 3: Material Topics 2021	3-3	Management of material topics	4.5 Friendly Workplace	108
	GRI 403: Management approach	403-1	Occupational health and safety management system	4.5.1 Occupational health and safety management system	109
		403-2	Hazard identification, risk assessment, and incident investigation	4.5.2 Risk assessment and control	109
		403-3	Occupational health services	4.5.4 Occupational health services	115

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Topic		Description of disclosure items		Chapter	Page
★ Occupational Safety and Health	GRI 403: Management approach	403-4	Worker participation, consultation, and communication on occupational health and safety	4.5.4 Occupational health services	115
		403-5	Worker training on occupational health and safety	4.5.5 Occupational Safety and Health Worker Participation and Training	119
		403-6	Promotion of worker health	4.5.4 Occupational health services	115
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5.3 Accident investigation process and subsequent improvement	111
	GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	4.5.1 Occupational health and safety management system	109
		403-9	Work-related injuries	4.5.3 Accident investigation process and subsequent improvement	111
		403-10	Occupational disease	4.5.3 Accident investigation process and subsequent improvement	111
Training and education	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.4.1 Talent cultivation	106
		404-2	Programs for upgrading employee skills and transition assistance programs	4.4.1 Talent cultivation	106
		404-3	Percentage of employees receiving regular performance and career development reviews	4.4.3 Periodic Performance Evaluation	106
Employee diversity and equal opportunity	GRI 3: Material Topics 2021	3-3	Management of material topics	4.3 Employee Care	98
	GRI 405: Employee Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	1.1.1 Corporate Governance 4.2.1 Employee Diversity Statistics	26 90
		405-2	Ratio of basic salary and remuneration of women to men	4.3.1 Remuneration system	99
★ Supplier Social Assessment	GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Supply Chain Management	49
	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2.2.4 Supplier management and regulation	52
		414-2	Negative social impacts in the supply chain and actions taken	2.2.4 Supplier management and regulation	52
★ Customer health and safety	GRI 3: Material Topics 2021	3-3	Management of material topics	2.3.2 Quality Management	58
	GRI 416: Customer health and safety 2016	416-1	Assess the health and safety impacts of product and service categories	2.3.2 Quality Management	58
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3.2 Quality Management	58
★ Customer privacy	GRI 3: Material Topics 2021	3-3	Management of material topics	2.3.1 Customer Relationship Maintenance	56
	GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.3.1 Customer Relationship Maintenance	56

Appendix II Sustainability Disclosure Indicators of the Electronic Component Industry

Disclosure is made in accordance with Table 1-12 of Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Quantitative indicators	Disclosure in 2023	Unit
I. Total energy consumption, percentage of externally purchased electricity, and utilization rate of renewable energy	<ul style="list-style-type: none"> The total energy consumption of the Taiwan Plant was 86,870.75 GJ Total energy consumption of TAIPAQ Plant 106,525.61 GJ Total energy consumption of Kunshan Plant 24,443.56 GJ <ul style="list-style-type: none"> The parent company's Taiwan Plant externally purchased 80,761.4 GJ of electricity, accounting for 92.97% of energy consumption. 106,286.40 GJ of electricity externally purchased by the subsidiary, TAIPAQ Plant, accounting for 99.66% of energy consumption. The subsidiary Kunshan Plant externally purchased 26,716.06 GJ of electricity, accounting for 99.73% of energy consumption. Proportion of renewable energy use of each of three plants 0%	Gigajoules (GJ), Percentage (%)
II. Total water withdrawal and water consumption	<ul style="list-style-type: none"> The Taiwan Plant's total water withdrawal was 94,103 m³, total discharge was 60,612.6 m³, and total water consumption was 33,940.4 m³ TAIPAQ Plant's total water withdrawal was 38,970 m³, total discharge was 22,462 m³, and total water consumption was 16,508 m³ Kunshan Plant's total water withdrawal was 19,262 m³, total discharge was 7,969 m³, and total water consumption was 11,293 m³ 	Thousand cubic meters (m ³)
III. Weight of hazardous waste generated and recycling percentage	<ul style="list-style-type: none"> The total weight of waste generated by the Taiwan Plant was 648.367 metric tons. The weight of hazardous waste was 517.921 metric tons, and the hazardous waste recycling rate was 75.02%. The total weight of waste generated by the TAIPAQ Plant was 455.99683 metric tons. The weight of hazardous waste was 139.688 metric tons, and the recycling rate of hazardous waste was 25.32%. The total weight of waste at the Kunshan Plant was 98.0259 metric tons. The weight of hazardous waste was 48.8859 metric tons, and the hazardous waste recycling rate was 39.99%. 	Metric ton (t), Percentage (%)
IV. Description of the type, number of people, and percentage of occupational accidents	<ul style="list-style-type: none"> With the deduction of the traffic accident for commute to/from work, the Taiwan Plant's total number of occupational accidents for workers with disability of more than one day was 8 cases, with 8 injured people, and the ratio was 1.33%. The TAIPAQ Plant's total number of occupational accidents for workers with disability of more than one day was one case, with one injured people, and the ratio was 0.08%. No occupational hazards in Kunshan Plant. 	Percentage (%), Quantity
V. Disclosure of product lifecycle management: Including the weight of end-of-life products and electronic waste, and the percentage of recycling	<ul style="list-style-type: none"> The weight of electronic waste in the Taiwan Plant was 9.951 metric tons. The amount of recycled waste was 9.951 metric tons, and the recycling percentage was 100%. The weight of electronic waste in the TAIPAQ Plant was 32.624 metric tons. 32.624 metric tons were recycled, and the recycling percentage was 100%. Relevant waste from Kunshan Plant is transferred to TAIPAQ Plant for centralized treatment. 	Metric ton (t), Percentage (%)

Appendix 2

Qualitative description indicators	Disclosure in 2023	Unit
VI. Description of risk management related to the use of key materials	<ul style="list-style-type: none"> To expand the sources of the supply chain, there is a need to not only find a second supplier, but also to diversify into different geographical locations or different suppliers to reduce the dependence on a single supplier. At the same time, establish good supplier relations is essential to ensure transparency and smooth communication in the supply chain. Due to the impact of international metal raw material price fluctuation, place long-term order to secure the supply source and price. Consider the social and political risks in the raw material production areas, such as political stability, labor issues, changes in regulations, and formulate corresponding countermeasures, including communication and cooperation with local governments and stakeholders. 	N/A
Quantitative indicators	Disclosure in 2023	Unit
VII. Total amount of pecuniary losses resulting from legal proceedings related to the Anti-Competitive Conduct Act	None	Reporting currency
VIII. Production volume of main products according to product type	<ul style="list-style-type: none"> Wire-wound products: 892,122 K PCS LAN transformer 297,955 KPCS Ferrite core (DR/SP) 2,023,171 KPCS (excluding self-use 1,482,164 K) 127 tons of multilayer products material (excluding 1 ton for self-use) 	Difference according to product type
	<ul style="list-style-type: none"> Multilayer products 16,652,452 KPCS Wire-Wound 2,564,820 KPCS (excluding 4 K for personal use) LAN transformer 1,251,410 KPCS (excluding self-use 5,798 K) 	Difference according to product type

Appendix 3. CPA's Assurance Statement



會計師有限確信報告

資會綜字第 23011878 號

西北壹慶科技股份有限公司 公鑒：

本會計師受西北壹慶科技股份有限公司（以下簡稱「貴公司」）之委任，對 貴公司選定民國 112 年度永續報告書所報導之關鍵績效指標（以下簡稱「所選定之關鍵績效指標」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

標的資訊與適用基準

本確信案件之標的資訊係 貴公司上開所選定之關鍵績效指標，有關所選定之關鍵績效指標及其適用基準詳列於 貴公司民國 112 年度永續報告書第 133 頁之「確信項目彙總表」。前述所選定之關鍵績效指標之報導範圍業於永續報告書第 3 頁之「報告書範疇與邊界」段落述明。

管理階層之責任

貴公司管理階層之責任係依照適用基準編製永續報告書所選定之關鍵績效指標，且設計、付諸實行及維持與所選定之關鍵績效指標編製有關之內部控制，以確保所選定之關鍵績效指標未存有因舞弊或錯誤之重大不實表達。

先天限制

本業諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制，對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

會計師之獨立性及品質管理

本會計師及本事務所已遵循會計師職業道德規範有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。

本事務所適用品質管理準則 1 號「會計師事務所之品質管理」，該品質管理準則規定會計師事務所設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令有關之政策或程序。

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
110208 臺北市信義區基隆路一段 333 號 27 樓
2/F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F: +886 (2) 2729 6686, www.pwc.tw



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本會計師對第一段所述 貴公司所選定之關鍵績效指標所執行之程序係基於專業判斷，該等程序包括查詢、對流程之觀察、文件之檢查是否適當之評估，以及與相關紀錄之核對或調節。

基於本案件情況，本會計師於執行上述程序時：

- 已對參與編製所選定之關鍵績效指標之相關人員進行防範，以瞭解編製前述資訊之流程，以及攸關之內部控制，以辨認重大不實表達之領域。
- 基於對上述事項之瞭解及所辨認之領域，已對所選定之關鍵績效指標選取樣本進行包括查詢、觀察、檢查及重新執行等測試，以取得有限確信之證據。

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依據所執行之程序與所獲取之證據，本會計師並未發現第一段所述 貴公司所選定之關鍵績效指標在所有重大方面未依照適用基準編製之情事。

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資誠聯合會計師事務所

會計師 吳 偉 豪



中華民國 113 年 8 月 7 日

Assurance Statement Summary Table

Appendix 3

No.	Assurance subject	Applicable benchmarks	Page
1	<ul style="list-style-type: none"> In 2023, the total energy consumption of the headquarters in Taiwan was 86,870.76 GJ, and the percentage of externally purchased electricity was 92.97%. In 2023, the total energy consumption of TAIPAQ Plant was 106,643.85 GJ, and the percentage of externally purchased electricity was 99.66%. In 2023, the total energy consumption of Kunshan Plant was 26,770.44 GJ, and the percentage of externally purchased electricity was 99.80%. Tai-Tech Advanced Electronics does not use purchased coal or purchased steam and renewable energy in Taiwan region and for the subsidiaries in China. <p>For energy sources other than externally purchased electricity, the conversion is subject to the calorific value table per product unit announced by the Bureau of Energy, Ministry of Economic Affairs. The calorific values of automotive grade gasoline, diesel, and LNG was based on the announcement by the Bureau of Energy. The calorific value of China's gasoline was based on the Energy Statistics Knowledge Handbook.</p>	<ul style="list-style-type: none"> The Taiwan Headquarters calculated the total energy consumption for 2023 based on the details of CPC's fleet card for refueling, the bills from Taipower, and the purchase order of liquefied petroleum gas. The statistics of the total energy consumption of TAIPAQ and Kunshan Plants in 2023 were based on the Jiangsu value-added tax invoices issued by State Grid Jiangsu Electric Power Engineering Consulting Co., Ltd. and Sinopec Sales Co., Ltd.. 	P71
2	<ul style="list-style-type: none"> In 2023, total tap water withdrawal by Taiwan Headquarters was 94.11 million liters, and the total water consumption was 33.95 million liters. In 2023, total tap water withdrawal by TAIPAQ Plant was 38.97 million liters, and the total water consumption was 16.51 million liters. In 2023, total tap water withdrawal by Kunshan Plant was 19.26 million liters, and the total water consumption was 11.29 million liters. <p>Note: Water consumption = total water withdrawal - total water discharge</p>	<ul style="list-style-type: none"> The total tap water withdrawal in 2023 was calculated according to the water fee payment certificates from the water company of each location. The statistics of the annual discharge in 2023 were based on the water meters of the sewage treatment plants in each region. If there was no water meter installed, the discharge volume was calculated by taking the water withdrawal volume * 80% according to the Regulation for the Use and Management of Sewage System in the Youth Industrial Park. 	P76
3	<ul style="list-style-type: none"> The weight of hazardous waste generated by the Taiwan headquarters in 2023 was 517.92 metric tons. Hazardous waste recycling rate was 93.91%. The weight of hazardous waste generated by the TAIPAQ Plant in 2023 was 139.71 metric tons. Hazardous waste recycling rate was 82.64%. The weight of hazardous waste generated by the Kunshan Plant in 2023 was 48.89 metric tons. Hazardous waste recycling rate was 80.18%. 	<ul style="list-style-type: none"> The Taiwan Headquarters calculated the weight of hazardous waste generated in 2023 according to the 3-part receipts reported and filed with the Resource Circulation Administration, Ministry of Environment - Industrial Waste Recycling Control. The TAIPAQ Plant and the Kunshan Plant calculated the weight of the hazardous waste generated in 2023 according to the Department of Ecology and Environment of Jiangsu Province - Jiangsu Province Solid Waste Management Information Declaration System. 	P81-P83
4	<ul style="list-style-type: none"> Tai-Tech Group's relevant occupational injury definitions and calculation methods and 2023 statistical results: Taiwan Headquarters: 1.33% (Note) TAIPAQ Plant: 0.08% (Note) Kunshan Plant: 0% (Note) <p>Note : $Occupational\ injury\ rate = \frac{Number\ of\ people\ of\ occupational\ injuries}{Total\ number\ of\ working\ hours} \times 200,000$</p>	<ul style="list-style-type: none"> Statistical basis for number of people of occupational injuries: The Taiwan Headquarters calculates the number of people suffering from occupational accidents according to the Ministry of Labor's Occupational Accident Reporting System. TAIPAQ Plant and Kunshan Plant calculated the number of people according to the data provided by the local Occupational Injury Determination Center of local Social Insurance Department. Total number of working hours: It includes the working hours of official employees and dispatch personnel as well as the overtime hours, which was calculated by the Human Resource Department. Ratio was calculated according to the 200,000 working hours specified in GRI403-9. 	P112-P114

Note: The scope of the standalone companies for the assurance as shown in this table refers to the Taiwan Headquarters: Tai-Tech Advanced Electronics Co., Ltd.
TAIPAQ Plant - Sub-subsidiary Tai-Tech Electronics (Si-Hong) Co., Ltd. of Tai-Tech Advanced Electronics
Kunshan Plant - Sub-subsidiary Tai-Tech Precision Electronics (Kunshan) Co., Ltd. of Tai-Tech Advanced Electronics

Appendix 4 Sustainability Accounting Standards

Tai-Tech is classified according to the SICS® in the Electrical and Electronic Equipment

Topic	Standard No.	Disclosure Item	Disclosure in 2023	Corresponding Chapter
Energy Management	RT-EE-130a.1	Total energy consumed (GJ)	<ul style="list-style-type: none"> The total energy consumption of the Taiwan Plant was 86,870.75 GJ Total energy consumption of TAIPAQ Plant 106,643.85 GJ Total energy consumption of Kunshan Plant 26,770.44 GJ 	3.2.1 Energy consumption
		Percentage grid electricity (%)	<ul style="list-style-type: none"> The parent company's Taiwan Plant externally purchased 80,761.4 GJ of electricity, accounting for 92.97% of energy consumption. 106,286.40 GJ of electricity externally purchased by the subsidiary, TAIPAQ Plant, accounting for 99.66% of energy consumption. The subsidiary Kunshan Plant externally purchased 26,716.06 GJ of electricity, accounting for 99.80% of energy consumption. 	
		Percentage renewable (%)	Proportion of renewable energy use of each of three plants 0%	
Hazardous industrial waste	RT-EE-150a.1	Amount of hazardous waste generated (metric tons), Percentage recycled (%)	<ul style="list-style-type: none"> The total weight of waste generated by the Taiwan Plant was 648.367 metric tons. Hazardous waste weight: 517.921 metric tons Hazardous waste recycling rate 75.02 % The total weight of waste generated by the TAIPAQ Plant was 455.99683 metric tons. Hazardous waste: 139.688 metric tons Hazardous waste recycling rate 25.32 % The total weight of waste at the Kunshan Plant was 98.0259 metric tons. Hazardous waste: 48.8859 metric tons Hazardous waste recycling rate 39.99 % 	3.4 Waste management
	RT-EE-150a.2	Reportable leakage incident (case) and recovered quantity (KG)	0	
Product safety	RT-EE-250a.1	Number of recalls issued; total units recalled	0	-
	RT-EE-250a.2	Property damage due to product safety-related lawsuits	None	1.1.5 Legal Compliance
Product lifecycle management	RT-EE-410a.1	Percentage of revenue from products that comply with IEC 62474 standards (%)	0 %	-
	RT-EE-410a.2	Percentage of revenue from products that meet the Energy Star standard (%)	0 %	-
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	0	-

Appendix 4

Topic	Standard No.	Disclosure Item	Disclosure in 2023	Corresponding Chapter
Raw material source	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	<ul style="list-style-type: none"> To expand the sources of the supply chain, there is a need to not only find a second supplier, but also to diversify into different geographical locations or different suppliers to reduce the dependence on a single supplier. At the same time, establish good supplier relations is essential to ensure transparency and smooth communication in the supply chain. Due to the impact of international metal raw material price fluctuation, place long-term order to secure the supply source and price. Consider the social and political risks in the raw material production areas, such as political stability, labor issues, changes in regulations, and formulate corresponding countermeasures, including communication and cooperation with local governments and stakeholders. 	2.2.2 Management of key raw materials
Business ethics	RT-EE-510a.1	Description of strategies and measures against bribery, corruption, and anti-competitive behavior	The Company has established the Anti-corruption Management Procedures and the Anti-corruption Incident Investigation and Management Operation Procedures	1.1.2 Ethics and Integrity
	RT-EE-510a.2	Property loss due to corruption and bribery-related litigation	None	1.1.2 Ethics and Integrity
	RT-EE-510a.3	Property loss due to litigation related to anti-competitive practices	None	-
Activity Indicator	RT-EE-000.A	Number of units produced by product category	<ul style="list-style-type: none"> Wire-wound products: 892,122 K PCS LAN transformer 297,955 KPCS Ferrite core (DR/SP) 2,023,171 KPCS (Excluding self-use 1,482,164 K) 127 tons of multilayer products material (excluding 1 ton for self-use) Multilayer products 16,652,452 KPCS Wire-Wound 2,564,820 KPCS (excluding 4 K for personal use) LAN transformer 1,251,410 KPCS (excluding self-use 5,798 K) 	Company Profile
	RT-EE-000.B	Number of employees	<ul style="list-style-type: none"> Taiwan Headquarters: 500 people TAIPAQ Plant: 1,177 employees Kunshan Plant: 145 employees 	4.2.1 Employee Diversity Statistics

Appendix 5 Climate-related Information of TPEX-listed Companies

Disclosure is made in accordance with Table 2 of Rules Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX Listed Companies

1	Describe the supervision and governance of Board of Directors and the management on climate-related risks and opportunities.	6	If there is a transformation plan for management of climate-related risks, explain the plan content, and the indicators and targets used for identifying and managing physical risks and transformation risks.	No current transition plan
2	Describe how the climate risks and opportunities identified affect the business, strategy and finance of the company (short, medium and long term).	7	If the internal carbon pricing is uses as a planning tool, it is necessary to explain the price establishment basis.	Tai-Tech has not yet planned internal carbon pricing.
3	Describe the impact of extreme climate events and transformation action on finance.	8	If climate-related target is set, it is necessary to explain the information of activities, greenhouse gas emissions scope, schedule plan and annual achievement progress covered. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant goals, it is necessary to explain the source or quantity of the carbon reduction offset or the quantity of renewable energy certificates (RECs).	Currently, Tai-Tech is cooperating with the government to promote the average annual electricity saving rate of large energy users to be 1% as the reduction target, and has not yet purchased carbon offsets and renewable energy certificates.
4	Describe how to integrate the climate risk identification, assessment and management processes in the risk management system.	9	9. Greenhouse gas inventory and assurance.	To be filled in separately on 1-1 and 1-2
5	If the scenario analysis is used to assess the resilience against the climate change risk faced, it is necessary to explain the scenario, parameters, assumptions, analysis factors used and main financial impacts.			

Vision for countermeasures for a global temperature rise of 1.5°C (estimation of the increased electricity cost due to a temperature rise of 1.5 degrees): Tai-Tech has not yet planned global warming reduction goals and visions, but continues to reduce various energy consumption in the plant.

- Implementation of tap water conservation and reduction measures
- Continuous introduction of water recycling
- Waste Reduction Program

Implementation

Although Tai-Tech currently does not have a climate governance organization, in the future, we will establish a governance unit in line with the TCFD framework, and raise this issue to the board level as the basis for the Company to set out countermeasures against climate change. The President will report on the climate risks and opportunities to the Board of Directors at least once a year, and hand the tasks over to the responsible departments after the Board of Directors' decision. In view of the potential risks and opportunities arising from climate change, the Company has conducted preliminary assessment and identification and the results are as follows:

Appendix 5

Climate Change Risks

Risks and opportunities	Physical Risk	Transition Risk
Item	Long term	Market
Topics	Rainfall (rainwater) pattern change and climate pattern extreme change	Increase of raw material cost
Potential financial impact	<ol style="list-style-type: none"> 1. Increase of operating cost (such as insufficient water of hydroelectric power station or insufficient cooling water of nuclear power plant or fossil-fuel power station) 2. Increase of infrastructure cost (such as facility damage) 3. Decrease of revenue due to reduction of sales volume/output 4. Increase of insurance fee and assets located at “high risk” area facing insurance enrollment difficulty 	<ol style="list-style-type: none"> 1. Decrease of product and service demand due to change of consumer preference 2. Increase of production cost due to changes of investment cost (such as energy, water) and output demand (such as waste treatment) 3. Unexpected energy cost change 4. Revenue portfolio and source change 5. Asset re-pricing (such as fossil foil storage, land valuation, security valuation)
Countermeasures	When the probability of rainfall is extremely small, in case of water shortage at the internal of the plant, adopt the internally established emergency water saving measures for manufacturing processes with relatively large water consumption, and the Management Department assists to contact external water supply truck company to perform water supply operation.	Place long-term order for raw materials in order to secure the supply source and price, and actively seek second supplier or alternative material, increase local procurement opportunity to reduce carbon emissions.
Indicators and Targets	Production operations without interruption and water shortage	Zero material shortage and stock-out

Climate Change Opportunities

Risks and opportunities	Opportunity	Opportunity
Item	Resource efficiency	Resource efficiency
Topics	Recycle and reuse	Reduce water usage and consumption
Potential financial impact	<ol style="list-style-type: none"> 1. Reduce operating cost (such as through the methods of increasing efficiency and reducing cost) 2. Increase production capacity, and increase revenue 3. Increase fixed asset values (such as high performance buildings) 4. Implement management and planning beneficial to the labor force (such as improvement of sanitation and safety, employee satisfaction), and reduce cost 	
Countermeasures	For each waste disposal method adopted by the internal of the plant, the Environmental Protection room personnel effectively seek external transfer, reuse and recycle treatment methods.	Through the in-plant water analysis chart, the water consumption of the core production process has been reduced by 3% year by year and the ROR wastewater has been introduced for reuse to reduce the water discharge relatively.
Indicators and Targets	Increase in-plant reuse by 1%.	Reduce water consumption by 3%

Appendix 5

1-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Data on GHG by type

Scope 1		Total volume in 2022	Total volume in 2023
LNG	Youth Industrial Park Plant in Taiwan	67,529 kg	80,360 kg
Gasoline	Parent Company Taiwan Plant	7,231.98 liters	7,852.83 liters
Diesel	Parent Company Taiwan Plant	9,006.67 liters	9,891.80 liters
Gasoline	Subsidiary TAIPAQ Plant	5922.43 liters	11065.57 liters
	Subsidiary Kunshan Plant	3,600 liters	2,040 liters

Scope 2		Total volume in 2022	Total volume in 2023
Purchased electricity	Youth Industrial Park Plant in Taiwan	24,192,400 kWh	19,156,000 kWh
	Other locations of Taiwan-based Plants	6,427,149 kWh	3,277,721 kWh
	Subsidiary (TAIPAQ Plant)	33,234,781 kWh	29,523,960 kWh
	Subsidiary (Kunshan Plant)	6,560,085 kWh	6,779,104 kWh

Greenhouse gas emissions

Metric tons CO2e		Total emissions in 2021	Ratio	Total emissions in 2022	Ratio	Total emissions in 2023 ^(Note 1)	Ratio
Scope 1	Parent company (Taoyuan headquarters)	363.45	93.44%	256.33	92.46%	301.01	91.28%
	Subsidiary (TAIPAQ Plant)	17.5	4.50%	12.99	4.69%	24.28	7.36%
	Subsidiary (Kunshan Plant)	8.01	2.06%	7.9	2.85%	4.48	1.36%
	Sub-total	388.96	0.79%	277.22	0.59%	329.76	1.03%
Scope 2	Parent company (Taoyuan headquarters)	13,063.45	26.83%	15,585.35	33.14%	11,112.06	52.92%
	Subsidiary (TAIPAQ Plant)	30,189.93	62%	26,246.06	55.81%	16,837.51	34.93%
	Subsidiary (Kunshan Plant)	5,437.45	11.17%	5,196.24	11.05%	3,866.12	12.15%
	Sub-total	48,690.83	99.21%	47,027.65	99.41%	31815.69	98.97%
Scope 3	-	-	-	-	-	-	-
Group total		49,079.79	100%	47,303.48	100%	32145.46	100%

Appendix 5

Greenhouse gas emissions intensity

Metric tons CO ₂ e / NT\$ million		2021	Ratio	2022	Ratio	2023	Ratio
Energy intensity ^(Note 3)	Parent company (Taoyuan headquarters)	2.79	20.09%	3.79	24.64%	3.69	32.81%
	Subsidiary (TAIPAQ Plant)	7.67	55.22%	7.52	48.90%	5.97	51.51%
	Subsidiary (Kunshan Plant)	3.43	24.69%	4.07	26.46%	1.76	15.68%
	Group total	13.89	100%	15.38	100%	11.24	100%

Note 1a: The Taoyuan Headquarters cited from the EPA's GHG Emission Factor Management Table (version 6.0.4), which indicates a gasoline emission factor of 2.2631kg CO₂e/L; a diesel emission factor of 2.606kg CO₂e/L; and an LNG emission factor of 1.7529 kg CO₂e/L under Scope 1. Scope 2 emissions are based on the Taiwan Power Company's electricity emission factor in 2022, which was 0.495 kg CO₂e/kWh.

Note 1b: Data of each plant in China are based on the 2022 national grid average carbon emission factor of 0.5703 t CO₂e/MWh and gasoline emission factor of 18.9*10⁻³*0.98*44/12 tCO₂e/GJ.

Note 2: Total emissions of each plant (Metric tons CO₂e) / sales amount of each plant (million NT\$).

1-1-2 Greenhouse Gas Assurance Information

Tai-Tech currently has no planned internal carbon pricing, no use of carbon offsets or renewable energy certificates (RECs). The ISO14064-1 greenhouse gas inventory is all internally disclosed voluntarily. It is expected that an external verification report will be obtained in the second quarter of 2024 and the arrangement for the following year Assurance verification.

1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Although Tai-Tech has not participated in and declared "2050 Net Zero Emission," it continues to focus on greenhouse gas reduction as its future sustainable development indicator and long-term planning strategy. and assess other reduction measures in the long-term in the future.

Year	Electricity savings (kWh)	Emission reduction (kg CO ₂ e)	Annual electricity saving rate
2021	278,906.25	140,010.94	1.06%
2022	398,437.50	202,804.69	1.62%
2023	139,153.10	68,880.78	0.72%

Note 1: The implementation measure in 2021 is the purchase of 7 additional 100HP energy-saving air compressors; the implementation measure in 2022 is the purchase of two 100HP energy-saving air compressors and recognition for 2021 implementation; the implementation measure in 2023 is the recognition in 2022 2011 measures.

Note 2: Taiwan's electricity emission coefficient is 0.502 kg CO₂e/kWh in 2021, 0.509 kg CO₂e/kWh in 2022, and 0.495 kg CO₂e/kWh in 2023.