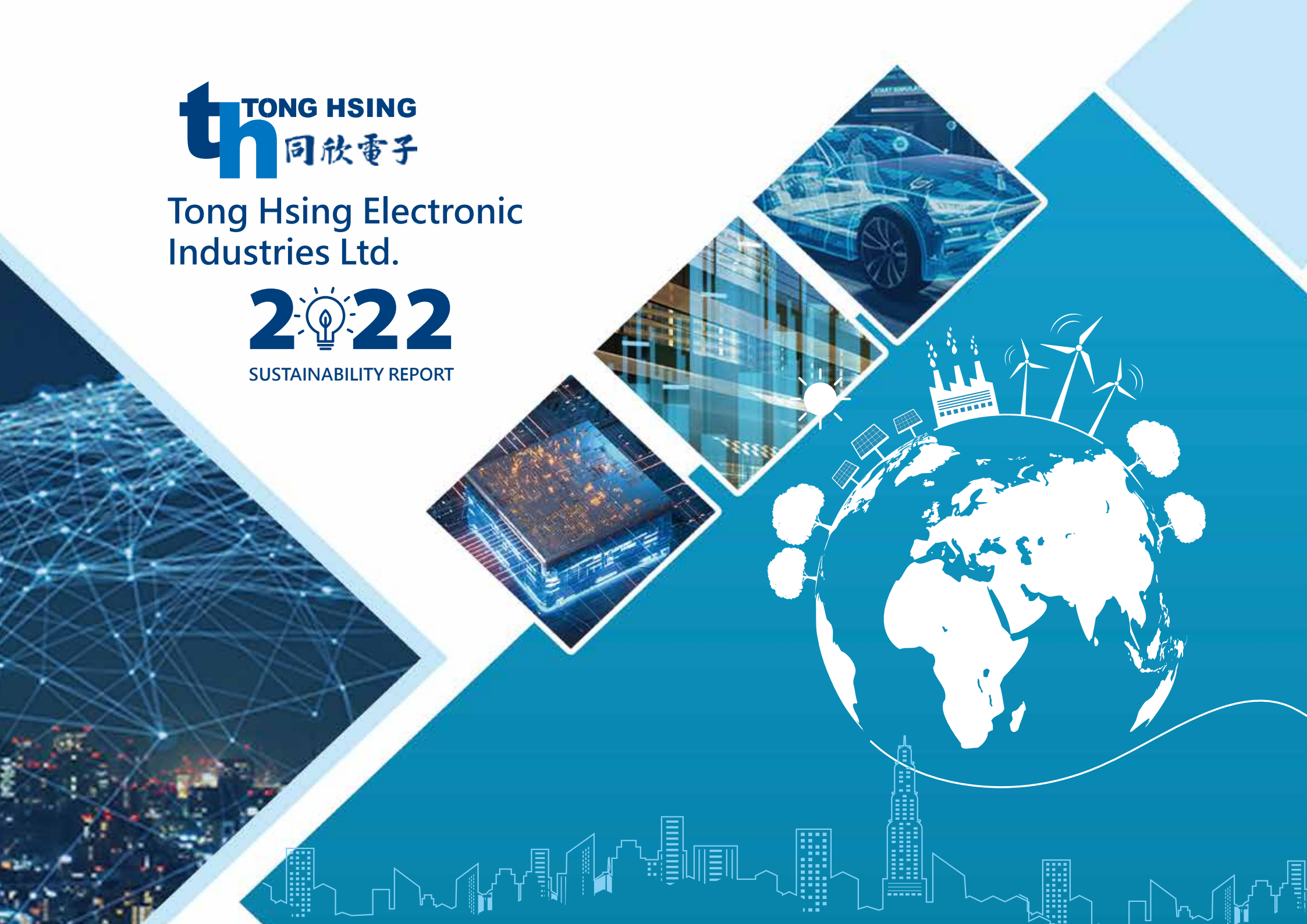




Tong Hsing Electronic  
Industries Ltd.

**2022**

SUSTAINABILITY REPORT



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## About This Report

The 2022 Sustainability Report is the second sustainability report of Tong Hsing Electronic Industries Ltd. (hereinafter referred to as Tong Hsing or the Company). The report aims to disclose Tong Hsing's approach to sustainable development, including current achievements and future directions.

## Reporting Period | GRI 2-3

Jan 1 to Dec 31, 2022



## Scope of Reporting | GRI 2-2

The report covers four Tong Hsing Electronics (Tong Hsing) manufacturing facilities (Taipei Plant, Longtan Plant, Zhubei Plant, and a subsidiary in the Philippines) and two administrative offices (Taipei headquarters and Chang Yih Hi-Tech Industrial Park). The scope aligns with the consolidated financial statements for the same fiscal year. For the first time, the Philippines subsidiary (Tong Hsing Electronics Phils. Inc.) is included in this year's disclosure. Environmental and social indicator data disclosed previously did not include the Philippines facility before 2021, but data for 2022 includes all facilities.

## Reporting Standards & Principles | GRI 2-1

This report, prepared by our Sustainability Office, is internally audited by department heads for data consistency, completeness, and accuracy. It is then approved by the Sustainability Development Committee.

We adhere to the 'Practical Guidelines for Sustainable Development of Listed and Over-the-Counter Companies' and the 'Operating Procedures for Preparation and Filing of Sustainability Reports by Listed Companies.' The report follows the Global Reporting Initiative (GRI:2021) Sustainability Reporting Standards, United Nations Sustainable Development Goals (SDGs), SASB Semiconductor Industry Standards, and Task Force on Climate-related Financial Disclosures (TCFD 2017) recommendations.

Third-party verification is conducted by TUV Nord Taiwan, providing Type I Moderate Assurance, with the verification statement in the appendix.

## Restatements of information | GRI 2-4

In 2021, a non-compliance incident involving overtime (exceeding legal limits) that was not disclosed in previous year's report. This is now being addressed with supplementary disclosure in this year's report. Please refer to the Compliance with Regulations section for details.

### Report Publication | GRI 2-3

This report is published in September 2023. The last report issuance was in September 2023. The Company will publish sustainable reports on an annual basis.

### Distribution and Contact Information | GRI 2-3

This report is available in electronic format on our company's website for stakeholders to access and download. Please contact us with any feedback or suggestions.

### Contact

Sustainability Office  
Austin Chiu, Associate Vice President  
Phone: 03-5535888  
Email: austin.chiu@theil.com



## Message from the President | GRI 2-22

Greetings to Stakeholders,

In 2022, our dedicated team's collective efforts led to a significant achievement, achieving a consolidated annual revenue of NT\$14.071 billion while meeting the expectations of our customers and shareholders continues to be our primary operational goal.

Despite our achievements in 2022, it was also a year that witnessed the exacerbation of global warming and climate change. As per NASA's report, the global temperature rose by 0.89 degrees Celsius (1.6 degrees Fahrenheit). This led to more frequent and severe extreme weather events like heatwaves, wildfires, heavy rainfall, and floods, significantly affecting our daily lives.

As a responsible global citizen, Tong Hsing is deeply concerned about the state of our world. In our dedication to advancing sustainability, we established the Sustainability Office in 2021 and, in 2022, instituted the Sustainability Development Committee. We aspire to make a positive impact on the world, while also preparing for potential international carbon transformation.

## Comprehensive Greenhouse Gas Audits Across All Our Facilities

In anticipation of global consensus on net-zero carbon emissions at COP27, the official enforcement of the Climate Change Response Act, and the upcoming implementation of the EU's Carbon Border Adjustment Mechanism (CBAM) in October 2023, we have taken proactive measures. This includes conducting independent greenhouse gas inventories across all our sites and achieving ISO14064-1:2018 certification. Additionally, we are planning to enhance the utilization of renewable energy sources, with the construction of rooftop solar power systems at our Longtan and Bade plants scheduled for 2023.

## Utilizing a Parallel Digital Transformation Model: Toward Intelligence and Green Initiatives

To enhance operational efficiency and standardize business process platforms across our plants, Tong Hsing started the SAP system implementation project in 2023. Recognizing the critical role of information security in our sustainable development roadmap, we are introducing automated control measures, including mobile device management and multi-factor authentication, within a structured framework. Utilizing the parallel digital transformation approach, optimizing workflows and implementing systematic controls, we are paving the way for sustainable growth towards intelligence and sustainability.

## Tong Hsing's Pursuit of Excellence Through Energy Efficiency and Carbon Reduction

Tong Hsing is proud to produce eco-friendly products such as high-power LEDs and automotive sensor IC packaging. In 2022, we saved approximately 260 million kWh of electricity with our high-power LED bulbs, equivalent to the annual carbon absorption of 334.49 Da'an Forest Parks. Furthermore, our automotive sensor IC packaging reduced 8,043 tons of CO2 equivalent, akin to the annual carbon absorption of 20.65 Da'an Forest Parks. In total, Tong Hsing's energy-efficient product portfolio contributed to the equivalent of 355 Da'an Forest Parks' annual carbon absorption in 2022.

Climate change is a global concern that impacts us all. In the context of achieving net-zero sustainability, we acknowledge the emerging risks and opportunities related to carbon emissions. We are committed to driving positive change to address global warming while proactively managing the operational risks posed by climate change. Tong Hsing is fully dedicated towards assuring the sustainability of our operations in this evolving landscape.

Chia-Shuai Chang

President of Tong Hsing Electronic Industries Ltd.



## ESG Accomplishments

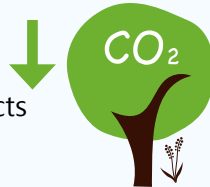


### Carbon Reduction Spotlight 1

high efficiency LED products **which reduce approximately 260 billion kilowatt hours of electricity**

### Carbon Reduction Spotlight 2

Automotive Image Sensor IC packaged products **reduce about 8043 tCO<sub>2</sub>e**



**Circular Economy Spotlight 1** Waste Recycling **of semiconductor process slurry**

**Circular Economy Spotlight 2** **Old shoes save lives campaign.** Donating second-hand shoes to Africa

**Circular Economy Spotlight 3** Computer Recycling and Refurbishment, **Narrowing the Digital Divide.**



Continuously deepen our technology development and strengthen patent portfolio,

**We currently hold 180 patents in total.**

## Looking Ahead



Improve process capabilities  
Develop innovative processes

### Ceramic Substrate Field

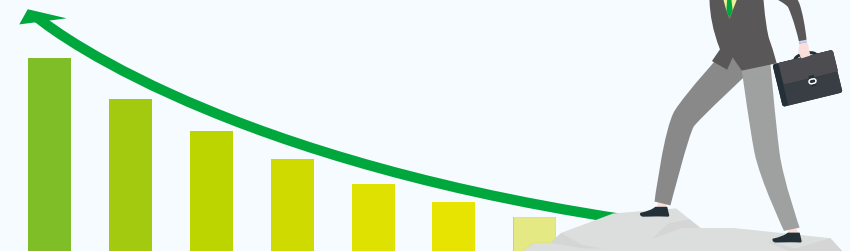
Continuously enhance the ability of manufacture. In addition to maintaining the existing market, we have developed a new process to match the standard processes.

### Automotive Image Sensor Packaged Product field

Continuously expand capacity and deepen technical service to serve our customers  
Continuously expand customer penetration and support

### Customization Module Packaging Field

Continuously collaborate with Customers to develop new products and applications, and Expanding the Company's Competitive Capabilities in different aspects.



## Sustainable Product Spotlights

### Spotlight 1

#### Energy Savings with Tong Hsing's High-Power LED Products (190 Million kWh ~CO<sub>2</sub>e) (GRI 302-5)

Tong Hsing continues to produce environmentally-friendly products. Taking high-power LED bulbs as an example, comparing them with halogen bulbs, and considering the shipment volume in 2022, along with the overall contribution of Tong Hsing's products to the value chain for high-power LEDs, we have saved approximately 260 million kWh of electricity. This is equivalent to the annual carbon absorption of 334.49 Da'an Forest Parks.

### Spotlight 2

#### Carbon Reduction from Tong Hsing's Automotive Image Sensing Packaging Products (8,043 Tons ~CO<sub>2</sub>e) (GRI 302-5)

Tong Hsing continuously produces eco-friendly products. Taking automotive image sensing IC packaging products as an example, comparing them with the carbon emissions throughout the entire product life cycle of traditional gasoline-powered cars, we have saved approximately 8,043 tons of CO<sub>2</sub> equivalent in 2022. This is equivalent to the annual carbon absorption of 20.65 Da'an Forest Parks.



## Circular Economy Spotlight

We have only one Earth. While human constantly consume the resource from the Earth and create waste at the same time, circular economy becomes an option that must be considered to cherish the environment.

### Spotlight 1 Process Sludge Recycling

In Q4 2022, the Tong Hsing Longtan plant initiated a semiconductor process sludge recycling project, achieving a recycling rate of 33.4%. Previously, the process-generated waste sludge could only be landfilled or stored. After launching the waste resourceization project, the silicon carbide sludge, which is filtered and dried, can be used as a material in the production of sneakers and shoe soles, enhancing their durability and opening a new lifecycle for the waste sludge."

### Spotlight 2 Old shoes save lives campaign

Old shoes save lives campaign initiative originated south of the Sahara Desert in Africa, where millions of children have to walk 1.5 hours to school every day. Because they do not have suitable footwear, this makes them vulnerable to infection by sand fleas that feed on human blood. Tong Hsing, driven by a spirit of cherishing and repurposing items and a desire to help others, rallied the entire company's various factories to reuse old shoes. This effort transforms old shoes into a new cycle of use. Employees volunteered their time to sort, inspect, pack, collect, and transport the donated shoes, fostering a sense of unity and enhancing teamwork."

### Spotlight 3 Computer Recycling and Refurbishment

Holding the spirit of cherishing resources and helping others, Tong Hsing proactively donates secondhand computers to non-profit organizations and then distributing them to rural schools and disadvantaged groups. This initiative aims to bridge the digital divide while simultaneously reducing resource waste generated by corporate operations and preserving the environment.





## About Tong Hsing

GRI 2-1, 2-6

Founded in 1974, Tong Hsing Electronic Industries Ltd. is part of the electronic component and semiconductor packaging industry. With core technology in micro packaging for multi-chip modules (MCM), processes for manufacturing metalized ceramic substrates, reconstruction and packaging for imaging products, the Company specializes in the development and production of thick film substrates and customized micro-module packaging. Our products include MCMs, thick film hybrid integrated circuits, printed circuit board (PCB) assembly, RF modules, power semiconductor modules, automotive/industrial/communications electronics, and wafer reconstruction and packaging for automotive imaging products.

At Tong Hsing, we are committed to providing the best services for customers through continuous improvement in processes, quality, turnaround time and cost reduction. By keeping up with the latest technological developments, the Company has established a leading position in module packaging, metalized ceramic substrates and reconstruction & packaging for automotive imaging products. The Company is proud to be a leading provider in the Asia Pacific for RF modules, chip scale packages (CSP), MCM micro packaging, and reconstruction & packaging for automotive imaging IC. Tong Hsing continues to invest in R&D, innovating and introducing the most advanced automation equipment into our processes. The Company has built new production lines for RF module testing, improved flip chip technology and expanded production capacity for image sensors and bluetooth modules. The Company also continues to expand its market reach, building a new production line dedicated to MEMS inkjet printheads and improving processes for our thick film PCB and thin film ceramic metalized substrates to provide a wider variety of products and options for our customers.

## Company Profile

GRI 2-1, 2-2

<b>Year of Establishment</b>	1974
<b>Paid-in Capital</b>	NT\$1.608 billion
<b>Ownership and Legal Form</b>	Tong Hsing was listed on the Taiwan Stock Exchange in 2007. The Company is a limited company owned by all shareholders.
<b>Number of Employees</b>	3,654 (as of 2022/12/31)

Please visit our official website for global operational locations :



## Operational Locations

### Headquarters

6F., No. 83, Yanping S. Rd., Zhongzheng Dist., Taipei City

### Taipei Plant

No. 55, Lane 365, Yingtao Road, Yingge District, New Taipei City



### Longtan Plant

21, Longyuan 5th Rd., Longtan Dist., Taoyuan City (Located in Longtan Science Park)



### Bade Plant

Lane 1125, Heping Rd., Bade Dist., Taoyuan City (Construction expected to complete in Q42023, not included in the scope of this report)



### Zhubei Plant

No. 84, Taihe Rd., Zhubei City, Hsinchu County 6F-1, No. 1, Huanke 1st Rd., Zhubei City, Hsinchu County

### Chang Yih Office

6F.-1, No. 1, Huanke 1st Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)



### Philippines Plant

103 Prosperity Avenue Carmelray international Business Park Brgy. Canlubang, Calamba City, Laguna, Philippines.





## Our Business Philosophy

Tong Hsing is dedicated to a philosophy of reliability, integrity and “customer first.” We are committed to driving innovation and providing the best solutions for our clients. As we continue to enhance the depth and width of our product lines, we remain committed to keeping our roots in Taiwan and maintaining robust operations. Looking ahead, we will continue to focus on driving solid and sustainable operations with an innovative mindset.



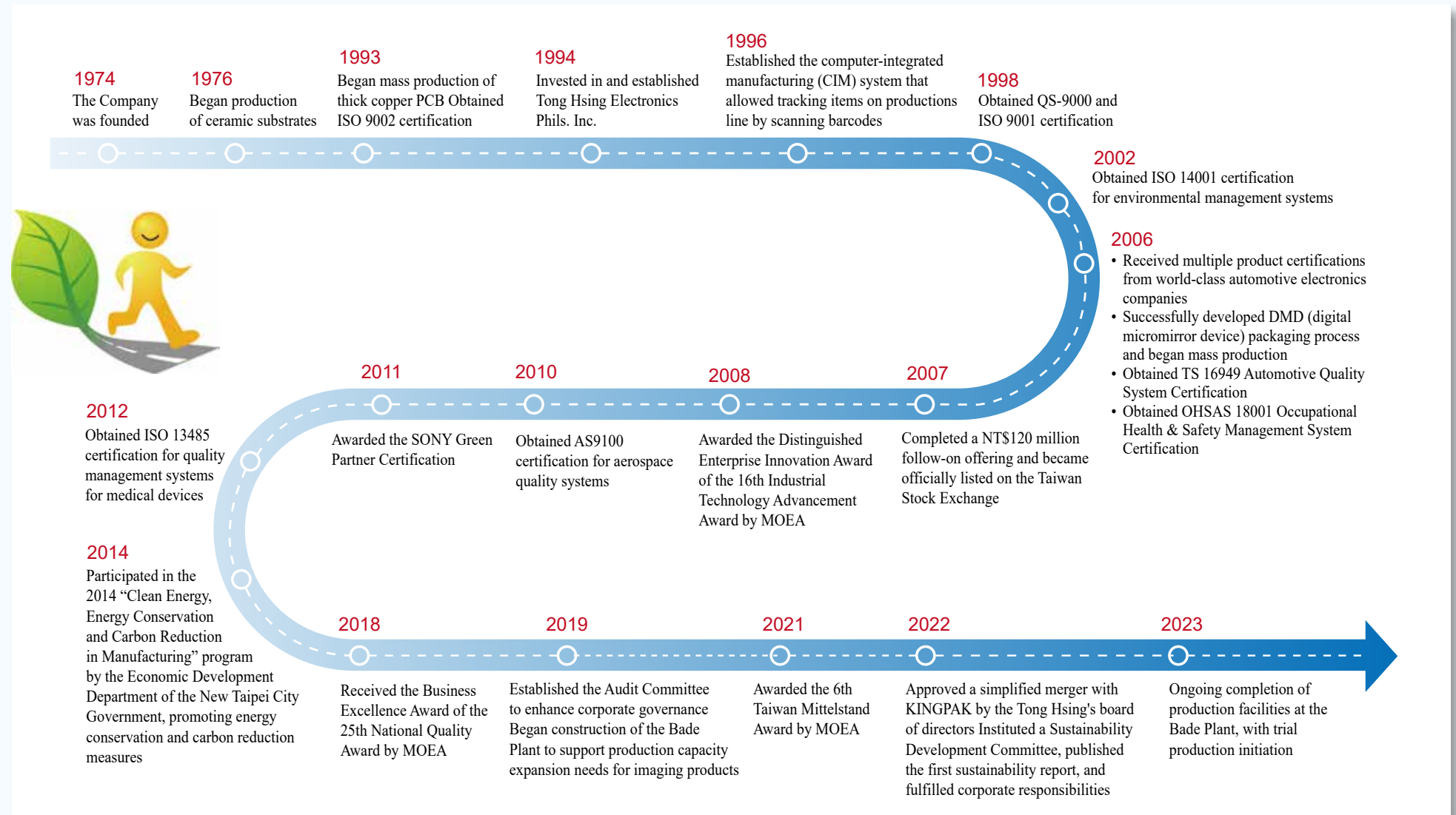
## Our Vision: Further enhance customer satisfaction and deliver the best product quality

- Improve product and service quality to boost customer satisfaction
- Improve processes and product yield and introduce automated systems to reduce production cost
- Invest in innovation and R&D and work with leading suppliers as long-term partners
- Enhance collaboration with key suppliers and jointly develop new materials, equipment and processes
- Provide differentiated products and services with competitive advantages
- Provide turnkey solutions for clients



## Company Milestones

Tong Hsing started out as a thick copper PCB manufacturer. Focused on delivering the best product quality for its customers, the Company subsequently obtained ISO 9001, ISO 14001, TS16949, OHSAS 18001 and other certifications. In 2021, Tong Hsing was awarded with the 6th Taiwan Mittelstand Award by the Ministry of Economic Affairs (MOEA), an important recognition of the Company's hard work and contribution.



## ESG Governance

GRI 2-9,2-14

Chaired by Tong Hsing's President, the Sustainable Development Committee is the highest ESG governance body at the Company. To implement sustainability policies and practices, a Sustainability Office has been established under the Committee as the dedicated unit to facilitate and coordinate relevant policies and initiatives. We have also established several functional teams under the Committee, including the Corporate Governance & Risk Management Team, Product Innovation Team, Environment & Energy Conservation Team and Sustainable Supply Chain Team. Together with the Sustainability Office, these teams help facilitate the implementation of sustainability practices across departments.

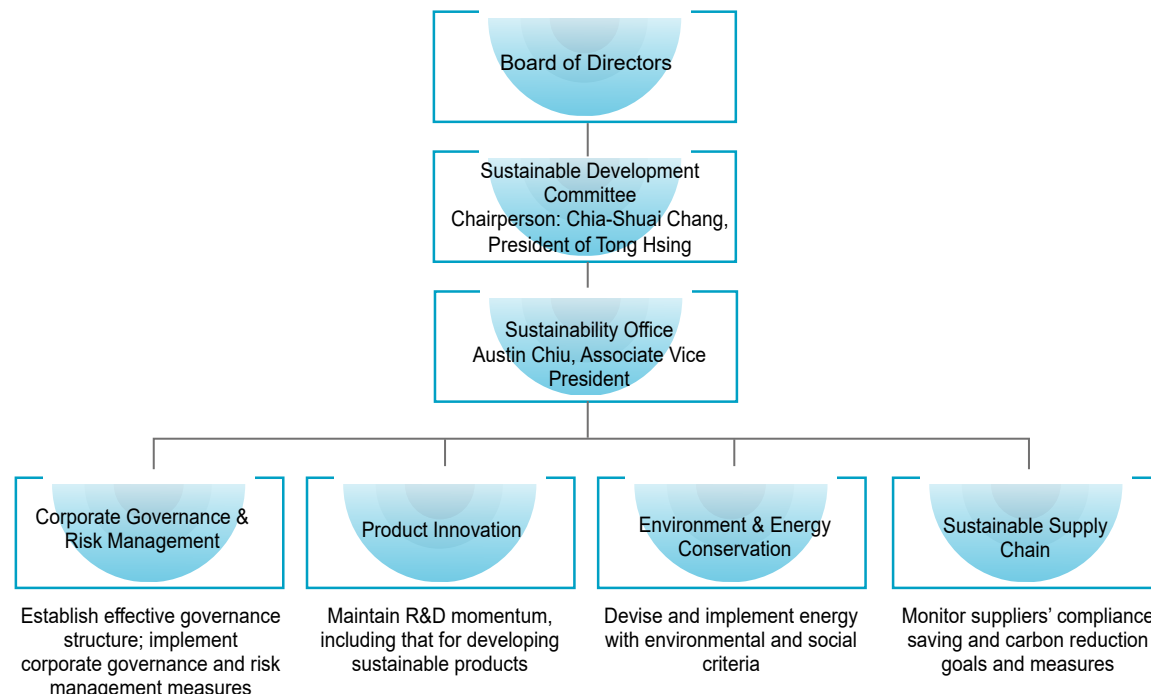
The Sustainability Office reports key sustainability topics to Tong Hsing and submits the sustainability report to the Sustainability Development Committee for review, ensuring its integrity and accuracy.



### Responsibilities of the Sustainable Development Committee

1. Formulate the Company's sustainable development policy
2. Determine goals, strategies and action plans for sustainable development, covering sustainable governance, business integrity, environmental and social issues, etc.
3. Monitor and review the progress and effectiveness of the Company's sustainable development measures, make adjustments accordingly and regularly report to the Board on these matters
4. Assess topics of stakeholder interest and concerns and supervise related communication plans (stakeholder groups include shareholders, clients, suppliers, employees, government agencies, nonprofit organizations, community, media, etc.)

The Committee reports to the Board on overall work progress on an annual basis. The latest report took place on August 11, 2022. The Committee also proposes solutions to address material topics.



As a member of the global electronics supply chain, Tong Hsing is committed to its role and responsibilities in the global community. Besides aligning our actions with the UN Sustainable Development Goals (SDGs), which are a set of 17 sustainable development goals and 169 targets that guide global efforts towards sustainability, we are also committed to adhering to the Responsible Business Alliance (RBA) Code of Conduct and extending the RBA standards to our suppliers across the supply chain to further fulfill our corporate social responsibility.

### Tong Hsing's Corporate Social Responsibility Policy

- Comply with laws and regulations, respect employee rights, ensure worker health and safety and protect the environment.
- Operate with integrity and promote ethics, strengthen social responsibility and drive continuous improvement.

In line with international trends in ESG practices, in 2022, Tong Hsing established its Sustainable Development Policy and Sustainable Development Committee. The Board of Directors has tasked senior executives to lead the implementation of sustainability policies and practices, with the aim of further expanding our positive influence and further demonstrating our commitment to sustainable management. With a Corporate Social Responsibility Policy in place, we further formulated our Sustainable Development Policy in 2022 in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

## Material Topics Analysis & Stakeholder Engagement | GRI 2-29, 2-30, 3-1, 3-2, 3-3

### Impact Management

#### Impact Definition & Impact Management Mechanism | GRI 2-12, 2-13

The Board of Directors oversees and makes decisions regarding the management of significant issues. The Sustainability Office assesses and prioritizes these issues through surveys, interviews, and discussions with department heads, focusing on risk prevention and improvement.

#### Definition of Impact Materiality

The company identifies significant impacts based on financial consequences (exceeding NT\$1 million) and non-monetary penalties (e.g., safety incidents). The Corporate Governance Officer oversees risk management procedures, and unit heads handle follow-up actions according to their department's responsibility.

Financial Threshold	Non-financial Threshold
Loss exceeding NT\$1 million	Resulting in Casualties or Operational Disruption

We promptly address significant impacts, implementing immediate improvements to mitigate and prevent their recurrence. We also employ relevant management systems and follow the PDCA cycle to ensure comprehensive impact management.

### Material Topics Assessment

We reference GRI 2021 guidelines to identify and assess the impact of material topics in areas such as environment, economy, and human rights, managing them based on impact and probability.

#### Process of determining Material Topics | GRI 3-1, 3-2, 3-3 GRI 2-12, 2-20, 2-29

Following GRI 2021, we assess material topics and impact significance through:

##### Step 1 Understanding the organizational context

Analyzing internal and external factors to identify source of impacts

(1) Stakeholder identification  
(2) Establishing a list of materiality issues

##### Step 2 Identifying impacts (actual and potential)

Management assessing impacts for material topics

(3) Impact assessment

##### Step 3 Assessing impact significance

Confirming material topics

(4) Confirming material topics

##### Step 4 Confirming material topics to report

Identifying management indicators and corresponding SDGs for material topics

(5) Identifying management indicators and objectives



## (1) Stakeholder Identification

Tong Hsing values feedback and suggestions from stakeholders. We gather feedback of stakeholders through diverse communication channels. In April 2023, under the guidance of the Sustainable Development Committee, we completed a new round of stakeholder identification and assessed the material topics our stakeholders care most about, which would inform our sustainable development policies going forward.

To fully capture opinions of various stakeholder groups, we referenced the five principles of the AA1000 Stakeholder Engagement Standard (dependency, responsibility, tension, influence and diverse perspectives) in our stakeholder identification process and have identified eight major stakeholder groups:



### Employees

all Tong Hsing employees



### Clients

clients of Tong Hsing



### Suppliers/Contractors

mainly contractors and suppliers of raw materials, factory equipment and machinery and equipment



### Academic/Research institutions

universities, the Industrial Technology Research Institute, etc



### Shareholders/Investors

general shareholders, investors, the Taiwan Stock Exchange (TWSE)



### Government agencies

including Hsinchu Science Park, Environmental Protection Administration, local environmental protection bureaus, local fire bureaus, New Taipei City Government, local labor inspection offices, etc



### Media

print and electronic media



### Community/General public

nearby communities, civil society organizations

## Communication of Critical Concerns with Stakeholders | GRI 2-16

Tong Hsing actively engages with stakeholders to understand their needs and address their concerns through:

- Regular internal coordination and communication
- Stakeholder-issue surveys

## Stakeholders Engagement & Accomplishments

Stakeholders	Critical Concerns	Communication Channel or Method	Frequency	Actual Implementation in 2022
Employees	Labor relations	Labor-management meetings	Regular	<ul style="list-style-type: none"> <li>• Quarterly labor meetings</li> <li>• Holiday gifts (for Lunar New Year, Dragon Boat Festival and Mid-Autumn Festival), corporate retreats, internal and external training, health checkups</li> <li>• On-site medical personnel and health services</li> <li>• On-site banking services</li> </ul>
	Salaries and benefits	Staff Welfare Committee	Regular	
	Training and development	Internal website and training courses	Ad hoc	
	Occupational health and safety (OHS)	Communication meetings and info sessions OHS Committee	Ad hoc	
	Corporate policy and strategy	Employee suggestion box and monthly meetings	Ad hoc	
	Employee relations	Health center, employee cafeteria, employee lounges	Ad hoc	
Shareholders/ Investors	Corporate policy and strategy	Annual general shareholder meetings	Regular	<ul style="list-style-type: none"> <li>• Annual general shareholder meeting: Once</li> <li>• Updates on company website</li> <li>• Corporate visits: 105 visits</li> <li>• Quarterly investor conference: 4 times</li> </ul>
	Corporate governance	Company website and material information updates	Regular	
	Corporate risk management	Phone inquiries to collect stakeholder feedback	Ad hoc	
	Tong Hsing's economic/financial performance	Investor conferences and investor/analyst visits	Regular	
	Dividend policy	Company website and annual reports	Regular	
Clients	Processes and technology	Client visits and seminars	Ad hoc	<ul style="list-style-type: none"> <li>• Annual client audits</li> <li>• Customer satisfaction surveys</li> </ul>
	Product quality and reliability Customer services Product delivery and production capacity	Client audits	Ad hoc	
	Inspections on conflict-free minerals Protection of confidential information	Questionnaires and statements	Ad hoc	
Suppliers	Supply chain management	Annual visits to suppliers or vice versa	Ad hoc	<ul style="list-style-type: none"> <li>• Routine client visits</li> <li>• Customer satisfaction surveys.</li> <li>• Evaluation of waste disposal providers</li> </ul>
	Delivery and availability of raw materials			
	Environmental, safety and health management	On-site audits of outsourced suppliers	Regular	
	Regulatory compliance	On-site audits of contractors	Regular	

Stakeholders	Critical Concerns	Communication Channel or Method	Frequency	Actual Implementation in 2022
Government Agencies	Regulatory compliance	Greenhouse gas emissions reduction Water resource management Correspondence on water and electricity conservation matters Factory audits	Regular	<ul style="list-style-type: none"> <li>Regular reporting in accordance with the law</li> <li>Attending info sessions held by relevant government agencies</li> <li>173 legal briefings on labor relations</li> <li>61 legal briefings on disaster prevention</li> </ul>
	Policy awareness and risk management	Labor relations and promotion Disaster prevention education Raising awareness of fire safety at staff dormitory Health and Safety management and training	Regular	
Media	Economic/Financial Performance/Future Outlook	Gathering feedback through inquiries and interviews	Ad hoc	<ul style="list-style-type: none"> <li>Clarifying significant news in the media</li> <li>Addressing media inquiries by phone or email</li> </ul>
Community / General Public	Environmental compliance	Regular audits	Ad hoc	<ul style="list-style-type: none"> <li>Total of 4 blood donation drives</li> </ul>
	Environmental and occupational Health & Safety	Suggestion box and complaint channels		
	Participation in charitable activities	Charitable ad campaigns Blood drives		
Academic / Research institutions		Industry-Academia Collaboration	Ad hoc	<ul style="list-style-type: none"> <li>In 2022, our collaboration partners include: Industrial Technology Research Institute and National Central University</li> </ul>

## (2) Impact Identification

In determining Tong Hsing's material topics, we have considered international ESG trends (UN Sustainable Development Goals), GRI guidelines, SASB standards (Semiconductor Industry), TCFD guidance, Financial Supervisory Commission requirements for corporate governance assessment, global carbon management trends, and insights from domestic and international peers. These factors have been aligned with our corporate development goals, resulting in 20 confirmed sustainability topics, spanning environmental, economic (governance and innovation products), and social participation categories for effective stakeholder communication.

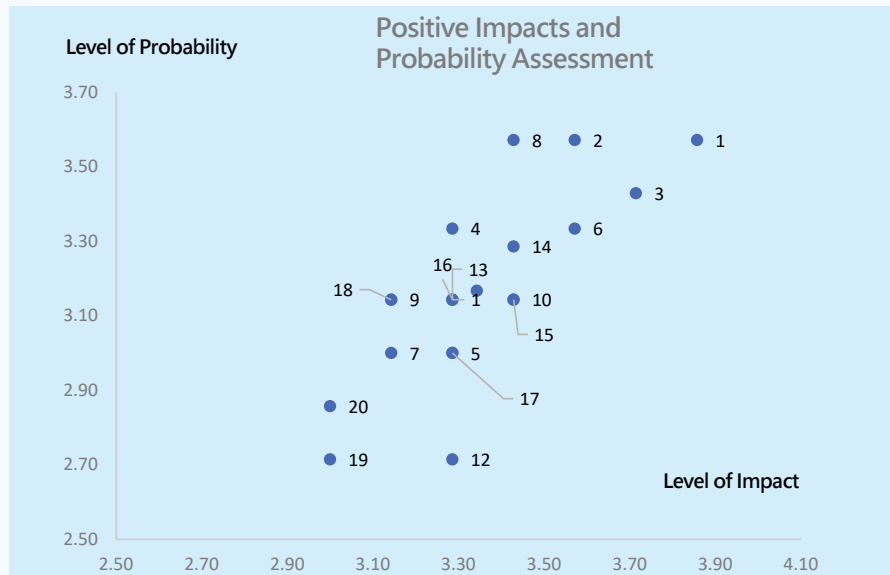
Corporate Governance	Blissful Workplace & Community Engagement	Environmental Protection	Product Innovation	Supply Chain
<ul style="list-style-type: none"> <li>Business Integrity and Anti-Corruption</li> <li>Information Security</li> <li>Financial Performance</li> <li>Risk Management</li> <li>Compliance</li> <li>Digital Transformation</li> </ul>	<ul style="list-style-type: none"> <li>Talent Recruitment, Retention &amp; Development</li> <li>Human Rights Policy</li> <li>Occupational Health &amp; Safety</li> <li>Labor Relations</li> <li>Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>Energy Management</li> <li>Air Pollution Control</li> <li>Climate Action</li> <li>GHG Emissions</li> </ul>	<ul style="list-style-type: none"> <li>Innovative Products and Services</li> <li>Product Responsibility</li> <li>Green Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers' ESG Performance</li> <li>Green Supply Chain</li> </ul>

### (3) Management to complete assessment of impact significance

We interviewed department heads to assess the impact of Tong Hsing's operations on the economy, environment, and human/human rights. We considered both positive and negative impacts, as well as the scope and level of involvement. Each issue was evaluated for its impact severity and likelihood based on department head assessments. These assessments were used to determine the impact of the 20 identified topics on Tong Hsing's operations.

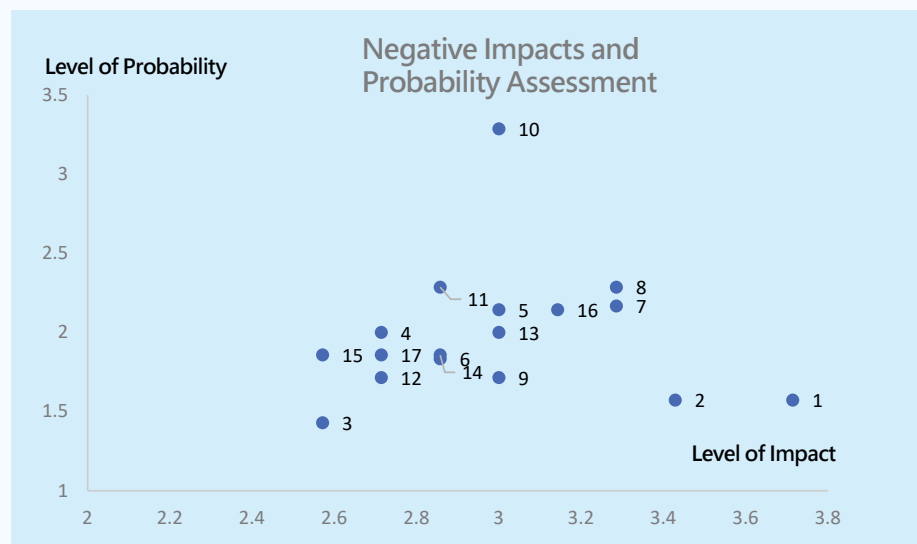
#### Assessing the significance of positive impacts

High-impact areas exceeding the average include: business integrity and anti-corruption, information security, regulatory compliance, energy management, greenhouse gas emissions, and labor relations.



#### Assessing the significance of negative impacts

Areas with above-average impact include: business integrity and anti-corruption, regulatory compliance, climate action, greenhouse gas emissions, product responsibility, air pollution prevention, human rights policies, innovation products and services, supply chain ESG practices, and green manufacturing.



1. Business Integrity and Anti-Corruption
2. Regulatory Compliance
3. Information Security
4. Financial Performance
5. Risk Management

6. Energy Management
7. Climate Action
8. GHG Emissions
9. Product Responsibility
10. Air Pollution Prevention

11. Occupational Health & Safety
12. Talent Recruitment, Retention & Development
13. Human Rights Policy
14. Labor Relations
15. Community Engagement

16. Innovative Products and Services
17. Digital Transformation
18. Suppliers' ESG Social Performance
19. Suppliers' ESG Environmental Performance
20. Green Manufacturing



Table 1: Impact Severity and Probability of Tong Hsing's Operations on Economy, Environment, and Human Rights.

No	Topic	Scope of Impact					Description	Positive & Negative Impact Assessment	Severity	Likelihood	Positive (>average)	Negative (>average)
		Shareholder	Supplier	Employee	Client	Community						
1	Business Integrity & Anti-Corruption	O		●			Promote ethical business practices internally	Positive Negative	3.86 3.71	3.57 1.57	V	V
2	Talent Recruitment, Retention & Development	O		●	O		Enhance employee satisfaction and implement employee suggestions	Positive Negative	3.29 2.86	2.71 2.29		
3	Financial Performance	●		●	O		Achieve annual economic performance goals	Positive Negative	3.29 2.71	3.33 2.00		
4	Information Security			●	●		Establish a dedicated cybersecurity team for information security management	Positive Negative	3.71 2.57	3.43 1.43	V	
5	Risk Management	●	O	●	O	O	Report risk management procedures and results annually to the board	Positive Negative	3.29 3.00	3.00 2.14		V
6	Energy Management		O			●	Continuously reduce resource intensity with yearly targets	Positive Negative	3.57 2.86	3.33 1.83	V	
7	Regulatory Compliance	O	O	●	O		Report penalties for regulatory violations	Positive Negative	3.57 3.43	3.57 1.57	V	V
8	Occupational Health & Safety		O	●	O	O	Ensure a safe and healthy workplace, reduce hazards, minimize injuries, and improve safety performance	Positive Negative	3.29 3.00	3.14 3.29		V
9	Air Pollution Prevention				O	●	Set pollution prevention and reduction goals	Positive Negative	3.43 2.00	3.14 1.71	V	
10	Labor Relations			●		O	Prioritize employee well-being, education, and career development	Positive Negative	3.43 3.00	3.29 2.00		V
11	Human Rights Policy		O	●		O	Promote diversity, non-discrimination, and ethical labor practices	Positive Negative	3.29 2.71	3.14 1.71		
12	Innovative Products and Services		O	O	●		Invest in R&D and foster long-term partnerships in the value chain	Positive Negative	3.29 2.57	3.14 1.86		
13	Suppliers' ESG Performance		●		O		ESG commitment and actions	Positive Negative	3.14 3.14	3.14 2.14		V
14	Product Responsibility		O	O	●		Environmentally friendly product production	Positive Negative	3.14 3.00	3.14 1.71		V
15	Digital Transformation	O		●	O		Digitalized operations	Positive Negative	3.29 2.43	3.00 2.00		
16	Green Manufacturing		O	O	●		ESG-compliant raw materials and carbon reduction	Positive Negative	3.00 3.14	2.86 1.57		V
17	Climate Action	O		O		●	Climate change adaptation and risk assessment	Positive Negative	3.14 3.29	3.00 2.17		V
18	GHG Emissions	O		O		●	Greenhouse gas intensity indicators and policies	Positive Negative	3.43 3.29	3.57 2.29	V	V
19	Green Supply Chain		●		O		ISO14001 adoption and environmental metrics	Positive Negative	3.00 2.71	2.71 1.86		
20	Community Engagement			O		●	Community support	Positive Negative	3.43 2.86	3.14 1.86	V	

Scale of Impact: ● Direct o Indirect

Impact Severity: 1 = No impact, 2 = Low impact, 3 = Moderate impact, 4 = High impact, 5 = Very high impact

Probability Assessment: 1 = Highly unlikely, 2 = Occasional, 3 = Frequent, 4 = Consistent, 5 = Inevitable  
Red indicates positive impacts above the average; Blue indicates negative impacts above the average

Areas with above-average positive and negative impacts include integrity, regulatory compliance, and greenhouse gas emissions, based on supervisor assessments.

#### (4) Process to determine material topics

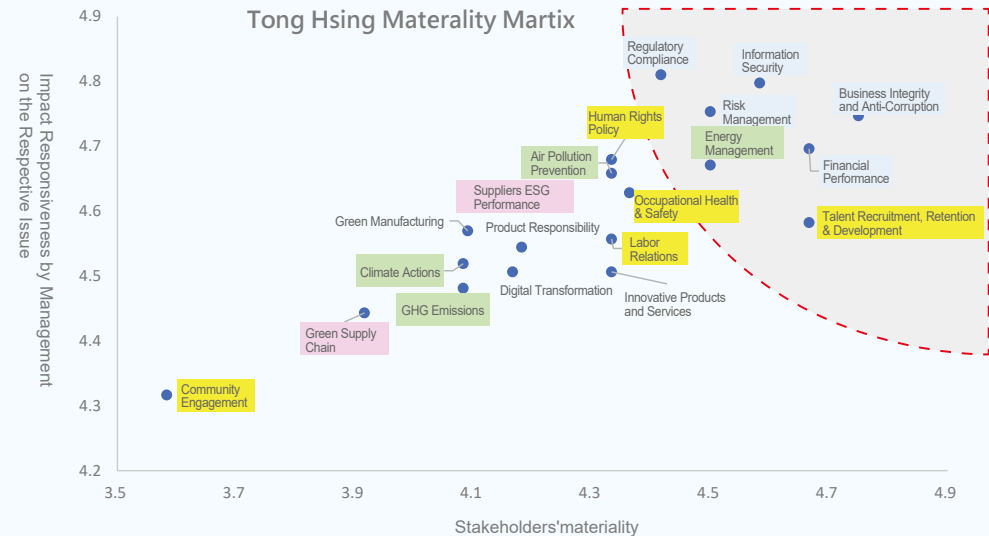
##### Our Approach to Material Topic Analysis

We confirmed significant themes by gathering feedback from stakeholders. In April 2023, we conducted a questionnaire survey, receiving 79 responses from stakeholders across 8 categories.

Using stakeholder concern (X-axis) and management's impact assessment (Y-axis) in the significant matrix, material topics were selected based on the average threshold of 19.86, including: integrity and anti-corruption, information security, financial performance, risk management, regulatory compliance, talent management (recruitment, retention, and development), and resource management. Later, climate action, innovation in products and services, and supply chain risk management were added in response to industry trends and customer needs. In total, the following 6 material topics were chosen:

Material Topics	Significance to Tong Hsing
Corporate Governance	We integrated integrity and anti-corruption, risk management, information security, and regulatory compliance into corporate governance.
Financial Performance	In 2022, Tong Hsing achieved strong financial performance, focusing on revenue and profit margins.
Talent Recruitment, Retention & Development	Talent recruitment and retention became crucial due to the company's expansion.
Climate Change Response and Management	Initially, energy management was a material topic, but it was expanded to address climate change adaptation and management, aligning with global climate action trends.
Innovative Products and Services	Product innovation is vital, particularly in response to trends like electric vehicles and green products.
Supply Chain Risk Management	Effective supply chain management is a key operational focus, addressing compliance and material shortage risks through a PDCA approach.

#### Materiality Matrix for 2022 (with feedback from Significant Stakeholder)



\*\*Threshold set at an average score of 19.86 or higher.

#### (5) Management Indicators and Objectives Validation

After identifying material topics, we align them with GRI guidelines and our internal management mechanisms to establish relevant goals and indicators.

- **Setting Management Indicators:** Following a thorough review of positive and potential negative impacts in accordance with the GRI 2021 guidelines, we define annual management objectives for each material topic. These objectives undergo continuous monitoring and evaluation, with improvement and adjustment plans proposed. Our goal is to ensure that Tong Hsing positively contributes to the economy, environment, and society while mitigating negative impacts.
- The Sustainability Office, in collaboration with the Sustainability Development Committee, consolidates the management policies and indicators for the material topics, taking into account the company's sustainability strategy.

## Aligning with SDGs

To support global sustainable development, we've aligned Tong Hsing's material topics with the United Nations' Sustainable Development Goals (SDGs) as follows:

### Alignment of Material Topics with SDGs and List of Management Indicators

Material Topics	UN SDGs	GRI	Management Indicators	Objectives
1. Corporate Governance	SDGs # 6, 8, 12, 13	GRI 3-3 Regulatory Indicator References	<ul style="list-style-type: none"> <li>Committed to ethical and lawful business operations.</li> <li>Ensuring employee occupational safety and health.</li> <li>Enhancing information security.</li> </ul>	Prioritizing integrity, compliance, and employee health and safety. Ensuring legal compliance while minimizing environmental and societal impact. Aligning and implementing information security policies.
2. Financial Performance	SDGs #8, 9	GRI 201-1	<ul style="list-style-type: none"> <li>Sales revenue and gross profit margin.</li> </ul>	Achieve annual sales revenue and gross profit margin targets
3. Talent Recruitment, Retention & Development	SDGs # 3, 5, 8, 12	GRI 3-3 GRI 401-1	<ul style="list-style-type: none"> <li>Increasing employee satisfaction.</li> <li>Improve the retention rate of excellent talent.</li> </ul>	Offer online educational training platforms and in-person trainings to enhance skillsets Foster career development.
4. Climate Change Response and Management	SDGs # 2, 11	GRI 3-3 GRI 305-2	<ul style="list-style-type: none"> <li>Electricity intensity.</li> <li>GHG intensity.</li> </ul>	Optimize and control energy usage with a focus on energy conservation and carbon reduction. Reduce GHG emission intensity and strive for energy efficiency and carbon reduction.
5. Innovative Products and Services	SDGs # 8, 9, 12, 13	GRI 3-3 Custom theme	<ul style="list-style-type: none"> <li>Implementing new processes and technologies while reducing material consumption.</li> <li>Engaging ESG-compliant materials and chemicals suppliers.</li> </ul>	Enhance product value, R&D, and sustainability, ensuring new materials meet ESG standards.
6. Supply Chain Risk Management	SDGs # 12, 13, 17	GRI 3-3 GRI 308 GRI 414	<ul style="list-style-type: none"> <li>Regularly assess raw material supplier risks.</li> </ul>	Regular supplier risk assessments, including supply, financial, quality, and capacity. Corporate social responsibility and conflict minerals due diligence.

## Changes in Material Topic Selection (2022 vs. 2021) | GRI 3-2

In 2022, we streamlined our material topics from 9 to 5, emphasizing effectiveness tracking compared to the previous year.

### 2021 Material Topics (in order)

1. Occupational Health & Safety
2. Talent Recruitment, Retention & Development
3. Operational Strategy
4. Customer Relationship Management
5. Information Security
6. Supply Chain ESG Environment Performance
7. Energy Management
8. Water Stewardship
9. Waste Management

### 2022 Material Topics (in order)

1. Corporate Governance
2. Financial Performance
3. Talent Recruitment, Retention & Development
4. Climate Change Response & Management
5. Innovative Products and Services
6. Supply Chain Risk Management





# 1 Corporate Governance

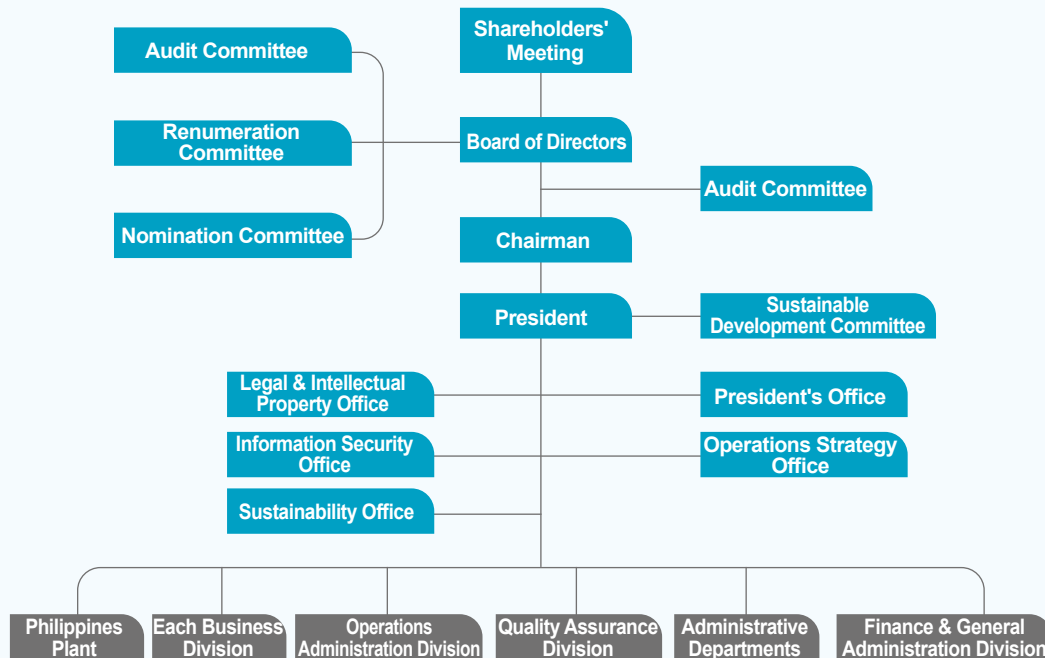
1. Governance Structure
2. Business Integrity and Anti-Corruption
3. Financial Performance
4. Risk Management
5. Information Security Management
6. Supply Chain Risk Management
7. Membership Associations
8. Compliance with laws and regulations



## 1. Governance Structure | GRI 2-9

At Tong Hsing, we are committed to upholding the fundamental principle of business integrity in our operations. We abide by ethics and integrity standards by international standards as well as relevant global and domestic rules and regulations. The highest governance body of the Company is the Board of Directors, under which are three functional committees: the Audit Committee, the Compensation Committee and the Nomination Committee. In 2022, the Sustainable Development Committee was also established. In accordance with our Code of Corporate Governance Practices, we have also appointed a spokesperson and deputy spokesperson to efficiently address shareholders' advice, concerns, disputes and litigation matters and respond to broader stakeholder expectations.

### Highest Governance Body and Corporate Governance Framework



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In accordance with the Company's Articles of Association, the Board consists of nine directors, including three independent directors. The current board is the 18th Board of Directors of Tong Hsing. The Board's term spanned from June 08, 2022 to June 08 2025 Five times of board meeting was held in 2022.

## Board Diversity and Independence | GRI 2-9, 2-10, 2-11

The diversity policy includes the following criteria:

- Our company actively implements a policy of diversity and independence among board members. All directors possess a wealth of professional backgrounds and experience to meet the needs of industry operations and development. Our board diversity policy comprises two main aspects: basic qualifications and values, as well as professional knowledge and skills. The diversity policy includes the following criteria: 1. At least two female directors on the board. 2. At least one non-national director. 3. At least one director with expertise in accounting, industry, finance, marketing, or technology, and with experience in the semiconductor, financial, or technology industries.
- In accordance with corporate governance requirements, the number of directors serving as executives should not be excessive. We have two directors serving as high-level executive officers (accounting for 18%, below 1/3).
- Regarding gender diversity, we have three female directors, constituting 33% of the board.
- Our board consists of a total of 9 members, including 3 independent directors, ensuring independence."

Our Board of Directors



5 meetings convened in 2022

Actual average attendance rate:

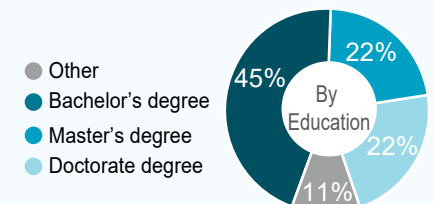
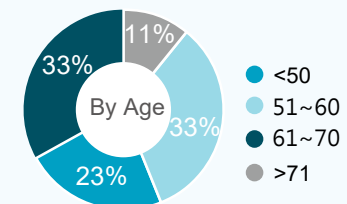
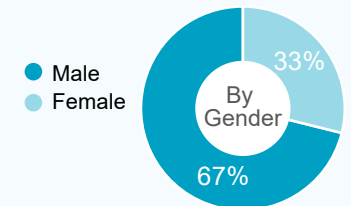
18TH 92.6%

17TH 94.4%










9 board members

3 independent directors

Share of independent directors at 33.3%



## List of Board Members

Title	Name	Date of Election									
Chairman	Tai-Ming Chen	2022.06.08	✓	✓	✓	✓	✓	✓	✓	✓	
Deputy Chairman	Tong Hsing Food Industries Corporation (Representative: Hsi-Hu Lai)	2022.06.08	✓	✓	✓	✓	✓	✓			
Corporate Director	Huan Tai Co., Ltd. (Representative: Chia-Shuai Chang)	2022.06.08	✓	✓	✓				✓	✓	✓
	Huan Tai Co., Ltd. (Representative: Pen-Chi Chen)	2022.06.08	✓	✓	✓	✓	✓				
	Shi Hen Enterprise Limited (Representative: Shu-Chen Tsai)	2022.06.08	✓	✓	✓		✓			✓	
	Kaimei Electronic Corporation (Representative: Shu-Hui Chen)	2022.06.08	✓	✓	✓	✓	✓				
Independent Director	Ta-Sheng Chiu	2022.06.08	✓	✓	✓		✓	✓			
	Yueh-Hsiang Tsai	2022.06.08	✓	✓	✓		✓	✓	✓		
	Chin-Tsai Chen	2022.06.08	✓	✓	✓	✓	✓	✓	✓	✓	



### Professional Development and Collective Knowledge of the Board

GRI 2-17

To enhance directors' expertise, we annually arrange relevant training. In 2022, re-elected directors completed **42** hours of training.

Topics of training courses included corporate governance, risk management, climate change and sustainable development. While equipped with the knowledge, expertise and industrial background required to fulfill their duties, the Company's board members continue to attend a wide range of courses and seminars to refine and expand their expertise. The Board also maintains good communication with the management team, exchanging valuable insights and know-how with the team. For more information about the specific training completed by each director, please refer to the Company's 2022 Annual Report.

## Performance Evaluation Status

### External Evaluation

We follow Board of Directors' performance evaluation guidelines established on August 11, 2020, engaged the independent Taiwan Corporate Governance Association to assess the Board's performance for the year 2022. The evaluation covered eight key areas related to board composition, guidance, authorization, supervision, communication, internal control, risk management, self-regulation, and support systems.

“The assessment involved a review of the company's self-assessment and on-site inspections. The evaluation report, finalized on March 14, 2023, was presented to the Nomination Committee and approved by the Board of Directors. The report is available on the company's website.”

### 2022 Implementation of Board Performance Assessment Summary

#### Assessment Findings and Recommendations

Item	Evaluation Comments	Evaluation Results
1	Emphasis on core business development, innovation, and shareholder value while protecting stakeholder interests.	Excellent
2	The board members possess the professional background and experience required for the company's current management and development stage. Appointing independent directors who are experts, familiar with the industry and have a good interaction with the management team	Excellent
3	Demonstrates commitment to diversity, with 33.33% female representation in the board, aligning with international best practices.	Excellent

Item	Evaluation Comments	Evaluation Results
1	Elevate the committee to report directly to the board for better oversight of corporate social responsibility and sustainable development initiatives.	Plan in accordance with the recommended guidelines
2	Establish a regular assessment process for accountants to ensure their suitability.	Implement according to recommendations.
3	Enhance the whistleblower system by creating a shared inbox for independent directors to receive reports.	Plan in accordance with the recommended guidelines

### Internal Evaluation

#### Internal Assessment Results (2022)

“Board of Directors' overall self-assessment score: 4.9/5  
Board members' overall self-assessment score: 4.987/5  
Audit Committee's overall self-assessment score: 5.0/5  
Compensation Committee's overall self-assessment score: 5.0/5  
These results were reported to the Nomination Committee on March 17, 2022, and presented to the Board of Directors.”

Assessment of recent board function enhancement objectives and their implementation:

Board Function Enhancement Goals	Implementation Status
1.Full Audit Committee attendance and robust risk management.	In 2022, committee members had a 92% attendance rate and reviewed various aspects, including financial statements, auditor selection, internal controls, and legal compliance.
2.Regular performance evaluations and compensation policy reviews by the Compensation Committee.	The attendance rate for committee members in 2022 was 100%, and they completed executive compensation assessments.
3.Improved information transparency.	The company regularly updated its Chinese and English website with business, financial, investor relations, and ESG information.
4.Consistent corporate governance reporting to the Board.	Governance execution status was reported to the Board on November 10, 2022.
5.Continual efforts to enhance corporate governance and rankings in assessments.	The company's strong focus on corporate governance yielded significant results in 2022, as evidenced by meeting governance evaluation indicators and fulfilling disclosure requirements in the annual report and on the website.

## Functional Committees (2022)

The Audit Committee, The Nomination Committee and The Compensation Committee are established under the Board of Directors to assist the Board in performing specialized duties of oversight. All articles of associations of the committees have been approved by the Board.

Independent Directors	Audit Committee	Compensation	Nomination
Chin-Tsai Chen	V(Convenor)	V(Convenor)	V(Convenor)
Ta-Sheng Chiu	V	V	V
Yueh-Hsiang Tsai	V	V	V



### The Compensation Committee

The Compensation Committee consists of three independent directors, who shall serve for a term of three years. The Committee is chaired by Independent Director Mr. Chin-Tsai Chen. Under Mr. Chen's professional and objective guidance, the Committee is responsible for evaluating the compensate policy and system for the Company's directors and executives. The Committee convenes at least two meetings each year and can call a meeting anytime as needed. The Committee also presents its recommendations to the Board and fulfills the following responsibilities:  
Periodically assess and determine compensation for our company's directors and executives based on their performance objectives.



### The Audit Committee

Audit Committee is composed of three independent directors, who shall serve for a term of three years. The Committee is chaired by Independent Director Mr. Chin-Tsai Chen, who has a strong accounting and finance background. The Committee convenes at least one meeting each quarter and may call a meeting whenever necessary. The committee aims to assist the board of directors in overseeing the quality and integrity of the company's execution related to accounting, auditing, financial reporting processes, and financial controls. The primary focuses of the Audit Committee include:

1. Fair representation of the Company's financial statements
2. The appointment and dismissal of certified public accountants and evaluation of their independence and performance
3. Effective implementation of internal controls
4. The Company's compliance with relevant laws and regulations
5. Management of existing and potential risks to the Company



### The Nomination Committee

The nomination committee, formed in November 2021, aims to enhance corporate governance. Comprised of three independent directors, with Mr. Chin-Tsai Chen as the chair, its key objectives include:

1. Defining criteria for board members and senior executives, focusing on expertise, experience, diversity, and independence. Identifying and nominating candidates accordingly.
2. Developing the organizational structure of the board and its committees, conducting performance evaluations, and assessing the independence of directors.
3. Creating and reviewing director training programs and succession plans.
4. Establishing and updating corporate governance guidelines.



**Nomination & Selection  
Guidelines for Board of  
Directors**



## Sustainable Development Committee

To enhance sustainable development, Tong Hsing has formed a Sustainable Development Committee, chaired by the General Manager. They have also established a dedicated Sustainable Office to coordinate related initiatives and efforts. The committee's responsibilities include:

- 1 Formulate the Company's sustainable development policy
- 2 Determine goals, strategies and action plans for sustainable development, covering sustainable governance, business integrity, environmental and social issues, etc.
- 3 Monitor and review the progress and effectiveness of the Company's sustainable development measures, make adjustments accordingly and regularly report to the Board on these matters
- 4 Assess topics of stakeholder interest and concerns and supervise related communication plans (stakeholder groups include shareholders, clients, suppliers, employees, government agencies, nonprofit organizations, community, media, etc.)

## ESG Governance Process

The Sustainability Office reports quarterly to the Chairman of the Sustainable Development Committee, who reports to the Board of Directors.



## Board of Directors Conflict of Interest Policy

■ GRI 2-15

Tong Hsing's Board adheres to clear conflict of interest policies stipulated in its Board's rules of procedure. If directors or their affiliated entities have vested interests in a board agenda, they must disclose pertinent details. When these interests could potentially conflict with the company's interest, they are refrain to participate in discussions, voting, or proxy for others. The company rigorously assesses agenda items to identify directors requiring recusal due to affiliations with relevant entities. This ensures conflicts of interest are transparently managed during board meetings. Board members and executives undergo an annual performance evaluation for accountability and governance effectiveness. Director remuneration aligns with factors like roles, competencies, and contributions, benchmarked against industry norms. Article 19 of the Articles of Incorporation allows for allocating up to 3% of profits for director remuneration. The remuneration for directors and employees should be determined by a resolution of the board of directors, with the approval of at least two-thirds of the directors present and more than half of the attending directors, and shall be reported to the shareholders' meeting.

## Evaluation of Board Performance

■ GRI 2-18

In accordance with our Standards for Appraising the Performance of the Board of Directors, the Company conducts internal board performance evaluation annually and engages an external professional institution or panel of experts or scholars to conduct external evaluation on the board's performance at least once every three years.

### Aspects and Factors Considered in Board Performance Evaluation

#### Performance of the Board and Functional Committees

- (1) Degree of participation in company operations
- (2) Quality of the Board's decision-making
- (3) Board composition and structure
- (4) Selection of board members and continuing education of directors
- (5) Internal controls

#### Performance of Individual Directors

- (1) Degree of participation in company operations
- (2) Understanding of director's role and responsibilities
- (3) Management of internal relationship and communication
- (4) Professionalism and continuing education
- (5) Internal controls



## 2. Business Integrity and Anti-Corruption

Material Topic

Tong Hsing, committed to adhering to stock exchange regulations and promoting a culture of integrity and sound business practices, introduced the "Code of Business Conduct" in 2016. This code applies to directors, executives, and all employees, prohibiting any form of unethical behavior, including bribery, illegal political contributions, improper charitable donations, or undue gifts and hospitality during business activities. It also emphasizes conflict of interest avoidance and the implementation of internal control systems to address dishonest practices or high-risk business activities.

To prevent unauthorized disclosures, ensure communication consistency, and prevent insider trading, Tong Hsing has established the "Handling of Material Information and Prevention of Insider Trading Management Procedure." This procedure is applicable to all company stakeholders and strictly prohibits the dissemination of material information to unauthorized individuals and the collection of non-job-related undisclosed material information, effectively guarding against insider trading and unauthorized disclosures.



Employee ethics training is a priority at Tong Hsing, with integrity training provided to new recruits during orientation, achieving a 100% participation rate. Additionally, an annual "Integrity in Business and Insider Trading Prevention Education Training" is conducted to reaffirm the company's commitment to ethical business practices, policy adherence, preventive measures, and the consequences of violating the Code of Business Conduct.

### Management Approach

Tong Hsing upholds integrity, transparency, and ethical conduct in all business operations, with policies founded on these values and endorsed by the Board of Directors. It strictly prohibits any form of unethical behavior, such as offering or accepting improper benefits, and has established strong corporate governance and risk control mechanisms to ensure a sustainable business environment.

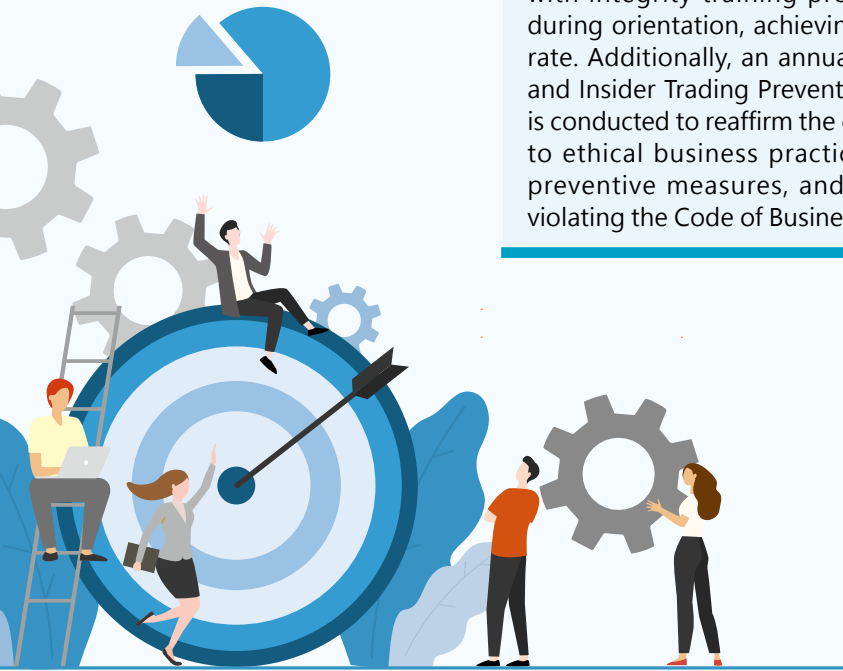
### Accountable Unit

The company has a dedicated unit led by the Chief Financial Officer, Chia-Li Huang, responsible for promoting ethical business conduct. It regularly reports on ethical business initiatives and preventive measures to the board, with the latest report presented on November 10, 2022.

### Approaches

The company has established the "Code of Business Conduct" and implemented the following preventive measures:

- A "Whistleblower Policy" for reporting unethical behavior.
- Oversight of intellectual property rights.
- Education and advocacy for fair competition and stakeholder protection.





**The company has implemented preventive measures to address the following behaviors:**

1. Bribery and receiving bribes.
2. Providing illegal political contributions.
3. Improper charitable donations or sponsorship.
4. Offering or accepting unreasonable gifts, hospitality, or other undue benefits.
5. Infringement of intellectual property rights.
6. Engaging in unfair competition practices.
7. Actions that directly and indirectly harm stakeholders' rights, health, and safety during product and service activities.



**Conflict of Interest Prevention**

The company has implemented an integrity in business policy within its Code of Business Conduct. This includes preventive measures such as operational procedures, behavioral guidelines, and employee training. The Code also addresses conflict of interest prevention.



**Insider Trading Prevention**

To prevent inadvertent insider trading, the company has established "Handling of Material Information and Prevention of Insider Trading Management Procedures." These procedures prohibit individuals with access to significant internal information from disclosing it to others.



**No corruption, anti-competitive, anti-trust, or monopolistic behavior** ■ GRI 205-3

The company had no corruption-related incidents and did not engage in anti-competitive, anti-trust, or monopolistic behavior during 2022.



**Mechanisms for seeking advice and raising concerns** ■ GRI 2-26

Tong Hsing provides channels for reporting complaints and grievances to address the opinions and suggestions of both internal and external stakeholders.



**Whistleblowing & Grievance mechanisms**

Tong Hsing adheres to the following for whistleblowing & grievance escalation:

- (1) Incidents involving general employees go to their department head, and those involving directors or senior executives go to the Audit Committee.
- (2) The company's investigative unit and relevant supervisors quickly investigate and provide accused parties with an opportunity to respond.
- (3) If wrongdoing is confirmed, immediate action is taken, including reassignment or penalties, with serious offenses reported to the Board of Directors or regulatory authorities.
- (4) Verified complaints lead to internal control and procedure reviews and improvement proposals.
- (5) Personnel handling complaints with conflicts of interest voluntarily recuse themselves, with complainants and accused parties having the right to request such recusal.



The Company has established and announced the following independent reporting channels for internal staff and external personnel.

Tong Hsing establishes the following procedures for handling whistleblowing or complaint incidents that may arise in accordance with the 'Whistleblowing System Management Regulations'.

(1) By mail: Head of Audit Office (Recipient); 6F., No. 83, Yanping S. Rd., Taipei City, Taiwan (Address)

(2) By email: thdiscipline@theil.com

Tong Hsing ensures transparency by regularly sharing whistleblowing information on its website, in annual and sustainability reports. The "Whistleblowing & Grievance Escalation Procedure" safeguards whistleblowers' safety and identity. If the whistleblower is an employee, the company guarantees protection from retaliation and identity confidentiality upon verifying the report's content.

For communication and reporting, the company provides the opinion box and whistleblowing mailbox (thdiscipline@theil.com). Any conflicts of interest or dishonesty can be reported for immediate attention.

Upon receiving a grievance report, a dedicated person manages it, maintains whistleblower identity confidentiality, and enforces non-retaliation measures. After resolution, the whistleblower is informed. The company vows to keep the whistleblower's identity and investigation details confidential without consent and ensures their protection from any undue consequences.



### Educational Training and Advocacy

In addition to publishing integrity-related information on the corporate website and internal portal, the company emphasizes the importance of ethical management and insider trading prevention. Regular education and training sessions, as well as advocacy activities, are conducted for directors, executives, employees, and substantial controllers. Invitations are extended to individuals engaged in business activities with the company to ensure a comprehensive understanding of the company's commitment to integrity, policies, preventive measures, and the consequences of unethical behavior.



### Accomplishments in Integrity Operations (2022) ■ GRI 205-2

In 2022, the company provided integrity training to management and employees. We received one grievance reported by employee, which was duly investigated and handled according to our procedures.



### 3. Financial Performance | GRI 3-3, 201-1

Material Topic

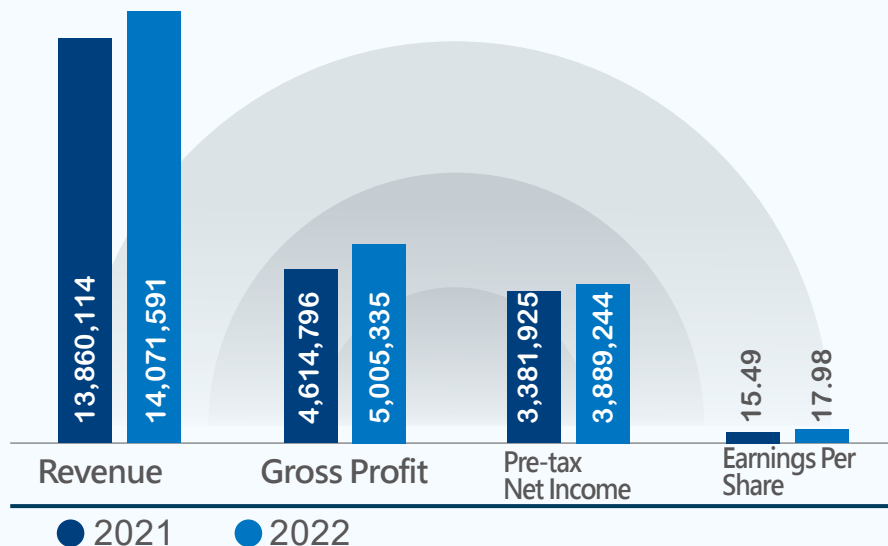
In 2022, Tong Hsing achieved impressive results with a revenue of NT\$140.71 billion, showing significant growth in both revenue and profitability compared to the previous year. This growth was driven by a combination of products, including image sensing products, ceramic circuit boards, and Hybrid IC Modules.

Despite the challenges faced in 2022, such as the ongoing COVID-19 pandemic, the Ukraine-Russia conflict, and the expansion of the U.S.-China trade dispute into chip control measures, Tong Hsing managed to thrive. These challenges resulted in inflation, tighter customer demand, increased inventory levels, rising raw material prices, and currency volatility. However, the company responded by optimizing capacity utilization, rapidly expanding production, and aligning with customer needs to mitigate these adverse factors.

#### 2021-2022 Business Revenue and Earnings per Share

Items	2021	2022
Revenue	13,860,114	14,071,591
Gross Profit	4,614,796	5,005,335
Pre-tax Net Income	3,381,925	3,889,244
Earnings Per Share	15.49	17.98

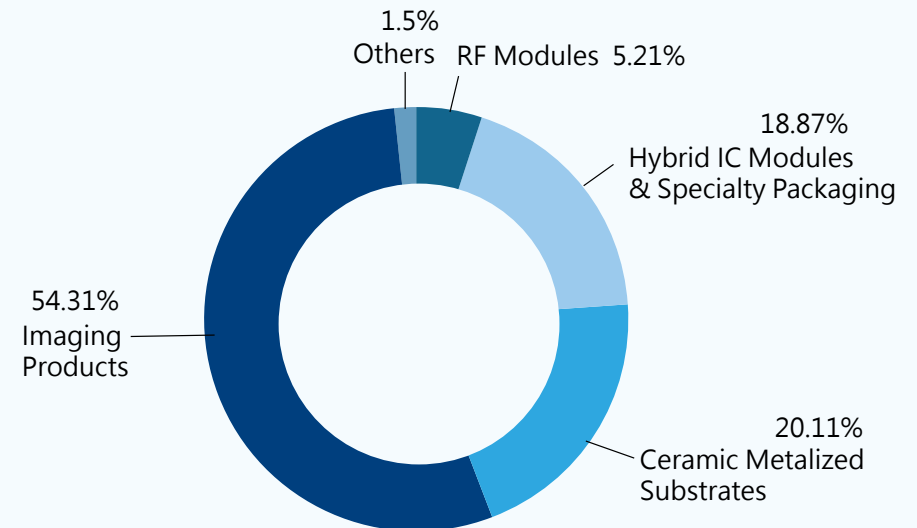
Source: annual report.



#### Customers and Markets

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Tong Hsing primarily serves automotive imaging product customers in Europe and the Americas.



## 4. Risk Management | GRI 2-12

Risk management is a crucial aspect of corporate governance. The company has set up policies and procedures for risk management, conducting yearly assessments covering financial, environmental, climate change, supply chain, raw materials, legal, and stakeholder communication risks. These assessments are reported to the board of directors to ensure effective risk control.

### Management Approach

Risk management policies and procedures involve assessment, reporting, and execution by responsible units within their areas to reduce potential risks.

### Risk Assessment Report

An annual report is submitted to the Board of Directors, with the most recent report dated November 10, 2022.

### Ensuring Effective Practices

Tong Hsing maintains a robust risk management framework, including procedures for risk identification, measurement, monitoring, reporting, disclosure, and response. The company continually enhances its risk management procedures and documentation, following internal assessments, to support effective management through the PDCA cycle.



Furthermore, Tong Hsing reports its risk management execution status to the Board of Directors annually, ensuring the efficiency of its risk management structure.

### Risk Classification and Definition

Risk Category	Description
Market Risk	Market fluctuations and competition, especially in emerging segments like automotive applications, pose risks to our operational goals.
Political Risk	Geopolitical or policy changes have limited current impact on our operations.
Environmental Risk	External uncontrollable factors, such as natural disasters, climate change, and pandemics, are considered with a focus on climate change risk, assessed using TCFD guidelines.
Legal Risk	Regulatory penalties or legal disputes leading to reputational or financial losses are currently not a significant concern.
Financial Risk	Financial risks, including exchange rate fluctuations, are monitored due to our international customer base.
Operational Risk	Internal control factors, like information security and intellectual property management, are managed to mitigate risks affecting personnel, assets, and net profits.
Supply Chain and Raw Material Risk	We continuously seek alternative sources for raw materials to reduce supply chain disruption risks, although current suppliers are stable.
Others	We assess other potential risks that could result in significant losses to our company on an ongoing basis.

## 5. Information Security Management | GRI 418-1

### Establishing Risk Management Framework for Information Security

In response to corporate transformation, Tong Hsing has bolstered its information security management, establishing an Information Security Office in late 2021, with designated representatives ensuring compliance with ISO27001/CNS27001 standards and relevant regulations. The company's proactive approach involves the development of an Information Security Policy to protect its information assets, encompassing data, software, hardware, and more, thereby mitigating risks such as alteration, disclosure, destruction, or loss.

#### Information Security Policy

Moreover, Tong Hsing is committed to reasonably safeguarding the personal data and privacy of individuals involved in business transactions, including suppliers, customers, consumers, and employees. This commitment involves stringent compliance with privacy and data security laws throughout data handling, from collection and storage to processing, transmission, and sharing.

#### Suppliers are also required to pay equal attention to information security

This comprehensive approach ensures that Tong Hsing maintains robust information security and adheres to legal and regulatory requirements regarding data protection and privacy.

#### Information Security Objectives

Tong Hsing maintains uninterrupted operations and protects sensitive information through the use of information security control equipment as a security barrier. This approach, coupled with confidential information classification controls and extensive employee education and training, safeguards against unauthorized access, tampering, destruction, improper disclosure, or cyber threats, ensuring the company's sustained operations and data security.

#### Information Security Standards

Since the Information Security Office's establishment, Tong Hsing has been working on its Information Security Management System (ISMS) to meet ISO/IEC 27001 international standards. The company has now completed the first phase of ISO 27001 implementation as scheduled.

Maintenance of the server room and information system of the information center of Tong Hsing Longke Branch.

### Information Security Management Plan

Tong Hsing ensures information security through:

- Secure area division with firewalls for internal and external access, office, and production areas.
- Routine vulnerability scans and prompt risk mitigation.
- Ongoing adoption of advanced security solutions for system, host, and network protection.
- Daily backups and periodic data recovery validation for essential databases.
- Spam email control and regular employee education to enhance security awareness.

Tong Hsing has established a Mobile Device Management System to protect its information assets and confidential data in the age of cloud services. This system ensures secure access control.



**The company conducts an annual self-assessment of cybersecurity, with the 2022 self-assessment yielding a favorable result. The Longtan plant has also implemented the ISO27001 Information Security Management System in February 2023.**

### Training on Information Security

In Q2 2022, Tong Hsing conducted cybersecurity training and assessment for 2,053 employees in its Taipei, Longtan, and Zhubei plants. The overall pass rate was 97.76%, with 89.7% for new employees.

## 6. Supply Chain Risk Management

Material Topic

### Industry Value Chain

Tong Hsing is in electronic component manufacturing and semiconductor packaging industry. Their products include various modules and packaging for chips and circuits. Key materials are ceramics, chips, packaging materials, and substrates, sourced globally.

Upstream (Raw Material)	Tong Hsing's Key Product Categories	Key Downstream Application Dom
Ceramics	Ceramic Circuit Board	LED · Power Module.
Chips, Packaging Materials, Substrates	RF Package	RF infrastructure
Chips, Packaging Materials, Substrates	Hybrid Assembly	Automotive and Airspace
Chips, Packaging Materials, Substrates	Image Sensor	Image Sensor Package House · Automotive Tier 1.

### Supply Chain Risk Assessment

GRI 308-1, GRI 414

Tong Hsing conducts annual surveys on the status of key raw material suppliers, including printed circuit boards and ceramic substrates. We collaborate with multiple suppliers for these critical materials, and the supply is abundant with favorable conditions.

#### Status for supply of key raw material

Key Raw Materials	Supply Origin	Status
PCB	Mainland China, Japan, Switzerland, Taiwan	Adequate Supply
Substrate	US, Japan, Malaysia, Mainland China, Taiwan	Adequate Supply
Epoxy	US, Japan, Mainland China, Taiwan	Adequate Supply
Glass Lid	Japan, Mainland China, Taiwan	Adequate Supply
Wire	Japan, Singapore	Adequate Supply
IC	US, Mainland China	Adequate Supply
Tape	Japan, S.Korea, Malaysia, Mainland China, Taiwan	Adequate Supply
PKPGC	Taiwan	Adequate Supply

### Significant Changes in Tong Hsing's Supply Chain

GRI 2-6

In 2021, pandemic-related measures such as lockdowns, caused supply disruptions for raw materials. Our company responded by activating backup inventories, evaluating 2nd Source options for single suppliers, and diversifying production locations. As a result, supply chain resilience was greatly improved in 2022.

### Percentage of Local Procurement

66

In 2022, our regional-based local procurement rate reached 69%.

Plant	Source	2021	2022
Taipei, Longtan, Zhubei and Philippines	Local Procurement	63%	69%
	Non-local Procurement	37%	31%
	Total	100%	100%

Note: In 2021, local procurement data excluded the Philippines plant and in NTD. Starting from 2022, local procurement is defined based on the sourcing region.

### Supply Chain Management

Suppliers are our long-term business partners. Going forward, on top of competitive product quality, delivery time and cost, we will place greater emphasis on the environmental and social aspects of supply chain management and work with all business partners to contribute to sustainable development.

66

We mandate all Tong Hsing's suppliers to endorse our Supplier Social Responsibility Policy and use of Conflict-free Minerals Declaration.

In 2022, 543 Tong Hsing's suppliers signed the Supplier Social Responsibility Commitment and Conflict Minerals Declaration. In 2023, we will review supplier indicators and introduce a Supplier Code of Conduct Commitment, requiring key suppliers to re-sign.

Our supplier requirements for social responsibility commitments and conflict-free mineral supplied statements:

## Social Indicators



### Accountability on labor human rights

#### ✓ Freedom of Labor

mandates the prevention of forced, bonded, or contractually restricted labor, involuntary or exploitative prison labor, slavery, and human trafficking.

#### ✓ Child Labor ■ GRI 408

Prohibits the use of child labor at any stage of production.

#### ✓ Working Hours

Working hours should not exceed local legal limits

#### ✓ Compensation & Benefits

Worker wages must comply with all relevant wage laws, including minimum wage, overtime, and statutory benefits.

#### ✓ Human Dignity

Avoid harsh or inhumane treatment of employees, including violence, sexual harassment, coercion, and intimidation. Clear legal policies and procedures must define and communicate these standards to employees.

#### ✓ Non-Discrimination ■ GRI 406

Commitment to a workplace free of harassment and unlawful discrimination based on race, color, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, religion, political affiliation, cultural background, veteran status, protected genetic information, or marital status.

#### ✓ Freedom of Association ■ GRI 407

Respect employees' rights to join unions, engage in collective bargaining, and participate in peaceful assembly as per local laws, without fear of discrimination, retaliation, threats, or harassment. Provide suitable spaces for religious practices.

#### ✓ Health & Safety

Integrate health and safety management requirements into business processes to provide a safe working environment

#### ✓ Occupational Health & Safety ■ GRI 403

Provide proper personal protective equipment and risk education to workers. Ensure pregnant and lactating mothers are not exposed to high-risk conditions, eliminate or reduce workplace health and safety risks, and provide appropriate facilities.

#### ✓ Emergency Preparedness

Identify and assess potential emergencies and events, minimize their impact through emergency plans and response programs, including emergency reporting, employee notification, evacuation procedures, worker training, drills, adequate fire detection and firefighting equipment, clear exits, and recovery plans.

#### ✓ Workplace Injuries and Hazards

Establish procedures to prevent, manage, track, and report workplace injuries and hazards. Encourage employee reporting, classify and record cases, provide necessary treatment, investigate cases, and take corrective actions.

#### ✓ Industrial Hygiene

Identify, assess, and control worker exposure to chemical, biological, and physical agents based on control levels. Eliminate or control potential hazards through proper design, engineering, and management controls.

#### ✓ Physically Demanding Work

Identify, assess, and control hazards associated with physically demanding work for employees.



### ✓ Equipment Maintenance

Evaluate safety risks related to production equipment or machinery.

### ✓ Public Health and Accommodation

Provide clean restroom facilities, safe drinking water, sanitary food storage, and dining facilities for employees.

### ✓ Health and Safety Communication █ GRI 403-5, 403-7

Provide appropriate occupational health and safety information and training to employees in their language or a language they understand, covering all workplace hazards.

## Environment Indicators



Environmental Compliance: Suppliers must obtain and maintain all necessary environmental permits and comply with operational and reporting requirements.

### ✓ Environmental permits and reports:

Suppliers should obtain all necessary environmental permits and registration documents and regularly update them. They should also comply with the permit operating and reporting requirements.

### ✓ Resource Efficiency:

Suppliers strive to reduce resource consumption, track and minimize energy use, greenhouse gas emissions, and explore energy-efficient practices.

### ✓ Hazardous Materials █ GRI 302

Proper identification, labeling, and safe management of hazardous substances are essential in handling, transportation, storage, use, and disposal.

### ✓ Solid Waste Management:

Suppliers implement measures to identify, manage, reduce, and responsibly dispose of non-hazardous solid waste.

### ✓ Air Pollution Emissions █ GRI 306

Emissions from operations must be characterized, controlled, and treated as required, following the Responsible Business Alliance Code of Conduct v6.0.

### ✓ Material Restrictions █ GRI 305

Compliance with laws and customer requirements regarding prohibited or restricted substances in products and manufacturing is essential. °

### ✓ Water Stewardship █ GRI 303

Water management plans track resources, usage, and discharge, seeking conservation opportunities and pollution control.

### ✓ Energy Consumption and GHG Emissions █ GRI 302

Monitoring energy consumption and all associated Scope 1 and 2 GHG emissions at plant and corporate levels, suppliers aim to enhance efficiency and reduce environmental impact.

### Formal Declarations for New Suppliers

Number of formal declarations signed by new suppliers for 2020 to 2022:

Year	Number of declarations signed
2020	66
2021	69
2022	22

### Suppliers Risk Assessment

Each year, Tong Hsing conducts supplier audits and risk assessments, which include:

1. Investigation of supplier manufacturing locations and primary raw material sourcing countries.
2. Evaluation of susceptibility to factors such as pandemics or geopolitical issues.
3. Assessment of on-time delivery performance.
4. Examination of transportation methods and the frequency of unexpected delays.
5. Verification of the stability of incoming material quality and compliance with agreed-upon inspection standards.
6. Diligent investigations into conflict minerals.

Following risk assessments, we've implemented risk mitigation measures. These involve verifying inventory, assessing operational and supply chain impacts, evaluating single-source suppliers, and taking immediate mitigation actions as needed.

### Suppliers' compliance with environmental and social indicators

Material Topic

Tong Hsing adheres to international human rights advocacy and environmental regulations, requiring suppliers to follow ESG (Environmental, Social, and Governance) indicators such as no forced and child labor. The company has established a Supplier Social Responsibility Code of Conduct and conducts regular awareness campaigns among suppliers.

Among key suppliers, local suppliers show slightly higher compliance with ESG standards, in areas of ESG management and disclosure, and addressing significant ESG issues, compared to overseas suppliers. However, the adoption of ISO 14001 and green procurement practices is slightly lower among local suppliers. Tong Hsing will continue to prioritize these indicators in all on-going communications with suppliers.



## 7. Membership Associations

### Membership Associations

Tong Hsing engages with industry associations, optimizing its competitive edge through active participation and communication.

Associations	Role(s)
Taiwan Electrical and Electronic Manufacturers' Association	Corporate Membership
Taiwan Transportation Vehicle Manufacturers Association	Corporate Membership
Micro Sensors and Actuators Technology Consortium (mSAT)	Corporate Membership
International Microelectronics Assembly and Packaging Society (iMAPS) – Taiwan Chapter	Executive Director
Monte Jade Science and Technology Association (Taiwan)	Corporate Membership
Taiwan Independent Director Association (TIDA)	Corporate Membership
Taiwan Printed Circuit Association (TPCA)	Corporate Membership
SEMI Taiwan	Corporate Membership / Committee Member
Advanced Microsystem and Package Technology Alliance (AMPA)	Corporate Membership
Nanotechnology and Micro System Association (NMA)	Director / Executive Director
Taiwan Institute for Sustainable Energy (TAISE)	Director
CommonWealth Sustainability (CWS)	Corporate Membership

## 8. Compliance with laws and regulations | GRI 2-27 GRI 416-2, 417-2, 417-3

In 2022, our company faced regulatory compliance penalties, including the following:

In 2022, our company had no corruption, anti-competitive, or antitrust incidents, resulting in monetary or non-monetary penalties. However, we received three monetary penalties for overtime work violations under labor standards. Additionally, one penalty was imposed for delayed removal of garbage left by foreign accommodation staff on the sidewalk, highlighting our commitment to compliance and social responsibility.

Violations and Penalties	2021	2022
Environmental Fine:	None	1
Non-Monetary Environmental Penalties:	None	1 <sup>*1</sup>
Total Environmental Fine Amount (NTD):	None	6,000
Total Environmental Penalties:	None	1
Social Fine:	1 <sup>*2</sup>	3
Non-Monetary Social Penalties:	None	None
Total Social Fine Amount (NTD):	96,000	290,000
Total Social Penalties:	1	3

Notes:

\*1. In 2021, one social penalty event (overtime violations) incurred a fine of NT\$96,000.

\*2. Completed a 1-hour environmental training session at the Taoyuan Industrial Association by September 30, 2022. Improvement measures include reinforcing awareness and instructing administrative staff to return waste to the factory premises before engaging a qualified disposal contractor for proper handling.



In 2022, our company had no significant violations of product health and safety regulations, product information and labeling regulations leading to substantial fines, or any prohibited or contentious product sales. We also did not breach market communication regulations or experience issues with product information labeling, customer privacy infringement, or customer complaints related to data loss. Furthermore, there were no major legal violations concerning employee health and safety.

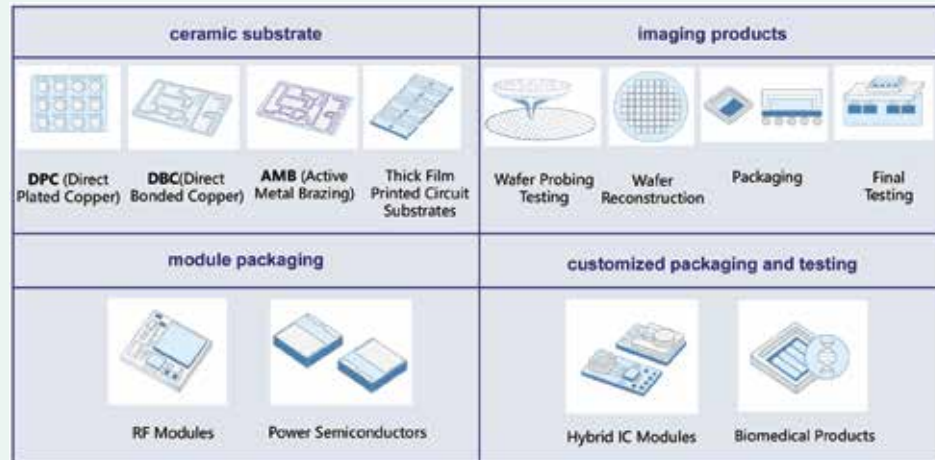


## 2 Product and Service Innovation

1. Our Innovative Products & Services
2. Protection of Intellectual Property
3. Customer Relationship Management

## 1. Our Innovative Products & Services

Tong Hsing's four main product lines includes ceramic metalized substrate, imaging products, module packaging and customized packaging and testing.



### Tong Hsing enhances benefits through the adoption of green products

Tong Hsing is dedicated to continuous research and process optimization, striving to elevate the value and technological prowess of our products. This commitment ensures that we consistently deliver products and services that meet and exceed our customers' expectations.



In recent years, we have embraced the concept of green products, integrating ESG principles right from the materials selection phase into our product development strategies. Our definition of green products centers on items that are environmentally friendly and energy-efficient. This approach is reflected in the development of high-power LEDs and packaging products for automotive image sensors, aligning our efforts with sustainability and innovation in mind.

### Management Policy for Innovative Products

In our pursuit of net-zero carbon emissions and global sustainability, Tong Hsing is dedicated to ongoing improvement. We strive to develop eco-friendly and sustainable technologies using materials in line with environmental trends. Our primary focus is on enhancing the core competitiveness of our products. To achieve this, we consistently broaden our product structure, materials, equipment, and technology development to deliver superior solutions to our customers. We also employ a strategic patent application strategy to safeguard emerging technologies, furthering our commitment to innovation and forward-thinking product and service offerings.

#### Product Innovation Policy:

1. Develop smaller, more efficient, and higher-powered products.
2. Research and implement eco-friendly and resource-efficient manufacturing processes.
3. Enhance our patent portfolio for greater competitiveness.

### Accountable Units

Collaborative R&D across departments and projects for new product development.  
Cross-functional coordination between R&D and procurement for the introduction of new materials and technologies.

### Actions Taken

Innovative New Product Development Process to Ensure R&D Capability and Quality:

1. Integration of supplier (materials/equipment) technical capabilities.
2. Cross-functional engineering units' technical capabilities.
3. Enhancement of product development competency through training.
4. Utilization of company systems to facilitate product innovation diffusion.

### Performance Indicators

- Enhance technical capabilities and reduce material usage.
- Efficient product development for higher unit output and efficiency.
- Achieve milestones in new product development.
- Establish and enhance patent portfolio. As of 2022, **there is a total of 180 patents accumulated.**
- Improve product reliability and quality.

### R & D Process

Market Research -> Determine R&D direction and goals -> Gather necessary resources -> Initiate the project with milestone planning (material assessment, process design, functional specification verification, reliability assessment) -> Regularly review and make adjustments -> Complete evaluation -> Decision to proceed with mass production or sampling.



## Green Product

### Management Policy for Innovative Products

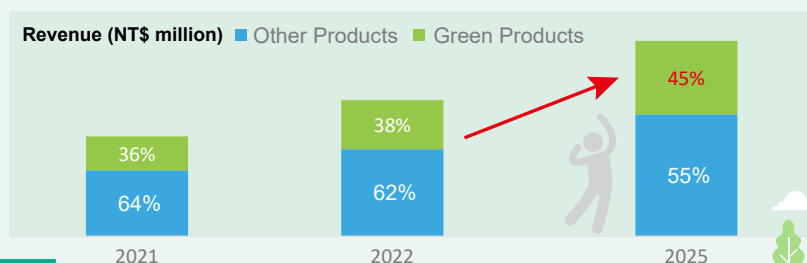
1. Integrate ESG-focused supply chains and explore waste material recycling.
2. Implement new process technologies for enhanced customer benefits while reducing raw material usage for sustainability.

### Actions Taken

1. Prioritize ESG-aligned supply chains and explore waste material recycling in product R&D.
2. Implement new process technologies to enhance capabilities and reduce raw material usage in product development and production.

### Management Indicators

Continue to ramp up green product adoption.










### Examples of Green Products

Product Category	R&D Resource Allocation: Explanation and Case Studies	ESG Design: Explanation and Case Studies
Ceramic Substrate for Laser Applications	Resources utilized include yellow light lithography, metal plating, physical vapor deposition (PVD) equipment, precious metal coating technology and stripping technology	<ol style="list-style-type: none"> <li>1. We conduct metal recycling assessments in early stage of product development and work with waste recycling companies to recycle waste from metal plating and turn it into new raw materials</li> <li>2. For the developer and acidic/alkaline solutions used in the lithography process, we prioritize working with ESG-compliant suppliers or suppliers that offer recycling solutions</li> </ol>
Active Metal Brazing (AMB) Ceramic Substrate	Development of ceramic substrates with low thermal resistance, high heat dissipation and high reliability. The ceramic substrates can be used in electric vehicle (EV) components to improve thermal performance	<ol style="list-style-type: none"> <li>1. ESG concepts are incorporated into product design</li> <li>2. The combination of thick copper and ceramic can drastically improve thermal performance of the substrates, which will be great for applications in green-energy related fields (EV/ wind power/solar power). Improved thermal performance also contributes better performance of components, which can help to minimize the size of power modules and boost performance, thus reducing environmental impact</li> <li>3. Main materials (substrates and copper foil) are sourced from suppliers that comply with ESG standards</li> </ol>
Automotive Image Sensor IC Packaging Products	<ul style="list-style-type: none"> <li>• Development of High-Reliability, Miniaturized Image Sensor Packaging Technology for Automotive Advanced Driver Assistance Systems</li> </ul>	<ol style="list-style-type: none"> <li>1. Incorporate ESG Concepts into Product Design.</li> <li>2. Develop products with a focus on size reduction and material minimization. Leverage smaller product dimensions to reduce raw material consumption and environmental impact.</li> <li>3. Enhance product reliability and quality.</li> </ol> <p>Indicator: Upgrade from AEC Q-100 G2 to G2+ to improve reliability, extend product lifespan, and promote environmental sustainability.</p>



Through collaborative efforts in R&D and business units, we implement green innovation strategies at various product lifecycle stages to minimize environmental impacts.

Stages	Environmental Impact Reduction Targets	Green Innovation R & D Strategies
 Raw Material Selection	In compliance with RoHS and REACH regulations	1. Verify material compliance 2. Collaborate with suppliers for regulatory compliance in material selection or development
 Raw Material Usage	1. In accordance with RoHS and REACH regulations 2. Minimize material waste	1. Include compliant materials in the BOM during product development to assess environmental and health risks 2. Use the SAP system to control material consumption, reducing waste and minimizing impacts
 Upstream Raw Material Transportation	Recycled materials utilization	Use recycled or recyclable materials for packaging and raw material transport
 In-House Manufacturing Process	Streamline the production process.	Establish standardized processes to minimize material waste
 Product Packaging	Recycled materials utilization	1. Implement recycled materials for packaging and transportation 2. Utilize eco-friendly product packaging materials
 Product Transportation to Customers	1. Reduce material waste and environmental impact 2. Minimize environmental impact from emissions 3. Decrease energy consumption	1. Utilize eco-friendly, recyclable packaging materials 2. Optimize distribution routes for efficient transportation 3. Implement green energy transport systems
 Post-Use Waste Handling, Recycling, and Disposal	1. Hazardous substance recycling 2. Enhance recyclability.	1. Enhance hazardous substance recycling systems 2. Establish water recycling and regeneration systems

## Product Safety Management Policy

Through our Product Safety Management Policy, Tong Hsing ensures that our products meet customer expectations and regulatory requirements while avoiding severe risks to human health and property.



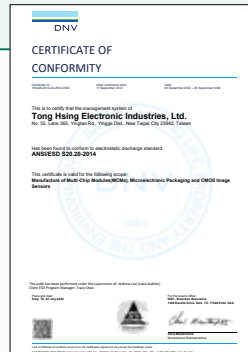
In 2022, Tong Hsing did not violate any product health and safety regulations, fail to comply with product information and labeling regulations, breach marketing communication laws, or receive any complaints related to customer privacy infringements or data loss.

Tong Hsing began obtaining certification for its quality management systems early on. In 1998, the Company obtained the QS-9000 and ISO 9001 certification. Since then, based on client requirements, we have obtained the following certifications for various of our product quality management systems. To further strengthen our leading position in different areas of downstream product application, we will continue to improve our quality management systems and relevant measures.

### ANSI/ESD S20.20

#### Standard for Electrostatic Discharge (ESD) Control Program

Tong Hsing has obtained the ANSI/ESD S20.20 certification for the Development of An Electrostatic Discharge (ESD) Control Program for Protection of Electrical and Electronic Parts, Assemblies and Equipment certification in 2019. The scope of certification includes multi-chip modules (MCMs), microelectronic packaging and CMOS image sensors.



### AS 9100

#### Standard for Aerospace Quality Management Systems

Tong Hsing was certified by this standard in 2010 in the areas of design, development and production. The scope of certification includes multi-chip modules (MCMs), microelectronic packaging, metalized ceramic substrates, and CMOS image sensors.



### IATF 16949:2016

#### Standard for Automotive Quality Management Systems

Tong Hsing has obtained and maintained certification to the IATF 16949:2016 standard since 2018. The scope of certification covers microelectronic packing, metalized ceramic substrates, etc. The Company's subsidiary Kingpak Technology Inc. has also obtained this certification for its quality management system for CMOS image sensors.



### ISO 13485:2016

#### Standard for Quality Management Systems for Medical Devices

The Company has obtained certification to this standard since 2016. The scope of certification includes multi-chip modules (MCMs), microelectronic packing, metalized ceramic substrates and CMOS image sensors.



### ISO9001

#### Standard for Quality Management Systems

Tong Hsing has been accredited to this standard for its multi-chip modules (MCMs), microelectronic packing, metalized ceramic substrates and CMOS image sensors.



## ISO 14001 : 2015

### Standard for Environmental Management Systems

The Company has been certified to this standard since 2002. The scope of certification includes multi-chip modules (MCMs) and other products.



## ISO 45001:2018

### Standard for Occupational Health and Safety Management Systems

Tong Hsing has been certified to the ISO 45001 standard for occupational safety and health management systems since 2017. This certification demonstrates our commitment to ensuring sound working conditions, health, well-being and equal treatment of employees.

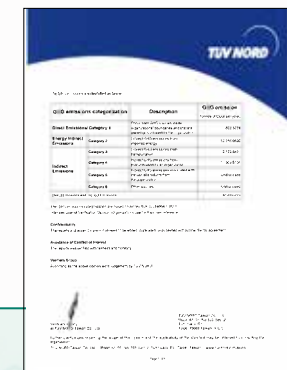
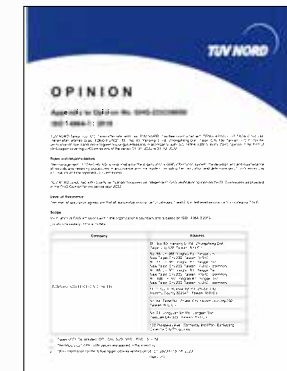
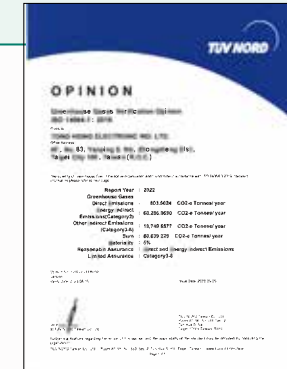


## ISO 14064-1:2018

### Organizational GHG Inventory

Tong Hsing achieved ISO 14064-1:2018 certification in September 2023 for its organizational GHG inventory. The organization boundary is defined using the operational control approach, encompassing greenhouse gas emissions controlled under this boundary. The boundary includes the following controlled emissions sources from various locations:

- Taipei HQ - 83 Yanping South Road, 6th floor, Taipei City.
- Taipei Plant - 55 Lane 365, Yingtao Road, Yingge District, New Taipei City.
- Employee dormitories at 77 and 108 Lane 365, Yingtao Road, Yingge District, New Taipei City.
- Longtan Plant - 21 Longyuan 5th Road, Longtan District, Taoyuan City.
- Zhubei Plant - 84 Taihe Road, Zhubei City, Hsinchu County.
- Zhubei Changyi Office - 1F-1, No. 6, Huanke 1st Road, Zhubei City, Hsinchu County.
- Philippines Plant - 103 Prosperity Ave, Calamba, 4037 Laguna, Philippines.



## 2. Protection of Intellectual Property

### Patent Application and Reward System

As a way to strengthen the Company's technological capabilities, we have formulated the Procedures for Patent Application and Reward System to encourage our employees to be creative and participate in technological research and development. To support employees to engage in development and innovation of products and technologies, the Procedures lay out the process for submitting proposals for intellectual property rights filing; the reviewing standards of the evaluation committee; and the reward for successful filing and acquisition of IP rights.

### Trade Confidentiality Management

To ensure confidential information is not disclosed or leaked, it is stated in employment contracts that employees must maintain confidentiality of the Company's confidential information during and after employment ends.

The Company has established procedures to classify and protect confidential information. For effective access control, information is classified based on its confidentiality level. In addition, we implement training and education as well as an incentive and penalty system to raise employees' confidentiality awareness and underscore compliance.

### Implementation Status

The Company regularly reports to the Board on intellectual property matters. The following is a brief overview of our intellectual property ownership and progress as of 2023 July 14:

Status	Taiwan	Overseas	Total
Pending	37	108	145
Granted	64	116	180



Patent Categories	New Patents Granted	Revoked or relinquish	Cumulative or Sustained Total
Innovation Categories (Positive impact enhancement)	18	0	160
Negative Impact Reduction (Environmental)	1	0	20
Total	19	0	180

## 3. Customer Relationship Management

Regarding customer health and safety, customer privacy and marketing and labelling, Tong Hsing continues to comply with all applicable regulations and international standards. The Company has also established policies and complaint processes to protect the rights of clients and consumers. We assess key customer satisfaction in areas like capacity, quality, operations, and delivery on an annual basis and continuously improve based on their feedback.

Our manufacturing processes and services comply with client requirements, relevant regulations and international standards, and we have also obtained the following certifications to further ensure protection of the rights and interests of clients and consumers.

- (1) ISO 9001 Certification for Quality Management Systems
- (2) IATF 16949 Certification for Automotive Quality Management Systems
- (3) ISO 14001 Certification for Environmental Management System
- (4) ISO 45001 Certification for Occupational Health and Safety Management Systems





# 3 Sustainable Environment

1. Environmental Sustainability Management Policy
2. Air and Water Pollution Control
3. Waste Generated and Disposal
4. GHG Emission & Energy Management
5. Financial Impact Assessment of Climate-related Risks and Opportunities

## 1. Environmental Sustainability Management Policy

Tong Hsing has implemented various environmental safety and health management measures to ensure sound environmental management. In addition to complying with applicable laws and regulations related to air pollution, water pollution and waste management, we also implement environmental management systems and have obtained the ISO 14001 environmental management system certification (validity period: April 2, 2020~April 2, 2023).

### Tong Hsing's Environmental Policy

Tong Hsing manages environmental issues in accordance with the following principles:

- Ensure regulatory compliance
- Achieve continuous improvement
- Care for society
- Care for the environment

### Measures Implemented

We calculate and monitor water consumption, electricity consumption and total weight of waste generated on a monthly basis. We also set water conservation, energy saving and pollution prevention/reduction goals and review implementation results at the end of each year to formulate goals and measures for the following year. Information about our greenhouse gas (GHG) emissions, water consumption and total weight of waste generated over the latest two years has been disclosed on our company website.

Dedicated departments have been assigned to control air pollution, water pollution & control and waste management. In addition to complying with applicable laws and regulations, we continue to promote wastewater recycling and cut down on resource consumption, hoping to further reduce pollution. Key measures include the following.



#### Water Stewardship:

Calculate monthly water consumption; monitor water productivity intensity (WPI, water consumption per output value in NTD) as a key performance indicator for water conservation efforts



#### Energy Management:

Use energy intensity (electricity consumption per output value in NTD) as a key performance indicator for energy efficiency



#### GHG Emissions:

Calculate and monitor GHG emissions each month; monitor GHG emissions intensity (emissions per output value in NTD) as a performance indicator; devise and implement GHG emissions reduction policies



#### Waste Management:

Calculate total weight of waste generated each month; monitor waste intensity (weight of waste generated per output value in NTD) as a key metric for waste management



#### Air Pollution Control:

Comply regulatory requirements for controlled air pollution emissions and notification.

## Environmental Costs & Environmental Performance

### Environmental Costs

Tong Hsing's environmental costs mainly include regular maintenance related to environmental protection; environmental management system operation and certification; and large-scale projects such as wastewater recycling and treatment system deployment.



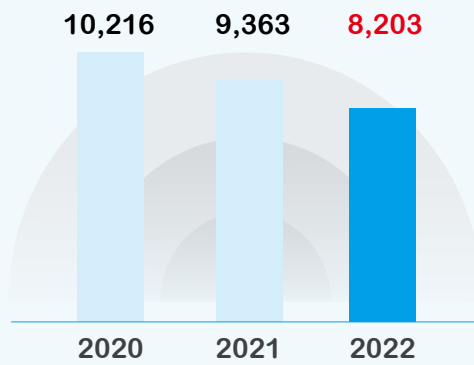
For wastewater treatment, the Company has set up sewage treatment facilities and has assigned designated personnel to handle environmental protection issues. We have obtained the required wastewater discharge permits as well as the ISO 14001 environmental management system certification (validity period: April 2, 2020~April 2, 2023). The Bade Plant that is currently under construction will also be equipped with environmental management facilities such as wastewater recycling and treatment system, exhaust treatment system, waste collection system, rainwater harvesting system, etc.

### Environmental Performance Indicators

Our production has continued to expand in response to growing market demand. In order to improve efficiency, we use resource consumption and emissions intensities as key metrics to assess environmental performance. These metrics include GHG emissions intensity, water productivity intensity, waste intensity, among others. We have set goals to gradually reduce these intensities year by year and have also linked these goals to departmental KPIs.

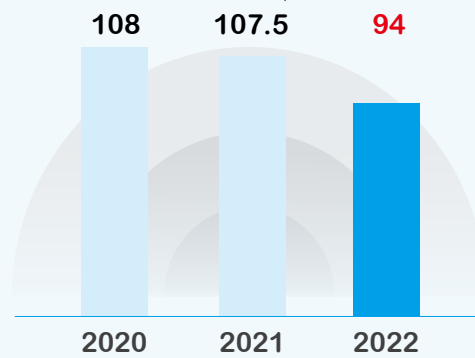
As shown in the charts below, trajectory of all metrics indicates a downward trend over the years, representing Tong Hsing's efforts in energy conservation, carbon reduction and resource efficiency improvement.

**Electricity Intensity**(kWh/NT\$ million)

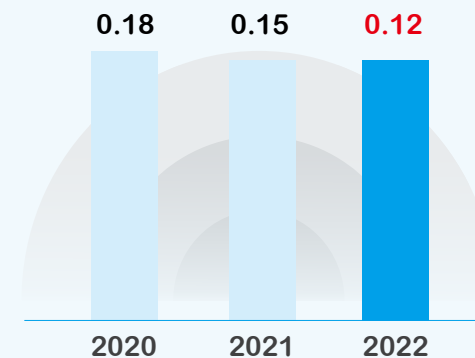


**Water Productivity Intensity**

(metric ton/NT\$ million)



**Waste Intensity**(metric ton/NT\$ million)



## 2. Air and Water Pollution Control

### Air Pollution Control

To reduce emission of air pollutants, we implement air pollutant reduction programs by the ISO 14001 standard. We also handle filings for application, modification, operation and extension of permits for stationary sources of air pollution in accordance with applicable laws and regulations. We continue to strengthen in-plant inspections and evaluations of the effectiveness of our pollution control measures. Looking ahead, we plan to introduce an exhaust stream separation process that would separate gas streams with acidic and alkaline pollutants for neutralization in wet scrubbers, which would help further reduce environmental impact of these air pollutants.



In 2022, no incidents of non-compliance occurred at any of our plants.

#### Air Pollution Emissions for 2021-2022

GRI 305-7

Plant	Year	Nox	Sox	POP	VOC	HAP	PM	Others
Taipei	2021	0.61	4.1	N/A	1,420	N/A	1,271	0.61
	2022	0.49	3.29	N/A	714	N/A	1,057	0.49
Longtan	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Zhubei	2021	N/A	N/A	N/A	3.2286	N/A	N/A	N/A
	2022	N/A	N/A	N/A	3.3739	N/A	N/A	N/A
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Philippines	2022	0.000001574	0.000007127	N/A	N/A	N/A	N/A	0.0534
Total (kg)	2021	0.61	4.1	N/A	1423.2286	N/A	1,271	0.61
	2022	0.490001574	3.290007127	N/A	717.3739	N/A	1,057	0.5434

Note:

Taipei Plant includes Taipei HQ, and Zhubei Plant includes the Changyi Office.

N/A represents no data available for this pollution indicator.

## Water Stewardship

GRI 303-4 · GRI 303-5

### Water stewardship related impacts

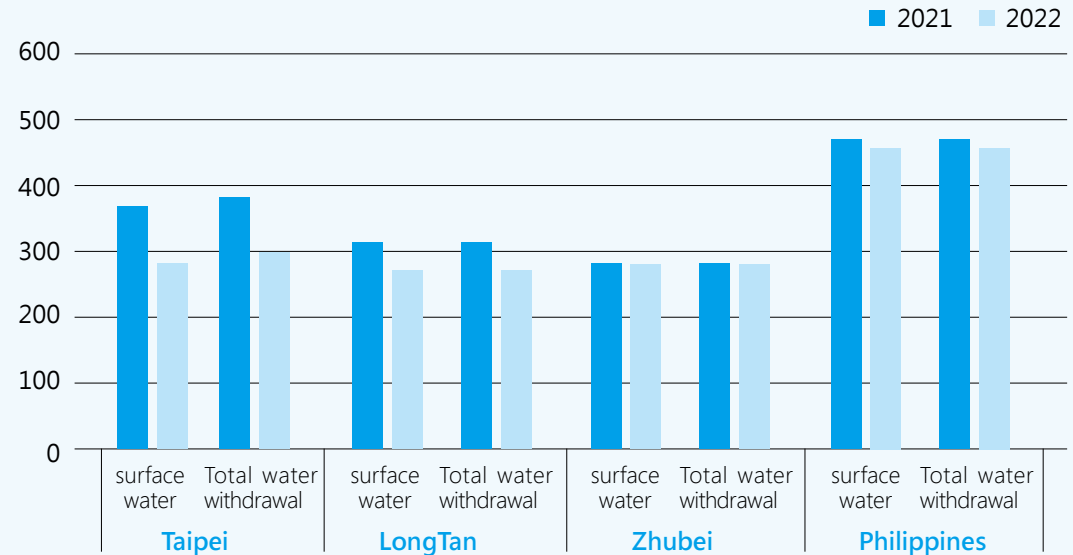
Tong Hsing conducted a water stress assessment at its various plant locations using the World Resources Institute's "The Aqueduct" tools. The assessment revealed that even under challenging climate scenarios, the water stress in our plant areas remains low to medium risk (1-2), with no operations in highly water-stressed regions. We do not draw water from conservation areas, high biodiversity zones, or protected habitats.

In terms of water stewardship, we prioritize increasing process recovery rates and maximizing water use efficiency without compromising quality. Our company has wastewater treatment facilities, dedicated environmental management personnel, holds wastewater discharge permits, and is ISO-14001 certified (valid until April 2, 2023).



In 2022, the total water intake across our plants was 1,296.372 thousand cubic meters, with total water consumption at 439.006 thousand cubic meters. This represents a 13% decrease in water intensity compared to 2021, relative to a production value of NT\$1,370,518,000. Tong Hsing will continue to focus on improving water stewardship efficiency using water intensity as a key performance indicator.

### 2021-2022 Total Water Withdrawal by Sources (10<sup>3</sup>m<sup>3</sup>/million NTD)



### 3. Waste Generated and Disposal | GRI 306-1 · GRI 306-2 · GRI 306-3

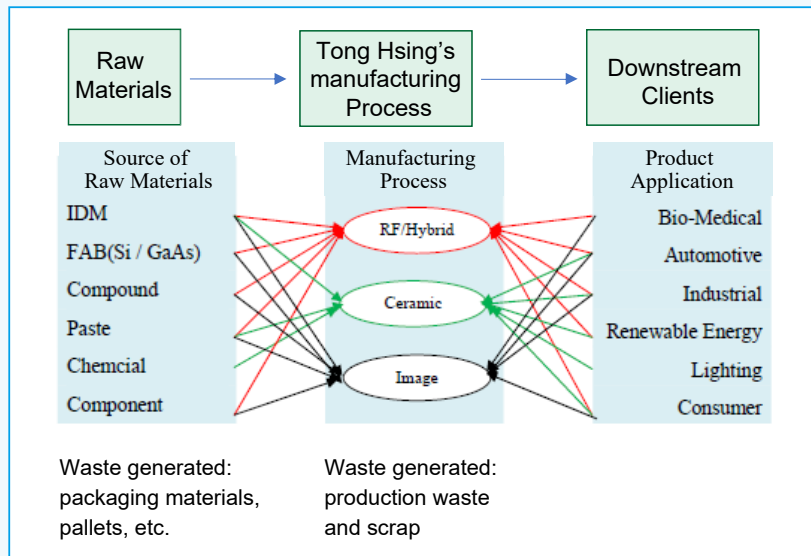
Our waste primarily consists of packaging materials and pallets, all of which adhere to the EU's RoHS environmental regulations. Our waste management aligns with the Corporate Waste Management Plan, ensuring legal and sustainable disposal and resource recycling.

Tong Hsing's policy emphasizes source reduction and minimizing process-generated waste to enhance recycling rates, with waste intensity (metric tons per production value) as a key performance indicator.

66

In our main product processes, we have successfully implemented a sludge recovery project for grinding wastewater. Between October and December 2022, out of a total of 4.72 metric tons of generated sludge, 1.604 metric tons were effectively recovered and reused. This initiative aligns with our commitment to environmental sustainability.

Plant Location	Longtan
Recyclable Material	Silica Sludge
Contents of Recyclables	Grinding Wastewater Sludge
Total Weight after Recycling	1604Kg
Recycling Method	Recovery through Sludge Filter Press Dehydration
Percentage	33.4%
Recycling Frequency	Approximately 1 time every 6 months
Purpose of Recycled Material	Used in safety shoes, calcium silicate boards, epoxy, waterproof paint, silicon carbide powder, etc.

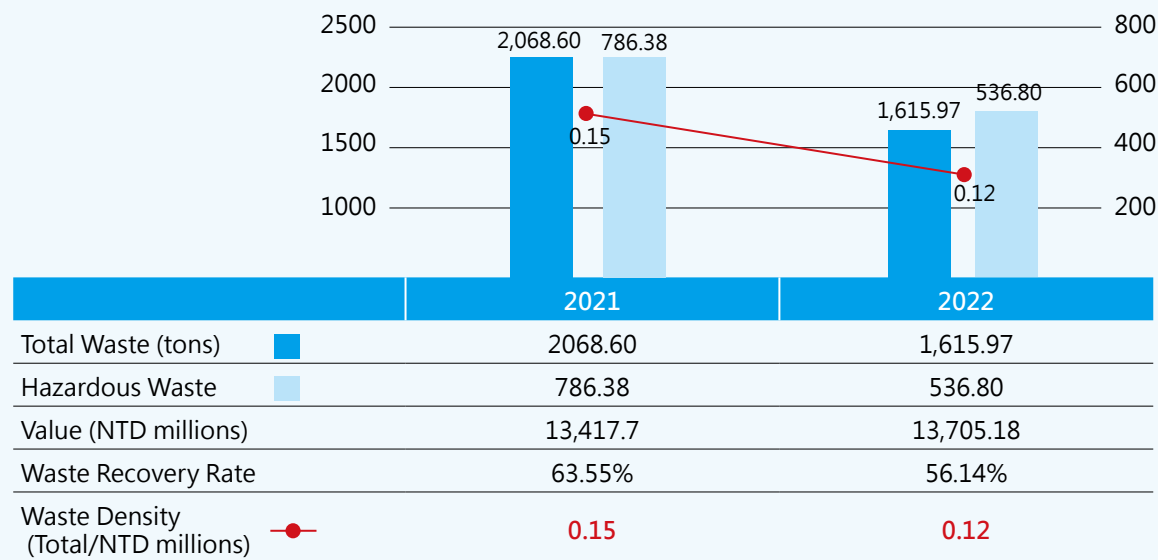




### Total Waste Disposal in 2022 (TC-SC-150a.1)

1,615.97 metric tons of total waste was generated in 2022 including 536.80 metric tons of hazardous waste. The waste intensity was 0.12 metric tons per million dollars, primarily due to reduced production in 2022.

We acknowledge the importance of waste management and will continue to optimize processes and use recyclable packaging materials, focusing on waste source reduction. The waste recovery rate decreased from 63.55% in 2021 to 56.14% in 2022, primarily due to the product reduction. Additionally, the waste intensity also decreased compared to 2021."



Tong Hsing is committed to rigorous waste management practices, focusing on waste reduction and categorizing recyclable waste for efficient processing to maximize resource reuse, in addition to regulatory compliance.



## 4. GHG Emission & Energy Management

Material Topic

### Material Topic

Climate Change Response and Management (Including Energy and GHG Management)

### Impact Assessment

Positive Impact: Tong Hsing aligns with the ISO 14001 Environmental Management Policy, conducting yearly year-end reviews to assess the effectiveness of our actions and set objectives for the upcoming year.

### Policy & Commitment

Development of Environmental Health & Safety Management Regulations and Implementation of an ISO 14001-certified Environmental Management System for Environmental Governance.

### Accountable Unit

Environmental Safety Department

### Management Indicators

GHG Intensity  
Electricity Usage Intensity

### Effective Action Assurance

Set energy-saving, pollution control, and reduction objectives in compliance with ISO 14001 Environmental Management System.

## Energy Consumption and GHG Inventory

TC-SC-110a.2 · GRI 302-3 · GRI 305-1 · GRI 305-2

### Energy Consumption

In 2022, Tong Hsing's total electricity consumption was 112,423,736 kWh, with an increase attributed to expanded production at the Zhubei plant. We utilize electricity intensity (kWh per million TWD in revenue) as our key performance indicator for energy management.

Moving forward, our commitment to reducing electricity intensity remains firm. Our strategy includes the replacement of older equipment, fostering energy-saving awareness, investing in high-efficiency machinery, and promoting a circular economy model. Furthermore, Tong Hsing has initiated solar power projects at the Longtan and Bade plants in 2023 to boost our renewable energy utilization. We will continue to optimize energy usage and adhere to our environmental objectives for enhanced energy efficiency and carbon reduction.

### Energy Consumption

Unit: GJ

Plant	Taipei	Longtan	Zhubei	Philippines	Total
Scope 1	153.97	33.41	522.14	746.48	1,456.00
Scope 2	107,412.59	98,260.74	130,016.17	102,540.30	438,229.80
Total	107,566.56	98,294.15	130,538.31	103,286.78	439,685.80

Notes: The Taipei plant includes the Taipei headquarters office and the Zhubei plant includes the Changyi office.

### GHG Inventory

In 2022, Tong Hsing recorded a total greenhouse gas (GHG) emissions of 80,839.2291 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e). This comprised emissions from various categories, including Category 1 emissions accounting for 0.96%, Category 2 emissions at 74.60%, Category 3 emissions at 11.36%, and Category 4 emissions at 13.08% of the total. Our GHG emissions reporting adheres to ISO/CNS 14064-1:2018 standards, with the baseline year set as 2022.

Year	2022
GHG Emissions	80,839.23
Capacity (million NTD)	13705.18
GHG Emission Density CO <sub>2</sub> e/NTD million	<b>5.90</b>

GHG Type Emissions (tCO <sub>2</sub> e/year)	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Others	Total Emissions	%
Category 1	98.7353	469.2056	0.9828	234.5787	0.0000	0.0000	0.0000	0.0000	803.5024	0.99%
Category 2	60,286.0690	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	60,286.0690	74.58%
Category 3	9,179.8421	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	9,179.8421	11.36%
Category 4	10,569.8156	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	10,569.8156	13.08%
Category 5	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.00%
Category 6	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.00%
Total	80,134.4620	469.2056	0.9828	234.5787	0.0000	0.0000	0.0000	0.0000	80,839.2291	100.00%
%	99.16%	0.58%	0.00%	0.26%	0.00%	0.00%	0.00%	0.00%	100.00%	-



Our main GHG emissions source is electricity. We plan to reduce electricity consumption continually and increase the use of renewable energy. Our emissions reduction plan is based on a 2022 baseline year, targeting a 1% reduction in 2023 and 2024, followed by annual reductions of 4-5% from 2025 to 2030, leading to a 30% reduction in carbon emissions by mid-2030 (equivalent to 132,342.54 joules).

**Carbon Reduction  
accounting to mid-2030**



GHG Categories and Emissions (Categories 1-6) for Tong Hsing Group							
	Category 1				Category 2	Category 3~6	Total Emissions (Note)
	Fixed	Process	Mobile	Fugitive	Indirect Emission	Other Emission	
Emissions	803.5024				60,286.07	19,749.66	80,839.23
(tons CO <sub>2</sub> e/yea)	51.9031	0	47.9944	703.6049			
Composition	0.99%				74.58%	24.43%	100.00%
	0.06%	0.00%	0.06%	0.87%			
Total	803.5024				60,286.07	19,749.66	80,839.23

## 5. Financial Impact Assessment of Climate-related Risks and Opportunities

In December 2022, Taiwan enacted the Climate Change Adaptation Act, aiming to achieve net-zero greenhouse gas emissions by 2050. This landmark legislation serves as a critical framework for future climate governance in the country. To assess the impact of climate change, Tong Hsing follows the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), ensuring comprehensive analysis and disclosure of climate-related risks and opportunities.



Governance

Materiality	Current Situation Overview
<ul style="list-style-type: none"> <li>Describe the Board's oversight of climate-related risks and opportunities</li> <li>Describe the role of senior management in assessing and managing climate-related risks and opportunities</li> </ul>	<p>The Board oversees climate-related risks and opportunities at Tong Hsing, participating in policy formulation and monitoring their implementation, including risk assessment and strategy development.</p> <p>Under the Board's authority, Tong Hsing has a Sustainable Development Committee chaired by the General Manager, which reports to the Board. This committee includes representatives from various departments, focusing on climate risk assessment, opportunity evaluation, and adaptation strategies. Their collaborative effort ensures Tong Hsing can respond effectively to potential climate impacts while sustaining its operations.</p>



Strategy

<ul style="list-style-type: none"> <li>Identified short, medium, and long-term climate-related risks and opportunities by the organization.</li> <li>The organization's assessment of climate-related risks and opportunities and their impacts on business, strategies, and financial planning.</li> </ul>	<p>In terms of climate-related risks, Tong Hsing has conducted assessments to identify areas of significant impact on the business and future market developments. The major climate risks identified include rising raw material costs, changes in rainfall and water patterns, extreme climate variations, and an increase in greenhouse gas emission prices. These risks are considered to have varying timeframes and probabilities of occurrence.</p> <p>In the short term (within 3 years), the higher probability risks primarily include physical risks such as changes in rainfall and extreme climate variations, the strengthening of GHG emission reporting obligations, and rising raw material costs. Most other climate-related risks are categorized as medium to long-term risks, expected to materialize over a period of 3-10 years or longer.</p> <p>On the front of market opportunities, Tong Hsing envisions potential opportunities in using low-carbon energy sources, reducing water consumption, responding to changing consumer preferences, and developing or increasing the availability of low-carbon products and services. These opportunities are expected to emerge in the medium to long term.</p> <p>Following a comprehensive risk assessment related to climate impacts, Tong Hsing is adopting a strategic risk management approach with specific departmental strategies:</p> <p>Mitigating Raw Material Cost Increases: R&amp;D and Sales departments are collaboratively working on alternative material sourcing and strategies to counter rising raw material costs.</p> <p>Managing Physical Risks: Tong Hsing acknowledges the potential consequences of altered rainfall patterns and extreme climate events like flooding disrupting operations. Scenario-based assessments are being conducted to evaluate financial impacts and inform risk management measures.</p> <p>Adapting to Transition Risks: The company is vigilantly monitoring evolving regulations regarding greenhouse gas emissions reporting and future carbon taxation. Tong Hsing will remain flexible in responding to regulatory changes, ensuring compliance through appropriate measures.</p> <p>In addressing the physical and transition risks, scenario explanations are provided to convey a clear understanding of these risks and their potential impacts.</p>
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Materiality	Current Situation Overview					
<ul style="list-style-type: none"><li>Description of the organization's resilience in its strategies, considering different climate-related scenarios, including the 2°C or more stringent scenarios.</li></ul>	<b>[Physical Risk: Changes in Precipitation Patterns and Extreme Climate Change]</b>					
	We evaluated potential financial impacts under the 1.5°C and 2°C scenarios. Our assumptions for Taiwan facilities are based on climate change estimates specific to Taiwan, drawn from the final draft of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), released on August 9, 2021. These estimates are detailed in the scientific highlights of the IPCC AR6 and the Taiwan Climate Change Assessment Update Report. For our Philippines facilities, we considered the IPCC AR6's projected data for the Asian region in our assessment.					
	Physical Risk Scenarios		SSP1-2.6 Scenarios		SSP3-7.0 Scenarios	
	Warming Scenario		1.5°C		2°C	
	Sea-level Rise Values in the Vicinity of Taiwan		30 cm		50 cm	
	Annual Total Rainfall in Taiwan		12%		14%	
	Increase in the Intensity of Average Annual Maximum One-day Rainfall		15.7%		18%	
	Rainfall Scenario Assumptions		Assuming zero incidents affecting factory operations before 2030 and one incident affecting factory operations before 2050.		Assuming zero incidents affecting factory operations before 2030 and one to two incidents affecting factory operations before 2050.	
	Remarks: The Taiwan Climate Change Scientific Team comprises of key organizations, including the Ministry of Science and Technology's "Taiwan Climate Change Projection and Adaptation Knowledge Platform Program (TCCIP)," Academia Sinica's Environmental Change Research Center, the Central Weather Bureau under the Ministry of Transportation and Communications, National Taiwan Normal University's Department of Earth Sciences, and the National Science and Technology Center for Disaster Reduction, among others.					
	The assessment reveals:					
Physical Risk Scenarios		SSP1-2.6 Scenarios		SSP3-7.0 Scenarios		
Warming Scenario		1.5°C		2°C		
Potential Financial Impacts on Each Plant	Plants	Financial Impact Assessment		Plants	Financial Impact Assessment	
	Taipei	No impact assessed due to higher elevation at manufacturing sites.		Taipei	No impact assessed due to higher elevation at manufacturing sites.	
	Longtan			Longtan		
	Zhubei			Zhubei		
	Philippines			Philippines		
	Total			Total		
	<b>[Transition Risk: Financial Impact from Carbon Tax]</b>					
In December 2022, the Climate Change Act was enacted, setting a target of achieving net-zero emissions by 2050. Additionally, carbon taxation will commence in 2025. Tong Hsing recently completed an ISO 14064-1:2018 greenhouse gas inventory, revealing total emissions of 80,839.23 metric tons of CO <sub>2</sub> e. With an estimated carbon price of NT\$300 per metric ton, this could result in a substantial carbon tax or fee of approximately NT\$24.25 million. It's important to note that if carbon prices increase, so will the associated tax or fee.						
Tong Hsing is dedicated to carbon management and has set the following goals:						
<ul style="list-style-type: none"><li>Achieve a yearly 1% reduction in carbon intensity starting from the base year of 2022.</li><li>Establish and review carbon reduction targets for 2030, making adjustments based on annual progress.</li></ul>						

Assess the financial impacts on each plant under the 1.5°C and 2°C scenarios.

Item	Taipei / Yingge	Longtan	Bade	Zhubei	Philippines
Lowest point of plant, distance to the nearest sea level (cm)	10,600cm	24,100cm	12,000cm	2,250cm	13,100 cm
Plant's height (measured from ground level)	Ground level: 36 meters Below ground: 6.6 meters	38.5m	49.98m	26.55m	15.30 m
Nearest coastal area or fishing port	Nearest coastal area: Zhubei Fishing Port	Yong'an Fishing Port	Zhuwei Fishing Port	Nanliao Fishing Port	Port of Manila
Impact under the 1.5°C scenario	Estimated sea level rise by 30 cm (by 2050)	Sea level rise by 30 cm (by 2050)	Sea level rise by 30 cm (by 2050)	Sea level rise by 30 cm (by 2050)	Sea level rise by 30 cm (by 2050)
Affected area	No impact	No impact	No impact	No impact	No impact
Impact under the 2°C scenario	Estimated sea level rise by 50 cm (by 2050)	Sea level rise by 50 cm (by 2050)	Sea level rise by 50 cm (by 2050)	Sea level rise by 50 cm (by 2050)	Sea level rise by 50 cm (by 2050)
Affected area	No impact	No impact	No impact	No impact	No impact

Remarks: Assumptions for scenario analysis are based on IPCC scientific findings and the Taiwan Climate Change Assessment Report.



Materiality	Current Situation Overview
<ul style="list-style-type: none"> <li>Describe organization's process for identifying and assessing climate-related risks.</li> </ul>	<p>To assess climate-related risks, Tong Hsing refers to the TCFD guidelines, global risk assessment reports, Taiwan-specific climate change research reports projecting conditions for 2050, and considers the actual operating conditions of the markets in which it operates. We evaluate the 13 transition risks and 4 physical risks outlined in the TCFD guidelines. We assess the urgency (short, medium, long-term), probability (using a 5-level scale to describe high, medium, low levels), and potential negative impacts (using a 5-level scale to describe high, medium, low levels) of each risk. Through the Sustainable Development committee, we take into account the actual customer situations, undergo an internal control review process, and determine the severity of climate-related risks and their prioritization for mitigation.</p>
<ul style="list-style-type: none"> <li>Describe organization's process for managing climate-related risks.</li> </ul>	<p>Tong Hsing performs annual risk assessments, manage identified climate-related risks and opportunities, report the findings to our board of directors, and disclose them in our sustainability report to maintain transparency and accountability in our climate risk management.</p>
<ul style="list-style-type: none"> <li>Describe the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management system</li> </ul>	<p>Tong Hsing has already verified ISO14064-1 and begun implementing TCFD climate-related financial assessments in 2022. We are committed to setting science-based reduction targets more proactively. In 2023, we are integrating our existing operational risk management assessment mechanisms with TCFD climate risk management processes, including climate risk assessments within environmental risk evaluations. We will ensure that specific risk mitigation actions are implemented across various departments. Annual risk assessments will be conducted to keep us well-informed about any changes in these risks, enabling us to formulate relevant emission reduction strategies and measures.</p>





Indicators & Objectives

### Materiality

- Disclosure of the indicators used by the organization to assess climate-related risks and opportunities as part of its strategy and risk management processes.
- Disclosure of Scope 1, Scope 2, and Scope 3 (if applicable) greenhouse gas emissions and related risks.
- Description of the organization's objectives in managing climate-related risks and opportunities, as well as the performance in achieving those objectives.

### Current Situation Overview

Based on the above strategies and risk management processes, Tong Hsing has identified the immediate actions and future tracking indicators as follows; indicators have been established for each risk and opportunity to facilitate quantitative tracking of the management mechanism.

In 2023, the company successfully completed third-party verification of greenhouse gas emissions under ISO14064-1 for all its plants. Moving forward, Tong Hsing will continue to collect carbon emissions data using the established methodology and set reduction targets for greenhouse gas emissions.

Considering global net-zero emissions initiatives and upcoming carbon border tax measures in Europe and the US, Tong Hsing will emphasize digital transformation and cater to energy storage, efficiency, and innovation demands. Following our inaugural climate-related financial assessment in 2023, we will gradually set up management indicators and goals to devise future strategies and action plans.

Each department is expected to take actions based on the identified risks and opportunities, including:

### Climate Risks

Item	Key strategies that each department can adopt
Rising raw material costs	<ul style="list-style-type: none"> <li>• Identify high-climate-risk suppliers and enhance their climate resilience.</li> <li>• Explore collaborations with low-carbon production partners to promote sustainable and eco-friendly supply chains.</li> </ul>
Changes in rainfall patterns and extreme climate events	<ul style="list-style-type: none"> <li>• Develop risk management and response measures, such as addressing flooding scenarios caused by heavy rainfall.</li> </ul>
Enhanced greenhouse gas emissions reporting obligations	<ul style="list-style-type: none"> <li>• Strategically plan for regulatory adjustments and compliance.</li> </ul>
Customer behavior changes	<ul style="list-style-type: none"> <li>• Maintain the quality and technology of green, eco-friendly, and sustainable products to meet evolving market demands.</li> </ul>
Failure of investments in new technologies	<ul style="list-style-type: none"> <li>• Continuously monitor market needs and stay updated on technological advancements.</li> </ul>
Substitution of existing products with low-carbon alternatives	<ul style="list-style-type: none"> <li>• Continuously monitor market needs and stay updated on technological advancements.</li> </ul>

### Climate-related market opportunities

Item	Key strategies for each department to consider
Utilizing low-carbon energy.	<ul style="list-style-type: none"> <li>• Actively enhance energy efficiency, promote energy diversification, for example, by installing solar panels on roofs to increase electricity generation efficiency and enhance the use and stability of green energy.</li> <li>• Establish smart and energy-efficient production facilities and equipment to advance low-carbon operational methods.</li> </ul>
Reducing water usage and consumption.	<ul style="list-style-type: none"> <li>• Improve water efficiency and make tangible contributions to sustainable environments.</li> </ul>
Adapting to changing consumer preferences.	<ul style="list-style-type: none"> <li>• Develop green energy products to enhance green energy market share, including energy storage equipment and complete energy storage support systems.</li> </ul>
Developing and expanding low-carbon products and services	<ul style="list-style-type: none"> <li>• Enhance Green Energy Division and product line.</li> <li>• Promote green lifestyle and products, reduce fossil fuel dependence.</li> <li>• Seek low-carbon tech business opportunities, collaborate with sustainable partners.</li> </ul>



# 4 Blissful Workplace

1. Workforce Demographics and Diversity
2. Talent Recruitment, Retention, and Development
3. Human Rights Policy
4. Occupational Health and Safety
5. Comfortable and Friendly Workplace Environment

## 1. Workforce Demographics and Diversity

GRI 2-7, GRI 401-1, GRI 2016 405

In 2022, Tong Hsing had a total of 3,654 employees worldwide, including 2,764 individuals across various plants and the headquarters in Taiwan. The increase, which grew by 19.38% from 2,946 individuals in 2021, was primarily driven by the establishment of new manufacturing plants and increased production demands.

Tong Hsing is dedicated to fostering workplace diversity and stands out for its exemplary gender equality performance in the electronics industry. The company remains committed to learning from industry benchmarks and optimizing its management practices to leverage the advantages of a diverse workforce.



In 2022, the proportion of female employees increased to 62.7% company-wide. Additionally, in overseas plants such as the Philippines, women comprised 47% of leadership roles.

	Item	Male		Female		Total	Percentage of Total Employee
		Number	%	Number	%		
Employment Type	Full Time	1363	37.3%	2290	62.7%	3653	99.97%
	Part Time	0	0.0%	1	0.0%	1	0.03%
Age	Under 30 years old	291	8.0%	667	18.3%	958	26.2%
	31-50 years old	983	26.9%	1501	41.1%	2484	68.0%
	Over 51 years old	89	2.4%	123	3.4%	212	5.8%
Job Level	Managerial	218	6%	190	5.2%	408	11.2%
	Non-Managerial	1145	31.3%	2201	57.5%	3654	88.8%

Note: According to GRI's definition, full-time employment is equivalent to regular employment.

### About Our Employees

Total Number of Employees in 2022

3,654



Male

37.3%



Female

62.7%

Total number of New Hires

1,061

accounting for 29% of total employees

Total number of Resigned or Terminated

627

accounting for 17% of total employees



Attractive Compensation & Benefits Package



Efficient Channels for Constructive Feedback



Comprehensive Educational & Career Development Opportunities



Emphasis on Work-Life Balance

### Creating Stable Job Opportunities



99.9%  
are Full Time Employees



Average Years of Service  
8.15 年



58.43%  
of employees hold a college or postgraduate degree



Percentage of female employees  
62.7%  
Percentage of female managers has reached  
5%



Percentage of foreigners  
22.5%

## Gender Distribution of Full-Time Employees for 2021-2022

Operational Locations	2021 Male	2021 Female	2021 Total	2022 Male	2022 Female	2022 Total
Entire Group	1318 (44.7%)	1628 (55.3%)	2946 (100%)	1363 (37.3%)	2291 (62.7%)	3654 (100%)

Unit : Employees / Percent %	Taipei			Longtan			Zhubei			Philippines			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total Full Time Employees	626	747	1373	195	279	474	304	612	916	238	652	890	1363	2290	3653
Part time Employees	0	0	0	0	1	1	0	0	0	0	0	0	0	1	1
Total	626	747	1373	195	280	475	304	612	916	238	652	890	1363	2291	3654
Age	Under 30 years old	112	122	234	26	51	77	50	220	270	103	274	377	291	667
	31-50 years old	482	588	1070	160	200	360	218	345	563	123	368	491	983	1501
	Over 51 years old	32	37	69	9	29	38	36	47	83	12	10	22	89	123
Total	626	747	1373	195	280	475	304	612	916	238	652	890	1363	2291	3654
Managerial	95	96	191	35	32	67	58	36	94	30	26	56	218	190	408
Non Managerial	531	651	1182	160	248	408	246	576	822	208	626	834	1145	2101	3246
Total	626	747	1373	195	280	475	304	612	916	238	652	890	1363	2291	3654

Note: Taipei includes both the Taipei HQ and the Taipei Plant, and Hsinchu includes the Zhubei Plant and the Changyi Office.

Note: Figures are based on the total headcount as of the last day of 2022.

Note: Non-employee figures include security personnel, cleaning staff, and contractors.

Note: According to the GRI definition, full-time is equivalent to regular employment.

### Age Distribution of New Hires and Departures in 2022 (Taiwan) | GRI 401-1

In 2022, Tong Hsing hired a total of 1,061 new employees, while 627 full time employees left the company.

Tong Hsing		2022				
Unit : Employees / Percent (%)		Total				
		Male	%	Female	%	Total
New Hires	Under 30 years old	197	38.6%	314	61.4%	511
	31-50 years old	349	53.0%	310	47.0%	659
	Over 51 years old	6	50.0%	6	50.0%	12
Total		552		630		1182
Resigned or Terminated Employees	Under 30 years old	105	49.3%	108	50.7%	213
	31-50 years old	208	45.7%	247	54.3%	455
	Over 51 years old	10	37.0%	17	63.0%	27
Total		323	8.8%	372	10.2%	695

### The proportion of foreign employees

Percentage of Foreign Employees		Taipei	Longtan	Zhubei	Philippines
2021	Locals	930	429	477	1072
	Foreigners	456	101	272	2
	Total	1386	530	749	1074
2022	Locals	1002	413	526	889
	Foreigners	370	62	390	1
	Total	1373	475	916	890
Percentage of Foreigners % 26.95%		26.95%	13.05%	42.58%	0.11%

### Diversity in Recruitment | GRI 401-1, GRI 405-1

Tong Hsing is committed to fair and non-discriminatory recruitment practices, providing equal opportunities for employees regardless of nationality, race, religion, or gender based on business needs. The company focuses on talent retention and development through comprehensive compensation and benefits, professional training, and employee welfare policies.

While new hires are predominantly aged 30 and below, departures are primarily seen in the 31-50 age group, with minimal changes from the previous year.

Tong Hsing values employee rights and well-being, offering a supportive environment for work-life balance, including robust benefits, a friendly workplace, comfortable accommodations, gender-friendly facilities, occupational health and wellness programs, and social activities. The company also provides extensive educational and training opportunities to promote career growth and job satisfaction.

### Employee Benefits and Compensation System | GRI 2-19, GRI 2-20

The company formulates and enforces a rational employee benefits package, encompassing compensation, leave, and other incentives. This package is informed by external market salary benchmarks, the broader economic landscape, and aligns employee compensation with the company's annual business performance.

Compensation components include salary, meal allowances, quarterly bonuses, year-end bonuses, and profit-sharing.

The organization also revises its 'New Employee Salary Benchmark Method' in line with industry standards, with its annual business performance reflected in the compensation and rewards structure. Employee feedback from satisfaction surveys prompts adjustments to the compensation system. Furthermore, the company continuously enhances workplace conditions to provide a superior working environment for its employees.

## 2. Talent Recruitment, Retention & Development

Material Topic

### Material Topic Management Policy

GRI 3-3

#### Material Topic

Talent Recruitment, Retention, and Development

#### Impact Assessment

Positive: Competitive compensation and robust training system to retain and attract talent.

Negative: Failure to fulfill compensation or training commitments may result in talent loss and recruitment difficulties, affecting company operations.

#### Policy & Commitment

1. Child Labor Prohibition: We strictly forbid the use of child labor and any form of forced, debt bondage, or exploitative labor practices.

2. Employee Rights: Our work and rest hours comply with labor laws.

3. Employee Policies: Compensation and benefits fully align with legal requirements.

4. Humane Treatment: We ensure humane and respectful treatment of all employees, refraining from any form of abuse.

5. Non-Discrimination: Equal employment opportunities are provided without regard to race, age, gender, etc.

6. Freedom of Association: We uphold employees' freedom of speech and association, protecting them from retaliation or threats.

#### Accountable Unit

Human Resource

#### Management KPI

Employee Satisfaction

#### Effective Action Plan

Continuous Employee Satisfaction Improvement and Implementation of Suggestions from Employees

### Stakeholders Engagement

Topic of Concerns	Communication Channels & Methods	Frequency	Response Mechanism
Labor Relations	Labor-Management Meetings	Regular	
Compensation and Benefits	Employee Welfare Committee	Regular	1. Quarterly Labor-Management Meetings
Training and Development	Internal Website and Training Courses	Ad-Hoc	2. Seasonal Gifts, Employee Travel, Internal and External Training Programs, and Employee Health Check-ups
Occupational Safety and Health	Ad Hoc Communication and Awareness Sessions	Ad-Hoc	3. On-Site Medical Services
Company Policies and Strategies	Employee Suggestion Box/Monthly Meetings	Ad-Hoc	4. On-Site Banking Services
Employee Relations	Health Center/Employee Cafeteria/Lounge	Ad-Hoc	



## Employee Care and Welfare

■ GRI 201-3, GRI 401-2

This company is committed to creating a more friendly working environment and an ideal quality of life for our colleagues. Below are various employee welfare measures at Tong Hsing

<b>Employee Benefits Program &amp; Subsidy Policies</b>	To support our employees, we provide a comprehensive insurance and healthcare package that covers labor and health insurance, group insurance for employees and their families, accident insurance, workplace accident insurance, and regular health check-ups. This ensures their well-being and allows them to focus on their work without undue financial worry.
<b>Employee Cafeteria &amp; Meal Allowance</b>	We operate an employee cafeteria with varied food choices, including vegetarian and international cuisine, while also offering meal subsidies for our traveling staff, promoting their dietary and overall well-being.
<b>Employee Dormitory &amp; Transportation Arrangements</b>	Our Taiwan plants provide comfortable living spaces for both local and foreign employees, including short-term housing support and shuttle services for a hassle-free daily commute.
<b>Accessible Parking and Facilities</b>	We provide employee parking with dedicated spaces for expectant mothers and individuals with disabilities. Additionally, our workplace offers gender-friendly amenities, including unrestricted access to private medical and lactation rooms.
<b>Health Promotion</b>	We offer free annual health check-ups and have on-site medical professionals to provide care, health education, and wellness activities, ensuring the well-being of our employees.
<b>Year-End &amp; Holiday Bonuses</b>	We offer employee bonuses, birthday gifts, holiday bonuses for Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and Chinese New Year, along with an annual year-end banquet and lucky draw.
<b>Comprehensive Leave Policies</b>	We comply with legal regulations for annual leave, paternity leave, family care leave, and menstrual leave. We also provide maternity leave, paternity leave for male employees, family care leave, and a parental leave scheme to meet our employees' and their families' needs. In our Philippine plant, we offer a 105-day maternity leave in accordance with local laws, even in the absence of specific paternity leave.
<b>Education Assistance Fund</b>	Tong Hsing emphasizes employee and their children's education and offers scholarships for those who meet the company's academic criteria. This includes scholarships for employees' education and their children's education.
<b>Training &amp; Career Development</b>	We offer an employee suggestion reward program, a comprehensive education and training system, and a structured career advancement framework. This includes tiered professional skill training and courses in language proficiency and interpersonal communication, enhancing management abilities.



## Statistics on Employees on Parental Leave Without Pay in the Past 3 Years

GRI 401-3

Year	2020		2021		2022	
Gender	Female	Male	Female	Male	Female	Male
Number of Eligible Employees for Parental Leave (A)	471	256	500	248	655	364
Number of Parental Leave Applications (B)	3	3	5	1	26	5
Anticipated Number of Returnees for the Year (C)	2	4	5	1	17	4
Actual Number of Returnees (D)	0	3	3	0	11	3
Number of Employees Still Employed 12 Months After Return (E)	0	3	1	0	10	3
Parental Leave Application Rate (B)/(A)	0.60%	1.20%	1.00%	0.40%	3.97%	1.37%
Return Rate After Parental Leave Period (D)/(C)	0%	75.00%	60.00%	0%	64.71%	0.00%
Retention Rate One Year After Return (E)/Previous Year (D)	0%	100%	33%	0%	90.91%	100.00%

(Note 1): Statistics for employees who have applied for maternity or paternity leave in the Taiwan Plants between January 1, 2019, and December 31, 2022, and were still employed as of December 31, 2022.

(Note 2): Not applicable to the Philippines plant.

## Educational Training

GRI 404-1

Adhering to our guiding principle that 'employee growth drives company progress,' we annually design education and training plans and professional courses. These are tailored to align with our business objectives, new policies, legal requirements, and job-specific needs. These programs aim to enhance employee competencies and professional skills. They encompass external specialized training, online education, presentation skills, and in-service English courses, fostering a comprehensive educational framework to outline our employees' future growth path.

### Taipei, Longtan, Zhubei

In 2022, our internal training program encompassed various categories, including general, specialized skills, management, quality, and occupational safety training, totaling 89,518 training hours. Alongside our internal training, we also facilitated continuous learning for employees through external instructors and resources, incurring approximately NT\$2.19 million in external training costs.

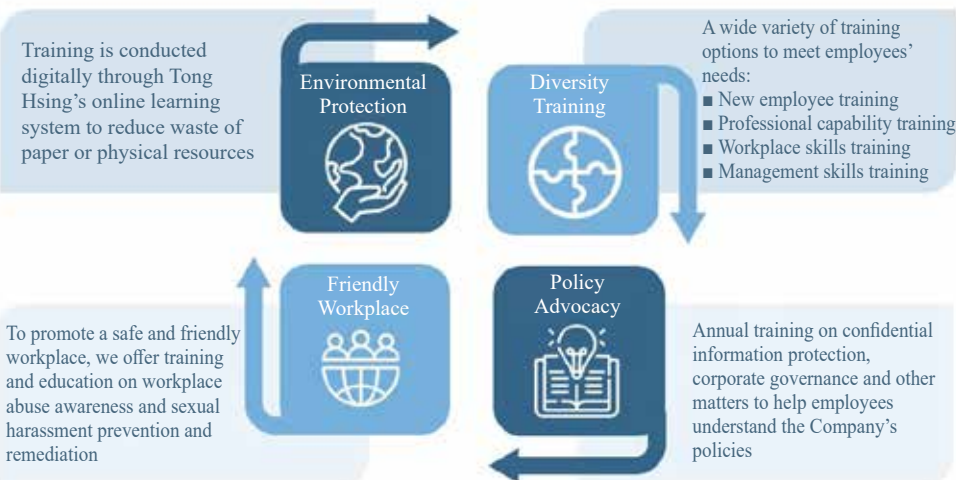
### Philippines

In 2022, our internal training program included categories such as general training, specialized skills, management, quality, and occupational safety training, totaling 4,666 hours. We also promote continuous learning through external instructors and resources.

## Training System at Tong Hsing

Tong Hsing's training system comprises four key components: Environmental Protection, Diversity Training, Policy Advocacy, and a Friendly Workplace. Training is delivered through diverse methods to facilitate employee learning.

## Employee Training & Education



## Employee Skill Advancement

■ GRI 404-1, GRI 404-2

In 2022, our internal training program encompassed general, specialized skills, management, quality, and occupational safety training, totaling 94,184 training hours.

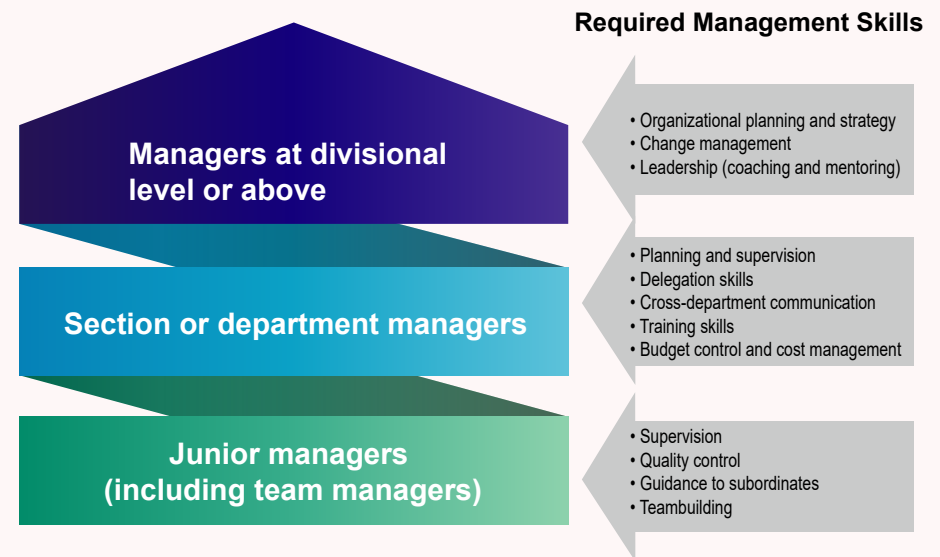
## Cross-Functional Skill Development

Tong Hsing provides employees with common competency and workplace skills courses, fostering diverse skill development. Course offerings include Problem Analysis and Solution Boot Camp, EXCEL MOS Certification, Presentation Skills, Effective Communication, Performance Management, and Data Visualization, enhancing language proficiency, interpersonal communication, and workplace efficiency



## Management Competency Development

Managers are vital in any organization, serving as a linchpin between upper management and the workforce. At Tong Hsing, we have devised a tiered management competency development system tailored to different managerial levels. This system builds training and supervisory skills for front-line supervisors, emphasizes budget control, employee development, and inter-departmental communication for departmental and divisional managers, and focuses on leadership, change management, and strategic planning for core department heads. This gradual approach enhances workplace capabilities for management at all levels.



## Employee Appraisal and Career Development

GRI 404-3

Tong Hsing routinely assesses employee performance and development through our internal evaluation process.

	Employee Appraisal conducted in 2022 (Taiwan plants)	Employee Appraisal conducted in 2022 (Philippines Plant)
By Gender (number of employees)		
Male	1,043	194
Female	1481	583
Total	2524	777
By Job Level		
Managerial	381	28
Non-Managerial	2143	749
Total	2524	777

## Employee Career Development Planning

### Advancement Perspective

Tong Hsing divides its career paths into professional and managerial roles, offering employees a dual-track career advancement system.

### Training Perspective

Tong Hsing provides comprehensive training programs for new employees, on-the-job and professional development, and management training. In 2024, we are expanding our offerings to include courses for managers at various levels, including entry-level supervisors, middle-level managers, and advanced management seminars.

The company's talent development is structured into four key segments: new employee training, on-the-job/professional training, management skills, and learning and development. These encompass a wide range of courses and learning opportunities for supervisors and employees at all levels to enhance their capabilities. Employees can select career paths aligned with their abilities and refine their skills through the company's training programs, in accordance with our job planning.

1. Professional Roles: Engineers / Managers (General / Senior / Director)
2. Technical Roles: Project Technical Supervisors (Basic / Intermediate / Advanced)
3. Management Roles: Operational Management Supervisors (Entry / Intermediate / Senior)

## Retirement Policy

GRI 201-3

To ensure employee job security, Tong Hsing adheres to legal regulations by annually allocating retirement reserves as mandated by labor standards laws. We engage professional actuaries for accurate reserve calculations based on years of service and pre-retirement average salaries. As of the end of 2022, plan assets were valued at NT\$235,849,000, and the accrued retirement benefit obligation, considering future contributions as required by law, stood at NT\$340,308,000.

Tong Hsing adheres to retirement fund regulations, contributing 6% of each employee's monthly salary to individual accounts with the Labor Insurance Bureau for retirement (applying to the New System). The total retirement fund expenses for 2022, covering both old and new systems, amounted to NT\$89,012,000, including data from the Philippines plant. As a gesture of appreciation, Tong Hsing also presents retirement commemorative medals to retiring employees as a symbol of gratitude.



Tong Hsing provides multiple career tracks for professional, technical, and managerial roles, fostering talent development and mutual growth.

### 3. Human Rights Policy | GRI 412-1

In alignment with international human rights principles, Tong Hsing adheres to established work rules and management practices to ensure regulatory compliance, protect employee rights, promote humane treatment, and prevent discrimination. This commitment is based on globally recognized human rights conventions and guidelines, such as the United Nations Universal Declaration of Human Rights, United Nations Global Compacts, and International Labor Organization conventions.



#### Tong Hsing is committed to

- **Child Labor Prohibition:** Tong Hsing strictly prohibits child labor, forced labor, debt bondage, and any form of involuntary or exploitative labor practices.
- **Employee Rights Compliance:** Working hours and rest periods align with the Labor Standards Act, ensuring that employees' rights are respected.
- **Legal Employee Policies:** Compensation and benefits provided to employees adhere to all relevant legal requirements.
- **Humane Treatment:** Every employee is treated with dignity and respect, and the company strictly forbids inhumane treatment, such as violence, corporal punishment, threats, insults, abuse, sexual violence, or harassment.
- **Non-Discrimination:** Tong Hsing offers equal employment opportunities without discrimination based on factors such as race, age, gender, disability, or other legally protected characteristics.
- **Freedom of Association:** The company respects employees' freedom of speech and association, protecting them from retaliation or threats when exercising these rights.





## Commitment to Employee Well-being: Our Promise, Your Assurance

- (1) **Workers' Rights:** We uphold and protect workers' rights, ensuring freedom of career choice, the right to form associations, and prohibiting child labor. We adhere to labor laws regarding wages, benefits, and working hours. We require labor dispatch companies to follow these standards.
- (2) **Health and Safety:** We prioritize worker health and safety, implementing emergency preparedness plans, managing occupational injuries and illnesses, and ensuring safety measures. Our facilities maintain public hygiene and offer clean dining facilities and dormitories.
- (3) **Environmental Stewardship:** We minimize adverse impacts on society, the environment, and natural resources, safeguarding public health and safety. We adhere to environmental permits, prevent pollution, and comply with regulations regarding product content.
- (4) **Business Ethics:** We conduct business ethically, prevent unfair gains, and adhere to anti-corruption laws. We respect intellectual property rights, ensure fair trade, and protect business partners' data. We provide an anonymous reporting system to support whistleblowers.
- (5) **Management Systems:** We establish comprehensive management systems, ensuring compliance with labor, health and safety, environmental, and ethical commitments. This includes defining management responsibilities, risk assessments, performance goals, and ongoing assessments, along with worker training and communication procedures.



## 4. Occupational Health and Safety (OHS)

### Robust Occupational Health and Safety Management System Ensuring a Comfortable and Safe Work Environment for Employ

Tong Hsing is dedicated to providing a safe and healthy work environment, adhering to relevant regulations such as the Occupational Health and Safety Act. We regularly conduct operations to eliminate hazards and reduce the risk of occupational accidents, while also promoting employee health and wellness activities to ensure their well-being.

“

Tong Hsing has held OHSAS 18001 OHS management system certification since 2006. In 2020, we completed the ISO 45001 upgrade certification, reaffirming our commitment to employee well-being, equality, and excellent working conditions.

#### Policy & Commitment

In line with Tong Hsing's "Sustainable Development Policy," our Environmental Health and Safety Policy is as follows:

- Prioritize employee rights and cultivate a friendly workplace.
- Safeguard health and safety by mitigating potential hazards.
- Promote environmental consciousness and enact pollution prevention measures.
- Implement risk management and drive ongoing enhancements.

#### Management Policies

In compliance with environmental, occupational safety, and fire safety regulations, we have established an environmentally friendly and safe workplace. Our ISO 45001 certification underscores our commitment to a safe and healthy working environment, risk reduction, and continuous enhancement of occupational health and safety performance.

Aligned with our company's overall environmental health and safety policy, our OHS management focuses on:

- Regulatory Compliance: Strict adherence to safety and health laws and standards.
- Hazard Prevention: Comprehensive safety and health management for injury and illness prevention.
- Employee Engagement: Active worker consultation and participation, with educational and training programs for heightened safety and health awareness among employees and contractors.
- Continuous Improvement: Robust risk management and a commitment to ongoing enhancements for a secure work environment and operations.

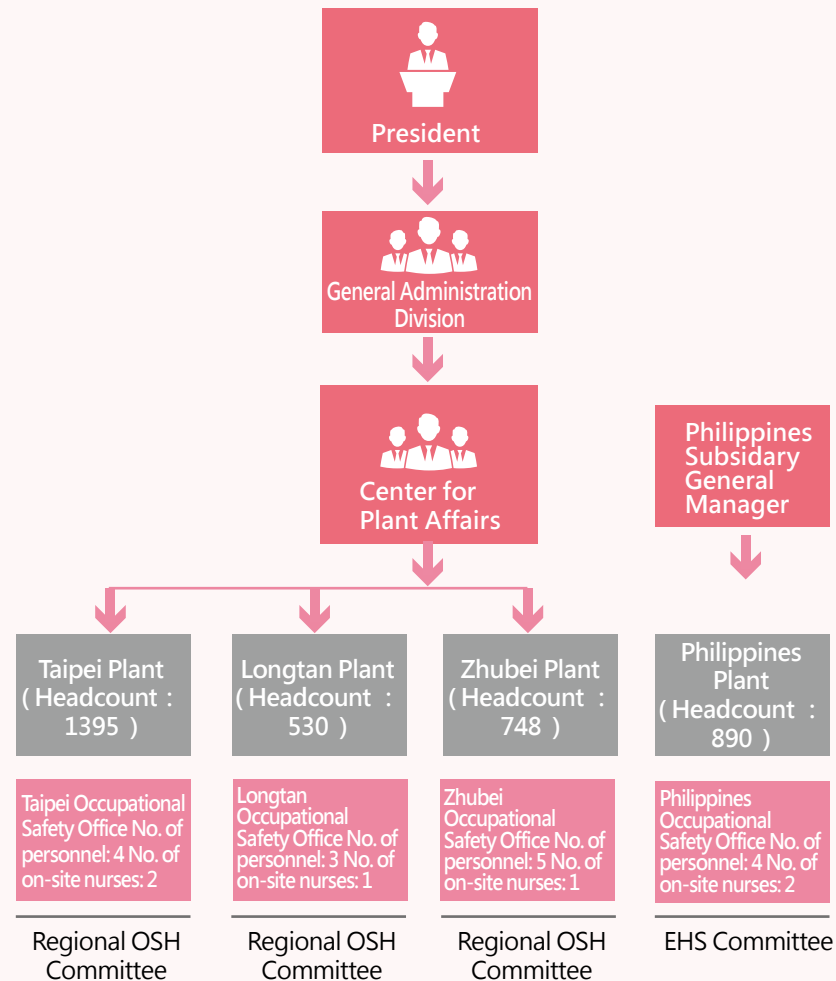
#### OHS Management Goals

To safeguard employee health and safety, each Tong Hsing plant maintains a dedicated OHS department, alongside an OHS Committee. These entities are led by specialized management teams responsible for driving OHS initiatives.

The OHS department is composed of OHS personnel responsible for environmental and safety management, ensuring compliance with relevant regulations and management systems. Concurrently, on-site nursing personnel manage health services, nursing care, and execute medical support interventions.

At the plant level, the OHS unit features clearly defined roles and responsibilities. Led by professional OHS managers and management specialists, it encompasses comprehensive OHS management, spanning planning (safety and health policy, regulatory compliance, training planning, hazard assessments) and execution (environmental monitoring, training, hazard prevention, incident analysis, and internal audits). This ensures thorough OHS management with a focus on continuous improvement.

Goals	Details	Outcome
Drinking Water Testing	In adherence to the Regulations on the Use and Maintenance of Fixed Drinking Water Supply Facilities, we perform quarterly sampling and testing of coliform bacteria in water dispensers to ensure the health and quality of drinking water for our employees.	Water Dispenser Tested: 111 units with a 100% compliance rate.
Workplace Environmental Monitoring	Pursuant to the Regulations on Occupational Environment Monitoring, we perform biannual assessments of workplace conditions, including carbon dioxide, noise levels, and chemical substance concentrations. These evaluations aim to safeguard employees from physical and chemical hazards in areas where chemicals are used or stored.	Out of 503 tests conducted, all yielded a 100% compliance rate.
Health Checkups	Biennial general and specific occupational health checkups for employees.	General Health Checkups: 1,570 employees Specialized Occupational Health Checkups: 256 employees
Environmental and Occupational Safety Training	In compliance with the OHS Education and Training Regulations, we conduct various education and training programs to ensure employee safety and health: 1.New Employee Occupational Safety and Health Training 2.Supervisor Occupational Safety and Health Training 3.New Employee Hazard Awareness Training 4.Ongoing Employee Occupational Safety and Fire Training 5.Quarterly and Site-Specific Emergency Response Drills 6.Periodic Traffic Safety Driving Seminars	1.New Employee OHS Training: 614 employees 2.Ongoing General OHS Training: 2,242 employees 3.Ongoing Hazard Awareness Training: 1,742 employees 4.Fire Safety Training: 733 employees
Inspections, Safety Audits, and Internal Compliance Audits	1.Occupational Safety and Environmental Inspections and Audits. 2.Regular self-assessments. 3.Scheduled meetings of the OHS Committee. 4.Annual internal and external audits of the environmental management system	1.Regular Motorcycle Tire Tread Depth Inspections: 3,557 units 2.Quarterly OHS Committee Meetings 3.Annual Internal and External Audits
GHG Control	Annually conduct greenhouse gas inventories, publicly set reduction targets, assess economic voluntarily, assess the feasibility of economic and technology and promote greenhouse gas emissions reduction.	Voluntarily disclose the results of greenhouse gas inventories and reduction goals
Four Major Safety Protection Plans	1.Human Factor Hazard Prevention Program Advocacy 2.Abnormal Workload-Induced Disease Prevention Program Advocacy 3.Preventing Unlawful Harm in Job Execution Program Advocacy 4.Maternal Health Protection Program Advocacy	Human Factor Hazard Prevention: 51 Abnormal Workload: 41 Workplace Illegitimate Acts Prevention: 1 Maternal Health Protection: 37
Chemical Substance Control	Tong Hsing employs a limited amount of chemicals in its processes, and manages chemical substances according to GHG hazard pictogram classification. Chemicals displaying GHG hazard pictograms are classified as hazardous chemicals. Chemicals lacking GHG hazard pictograms are considered general chemicals, while non-chemical items like dust or noise fall into the "others" category	No violations



## Measures Implemented

The following measures are implemented under the OSH management system at each plant:

1. Obtain ISO 45001 or other OSH certifications and regularly conduct internal/external audits and performance management to assess the effectiveness of the management system
2. Comprehensively assess potential occupational risks and hazards and monitor work environment; devise and implement precautions according to the assessment results
3. Provide education and training and conduct emergency response exercises to enhance safety and disaster prevention awareness among all employees
4. Build robust grievance mechanism and communication channels to ensure employees' engagement
5. Provide various occupational health services and health promotion programs to care for workers

## Goals and Evaluation Mechanism

To ensure workplace and operational safety, all plants utilize the OSH management system to monitor indicators related to occupational hazards, injuries, safety risks and work environment. The frequency-severity indicator (FSI) is the main performance indicator we use to evaluate OSH performance. We also implement hazard identification, risk classification, internal and external audits to identify risks and shortcomings, based on which we set goals for improvement and implement action plans.

## Grievance Mechanism and Communication

Tong Hsing has established grievance mechanisms and various communication channels for OSH management. Plant-level grievance mechanism includes an OSH committee, labor meetings, suggestion boxes, illegal workplace abuse complaint channel, among others. Towards external parties, communication and interactions related to OSH include government inspections, official documents issued by competent authorities, customer surveys, on-site audits and disclosures on the Company's official website.

## Comprehensive OSH Management System: Certification and Professional Management

## Management System Certifications and Professional Teams | GRI 403-1, GRI 403-2, GRI 403-8

In 2020, we completed the certification upgrade for our OSH systems. Management systems at our plants transitioned smoothly from the OHSAS 18001 to the ISO 45001 standard. In accordance with internationally recognized safety standards, we continue to provide our employees with a safe working environment through robust OSH policy, risk management, training and education, communication, occupational hazard management and other measures.

### Tong Hsing's OSH Management System Certification

	Taipei Plant	Longtan Plant	Zhubei Plant	Philippines Plant
Headcount	Employees	1373	476	922
	Non-Employees	29	0	13
Obtained ISO 45001 certification	V (Valid Till : 2026/03/19)	V (Valid Till : 2025/11/15)	X	V (Valid Till : 2024-02-26)

Note: Zhubei Plant has already implemented the ISO 45001 management system and plans to apply for certification by the end of 2024. They are currently conducting internal audits annually in accordance with the ISO 45001 standard.



ISO 45001  
Certification  
(Taipei Plant)

ISO 45001  
Certification  
(Longtan Plant)



The operation of an effective OSH management system relies on the expertise of the occupational safety personnel at each plant. The OSH personnel at all of our plants have received professional training. Their certification includes Certification for Level A Occupational Safety and Health Affairs Managers, Certification for Level A Occupational Health Management Specialists, Certification for Level B Occupational Safety and Health Personnel and so on.

## OHS Performance Evaluation Mechanism

Clearly defined objectives are key to optimal management. With regard to OSH management, Tong Hsing uses the Frequency-Severity Indicator (FSI) as the key indicator to monitor work environment and occupational hazards. We conduct annual internal and external audits to identify shortcomings in our systems with the aim of reducing health and safety incidents, enhancing safety protection during manufacturing processes and enabling continuous improvement of OSH performance.

## Short-, Medium- and Long-Term Goals

Project of the Year	Plant	2019	2020	2021	2022	2025 (target)	2030 (target)
Frequency-Severity Indicator (FSI)	Taipei	0.1	0.44 【Note】	0.23	0.06	<0.12	<0.10
	Longtan	0.36	0.15	0.15	0.15	0.13	<0.10
	Zhubei	0.09	0.07	0.07	0.06	0.09	<0.10
	Philippines	0.0316	0.0346	0.0206	0.00	<0.2	<0.10

Note: 1. Frequency-Severity Indicator (FSI) = [(Disabling Injury Frequency Rate X Disabling Injury Severity Rate) ÷ 1000]<sup>0.5</sup>

2. The FSI value for the Taipei Plant was higher in 2020 due to three fall incidents (leading to higher lost workdays). The Company subsequently conducted an improvement program. Refer to "Incident Investigation and Follow-up Measures" section below for details.

Based on internal and external audit findings, establish and execute improvement measures

GRI 403-9

## Internal Audits

An annually appointed team of certified auditors conducts comprehensive internal audits, covering aspects such as occupational health and safety policies, employee competency and awareness, documentation, management plan execution, emergency readiness, regulatory compliance, incidents, and corrective actions.

### Overview of Internal Audits in 2022

	Taipei Plant	Longtan Plant	Zhubei Plant	Philippines Plant
Date	2022/1/18	2022/9/19~9/23	2022/11/14~12/6	2022/1/1~3/31
Findings (Number of non-conformities, NC)	2	1	4	9
Follow-up Measures	Amending operational procedures	4 Plant has established a centralized management representative (in process)	1. Revising and Sharing Group Management Procedures 2. Adding the previous year's Environmental Safety Audit findings to in-service education and training materials 3. Comprehensive inspection and updating of fire extinguisher labeling	Revising procedures to mitigate risks and minimize impact.

Note: While the Zhubei Plant has yet to obtain the ISO 45001 certification, internal audits at the plant were conducted using the criteria comparable to the standard

## External Audits

### Overview of External Audits in 2022

	Taipei Plant	Longtan Plant	Zhubei Plant	Philippines Plant
Date	2022/7/7	2022/10/13-10/14	NA	2022/11/14-11/18 11/14-18/ 2022
Findings (Number of non-conformities, NC)	Minor: 3 Observations: 8 Improvement required: 2	Major: 0 Minor: 0 Suggestions: 7	NA	Passed
Follow-up Measures	Workflow modifications for process enhancements.	Continuously improved as per the suggested actions.	NA	Enhanced calibration procedures and secondary containment measures.

## Continuous Improvement

Tong Hsing, driven by its commitment to continuous improvement, enhances its occupational safety and health management system and procedures based on performance evaluations and internal/external audits. This includes revising document formats, implementing communication matrices for improved collaboration, enriching education and training content by integrating inspection deficiency cases into contractor safety materials, and conducting regular follow-ups on deficiencies.

## Occupational Hazard Awareness and Risk Assessment

GRI 403-2, GRI 403-9

Risk management and hazard prevention are integral parts of OSH management. To ensure safety of all employees in the work environment, we conduct occupational safety risk assessment and hazard identification on a regular basis. We also conduct incident and non-compliance investigation and implement corrective measures accordingly.

For occupational risk assessment, we assess the severity, scope of impact and probability of each risk identified in routine and non-routine tasks (including emergencies). We then map out a risk matrix to determine risk scores. A score of 4 and above implies high risk; a score of 3 means moderate to high risk; a score of 2 is moderate risk; and a score of 1 refers to low risk. High risks are unacceptable risks that must be addressed immediately with contingency plans and corrective measures. Moderate or moderate-to-high risks are tolerable for the time being but require a review of existing measures for further improvement. Low risks are acceptable risks.



## Occupational Risk Assessment & Hazard Identification

### Risk Assessment Results in 2022

Plant	High and Moderate Risks Identified (2022)			Follow-up Measures and Implementation Results (2022)		
	Risk Level	Number	Hazard Type	Item	Evaluation Metric	Implementation Status
Taipei	High	1	Mechanical hazard (pinch point hazard)	Equipment safety check throughout plant ( 826 machines in total )	Compliance with occupational safety regulations	Achieved (December, 2022)
	Medium	1	Fire/chemical hazard	Emergency Drills ( 28 sessions in total )	Drills score >90	Achieved (December, 2022)
Longtan	High	2	Mechanical hazard (pinch point hazard)	Development of Machine Equipment Safety Training Materials	New Employee Training and Continuous Development	Achieved (2023)
				Review and Inspection of Wafer Baking Machine Safety Devices	Compliance with Occupational Safety Regulations	Achieved (December, 2022)
	Medium	1	Fire hazard	Emergency Drills ( 2 sessions in total )	Enhancing staff familiarity with Evacuation Routes	Achieved (December, 2022)



Plant	High and Moderate Risks Identified (2022)			Follow-up Measures and Implementation Results (2022)		
	Risk Level	Number	Hazard Type	Item	Evaluation Metric	Implementation Status
Zhubei	High	1	Fire hazard	Regular emergency response drills	Familiarizing employees with escape routes and fire extinguisher usage	Completed in May, October, and November 2022
		1	Chemical spills	Regular emergency response drills	Training employees on the use of emergency leak response vehicles and protective equipment	Completed in December 2022
	Medium	2	Noise-induced hearing loss	Hazard prevention	Providing protective equipment and safety and health education and training	Completed in November 2022
		2	Chemical splashes	Hazard prevention	Providing protective equipment and safety and health education and training	Completed in November 2022
		2	Falling/rolling objects	Safety and health education and training	Conducting health and safety education and training for new and existing employees, as well as contracted employees	Completed in September 2022
		1	Cuts/lacerations	Safety and health education and training	Conducting training for new and existing employees, as well as contracted employees	Completed in September 2022
		1	Fatigue	Plan for abnormal working prevention	Conducting surveys, health checkups, and physician interviews	Completed in April 2022
		1	Food poisoning	Changing cafeteria service providers	Renewing contracts with HACCP-certified cafeteria service providers	Completed in April 2022
		1	Injury to construction workers	Safety and health education and training for contracted personnel	Updating safety and health education and training materials for contracted employees	Completed in November 2022
Philippines	High	1	Fire	By increasing the number of ERT members, participating in BFP training and exercises/practices, conducting daily EHS inspections and hazard mitigation, improving fire alarm and suppression systems, enhancing emergency preparedness and response. Improving ventilation systems.	1.Enhancing emergency preparedness and response capabilities. 2.Compliance with occupational safety and health standards and government regulations.	Completed in 2022
	Medium	1	Machine internal explosion	Upgrading lockout devices, pressure regulators, and pressure relief valves.	Compliance with machinery safety procedures.	Completed in 2022
		1	Chemical splashes	Transferring hazardous chemicals requires a hazardous work permit.	Compliance with chemical safety procedures.	Completed in 2022
		1	Exposure to noise	Providing earplugs.	Mitigating hazards and minimizing environmental impact in the workplace.	Completed in 2022
		1	Tool-related injuries	Performing daily EHS inspections and hazard mitigation.		
		1	Ergonomic injuries	Supplying hand carts/pallet jacks for transporting heavy materials.		
		1	Struck by heavy objects	Providing safety shoes.		
		1	Inhaling chemical fumes	Enhancing exhaust systems.		

### Comparing with previous risk assessments

	Risk Level	2020	2021	2022	Explanation of the Reasons for the Change
Taipei	High	0	1	1	2022 Fire Accident Risk (Continual Improvement)
	Medium	1	1	1	2022 Equipment Pinch Hazard (Completed)
Longtan	High	4	3	2	2022: No Incidents - Emphasis on Mechanical Equipment and Fire Safety
	Medium	3	1	1	Unchanged
Zhubei	High	2	2	2	Unchanged
	Medium	8	10	10	Unchanged
Philippines	High	0	0	3	Unchanged
	Medium	0	2	5	Unchanged

#### On September 25, 2022, a fire incident occurred at the Taipei Plant

Follow-up Improvement Measures: 1. Develop an emergency attendance roster. 2. Conduct annual day and night shift factory-wide evacuation drills. 3. Perform quarterly inspections of firefighting equipment. 4. Bi-annually conduct fire extinguishing training, including new personnel for the current year.



#### In 2022, there were no accidents reported at the Longtan Plant

In pursuit of fire prevention and minimizing disaster-related losses, a self-defense fire brigade drill and fire extinguishing training were conducted at the Longtan plant on December 16, 2022



## Incident Investigation and Statistics Overview of Work-Related Injuries in 2022

GRI 403-9、GRI 403-10

Item	Taipei Plant	Longtan Plant	Zhubei Plant	Philippines Plant
Absence Rate (AR)	4.83%	3.73%	0.6%	0%
Rate of Fatality Caused by Work Injury	0	0	0	0
Occupational Diseases Rate (ODR)	0	0	0	0
Severe Work Injury Rate	0	0	0	0
Recordable Work Injury Rate	3.8	0	1.85	0
Lost Day Rate (LDR)	1	0	0.49	0
Process Safety Total Incident Rate (PSTIR)	0.27	0	0	0

FSI =  $\sqrt{((R \times FR) / 1000)}$  AR = Sick leave hours + Occupational injury leave hours + Physiological leave / Total worked hours \* 100%

## Statistics for Non-Employee Work-Related Accidents and Occupational Disease in 2022

GRI 403-9

Plant	Gender	Number of employees	Work Hours	IR	ODR	AR	Occupational Injury-Related Death Rate
Taipei	Male	8	26,144	0	0	100%	0
	Female	22	71,896	0	0	99.95%	0
Longtan	Male	7	26,980	0	0	0	0
	Female	12	25,496	0	0	0	0
Zhubei	Male	10	17,520	0	0	0	0
	Female	0	0	0	0	0	0
Philippines	Male	21	58,771	0	0	93.04%	0
	Female	15	39,744	0	0	100%	0

## Statistics for Disabling Injuries in 2022

GRI 403-9, GRI 403-10

Type of disabling Injuries (The definition refer to note)	Plant	Occur Times	Days Lost	
Mortality	Taipei Plant	0	0	
	Longtan Plant	0	0	
	Zhubei Plant	0	0	
	Philippines Plant	0	0	
Permanent Totally Disability	Taipei Plant	0	0	
	Longtan Plant	0	0	
	Zhubei Plant	0	0	
	Philippines Plant	0	0	
Permanent Partly Disability	Taipei Plant	0	0	
	Longtan Plant	0	0	
	Zhubei Plant	0	0	
	Philippines Plant	0	0	
Temporary Totally Disability	Taipei Plant	Employees	3 cases of contact with hazardous substances / being struck / being squeezed or caught or rolled over	11
		Non-Employees	0	0
	Longtan Plant	Employees	0	0
		Non-Employees	0	0
	Zhubei Plant	Employees	3 cases of object collapse, falling, improper action	4
		Non-Employees	0	0
	Philippines Plant	Employees	0	0
		Non-Employees	0	0

Note: Excluding commuting accidents of employees. Please refer to the official website for the definition of injury categories.

## Incident Investigation and Follow-up Measures

GRI 403-2

All plants have procedures for incident investigation and handling. In the event of an occupational injury, the incident shall be addressed immediately. Measures include emergency care at the medical room and accompanying the injured to a hospital. Plants shall also file an incident handling report, occupational injury notification report and complete a form for improvement plan, specifying clear corrective measures and implementation schedule. In addition, patrol inspections as well as follow-up safety education and training shall be conducted to prevent the incident from happening again.



Incidents below occurred in 2022 which has been improved completely

### Situation Description:

On September 25, 2022, at the Taipei Plant the low liquid level protection device for the pre-plating machine's heater in the stripping and pre-immersion machine failed to automatically disconnect the heater's power, resulting in a fire caused by the heater overheating.

### Follow-up Measures

As the liquid heating tank's protection device was incomplete, the improvement measures as following:

1. Adding a low liquid level device and overheat protection for existing equipment.
2. For future procurement of new mechanical equipment, equipment suppliers must sign an equipment procurement safety specification. For example, the FM 4910 certified fire-resistant materials for tanks and solid-state relays for heater control as safety acceptance criteria.
3. Conducting a comprehensive evacuation drill for both day and night shifts annually (previously, each department conducted separately).
4. Performing fire equipment inspections quarterly and fire extinguishing training every six months, including new employees for the current year.

Type		False Incident		Safety Incident	
		Inside the plant	outside the plant	Inside the plant	outside the plant (commuting)
Number of incidents	Taipei Plant	3	0	3	13
	Longtan Plant	0	0	0	0
	Zhubei Plant	0	1	0	5
	Philippines Plant	0	0	0	0

## Environment Monitoring and Chemical Management

In addition to tracking occupational injuries, Tong Hsing regularly conducts work environment inspections to monitor potential hazards in accordance with applicable laws and regulations. These inspections cover noise, illuminance, dusts, carbon dioxide, chemicals, etc. Trend analysis is then performed to identify areas for improvement. The scope of our chemical management is outlined in the table below. In 2022, all inspection results were within legally permitted limits.

Item	Type	Description	Inspection Frequency
Plant	General Chemicals	N/A	
	Hazardous Chemicals	Potassium cyanide, ethylene glycol monobutyl ether, xylene, methanol, isopropyl alcohol, acetone, nickel, hydrofluoric acid, sulfuric acid, dichloromethane	Semiannual
		Lead, methanol	Annual
	Other	Noise, carbon dioxide, respirable dust, total dust	Semiannual
Longtan Plant	General Chemicals	N/A	Semiannual
	Hazardous Chemicals	Sulfuric acid, sodium hydroxide, ethanol, isopropyl alcohol	Semiannual
	Other	Noise, carbon dioxide, illuminance	Semiannual
Zhubei Plant	General Chemicals	Carbon black	Annual
	Hazardous Chemicals	Methanol, acetone, isopropyl alcohol, xylene, cyclohexanone, butyl acetate, sulfuric acid	Semiannual
		Hydrochloric acid, ethylene diamine, sodium hydroxide	Annual
	Other	Noise, carbon dioxide, illuminance	Semiannual
Philippines Plant	General Chemicals	N/A	Semiannual
	Hazardous Chemicals	Potassium cyanide, ethylene glycol monobutyl ether, xylene, methanol, isopropyl alcohol, acetone, nickel, hydrofluoric acid, sulfuric acid, dichloromethane, lead, methanol	Annual
	Other	Noise, carbon dioxide, illuminance, Humidity	Semiannual

### Operational Permit Management

Before undertaking operations of a high-risk nature, all plants of Tong Hsing complete the necessary permit application and protective measures. The numbers of permits applied in 2022 are listed in the table below:

Types	Fire	High Altitude	Confined Space	Temporary Power	Rooftop Operation	Other (Hoist)
Taipei Plant	14	28	4	0	0	30
Longtan Plant	28	0	3	0	0	15
Zhubei Plant	238	280	0	0	0	106
Philippines Plant	4	7	1	2	3	17

### Occupational Education & Training and Emergency Response

GRI 403-5

Opinions and feedback from frontline workers and external parties are important bases for the improvement of our OSH management system and procedures. Hence, we make sure OSH education and training is one of the most practical ways to protect employees. To ensure that all employees understand operational safety and relevant OSH regulations, Tong Hsing regularly provides OSH education, training and promotion based on employees needs. Training includes certification courses and general courses about hazards. The total OSH training hours were 8,372 hours in 2022. The Company has also established emergency response teams at each plant and formulated procedures for communication, emergency response, investigation and recovery. Emergency drills for fire and chemical hazards are held routinely with all workers participating to enhance disaster prevention awareness.

### OSH Training and Education in 2022

Type		Orientation Training	License and Certification Training		On-the-job Training
Plant		Training for New and Transferred Employees	Initial Training	Recurrent Training	Specific or General Training
Taipei Plant	Number of Trainees	239	41	8	General (1,373), Hazard Awareness (970)
	Hours	717	823	69	3732
Longtan Plant	Number of Trainees	24	37	12	General (1,565), Hazard Awareness (423)
	Hours	72	413	57	2530
Zhubei Plant	Number of Trainees	266	28	12	General (645), Hazard Awareness (652)
	Hours	798	510	78	1925
Philippines Plant	Number of Trainees	120	60	20	General (24), Hazard Awareness (183)
	Hours	120	2400	320	184

## Emergency Response Drills in 2022

Plant	Type	Fire Safety	Toxic Chemicals	Specific Chemicals	Emergency Evacuation	Dye/Dust Leak	Others
Taipei Plant		2	2	26	0	0	0
Longtan Plant		2	0	0	2	0	0
Zhubei Plant		1	N/A	1	2	N/A	4
Philippines Plant		378	378	N/A	378	N/A	349

## Grievance Mechanism and Communication

GRI 403-4

Opinions and feedback from frontline workers and external parties are important bases for the improvement of our OSH management system and procedures. Hence, we make sure that members on OSH committees include employee representatives. We also provide various communication and counseling channels to invite feedback from all parties to facilitate progress and improvement.

### Meetings of Occupational Safety and Health Committees (2021/1/1-2021/12/31)

Plant	Number of Meetings	Number of Committee Members	Number and Percentage of Employee Representatives		Notes
Taipei Plant	4	44	15	0.33	Dates of meeting : 3/17 、6/22 、8/26 、10/25
Longtan Plant	4	27	9	0.33	Dates of meeting : 3/31 、6/30 、9/30 、11/30
Zhubei Plant	4	15	5	0.33	Dates of meeting : 01/25 、04/26 、07/26 、10/25
Philippines Plant	12	6	8	1.33	Dates of meeting : 1/28, 2/24, 3/25, 4/13, 5/23, 6/16, 7/15, 8/26, 9/15, 10/21, 11/28, 12/1



## Diverse Participation and Communication Channels

### Internal Participation and Communication Channels

- Labor-management meetings (quarterly)
- OSH committee meetings (quarterly)
- Year-end employee symposiums (annual)
- Environmental compliance satisfaction surveys and impact assessments (annual)
- OSH suggestion forms (ad hoc)
- OSH risk assessments (annual)
- Non-compliance review meetings of the OSH committee (quarterly or annually)
- Incident investigation and review meetings (quarterly or ad hoc)

### External Communication Channels

- Government inspections or on-site audits
- Official letters from competent authorities
- Environmental, safety and health questionnaires from clients and on-site audits by clients
- Calls from members of nearby communities
- Company website and press releases
- Shareholders' meetings

## Occupational Health Services and Health Promotion

GRI 403-3, GRI 403-6

Tong Hsing places significant emphasis on the care and promotion of employees' health. We offer occupational health services, on-site health services, physical and health examinations and the four major health protection programs. Other focuses include occupational disease risk management (e.g., special health examinations and hearing loss prevention programs) and health promotion (e.g., health education newsletters, lectures, workout classes, weight management classes, etc.).



## Occupational Health Services

Tong Hsing provides various occupational health services to help identify and eliminate occupational hazards early on, minimizing risk of occupational injuries.

### Overview of Occupational Health Services in 2022

Plant	Type of Occupational Health Services	Evaluation of Effectiveness
Taipei Plant	<ol style="list-style-type: none"> <li>1. Monthly on-site medical services by occupational medicine physicians (three hours per session)</li> <li>2. Monthly on-site medical services by family doctors (three hours per session, twice per month)</li> <li>3. Health examination for current employees engaging in particularly hazardous operations (once per year)</li> <li>4. Monthly survey on maternal health protection at the workplace</li> </ol>	<p>Keep records of on-site medical service</p> <p>Arrange qualified hospital personnel for onsite services</p> <p>Arrange on-site services by occupational medicine physicians for eligible employees</p>
Longtan Plant	<ol style="list-style-type: none"> <li>1. Monthly on-site medical service by qualified physicians specialized in labor health services (three hours per session)</li> <li>2. Health examination for current employees engaging in particularly hazardous operation (once per year)</li> <li>3. Implement employee health management and promote the four major programs of the Occupational Safety and Health</li> </ol>	<p>Interviews and documentation forms completed by on-site doctors, occupational health nurses and employees for record-keeping (available for inspections by Hsinchu Science Park Bureau and internal/external audits)</p>
Zhubei Plant	<ol style="list-style-type: none"> <li>1. On-site medical services by occupational medicine physicians (three hours per session)</li> <li>2. Health examination for current employees engaging in particularly hazardous operation (once per year)</li> <li>3. Care for high-risk groups (The number of recipients in 2022 are listed below: High risk of ergonomic hazards: 27 High risk of abnormal workload: 11)</li> </ol>	<p>Interviews and documentation forms completed by on-site doctors, occupational health nurses and employees for record-keeping Utilize health checkups, surveys and interviews to identify groups with high risk hazards and provide posture guidance, consultation and assessment with on-site doctors to reduce hazard risks</p>
Philippines Plant	<ol style="list-style-type: none"> <li>1. On-site services by the plant doctor and dentist are available every day (2 hours per session).</li> <li>2. All employees and contractors can receive online medical consultations.</li> <li>3. Occupational nurses are on rotation from Monday to Saturday (12 hours per day).</li> <li>4. Health protection promotion is conducted monthly through face-to-face consultations, video presentations, and distribution of pamphlets.</li> <li>5. Long-term leave and employees with illnesses and accidents related to COVID are closely monitored and managed.</li> </ol>	<p>The plant doctor and dentist record the latest medical information of employees in chart form in their personal medical files. All employees are required to fill out a health declaration form before entering the workstation.</p>

### The result of on-site service in 2022

	Taipei Plant	Longtan Plant	Zhubei Plant	Philippines Plant
Times of On-Site Service	36	12	12	Full-time plant doctor and dentist
The total number of employees participating in health education activities	60	27	51	397
The total number of employees receiving counseling guidance	238	43	51	Doctor consulting:326 Nurse counseling:1,535

## Implementation of Physical and Health Examinations in 2022

Type	Subject	Frequency	Coverage	Number of Employees that Received the Examinations			
				Taipei Plant (including Headquarters)	Longtan Plant	Zhubei Plant	Philippines Plant
General Physical Examination	New or transferred employees	Before onboarding	Checkup items specified in the Labor Health Protection Regulations	277	73	140	120
Special Physical Examination	New or transferred employees engaging in particularly hazardous operations	Before onboarding or transfer	Checkup items specified in the Labor Health Protection Regulations	6	0	1	8
General Health Examination	All current employees	Annually regardless the age	Checkup items specified in the Labor Health Protection Regulations, abdominal ultrasound, pulmonary function tests, bone density tests and cancer screening for all employees; additional electrocardiogram for employees at the age of 40 and above	867	390	266	887
Special Health Examination	Current employees engaging in particularly hazardous operations	Annually	Checkup items specified in the Labor Health Protection Regulations	206	5	44	0
Health Examination for Senior Staff	Employees with job tenure of 10, 15, 20, 25, 30, 35, 40 years	Annually if there are eligible employees (in lieu of general health examination)	General health examinations specified by health examination organizations, gastroscopy, colonoscopy, magnetic resonance imaging, computed tomography, echocardiogram	N/A	N/A	N/A	0
Health Examination for Senior Executives	Managers at associate vice president level or higher	Biennially	Health examinations for seniors specified by health examination organizations, and cardiovascular examinations	36	9	4	0

### Particular Physical and Health Examinations

Tong Hsing provides various occupational health services to help identify and eliminate occupational hazards early on, minimizing risk of occupational injuries.

#### Physical and Health Examinations Category of Taipei Plant

Category/ Level	LV1	LV2	LV3	LV4
Noisy Operations	79	78	0	6
Lead Operations	31	10	0	0
Dust Operations	51	25	0	0
Nickel Operations	37	26	0	0
Formaldehyde Operations	13	13	0	0
Ionizing Radiation Operations	0	0	0	0

Note: 6 employees in the fourth-level of the category follow the Hearing Protection Program for implementation.

#### Physical and Health Examinations Category of Longtan Plant

Category/ Level	LV1	LV2	LV3	LV4
Noisy Operations	4	1	0	0
Ionizing Radiation Operations	0	0	0	0

#### Physical and Health Examinations Category of Zhubei Plant

Category/ Level	LV1	LV2	LV3	LV4
Noisy Operations	6	2	0	0
Ionizing Radiation Operations	34	2	0	0

## Four Major Health Protection Programs in 2022

Each plant follow the regulations of the Occupational Safety and Health Act to implement the four major health protection program. The execution status is as follows

Plant	Maternal Health Protection	Reports of Extreme Workload	Number of Human-Factors Engineering Improvement	Complaints of Illegal Workplace Abuse
Taipei Plant (including Headquarters)	Pregnant: 14 Within one year after childbirth: 7 Still breastfeeding beyond one year after childbirth: 3	0	0	0
Longtan Plant	Pregnant: 3 Within one year after childbirth: 1 Still breastfeeding beyond one year after childbirth: 0	0	0	0
Zhubei Plant	Pregnant: 3 Within one year after childbirth: 1 Still breastfeeding beyond one year after childbirth: 0	0	27 Through a musculoskeletal symptom survey, high-risk colleagues are invited to have the plant doctor assess and evaluate the lifting and carrying of heavy objects in the workplace with the guidance from the doctor on correct posture. Workers are encouraged to provide feedback on the demonstration to prevent muscle soreness symptoms that may result from poor posture.	0
Philippines Plant	Pregnant: 0 Within one year after childbirth: 0 Still breastfeeding beyond one year after childbirth: 0	0	0	0

## COVID-19 Response and Prevention

In response to the COVID-19 pandemic, the Company's headquarters has established an Epidemic Response Team. In 2022, each plant implemented public health measures based on the government's Covid-19 four-level epidemic alerts, such as moving meetings, education and training campaigns online; conducting rapid testing for new hires on day one; alternating work arrangement; installing partitions in dining areas; conducting more frequent disinfection practices, etc. In addition, all plants monitored the number of cases reported in real time. Other epidemic control measures taken included rapid test kit distribution, engaging third-parties for professional environmental disinfecting measures, strict fever screening or close-contact tracing measures and health education.

Plant	Numbers of Meeting	2022 Frequency of Meeting	2022 rapid test inventory
Taipei Plant	59	Once a week in Jan - Oct; Once in every two weeks in Nov - Dec	776
Longtan Plant	59	Once a week in Jan - Oct; Once in every two weeks in Nov - Dec	1335
Zhubei Plant	12	Once a week in Sep - Oct; Once in every two weeks in Nov - Dec	2654
Philippines Plant	N/A	N/A	N/A

## 5. Fostering a Friendly and Inclusive Workplace



Lactation Room and Facilities at Zhubei

Tong Hsing is dedicated to fostering a diverse and gender-friendly workplace. We provide amenities such as reserved parking spaces for expectant mothers and individuals with disabilities. To support breastfeeding, our company offers fully equipped and comfortable lactation rooms, maintained to high standards and accessible to all female colleagues in need through our medical office. We also promote employee well-being through club activities, stress-relief massages, and a nourishing dining experience in our bright employee cafeteria.

Longtan Plant, Lactation Room and Facilities



Accessible Parking for Disabled and Pregnant Individuals



Medical Room



Lactation Room



### Staff Cafeteria

We offer nutritious self-service meals and noodles to our colleagues and provide bento box meals during pandemic times to ensure their well-being. Overtime meals are provided free of charge, and our 24-hour vending machines offer diverse snack and beverage options for added convenience.



Longtan Plant



Taipei Plant



Zhubei Plant



Philippines Plant



### Massage Services by Visually Impaired Therapists

Tong Hsing's Zhubei Plant partners with the Zhubei Employment Center to offer a 'Visually Impaired Massage Station' every Tuesday and Thursday morning. This provides visually impaired individuals with job opportunities as corporate massage therapists, benefiting their economic well-being and social value. Our colleagues enjoy a monthly 10-minute neck and shoulder massage, promoting relaxation and meaningful interaction, fostering social inclusion.



### Enjoying Neck and Shoulder Massage

Location: Zhubei Plant 3F medical Room

Time: Every Tuesday morning, Thursday morning

Registration: 1F HR desk

Each employee can have a massage every month, 10 minutes each time.



### Clubs and Social Events

To strengthen team unity and alleviate work-related stress, Tong Hsing hosts a variety of club activities with financial support. We have clubs like Tong Hsing Baseball and Tong Hsing Badminton. Additionally, we organize departmental gatherings, employee outings, and family day events, extending invitations to colleagues' families for inclusive enjoyment.



Taipei Plant, I Ride, Therefore I Am - Yingge to Daxi Adventure.



Taipei Plant, Beida Paper Plane Run



Longtan Plant Manufacturing Department organized a trip to the Great Root Forest.



Longtan plant migrant workers' dormitory, Christmas Decoration competition



# 5 Community Outreach and Engagement

1. Community Engagement
2. Philanthropic Initiatives
3. Together We Care: Donate Blood, Saves Lives
4. Taoyuan Leopard Sponsorship: Elevating Sportsmanship with Excellence

## Community Engagement

Through robust employee care and active participation in social welfare, Tong Hsing is dedicated to fulfilling its corporate social responsibility. The company is committed to creating a blissful workplace for its employees through fair and diverse recruitment policies, comprehensive employee benefits, and training. It also engages in various charitable activities, such as participating in public service campaigns to promote reading on Da Ai TV and the "Old Shoes save lives" campaign, actively giving back to society.

### Industry-Academia Collaboration with the School of Management at the National Central University

2022/06~2022/08

Taipei and Longtan plants collaborated with the Graduate Institute of Industrial Management collaborated on three projects involving nine students. These projects focused on human-machine interaction lean processes, optimized measurement parameters, and desired man-to-machine ratio setup. The goal was to (1) develop local talent by providing them with practical manufacturing insights and (2) enhancing their application of time-and-motion techniques. At the end of the collaboration, students submitted papers highlighting improvements implemented in the plants, gaining hands-on experience in continuous improvement through real-world scenarios facilitated by Tong Hsing.

Projects	Outcomes
Operational Work Time Assessment	<ol style="list-style-type: none"> <li>1. Understanding production processes at Longtan, implementing practical work time measurement methods, and calculating production capacity.</li> <li>2. Enabling students to apply academic knowledge and practical experience to propose and execute optimization to align with plant goals.</li> </ol>
Lithography Process Work Time Assessment	<ol style="list-style-type: none"> <li>1. Understanding photolithography processes and characteristics to grasp production line management priorities.</li> <li>2. Equipping students with knowledge on workflow procedures and encouraging proposals for further optimization, with cost and long-term benefits for machine changes, earmarked for ongoing improvement.</li> </ol>
Small vs. Large Batch Production Efficiency Evaluation	Students gain practical experience in the production process, analyzing how batch size impacts production efficiency. This is one of the internal management initiatives, and the benefit assessment analysis report will be referenced for ongoing optimization.





## Philanthropic Initiatives

### Participate in computer recycling and Refurbishment project

2022/12/09

Tong Hsing, in collaboration with the Triple-E Institute in Taiwan, refurbished and donated a total of 43 used devices in 2022. These included 34 desktops, 5 laptops, and 4 monitors. The initiative supports underprivileged students, school groups, and social welfare organizations, providing them with refurbished computers for learning. This circular economy approach helps reduce electronic waste pollution, which can have adverse effects on human health and the environment. Recycling over 50,000 desktops and monitors has significantly reduced waste and lowered the environmental impact of hazardous materials.



### Together We Care: Old shoes save lives campaign

2022/12~2023/01

In early 2022, Tong Hsing, in response to UN Sustainable Development Goal SDG 1, rallied 325 colleagues from its Taiwan facilities to donate 710 pairs of old shoes to Step30 International Ministries, making a meaningful contribution to alleviate poverty. This initiative aims to make a positive impact in impoverished areas of East Africa.

Campaign	Date	Cost	Target (pairs)	Participants	Total Donations
Together We Care: Old Shoes, New Lives	2022/12 2023/1	Collection Bags: NT\$50 each; Able to pack 15 pairs per bag; Total ≈ NT\$2,500	Taipei Plant: 300 Longtan Plant: 200 Zhubei Plant: 150	Taipei, Longtan & Zhubei Plants	710 pairs of shoes



## Philanthropic Initiatives

### Together We Care: Donate Blood, Saves Lives



#### Taipei Plant

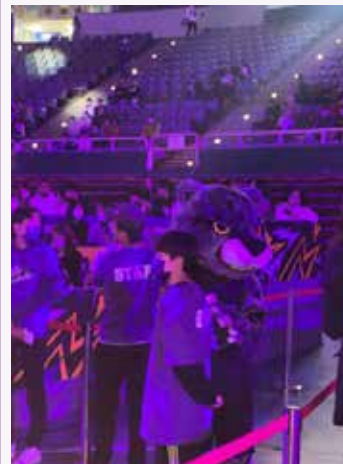
Program	Frequency	Date	No. of Participants	Total Blood Donated (packets)
Together We Care: Donate Blood, Saves Lives (in collaboration with Taipei Blood Center)	3	2022/3/24	70	92
		2022/9/6	47	65
		2022/12/8	53	71

#### Longtan Plant

Program	Frequency	Date	No. of Participants	Total Blood Donated (packets)
Together We Care: Donate Blood, Saves Lives (in collaboration with Hsinchu Blood Center)	1	2022/10/28	30 人	45

### Taoyuan Leopard Sponsorship: Elevating Sportsmanship with Excellence

To support the thriving sports culture in the Taoyuan region, Tong Hsing, located in Taoyuan, sponsored the Taoyuan Leopards, a local professional basketball team managed by Winball Sport Culture and Education Co., Ltd., a subsidiary of J&V Energy Technology Co., Ltd.. The sponsorship, totaling NT\$1.5 million (including tax), was initiated in the third quarter of 2022 and extends until the end of the 2023 season. This sponsorship includes Taoyuan-based home games hosted by the Taoyuan Leopards in the T1 League.





# Appendix

GRI Standards Index

SASB Standards Comparison Table

14064-1:2018 Certification

English Verification Report



## Appendix

### GRI Standards Index

Statement of Use	Tong Hsing Electronic Industries Ltd. has reported in accordance with the GRI Standards for the period from January 1, 2022, to December 31, 2022.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standards	Disclosure Title	Corresponding Chapter or Explanation	Page number
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	About This Report	3
	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	In 2021, one social penalty event (overtime violations) incurred a fine of NT\$96,000	3 37
	2-5 External assurance	Appendix: Third-Party verification	98
	2-6 Activities, value chain and other business relationships	Chapter 1: Corporate Governance : 六、Supply Chain Risk Management	33
	2-7 Employees	Chapter 4: Blissful Workplace : 4-1 Workforce demographic and diversity	59
	2-8 Workers who are not employees	Chapter 4: Blissful Workplace : 4-1 Workforce demographic and diversity	59
	2-9 Governance structure and composition	Chapter 1: Corporate Governance : 1-1 Governance Structure	21
	2-10 Nomination and selection of the highest governance body	Chapter 1: Corporate Governance : 1-1 Governance Structure	21
	2-11 Chair of the highest governance body	Chapter 1: Corporate Governance : 1-1 Governance Structure	21
	2-12 Role of the highest governance body in overseeing the management of impacts	Material Topics Analysis & Stakeholder Engagement	12
	2-13 Delegation of responsibility for managing impacts	Material Topics Analysis & Stakeholder Engagement	12
	2-14 Role of the highest governance body in sustainability reporting	ESG Governance	10
	2-15 Conflicts of interest	Chapter 1: Corporate Governance : 1-1 Governance Structure	21
	2-16 Communication of critical concerns	Material Topics Analysis & Stakeholder Engagement	12
	2-17 Collective knowledge of the highest governance body	Chapter 1: Corporate Governance : 1-1 Governance Structure	21
	2-18 Evaluation of the performance of the highest governance body	Chapter 1: Corporate Governance : 1-1 Governance Structure	21
	2-19 Remuneration policies	Confidential and undisclosed; the Sustainability Development Committee will assess the feasibility and timing of disclosure in the future	NA
	2-20 Process to determine remuneration	Confidential and undisclosed; the Sustainability Development Committee will assess the feasibility and timing of disclosure in the future	NA
	2-21 Annual total compensation ratio	Confidential and undisclosed; the Sustainability Development Committee will assess the feasibility and timing of disclosure in the future	NA

GRI Standards	Disclosure Title	Corresponding Chapter or Explanation	Page number
	2-22 Statement on sustainable development strategy	Message from the Chairman	4
	2-23 Policy commitments	Chapter 4 Happy Workplace : 4-2 Talent recruitment, retention & development	62
	2-24 Embedding policy commitments	Chapter 4 Happy Workplace : 4-2 Talent recruitment, retention & development	62
	2-25 Processes to remediate negative impacts	Material Topics Analysis & Stakeholder Engagement Impact Management	12
	2-26 Mechanisms for seeking advice and raising concerns	Chapter 1: Corporate Governance : 1-2 Business integrity and anti-corruption	26
	2-27 Compliance with laws and regulations	Chapter 1: Corporate Governance : 1-8 Compliance with laws and regulations	37
	2-28 Membership associations	Chapter 1: Corporate Governance : 1-7 Membership association	37
	2-29 Approach to stakeholder engagement	Material Topics Analysis & Stakeholder Engagement	11
	2-30 Collective bargaining agreements	The company does not have a labor union	N/A


GRI Standard/Other Source	Disclosures	Disclosure Chapter	Page number
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Topics Analysis & Stakeholder Engagement	12
	3-2 List of material topics	Material Topics Analysis & Stakeholder Engagement	12
1. Corporate Governance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	12
GRI 205: Anti-corruption 2016	GRI 205-3 Confirmed incidents of corruption and actions taken	Chapter 1: Corporate Governance : 1-2 Business integrity and anti-corruption	26
GRI 206: Anti-competitive Behavior 2016	GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Chapter 1: Corporate Governance : 1-2 Business integrity and anti-corruption	26
GRI 418: Customer Privacy 2016	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter 1: Corporate Governance : 1-8 Compliance with laws and regulations	37
2. Financial Performance			
3-3 Management of material topics	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	12
GRI 201 Economic Performance	GRI 201-1: Direct economic value generated and distributed	Chapter 1: Corporate Governance : 1-3 Financial performance	30
3. Talent recruitment, retention & development			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	12
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Chapter 4 Happy Workplace : 4-1 Workforce demographic and diversity	61

GRI Standard/Other Source	Disclosures	Disclosure Chapter	Page number
Material Topics			
	401-2 Benefits provided to fulltime employees that are not provided to temporary or parttime employees	Chapter 4 Happy Workplace : 4-2 Talent recruitment, retention & development	62
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Chapter 4 Happy Workplace : 4-2 Talent recruitment, retention & development	62
	404-2 Programs for upgrading employee skills and transition assistance programs	Chapter 4 Happy Workplace : 4-2 Talent recruitment, retention & development	62
	Percentage of employees receiving regular performance and career development reviews	Chapter 4 Happy Workplace : 4-2 Talent recruitment, retention & development	62
4.Climate Change Response and Management (Including Energy and GHG Management)			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	12
GRI 305: Emissions 2016	GRI 305-1 Direct (Scope 1) GHG emissions	Chapter 3 Sustainable Environment : 3-4 GHG emission & energy management	52
	GRI 305-2 Energy indirect (Scope 2) GHG emissions	Chapter 3 Sustainable Environment : 3-4 GHG emission & energy management	52
	GRI 305-3 Other indirect (Scope 3) GHG emissions	Chapter 3 Sustainable Environment : 3-4 GHG emission & energy management	52
	GRI 305-4 GHG emissions intensity	Chapter 3 Sustainable Environment : 3-4 GHG emission & energy management	52
	GRI 305-5 Reduction of GHG emissions	Chapter 3 Sustainable Environment : 3-4 GHG emission & energy management	52
	GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other	Chapter 3 Sustainable Environment : 3-4 GHG emission & energy management	52
5. Innovative Products and Services			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	12
GRI 417	GRI 417-1: Requirements for product and service information and labeling	Chapter 1: Corporate Governance : 1-8 Compliance with laws and regulations	37
GRI 418 Customer Privacy	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter 1: Corporate Governance : 1-8 Compliance with laws and regulations	37
6. Supply Chain Risk Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	12
GRI 308: Supplier Environmental Assessment 2016	GRI 308-1 New suppliers that were screened using environmental criteria	Chapter 1: Corporate Governance : 1-6 Supply chain risk management	33
GRI 414: Supplier Social Assessment 2016	GRI 414-1 New suppliers that were screened using social criteria	Chapter 1: Corporate Governance : 1-6 Supply chain risk management	33
	GRI 414-2 Negative social impacts in the supply chain and actions taken	Chapter 1: Corporate Governance : 1-6 Supply chain risk management The company will conduct a supplier compliance survey in 2023 to have a more comprehensive understanding of their alignment with environmental and social indicators.	33

## SASB Standards Comparison Table

Disclosure Topic	SASB Index No.	Index Disclosure	Disclosure Nature	Page number	Content
GHG Emission	TC-SC-110a.1	Gross global Scope 1 emissions	Quantified	52	Scope 1 803.5024(tCO <sub>2</sub> e)
		Amount of total emissions from perfluorinated compounds		None	The PFCs emission is 0
	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative	53	Our emissions reduction plan is based on a 2022 baseline year, targeting a 1% reduction in 2023 and 2024, followed by annual reductions of 4-5% from 2025 to 2030, leading to a 30% reduction in carbon emissions by mid-2030
Energy Management in Manufacturing	TC-SC-130a.1	Total energy consumed	Quantified	52	439,685.80 GJ
		Percentage grid electricity		52	99.66%
		Percentage of energy consumed that is renewable energy		None	0
Water Management	TC-SC-140a.1	Total water withdrawn	Quantified	49	1,296.372 Cubic Meter
				None	Currently, there are no sites located in high water pressure areas. The proportion of water intake from high water pressure areas is 0% of the total water intake.
				49	439.066 Cubic Meter
				None	Currently, there are no sites located in high water pressure areas. The proportion of water intake from high water pressure areas is 0% of the total water intake.
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing and percentage recycled	Quantified	51	hazardous waste is 536.80 metric tons
				51	Recycling rate: 56.14%
Employee Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Qualitative	71	Please refer to Occupational Safety and Health
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantified	37	The company has no significant violations in the field of employee health and safety
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that are (1) Foreign nationals(2) Located offshore	Quantified	61	Taipei Plant : 26.95% 、Longtan Plant :13.05% 、Zhubei Plant : 42.58% 、Philippines Plant : 0.11%
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantified	None	The company does not have the products containing ICE62474 substances
	TC-SC-410a.2	Processor energy efficiency at a system-levelfor: (1) servers, (2) desktops, and (3) laptops	Quantified	39	Not Applicable. Our products are not used in these products
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Qualitative	41	The current raw material supply sources used by our company are sufficient, as described in the supplier management section

## 14064-1:2018 Certification



### OPINION

**Greenhouse Gases Verification Opinion  
ISO 14064-1 : 2018**

Gives to  
**TONG HSING ELECTRONIC IND. LTD.**  
Office Address  
**6F., No. 83, Yanping S. Rd., Zhongzheng Dist.,  
Taipei City 100, Taiwan (R.O.C.)**

The quantity of Greenhouse Gases of the above organization and found to be in accordance with ISO 14064-1:2018 (detailed information please refer to next page)

<b>Report Year</b>	<b>: 2022</b>
<b>Greenhouse Gases</b>	
<b>Direct Emissions</b>	<b>: 803.5024 CO2-e Tonnes/ year</b>
<b>Energy Indirect Emissions(Category2)</b>	<b>: 60,286.0690 CO2-e Tonnes/ year</b>
<b>Other Indirect Emissions (Category3-6)</b>	<b>: 19,749.6577 CO2-e Tonnes/ year</b>
<b>Sum</b>	<b>: 80,839.229 CO2-e Tonnes/ year</b>
<b>Materiality</b>	<b>: 5%</b>
<b>Reasonable Assurance</b>	<b>: Direct and Energy Indirect Emissions</b>
<b>Limited Assurance</b>	<b>: Category3-6</b>

Opinion No.: GHG-233336050  
Version:  
Verify Date: 2023-08-16

Issue Date: 2023-09-25


Verification body  
at TUV NORD Taiwan Co., Ltd.

TUV NORD Taiwan Co., Ltd.  
Room A1, 9F, No. 333, Sec. 2,  
Tun Hua S. Rd.,  
Taipei 10669 Taiwan, R.O.C.

Further clarifications regarding the scope of this opinion and the applicability of the standard may be obtained by consulting the organization

TUV NORD Taiwan Co., Ltd. Room A1, 9F, No. 333, Sec. 2, Tun Hua S. Rd., Taipei, Taiwan www.tuv-nord.com/taiwan

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### OPINION

**Appendix to Opinion No. GHG-233336050  
ISO 14064-1 : 2018**

TUV NORD Taiwan Co., Ltd (hereinafter referred to as "TUV NORD") has been contracted with TONG HSING ELECTRONIC IND. LTD. (hereinafter referred to as "TONG HSING"), 6F., No. 83, Yanping S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) for the verification of direct and indirect greenhouse gas emissions in accordance with ISO 14064-1:2018, in the GHG Opinion in the form of GHG report covering GHG emissions of the period 01/01/2022 to 31/12/2022.

**Roles and responsibilities**  
The management of TONG HSING is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

TUV NORD conducted a third party verification to express an independent GHG verification opinion on the GHG emissions as provided in the GHG Opinion for the period year 2022.

**Level of Assurance**  
The level of assurance agreed are that of reasonable assurance for category 1 and 2. Limited level assurance from category 3 to 6.

**Scope**  
Verification of GHG emissions within the organization's boundary and is based on ISO 14064-1:2018  
Location/Boundary of the activities:

Company	Address
TONG HSING ELECTRONIC IND. LTD.	6F., No. 83, Yanping S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
	No. 55, Ln. 365, Yingtao Rd., Yingge Dist., New Taipei City 239, Taiwan (R.O.C.)
	No. 77, Ln. 365, Yingtao Rd., Yingge Dist., New Taipei City 239, Taiwan (R.O.C.) (dormitory)
	No. 88, Ln. 365, Yingtao Rd., Yingge Dist., New Taipei City 239, Taiwan (R.O.C.) (dormitory)
	No. 108, Ln. 365, Yingtao Rd., Yingge Dist., New Taipei City 239, Taiwan (R.O.C.) (dormitory)
	6F., No. 1, Huanse 1st Rd., Zhongli City, Hsinchu County 302047, Taiwan (R.O.C.)
	No. 84, Tahe Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)
	No. 21, Longyuan 5th Rd., Longtan Dist., Taoyuan City 325, Taiwan (R.O.C.)
	103 Prosperity Ave., Carmelkey Indt Park Carlsburg, Cebu City Philippines

Types of GHGs included: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>  
The IPCC 2021 AR5 GHG values are applied in the inventory  
GHG information for the following period was verified on 06/07/2023 to 16/08/2023

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The GHG emissions are described as below

GHG emissions categorization	Description	GHG emission (tonnes of CO <sub>2</sub> e per year)
<b>Direct Emissions/ Category 1</b>	Occur from GHG sources inside organizational boundaries and that are owned or controlled by the organization	803.5024
<b>Energy Indirect Emissions</b>	<b>Category 2</b> Indirect GHG emissions from imported energy	60,286.0690
	<b>Category 3</b> Indirect GHG emissions from transportation	9,179.8421
<b>Indirect Emissions</b>	<b>Category 4</b> Indirect GHG emissions from products used by an organization	10,569.8156
	<b>Category 5</b> Indirect GHG emissions associated with the use of products from the organization	Undisclosed
	<b>Category 6</b> Other sources	Undisclosed
<b>Direct Emissions and Indirect Emissions</b>		80,839.229

The GHG emissions categorization are based on Annex B of ISO 14064-1:2018.  
Intended User of Verification Opinion: Organizations use for their own reference

**Confidentiality**  
The reports and appendix are not allowed to be edited, duplicated, or published without the clients' agreement.

**Avoidance of Conflict of Interest**  
The reports was verified with fairness and honesty.

**Verifiers Group**  
According as the above opinion were judgement by TUV NORD

Verification body  
at TUV NORD Taiwan Co., Ltd.

TUV NORD Taiwan Co., Ltd.  
Room A1, 9F, No. 333, Sec. 2,  
Tun Hua S. Rd.,  
Taipei 10669 Taiwan, R.O.C.

Further clarifications regarding the scope of this opinion and the applicability of the standard may be obtained by consulting the organization

TUV NORD Taiwan Co., Ltd. Room A1, 9F, No. 333, Sec. 2, Tun Hua S. Rd., Taipei, Taiwan www.tuv-nord.com/taiwan

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## English Verification Report

**TUV NORD**

### Assurance Statement

#### Tong Hsing Electronic Industries, Ltd. Sustainability Report

TUV NORD Taiwan Co., Ltd. (hereinafter referred to as TUV NORD) was commissioned by Tong Hsing Electronic Industries, Ltd. (hereinafter referred to as Tong Hsing Electronic) to perform the 2022 Sustainability Report Verification (hereinafter referred to as Sustainability Report) in accordance with the AA1000 Assurance Standard Version 3 and the GRI Sustainability Reporting Standards (GRI Standards) and related assurance standards.

#### The Scope of Statement and Assurance Standards

- 1) The scope of assurance is consistent with the scope of disclosure in Tong Hsing Electronic's 2022 Sustainability Report, which covers the period from 1 January 2022 to 31 December 2022.
- 2) The verification of compliance with the AA1000 Principles of Accountability for Tong Hsing Electronic bases on the AA1000 Assurance Standard, Third Edition, Application Type I. This does not include verification of the reliability of the information/data disclosed in the report.
- 3) Sustainability Accounting Standards Board (SASB) Semi-Conductor Industry sustainability accounting metrics.
- 4) Refer to TCFD climate related financial disclosure recommendation.

#### Intended Users

The intended users of this statement are the stakeholders of Tong Hsing Electronic.

#### Assurance Type and Level

In accordance with the requirements of the AA1000 Assurance Standard Version 3, Type I, Moderate of Assurance Level.

#### Opinion Statement

Tong Hsing Electronic complies with the GRI sustainability reporting and AA1000 accountability principles of inclusivity, materiality, responsiveness and impact. The sustainability report presents the commitment of top management, the needs and expectations of stakeholders. To achieve sustainability performance indicators by stakeholders' engagement.

We assure that Tong Hsing Electronic refers to the SASB Semi-Conductor Industry sustainability accounting standards to disclose relevant metrics.

**TUV NORD**

#### Methodology

The verification is in accordance with the above stated assurance standards and the TUV NORD Sustainability Report Verification Agreement.

Our verification includes the following activities.

- \* Collect objective evidence of relevant performance metrics, as mentioned in the report.
- \* Assurance of expectations of local or national regulations; international standards as set forth in public opinion and/or expert opinion are relevant to such general considerations.
- \* Document review records and report content assessment in the context of GRI criteria application requirements.
- \* Interviews with managers and related staff on issues of concern to the company's stakeholders.
- \* Interviews with personnel involved in sustainability management, information gathering and report preparation.
- \* Review significant organizational developments and review internal and external audit findings.
- \* Review AA1000 (2018) Principles of Accountability and other compliance requirements.

#### Conclusion

The results of the AA1000 accountability standard for inclusivity, materiality, responsiveness and impact in the report are set out below.

#### Inclusivity

Tong Hsing Electronic using questionnaires to identify 8 stakeholders' requirements and expectations on 20 issues including the scope of economy, governance, environment, society, human rights, and climate impact. The sustainable team determines 6 material topics via stakeholders.

#### Materiality

Tong Hsing Electronic complies with the GRI Guidelines and SASB Semi-Conductor Industry sustainability Indicators disclosure related metrics and takes into account the extent of impact on the company and prioritize the materiality of the report.





#### Responsiveness

Tong Hsing Electronic's Sustainability Report clearly describes the relationship between sustainability and organizational strategy and the performance metrics corresponding to the materiality and their achievement status, and adequately addresses the main issues of concern to stakeholders.

#### Impact

Tong Hsing Electronic's sustainability report fully identifies materiality that reflect the significant economic, environmental, and social impacts on the organization. The company has established a robust process to monitor and measure the impact and establish short, medium, and long-term strategic planning through corporate governance.

#### GRI Sustainability Reporting Standards

Tong Hsing Electronic's sustainability report complies with the GRI 1 to GRI 3 universal Standards and the GRI 201 Series, GRI 301 Series and GRI 401 Series topic standards, and meet the requirements for disclosure.

#### Limitations

The financial report of Tong Hsing Electronic was certified by KPMG (Klynveld Peat Marwick Goerdeler), the accounting firm appointed by the company.

#### Independent Statements and Competence

TUV NORD Group is a leader in the supervision, testing and certification. It operates businesses and provides services in more than 70 countries around the world. The services include management systems and product certification; quality, environmental safety, social and moral audits and training; corporate sustainability report assurance.

TUV NORD and T Tong Hsing Electronic are mutually independent organizations, and there is no conflict of interest with Tong Hsing Electronic or any of its affiliates or interested parties when performing the verification of the sustainability report. Regarding the sustainability report of Tong Hsing Electronic, TUV NORD bases on Tong Hsing Electronic's verification agreement, and does not assume any legal or other responsibilities. Tong Hsing Electronic is responsible for responding to any questions that intended users concerned.



The verification team is composed of experienced chief reviewers such as ISO 9001, ISO 14001, ISO 14064-1, ISO 45001, SA 8000, ISO 50001, ISO 27001 etc., and has received the CSAP verification practice qualification certification of AA1000 AS v3 accountability training. The verification team bases on extensive knowledge and experience in the industry to provide professional advice in this assignment.

Jack Yeh  
General Manager

Date of Issuance: 2023.4.30

TUV NORD Taiwan Co., Ltd.

Room A1, 9F, No. 333, Sec. 2, Tun Hua S. Rd., Taipei 10669 Taiwan, R.O.C.

