

2023

Tong Hsing Electronic Industries Ltd.

SUSTAINABILITY REPORT

Content

Table of Contents



About this Report	1	IV. Quality Management System	41	05 Friendly Workplace	64
Message from President	2	V. Intellectual Property Management	45	I. Employee Composition and Diversity	65
Key ESG Achievements	3			II. Talent Recruitment, Retention, and Development	68
About Tong Hsing	4	03 Sustainable Supply Chain Management	46	III. Human Rights Policy	72
Company Philosophy	5	I. Industry Value Chain	47	IV. Occupational Safety and Health	73
Company Milestones	6	II. Supply Chain Risk Assessment	47	V. Comfortable and Friendly Workplace Environment	88
ESG Implementation Organization	9	III. Supply Chain Management	48		
Material Topics Determination Process	10	IV. Supplier Risk Assessment	50	06 Social Inclusion	91
		V. Ethical Procurement	50	I. Social Participation	92
01 Corporate Governance and Ethical Business Practices	22			II. Public Welfare Activities	93
I. Corporate Governance Structure	23	04 Sustainable Environment	51		
II. Ethical Business Practices	29	I. Sustainable Environmental Management Indicators	52	Appendix	96
III. Risk Management	31	II. Sustainable Environmental Management Policy	53	· GRI Standards Index	96
IV. Information Security Management	32	III. Air Pollution Control	55	· SASB Index: Semiconductors	99
V. Regulatory Compliance	34	IV. Water Stewardship	56	· FSC Climate-Related Information Disclosure	100
02 Financial Performance and Innovative Products and Services	35	V. Waste Generation and Disposal	57	· ISO 14064-1:2018 Third-Party Declaration	103
I. Financial Performance	36	VI. Greenhouse Gas Emissions and Energy Resource Management	58	· Statement of Assurance	105
II. Customer Relationship Management	37	VII. Financial Impact Assessment of Climate-Related Risks and Opportunities	60		
III. Innovative Products and Services	38				

About this Report

Report Summary

The report is prepared in accordance with the guidelines and framework of the Global Reporting Initiative (GRI) Standards. It provides a detailed description of how Tong Hsing Electronic Industries, Ltd. (hereinafter referred to as Tong Hsing, the Company, or We) fulfills its corporate citizenship responsibilities, including sustainable management, corporate governance, ethical business practices, operational strategy performance and customer relationships, product innovation and quality management, sustainable supply chain management, environmental sustainability, the creation of a happy workplace, a safe and healthy working environment, and social inclusion.

To respond to investors' concerns and to provide reliable and transparent information to stakeholders, the Company publishes its ESG data on the website. We anticipate growing demands from stakeholders for the disclosure of non-financial information and will present the Company's corporate sustainability management policies and data with full transparency and credibility. This report can be accessed and downloaded from the Company's official website at: https://www.theil.com/en/csr_report.php.

Reporting Period

The 2023 Sustainability Report (from January 1, 2023, to December 31, 2023) discloses the sustainability management practices of Tong Hsing Company across various aspects of ESG. This includes stakeholder organization and identification, communication and analysis of key issues, prioritization and response to material topics, impact assessment of sustainable operations and risk evaluation of major issues, implementation of the United Nations Sustainable Development Goals, and performance information on ESG material topics, including management strategies and actions. Some content is included to enhance the reader's understanding of the report's information.

Reporting Boundary

The reporting boundary includes five production sites-Tong Hsing Taipei Plant, Bade Plant, Longtan Plant, Zhubei Plant, and the subsidiary in the Philippines-as well as one administrative office at the Chang-Yih Hi-Tech Industrial Park. The reporting boundary is consistent with the consolidated financial statements for the same year. The company's consolidated financial statements have been verified by KPMG. This year marks the first time that the Bade Plant is included within the disclosure scope, with the company's headquarters relocated from the Taipei office to the Bade Plant. The environmental and social indicators disclosed in this report do not include the Philippine plant for data prior to 2021; the 2022 data includes all plants.

Principles Followed in Report Preparation

This report is compiled and written by our company's Sustainability Office and verified by the heads of relevant departments to ensure the consistency, completeness, and accuracy of the data. Finally, it is approved and issued by the Board of Directors.

This report adheres to the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies " and the " Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" for disclosure. The content structure references the Sustainability Reporting Standards (GRI Standards) 2021 issued by the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (SDGs), SASB Semiconductor Industry Standards, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD 2017). This report has been commissioned to Taiwan TUV NORD Technical Supervision Consultants Co., Ltd., a third-party verification agency, to conduct verification in accordance with AA1000 AS v3, performing a Type I moderate assurance level audit, and in accordance with the requirements of the GRI Standards: 2021. The third-party verification statement is attached in the appendix.

Information Recompile

The 2022 air pollution emissions data for the Zhubei Plant has been corrected. For detailed information on the correction, please refer to the Sustainable Environment section. Additionally, the calculation basis for local procurement in 2022 has been revised. For detailed information on this correction, please refer to the Sustainable Supplier Management section.

Frequency of Publication

Tong Hsing has issued the 2023 Sustainability Report by electronic version and published on Tong Hsing's company website in response to the call for carbon reduction.

- **Reporting Period for This Edition:** January 1, 2023, to December 31, 2023. Release Date for This Edition: August 2024
- **Reporting Period and Release Date for the Previous Edition:** January 1, 2022, to December 31, 2022, released in September 2023
- **Publication Frequency:** Once a year
- **Next Edition:** The 2024 Sustainability Report, scheduled for release in August 2025

Contact Information

This report is published in electronic format and published at our company's website. We welcome all stakeholders to browse and download it online. If you have any comments or suggestions regarding the content of this report, please feel free to contact us through the following information:

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- **Phone:** 03-5535888
- **Email:** austin.chiu@theil.com



Message from President

Greetings to all stakeholders,

In 2023, Tong Hsing achieved consolidated revenue of 11.585 billion NTD. As a leading manufacturer of high-power LED products and image sensor IC packaging, we are also steadily expanding our application footprint in high-frequency wireless communication and hybrid integrated circuit modules. We strive to ensure that business growth coexists harmoniously with the ecological environment, embedding sustainability into the company, upholding environmental protection, human rights, and caring for the well-being of all stakeholders, with the aim of creating a more friendly and inclusive living environment.

In response to the global consensus on net-zero carbon emissions, Tong Hsing announced in 2022 a quantifiable target of reducing carbon emissions by 30% by 2030. Since 2022, we have conducted greenhouse gas inventories for all domestic and international plants across Scope 1 to Scope 3, adding the newly completed Bade Plant to the 2023 inventory. All plants have received third-party verification for organizational greenhouse gas inventories in accordance with ISO 14064-1:2018. We are also planning to increase the use of renewable energy by constructing rooftop solar power systems at our Longtan and Bade plants. In 2023, Tong Hsing implemented 29 energy-saving projects, including upgrading lighting systems, replacing outdated equipment with high-efficiency alternatives, and adjusting equipment parameters and management practices, resulting in total electricity savings of 4.74 million kWh. Through the expansion of water recycling systems and the grinding and cutting wastewater for recycling, the total amount of water recycled reached 8,280,304 tons. Additionally, all plants regularly inspect and manage hazardous substances in compliance with international RoHS and REACH standards to minimize the environmental impact of our operations.

We adhere to the operational framework outlined by international standards, beyond merely meeting the requirements of our brand customers. We are also committed to following the five major aspects of the Responsible Business Alliance, including human rights, and have established compliance commitment procedures and a supplier code of conduct to advance together with our supply chain partners.

In terms of social inclusion, in response to the United Nations Sustainable Development Goals, we are committed to providing inclusive, equitable, and quality education, and promoting sustainable cities and communities. Tong Hsing places great emphasis on local education and the eyesight of schoolchildren. In 2023, we selected schools in non-urban and non-mountainous areas from New Taipei City, Taoyuan City, and Hsinchu County, where our plants are located, specifically in Sanying District of New Taipei City, Fuxing District of Taoyuan City, and remote areas of Hsinchu County. Step by step, we led our LED engineering team to improve the lighting in classrooms and corridors by replacing them with LED fixtures, safeguarding the eye health of teachers and students, reducing school electricity costs, and contributing to the government's energy-saving and carbon reduction goals while achieving simultaneous carbon reduction outcomes.

We continue to pursue a circular economy. In addition to consistently reducing sludge waste by 77% through filter press dehydration and cutting disposal costs, Tong Hsing has collaborated with a well-known ceramics manufacturer in Yingge to reuse silicon sludge in the outer layer of ceramic cups, creating exclusive recycled ceramic cups that combine the principles of circular economy with local inclusion.

Running a business is a long and challenging journey. Tong Hsing is committed to diligently working towards the coexistence of humanity and the natural environment, bringing together wisdom and strength from all sides to build a better, sustainable future.



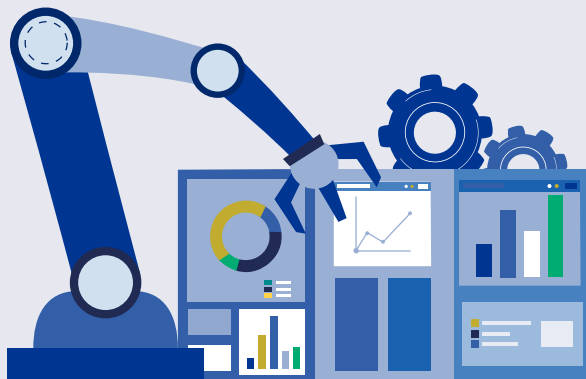
President

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Key ESG Achievements

High-brightness LED Ceramic Substrates, Global Market Share No. 1

- Offering a diversified product portfolio, we provide customers with a comprehensive range of back-end image sensor and packaging services. Our customers span across Europe, the United States, Japan, South Korea, China, and Southeast Asia.
- We have become a leading manufacturer of professional multi-crystal module packaging and ceramic circuit substrates, with a **70%** global market share in LED ceramic substrates, ranking first worldwide.
- We continue to deepen our technology and strengthen our presence in the automotive image sensor packaging market, with a cumulative total of **178** granted patents.



Sustainability Highlights



Highlight 1: In 2023, Tong Hsing' high-power LED and automotive image sensor packaging products accounted for **57.9%** of revenue. We will continue to manufacture environmentally friendly green products and further enhance product performance through technological upgrades.



Highlight 2: The Longtan Plant produces approximately 9 tons of silicon sludge per month, requiring sludge treatment, including transportation and coagulation costs. By using a filter press to dehydrate the sludge, Tong Hsing has reduced the silicon sludge by **77%**, enabling its complete reuse, thereby significantly reducing the original sludge treatment costs. Tong Hsing has collaborated with a well-known ceramics manufacturer in Yingge to use the dehydrated silicon sludge as a mixed material for the outer layer of recycled ceramic cups, creating exclusive Tong Hsing recycled ceramic cups that combine circular economy and local inclusion.



Future Outlook

- In the ceramic substrate field, we will continue to enhance our process capabilities, not only maintaining our current market but also developing new processes. We have already explored new application fields for laser bases and will continue leveraging our existing strengths to explore a variety of diversified new application fields in the future.
- In the automotive image sensor packaging field, we will keep expanding production capacity and deepening technical services to better serve our customers, while continuously increasing customer penetration and support.
- In the customized module packaging field, we will continue collaborating with customers to develop new products and applications, while further cultivating the power components sector, such as power modules, to extend the company's capabilities in multiple directions.
- In 2023, we secured commitments from **568** conflict-free mineral suppliers.

About Tong Hsing

Tong Hsing, founded in 1974, operates in the electronic components manufacturing and semiconductor packaging industries. Its core technologies include ceramic substrate processes, image product reconstruction and packaging, and miniaturized multi-chip module packaging. The company specializes in the development and production of thick and thin film substrates, as well as customized semiconductor micro-module packaging technologies. Its product offerings include multi-chip modules, thick-film hybrid integrated circuit modules, printed circuit substrates assembly, high-frequency modules, power semiconductor modules, wafer reconstruction, packaging, and automotive image sensor IC packaging.

Tong Hsing adheres to the principles of continuously improving processes, pursuing quality, and shortening delivery times to provide customers with the best service. By mastering the trends in technological development, the company has become a leading manufacturer in professional module packaging, ceramic circuit substrates, wafer reconstruction and packaging, and automotive image sensor IC packaging. The company aspires to be a leader in ceramic circuit substrates, global automotive image IC packaging, RF modules, and customized packaging and testing of micro multi-chip modules. Tong Hsing is committed to continuous research and innovation, actively introducing precision automation equipment, and expanding its operational reach to offer customers a diverse range of products and choices.

Company Information

Year founded

1974

Ownership and Legal Form

Listed on the Taiwan Stock Exchange in 2007

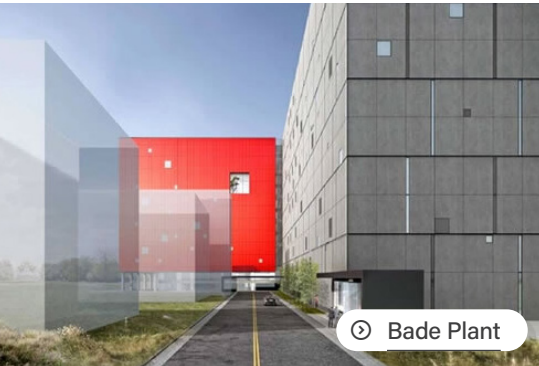
Capital

NTD 2.09 billion

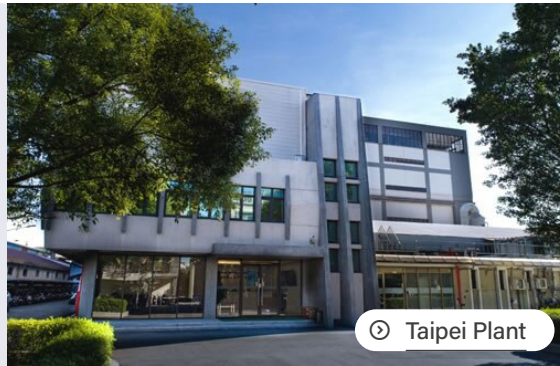
Number of Employees

3,196 (as of December 31, 2023)

The company is legally structured as a corporation, with ownership belonging to all shareholders.



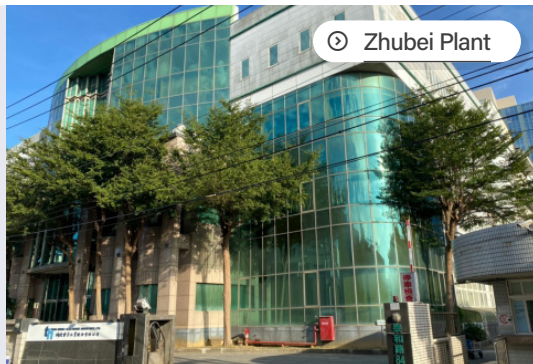
① Bade Plant



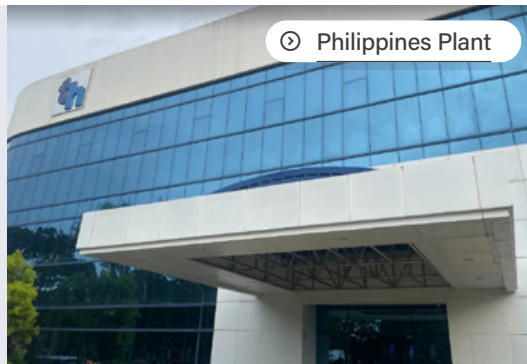
② Taipei Plant



③ Longtan Plant



④ Zhubei Plant



⑤ Philippines Plant

Company Operating Locations

- Bade Plant: No. 88, Lane 1125, Heping Road, Bade District, Taoyuan City
- Taipei Plant: No. 55, Lane 365, Yingtao Road, Yingge District, New Taipei City
- Longtan Plant: No. 21, Longyuan 5th Road, Longtan District, Taoyuan City (Longtan Science Park)
- Zhubei Plant: No. 84, Taihe Road, Zhubei City, Hsinchu County
- Chang-Yih Office: No. 6-1, Huan-Ke 1st Road, Zhubei City, Hsinchu County (Chang-Yih Hi-Tech Industrial Park)
- Philippines Plant: 103 Prosperity Ave, Calamba, 4037 Laguna, Philippines



For global operating locations, please refer to our company's official website.

Company Philosophy

Tong Hsing upholds the spirit of "Stability and Practicality, Integrity and Honesty, Customer First" in its product manufacturing and sales. Driven by a mission to pursue innovation and provide customers with comprehensive solutions, the company continuously enhances the depth and breadth of its product lines. Since its establishment, Tong Hsing has remained firmly rooted in Taiwan, adhering to steady operations. Moving forward, the company will embrace innovative thinking to ensure perpetual growth and sustainable operations.

Vision Committed to making Tong Hsing a happy enterprise

Strengthen product and service quality to enhance customer satisfaction.

Improve processes, increase yield rates, and introduce automated systems to reduce production costs.

Invest in innovation and research and development, closely collaborating with leading manufacturers to establish long-term partnerships.

Strengthen cooperation with key suppliers to jointly develop new materials, new equipment, and new process technologies.

Provide differentiated products and services with a competitive advantage.

Offer a complete, one-stop service.



Service Market

The primary regions for the sales and provision of Tong Hsing's products and services are **Europe and the Americas**.

Company Milestones



The company was established under the name "Tong Hsing Electronic Industries Ltd." with a capital of NTD 30 million. Hereafter referred to as Tong Hsing.	08	1974
Began production of thick film printed substrates.	09	1977
Began production of thick film printed array capacitors (filters).	05	1982
Received IECQ quality certification.	08	1989
Began mass production of thick film copper conductor printed substrates. Received ISO-9002 certification.	05 07	1993
Implemented a CIM system with BAR CODE tracking for on-line production within the factory network.	02	1996
Received QS-9000 and ISO-9001 certifications.	12	1998
Received ISO 14001 international environmental management system certification. Approved for trading in the Emerging Stock Market by the Securities and Futures Bureau.	03 12	2002



The following is the development history of the company, consistent with the annual report. For the latest information, please refer to the company's website.

1976	08	Began production of ceramic circuit substrates.
1979	09	Began production of thick film hybrid integrated circuit modules.
1986	01	Began production of U.S. artillery fuse modules.
1991	12	Collaborated with SMART RELAY TECHNOLOGY INC. (SRT) from the U.S. to start production and sales of optoelectronic integrated circuits, MOSFET drivers, and opto-isolated solid-state relays.
1994	06	Established Tong Hsing Phils., Inc. in the Philippines as a subsidiary.
1997	01	Began packaging CONEXANT's high-frequency wireless communication modules.
	07	Received Taiwan CSP patent rights.
	09	Began mass production of high-frequency power amplifier modules for CDMA mobile phones.
	10	Began production using exposure and etching thick film technology.
1999	07	Conducted a cash capital increase of NTD 160.35 million and completed public offering procedures.
	12	Began mass production of high-frequency wireless communication power amplifier modules for GSM mobile phones.
2003	05	Invested in Impression Technology Inc., acquiring a 23.38% stake to enter the image sensor packaging business.



Tong Hsing Philippines received QS 9000 and ISO 9001 certifications.	06	2005
Began production of DPC (Direct Plated Copper Process) substrates for high-performance memory packaging.	07	
Began production of aluminum nitride coated substrates.	09	
	11	

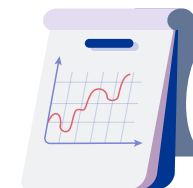


Tong Hsing Philippines passed TS 16949 automotive quality system certification.	01	2007
First selected into Commonwealth Magazine's Top 1000 Manufacturing Companies ranking.	05	
Issued the first employee stock option warrants of 4,000 units with a five-year duration.	08	
Conducted a cash capital increase of NTD 120 million and officially listed on the Taiwan Stock Exchange.	11	
Tong Hsing Philippines started construction of a second plant due to expanded production capacity.	12	

Conducted a capital reduction of NTD 7.91 million through treasury stock.	09	2009
Merged and issued new shares worth NTD 30 million and merged with Impression Technology Inc.	12	
Completed construction of Tong Hsing Philippines' second plant and expanded image sensor packaging production lines.	12	

Selected into CommonWealth Magazine's Top 1000 Manufacturing Companies ranking, breaking into the top 500.	05	2011
Conducted a cash capital increase of NTD 200 million.	08	
Tong Hsing received Sony Green Partners certification.	09	

2006	01	Began production using DPC process applications for high-brightness LED heat sinks.
	02	Gradually received certifications from world-class automotive electronics manufacturers.
	05	Successfully developed packaging for DMD (Digital Mirror Devices) and began mass production.
	08	Passed TS 16949 automotive quality system certification.
	11	Passed OHSAS 18001 occupational safety and health management system certification.



2008	10	Awarded the 16 th Ministry of Economic Affairs Industrial Technology Development Award - Excellent Innovative Enterprise Award.
	10	Conducted a cash capital increase of NTD 100 million.
	11	Tong Hsing Philippines passed OHSAS 18001 occupational safety and health management system certification.

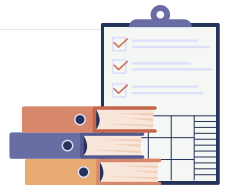
2010	02	Passed AS 9100 aerospace industry quality system certifications.
	07	Conducted a cash capital increase of NTD 160 million.

2012	06	Awarded the 15 th Outstanding Optoelectronic Product Award by the Photonics Industry & Technology Development Association (PIDA).
	08	Acquired DBC process technology, patents, and equipment.
	12	Received ISO 13485 medical device quality management system certification.



Participated in the Electronic Industry Citizenship Coalition (EICC) audit, fulfilling corporate social responsibility.	07	2013
Received China RoHS certification (for ceramic circuit substrates).	10	
Approved to establish the LongKe Branch in Hsinchu Science Park to produce image sensor wafer testing, wafer recombination, and wafer packaging processes.	04	2015
Received the 25 th National Quality Award's Outstanding Management Award from the Ministry of Economic Affairs.	08	2018
Received the updated IATF 16949 global automotive industry quality management system certification.	10	
Completed the share exchange with Sunlit International, making it a wholly owned subsidiary.	06	2020
Signed a construction contract for the Bade Plant, building the corporate headquarters.	08	
Tong Hsing signed a memorandum of cooperation with Foxconn, Yageo, Chilisun, and Kaimei companies to actively collaborate in digital healthcare, electric vehicles, and next-generation communication technologies.	08	
The Company's board of directors approved a simplified merger with Sunlit International Ltd.	03	2022
Acquired land and buildings from Chilisun (Merit) in Zhubei to support the expansion of the automotive sector within the image product category.	03	
The company established the Sustainability Development Committee and published its first sustainability report, fulfilling corporate responsibility.	09	

2014	04	Issued the first domestic convertible corporate bonds of NTD 2 billion.
	11	Participated in New Taipei City Government Economic Development Bureau's 2014 Clean Energy Saving and Carbon Reduction Production Project, promoting energy conservation and carbon reduction.
	12	Expanded image product capacity, purchasing the Longtan plant building for a total tax-inclusive amount of NTD 819 million.
2016	01	The Longtan plant building was put into operation, expanding the production lines for image sensor wafer testing, wafer recombination, and wafer packaging processes.
	07	Awarded a Top 500 Import and Export Excellence Award in 2015.
2019	06	Purchased land in Bade District, Taoyuan City, and began construction of the Bade Plant to expand image product capacity and establish the company's headquarters.
	06	Tong Hsing established an audit committee to strengthen corporate governance.
	12	To expand operational scale and enhance competitiveness, The Company's board of directors approved a share exchange with Sunlit International Ltd. through a new share issuance.
2021	01	The Company's cumulative consolidated revenue for 2021 exceeded NTD 10 billion, setting a new record.
	11	Awarded the 6 th Ministry of Economic Affairs' Outstanding Medium-Sized Enterprise Award.
2023	03	The Bade Plant's production facilities were completed and began operation for packaging and testing production.
	06	Passed ISO 27001 information security management system certification.



ESG Implementation Organization

The ESG implementation organization is the Sustainability Development Committee, chaired by the General Manager. The company has also established the Sustainability Development Division, with the Sustainability Office serving as the dedicated unit for promoting sustainability efforts. In addition to the Sustainability Office, the Sustainability Development Division has set up various functional working groups, including Corporate Governance and Risk, Product Innovation, Environmental Energy Saving, and Sustainable Supply Chain. These functional groups promote cross-departmental sustainability initiatives. In accordance with the "Corporate Governance Best Practice Principles" and the "Sustainable Development Best Practice Principles," the company establishes relevant guidelines, understands the needs of sustainable business operations, and conducts thorough discussions with stakeholders. We actively establish communication channels with all stakeholders, allowing Tong Hsing to continuously adjust and refine its approaches to achieving sustainability goals. The company also fully discloses its efforts in corporate governance, economic, environmental, and social aspects, demonstrating its commitment to promoting corporate sustainability and fulfilling corporate social responsibility, while actively responding to societal expectations and showcasing its social impact.

The Sustainability Development Division is responsible for proposing Tong Hsing's material sustainability topics and submitting the sustainability report to the Sustainability Development Committee for review, ensuring the completeness and accuracy of the company's sustainability report.

Tong Hsing Electronic Industries Ltd. Corporate Social Responsibility Policy

1. Comply with legal regulations, value employee rights, ensure health and safety, and implement environmental protection.
2. Operate the business with integrity, uphold ethical standards, strengthen social responsibility, and promote continuous improvement.

In line with the global trend of promoting ESG and according to the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies," the company established a Sustainability Development Committee in 2022 and formulated a "Corporate Social Responsibility Policy," authorized by the Board of Directors for implementation by senior management. The company is committed to further expanding its corporate influence, demonstrating The Company's longstanding commitment to sustainable operations.

Responsibilities of the Sustainability Development Committee

1. Formulating the company's sustainability development policies.
2. Developing the company's sustainability initiatives, including sustainability governance, ethical business practices, and environmental and social goals, strategies, and execution plans.
3. Reviewing, tracking, and revising the implementation and effectiveness of the company's sustainability efforts, and regularly reporting to the Board of Directors.
4. Monitoring the concerns of various stakeholders, including shareholders, customers, suppliers, employees, government entities, non-profit organizations, communities, and the media, and overseeing communication plans.

Starting in 2022, the Sustainability Development Committee has been reporting the status of its initiatives to the Board of Directors (reporting on the implementation of sustainability issues to the Board on a quarterly basis). During meetings, the committee also reviews the carbon reduction targets for 2030 and other sustainability-related indicators.



Material Topics Determination Process



We reference the GRI 2021 Universal Standards for the identification process of material topics, evaluating the impact of various issues related to the environment, economy, and human rights on Tong Hsing. These impacts are managed based on their severity and likelihood of occurrence.

Impact Definition and Management Mechanism

In managing impacts, the Board of Directors serves as the highest governance body, responsible for oversight and decision-making. The Corporate Sustainability Report Task Force consolidates potential issues and, through surveys and interviews, conducts impact assessments and prioritization with department heads. Preventative and corrective actions are taken for potential or actual risks.

Definition of Major Impacts

According to GRI definitions, we define major impacts as those involving fines exceeding NTD 1 million or incidents involving personal injury. The primary unit responsible for managing significant impacts is the Risk Management Committee, which establishes risk management processes. Subsequent handling of incidents is carried out by the respective department heads according to the nature of the event.

Process for Determining Material Topics

We follow the GRI 2021 Universal Standards requirements and take the following steps to identify material topics and assess the significance of their impacts:

	Step 1	Step 2	Step 3	Step 4
Content	Understand organizational context	Identify actual and potential impacts	Assess the significance of impacts	Determine material topics for reporting
Purpose	Internal and external analysis and confirmation of impact sources.	Management completes impact assessment of material topics	Confirm material topics	Identify management indicators and corresponding SDGs for material topics
Step	① Stakeholder Identification ② Create a List of Issues of Concern	③ Impact assessment and the concerns of stakeholder	④ Confirm material topics	⑤ Confirm management indicators and goals.
Summary of the Execution Process	<ul style="list-style-type: none"> Through the following channels, 21 sustainability-related issues were identified as the scope for material topic identification in the report: Colleagues from various departments listed the sustainability issues of concern to different stakeholders based on their business experience and work in identifying stakeholders. Reviewed material topics of leading domestic and international industry peers as well as international sustainability trends. To ensure the objectivity, completeness, and inclusiveness of the material topics, the material topic matrix from the previous report was also reviewed. 	<p>The method for prioritizing issues of concern is explained as follows:</p> <ul style="list-style-type: none"> Evaluations are based on two main aspects: the "impact of various ESG issues on the economy, environment, and human rights" and "the degree of concern among stakeholders." In 2022, the internal ESG Committee held meetings to gather stakeholder opinions and assess the impact of the issues on internal operations. A preliminary material topic matrix was generated by conducting quantitative analysis to identify the significance of each issue's direct and indirect impacts. 	<ul style="list-style-type: none"> To ensure compliance with GRI's principles of completeness and stakeholder inclusiveness, and to strengthen the connection between annual material topics and core functions, the preliminary results of material topic identification were reviewed by ESG Committee members, who then determined the material topics. Five material topics were ultimately selected as the scope of material disclosure in this report. We matched these topics with relevant GRI disclosure topics and responded to them in the report. 	<ul style="list-style-type: none"> We will continue to review the material topics matrix. According to the Taiwan Stock Exchange's corporate governance evaluation requirements, listed companies should assess the risks related to environmental, social, and corporate governance issues that are relevant to their operations based on the principle of materiality, and establish corresponding risk management policies or strategies. The severity and likelihood of risks associated with material topics, along with risk considerations and risk assessments, are detailed in the following table. The table also summarizes the management actions and the related management measures following the risk assessment.

(1) Stakeholder Identification

Tong Hsing values stakeholder feedback and seeks input from various stakeholders through multiple channels. Under the promotion of the sustainability unit, Tong Hsing has re-identified the types of stakeholders and their concerns about material topics, serving as a reference for promoting future sustainability development policies.

To fully understand the perspectives of all stakeholders, Tong Hsing has referred to the five key principles of the AA1000 Stakeholder Engagement Standard (Dependency, Responsibility, Tension, Influence, Diverse Perspectives) and identified eight primary stakeholder groups for communication:

1. **Employees:** All employees
2. **Customers:** The Company's customers
3. **Suppliers/Contractors:** Mainly focusing on raw materials, plant equipment, machinery, and outsourcing contractors.
4. **Academic/Research Institutions:** Universities, Industrial Technology Research Institute, etc.
5. **Shareholders/Investors:** Including general shareholders, investors, and the stock exchange.
6. **Government Agencies:** Hsinchu Science Park Administration, Ministry of Environment, local Environmental Protection Bureaus, local governments, labor inspection units
7. **Banks:** Banks with which we have commercial dealings.
8. **Community/General Public:** nearby communities, civil society organizations

We listen to the voices of stakeholders through various communication channels, gathering the issues they are concerned, and responding to their expectations.

Note: In 2022, the seventh item was originally "Media." However, because the company's business model is B2B, "Banks" interact more frequently with the company than "Media," offering a more diverse perspective. Therefore, this adjustment was made.

① The company's primary stakeholders are illustrated in the diagram below:



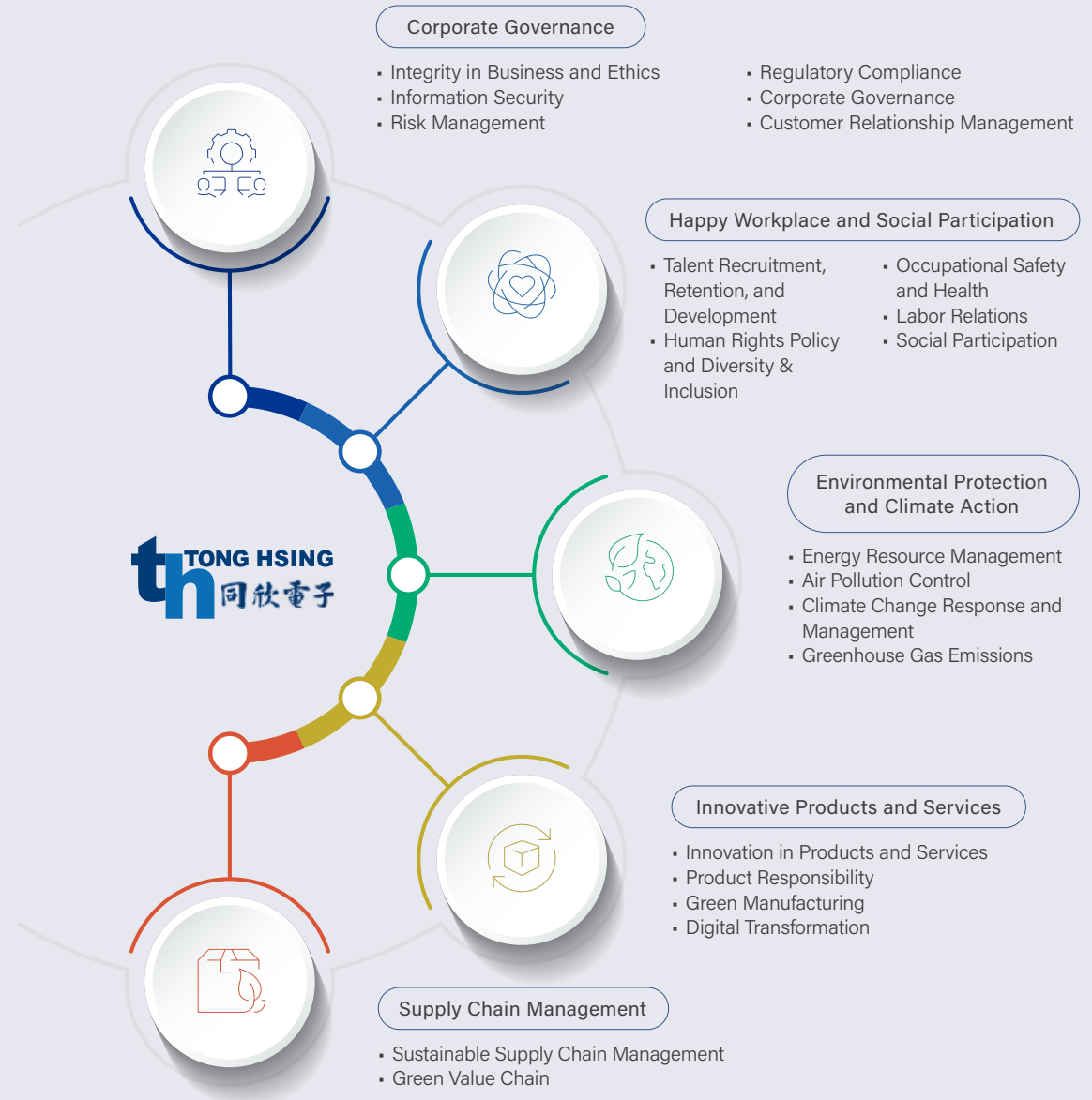
Stakeholder Communication and Response

Tong Hsing considers the nature of stakeholders, the issues they care about, and the purpose of engagement when selecting different methods for stakeholder engagement. The company continues to respond to the issues they are concerned about through the following methods:

- Daily coordination and communication between The Company's internal team and stakeholders
- Stakeholder surveys

When considering the material topics for Tong Hsing's sustainability development, we gather sustainability-related issues by referencing international ESG trends (UN Sustainable Development Goals, SDGs), GRI Standards, SASB Standards (Semiconductor Industry Standards), TCFD guidelines, the Taiwan Financial Supervisory Commission's corporate governance evaluation requirements for listed companies, international carbon management trends, and benchmarking insights from domestic and international industry peers. Based on Tong Hsing's future strategy goals, a broad list of topics is compiled. These topics are then categorized into environment, economy (corporate governance and innovative products), and social participation, and are communicated with stakeholders accordingly.

Through stakeholder surveys, and based on sustainable development goals, industry norms and standards, organizational annual goals, and the impacts generated by company operations, we have consolidated a total of 21 topics. These are detailed in the following table:



Stakeholder Communications

Stakeholder	Concern	Channels	Frequency	2023 actions
 Employees	Labor Relations	Labor-Management Meetings	Quarterly.	<ul style="list-style-type: none">Hold labor-management meetings quarterly.Provide gifts for the three festivals, employee travel, internal and external training courses, and employee health check-ups.Offer on-site medical services and bank services.
	Salaries and Benefits / Labor Relations	Employee Welfare Committee	Quarterly.	
	Training and Development	Internal Website and Training Course	Ad hoc	
	Occupational Safety and Health	Ad hoc Communication Meetings / Awareness Sessions	Ad hoc	
		Occupational Safety and Health Committee		
	Company Policies and Strategies	Suggestion Box / Monthly Meetings	Ad hoc	
	Employee Relations	Employee Performance, Health Center, Employee Cafeteria, Lounge	Ad hoc	
 Shareholders/ Investors	Company Policies and Strategies	Annual General Shareholders' Meeting	Annually	<ul style="list-style-type: none">Held 1 annual general shareholders' meeting.The company website is updated irregularlyConducted 114 investor communications, including 66 in-person meetings, 44 conference calls, and 4 quarterly earnings calls
	Corporate Governance	Company Website / Major Announcements / Market Observation Post System	Ad hoc	
	Company Risk Management	Telephone Inquiries and Feedback Collection	Ad hoc	
	Business Performance / Operational Status	Investor Conferences / Visits by Investors or Analysts	Ad hoc	
	Dividend Policy	Company Website / Annual Report / Quarterly Financial Reports	Annually	
 Customers	Process Technology	Customer Visits / Seminars	Ad hoc	<ul style="list-style-type: none">Achieved customer annual audits.Conducted customer satisfaction surveys
	Product Quality and Responsibility	Customer Audits / Surveys	Ad hoc	
	Customer Service / Customer Relations			
	Product Delivery and Capacity			
	Integrity in Business and Ethics	Surveys / Declarations	Ad hoc	
	Information Security			
	Conflict-Free Minerals Survey			
	Confidential Information Protection	Annual Supplier Visits or Supplier Visits to Company	Ad hoc	
Supply Chain Management				
Raw Material Delivery and Availability				
Suppliers (Contractors)	Occupational Safety and Health	On-Site Audits of Contractors	Ad hoc	
	Compliance with Legal Regulations	On-Site Quality Audits of Suppliers	Ad hoc	

Stakeholder	Concern	Channels	Frequency	2023 actions
 Government Agencies	Compliance with Various Regulations	Greenhouse Gas Reduction	Ad hoc	<ul style="list-style-type: none">Submitted reports regularly as required by law.Attended government briefings.Conducted 173 labor law advocacy sessions.Conducted 61 disaster prevention law advocacy sessions
		Water Resource Management		
		Water and Electricity Conservation Correspondence		
		On-Site Audits		
	Labor Relations	Labor Relations Advocacy	Ad hoc	
		Disaster Prevention Advocacy		
	Policy Advocacy and Risk Management	Dormitory Fire Safety Advocacy		
	Safety and Health Management Advocacy			
 Banks	Business Performance / Operational Status, Innovative Product Services	Telephone or Written Inquiries, Regular Feedback Collection	Ad hoc	<ul style="list-style-type: none">Communicated with banks regarding sustainable finance and investment.Shared company profit performance data
		Interviews		
 Society/Public	Compliance with Environmental Regulations	Regular Audits	Ad hoc	<ul style="list-style-type: none">Conducted 4 blood donation drives
	Environment and Occupational Safety and Health	Suggestion Box / Complaint Channels		
	Public Welfare Activities	Public Service Ads / Blood Donation		
 Academic Institutions	Corporate Social Responsibility and Social Participation	Industry-Academia Collaboration	Ad hoc	<ul style="list-style-type: none">2023 partners included: Industrial Technology Research Institute, Natonal Central University, National Tsing Hua University

At least once a year, report stakeholder communication to the Board of Directors. In 2023, the communication status was reported to the Board of Directors on October 31.

When considering the material topics for The Company's sustainable development, we referenced international ESG trends (UN Sustainable Development Goals, SDGs), GRI Standards, SASB Standards (Semiconductor Industry Standards), TCFD guidelines, GRI Universal Standards 2021, the Stakeholder Engagement Standard (AA 1000 SES), Impact Valuation methodologies, the Taiwan Financial Supervisory Commission's corporate governance evaluation requirements for listed companies, international carbon management trends, and benchmarking insights from domestic and international industry peers. Based on The Company's future corporate development strategy goals, we developed an impact-oriented materiality analysis framework to identify the company's material sustainability issues and assess the impact of these issues on the environment, economy, and human rights. These issues are then managed according to their severity and likelihood of occurrence.

(3) Management Team Impact Assessment

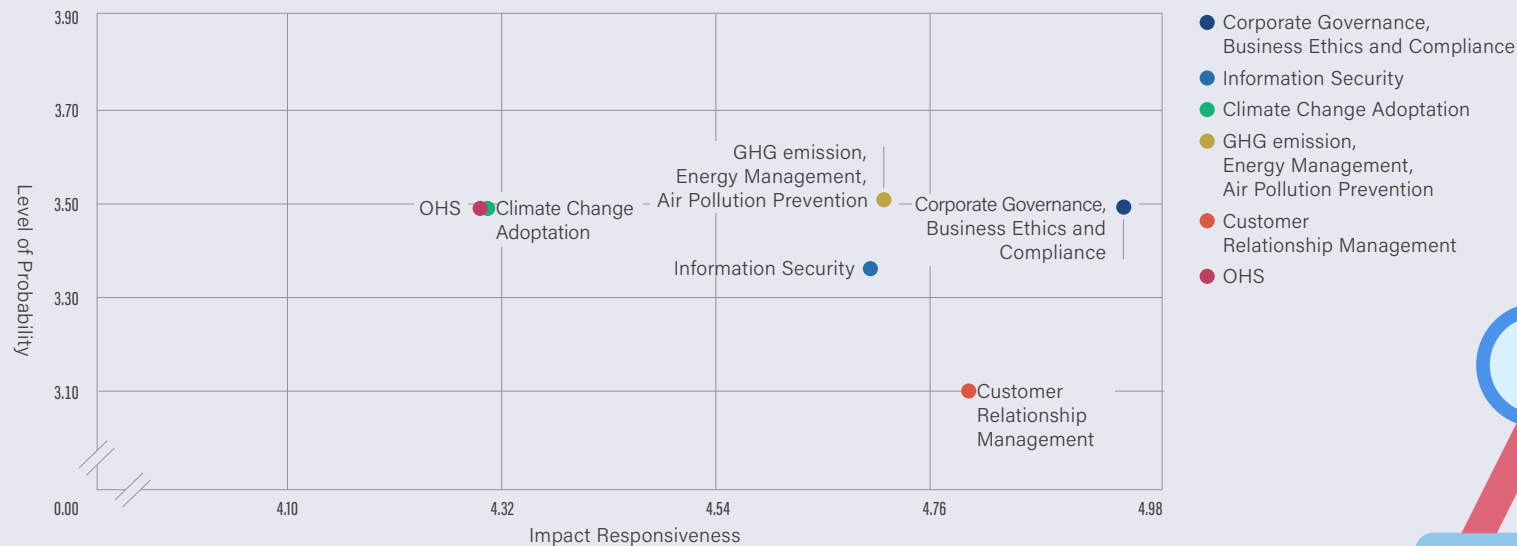
For each potential impact, 13 senior executives evaluated the extent of The Company's operational activities' impact on the economy, environment, and people/human rights. The assessment considered both positive and negative impacts, as well as the scope and degree of involvement. Each issue's positive and negative impact severity and likelihood of occurrence were evaluated. The 21 identified impacts were assessed based on their impact on The Company's operations.

Sustainability Aspect	Material Topic	GRI Standards Specific Topics SASB Standards - Semiconductor	Upstream	Tong Hsing's Products			Downstream	Importance to business operation	
			Procurement Stage	Wafer Reconstruction, Packaging	Automotive Image Sensor IC Packaging	Electronic Component Manufacturing	Customer Use	Impact Severity	Likelihood
Corporate Governance	Corporate Governance and Ethical Business Practices	GRI 2-9 Governance Structure and composition GRI 2-15 Conflicts of Interest GRI 2-27 Compliance with laws and regulations GRI 205 Anti-corruption	○	●	●	●	●	5.00	3.57
	Information Security Management ^(Note)	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		○	○	○	●	4.77	3.43
Products and Services	Customer Relationship Management	GRI 416-1 Assessment of the health and safety impacts of product and service categories GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services GRI 417-2 Incidents of non-compliance concerning product and service information and labeling		●	●	●	●	4.85	3.14
Green Manufacturing	Climate Change Response and Management	GRI 201-2 Financial implications and other risks and opportunities due to climate change	○	●	●	●	○	4.38	3.57
	Climate Change Response and Management (Greenhouse Gas Emissions, Energy Resource Management, and Air Pollution Control)	GRI 302-1 Energy consumption within the organization							
		GRI 302-3 Energy intensity							
		GRI 303-3 Water withdrawal							
		GRI 303-4 Water discharge							
		GRI 303-5 Water consumption							
		GRI 305-1 Direct (Scope 1) GHG emissions	○	●	●	●	○	4.77	3.57
		GRI 305-2 Energy indirect (Scope 2) GHG emissions							
		GRI 305-3 Other indirect (Scope 3) GHG emissions							
		GRI 305-4 GHG emissions intensity							
		GRI 305-5 Reduction of GHG emissions							
		GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions							

Sustainability Aspect	Material Topic	GRI Standards Specific Topics SASB Standards - Semiconductor	Upstream	Tong Hsing's Products			Downstream	Importance to business operation	
			Procurement Stage	Wafer Reconstruction, Packaging	Automotive Image Sensor IC Packaging	Electronic Component Manufacturing	Customer Use	Impact Severity	Likelihood
Friendly Workplace	Occupational Safety and Health	GRI 403-1 Occupational health and safety management system							
		GRI 403-2 Hazard identification, risk assessment, and incident investigation							
		GRI 403-4 Worker participation, consultation, and communication on occupational health and safety							
		GRI 403-5 Worker training on occupational health and safety		●	●	●	○	4.85	3.29
		GRI 403-6 Promotion of worker health							
		GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business							
		GRI 403-8 Workers covered by the occupational health and safety management system.							
		GRI 403-9 Work-related injuries							

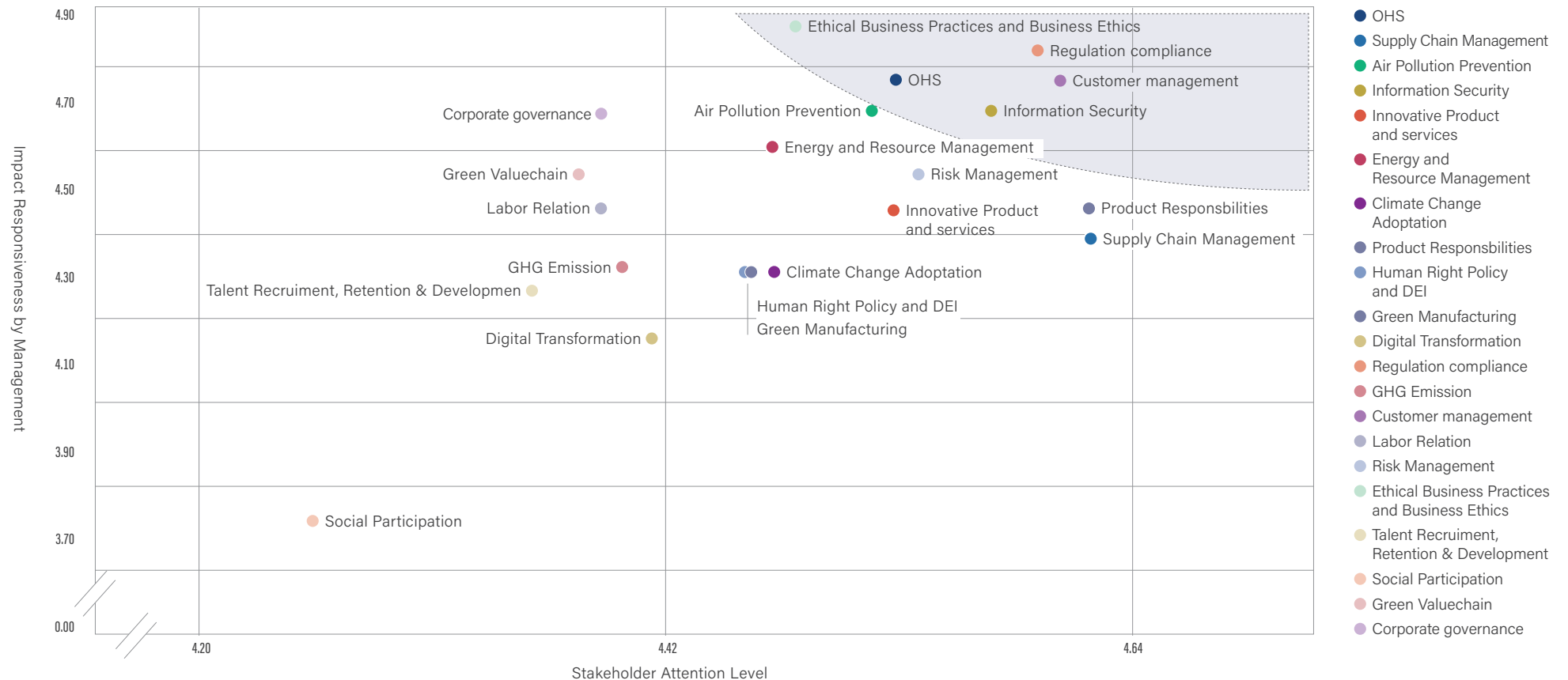
Note: Non-material topic. ● Directly related ○ Indirectly related. Impact Assessment Scores: 1 = No impact, 2 = low impact, 3 = Moderate impact, 4 = High impact, 5 = Very high impact
Probability Assessment Scores: 1 = Highly unlikely, 2 = Occasional, 3 = Frequent, 4 = Consistent, 5 = Inevitable

Material Topic Impact and Severity Assessment



(4) Confirming Material Topics

In addition to the positive and negative impact assessments provided by management team, we also considered stakeholder opinions to confirm the material topics. In April 2023, we conducted a survey and sent to 8 types of stakeholders, ultimately receiving 92 completed questionnaires. By considering the impact assessments from management and the opinions of stakeholders, we integrate the issues into the following five material topics as shown in the diagram.



Note: Based on the materiality determination methodology, the material topics are represented by the red dashed line in the diagram above. Among the 21 topics, four topics—climate change response and management, greenhouse gas emissions, energy resource management, and air pollution control—were analyzed for their significance. Additionally, three topics—corporate governance, integrity in business and ethics, and regulatory compliance—were merged into two material topics due to their relevance. As a result, a total of five material topics were identified for 2023.

Comparison of Material Topics Between 2023 and 2022

The adjustments in our 2023 ESG Sustainability Report are explained as follows:



Note: 1. Integrity in Business and Ethics, and Regulatory Compliance were merged into the material topic of Corporate Governance and Ethical Business Practices due to their relevance.

2. Climate Change Response and Management includes air pollution control, energy resource management, greenhouse gas emissions, and climate change response, which were merged into one material topic due to their relevance.

In 2022, there were 6 material topics; in 2023, there are 5 material topics. The detailed differences are as follows:

List of Material Topics Between 2022 and 2023

Year	2023	2022	Remark
Corporate Governance	Material Topic The material topic name was adjusted to Corporate Governance and Ethical Business Practices, which includes Integrity in Business and Ethics, and Regulatory Compliance.	Material Topic	
Climate Change Response and Management	Material Topic which includes Air Pollution Control, Energy Resource Management, Greenhouse Gas Emissions, and Climate Change Response and Management.	Material Topic	
Information Security Management	Material Topic	General Topic	
Customer Relationship Management	Material Topic	General Topic	
Occupational Safety and Health	Material Topic	General Topic	
Financial Performance	General Topic	Material Topic	
Talent Recruitment, Retention, and Development	General Topic	Material Topic	Adjusted according to the 2023 material topic identification results.
Innovative Products and Services	General Topic	Material Topic	
Supply Chain Risk Management	General Topic	Material Topic	

The identification and analysis of the internal and external topics related to corporate governance, economic, environmental, and social (including human rights) issues determine the sustainability impact (Major Direct Impact ● / Non-Major Indirect Impact ○) as follows:

Stakeholders Concern Dimensions	Topics of Concern	Internal Stakeholders		External Stakeholders					
		Organization	Employees	Shareholders/Investors	Customers	Suppliers (Contractors)	Government Agencies	Community Residents	Banks
Corporate Governance	Corporate Governance	●	●	○	○		●		○
	Integrity in Business and Ethics	●	●		○		○		○
	Regulatory Compliance	●	●	○	○	○	●	○	
	Information Security	●	●	○	●	○	○		
	Customer Relationship Management	●	○	○	●	○			○
	Risk Management	●	●	○	○				○
Economic	Digital Transformation	●	●	○	○				
	Innovative Products and Services	●	○	○	●	○			
	Product Responsibility	●	○	○	●	○			
	Green Manufacturing	●	●		○		○		
	Sustainable Supply Chain	●	○		○	●			
	Green Value Chain	●			○	●			
Environmental	Climate Change Response and Management	●	●		○	○	●		○
	Energy Resource Management	●	●		○	○	●		○
	Greenhouse Gas Emissions	●	○		●	○	○		○
	Air Pollution Control	●	○		○	○	●	●	○
Social	Labor Relations	●	●		○			○	
	Occupational Safety and Health	●	●		○	○	●	○	
	Talent Recruitment, Retention, and Development	●	●		○		○	○	
	Human Rights Policy and Diversity & Inclusion	●	●		○		○	○	
	Social Participation	●	○		○			●	











Explanation: The table categorizes the company's internal stakeholders (organization and employees) and external stakeholders (shareholders/investors, customers, suppliers/contractors, government agencies, community residents, banks, and industry associations) into eight categories. Topics marked with light blue indicate material issues (● + ○ totaling six or more, or ● four or more). A total of 5 material topics have been identified. These material topics will be addressed on the next page, where each will undergo risk assessment and management [see Material Topic Risk Management] and will be managed through a listed approach, with short- and medium-term goals and management measures established.







(5) Confirm Management Indicators and Targets

After determining the five material topics, we also aligned them with GRI indicators and the company's existing management mechanisms to set the necessary goals and indicators for each material topic.

- Setting Management Indicators: In response to the GRI 2021 Standards, after reassessing positive and negative impacts and conducting due diligence on potential negative impacts, we set annual management targets for each material topic based on the PDCA (Plan-Do-Check-Act) principle. We continuously track and audit the implementation status each year and propose improvement and adjustment plans. The goal is for Tong Hsing Electronic Industries to contribute positively to the economy, environment, and human rights, while preventing and reducing negative impacts.
- The sustainability office, based on the opinions of department heads and considering the company's sustainability development strategy, consolidated the management policies and management indicators for the material topics.

Overview of Material Topics, Corresponding SDGs, and Management Indicators

Material Topic	SDGs	GRI/Index SASB	Significance to Tong Hsing	Management Indicators	Targets
Corporate Governance and Ethical Business Practices	   	GRI 2-9 Governance structure and composition GRI 2-15 Conflicts of interest GRI 2-27 Compliance with laws and regulations GRI 205 Anti-corruptions	Corporate governance is the foundation for the company's operation and development. A sound governance system can create better performance for Tong Hsing.	<ul style="list-style-type: none"> Strengthen awareness of integrity and compliance 	<ul style="list-style-type: none"> Strive to achieve an environment of integrity and compliance in business. Zero violations in compliance with all corporate governance and ethical standards
Information Security Management	   	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data TC-SC-520a.1 Intellectual property protection and competitive behavior	Implement information security risk identification and management, including measures to protect information security and customer privacy.	<ul style="list-style-type: none"> Ensure the confidentiality, integrity, and availability of all business information. Achieve ISO 27001 Information Security Management System certification 	<ul style="list-style-type: none"> Ensure the continuity of the company's operations and the proper protection of confidential information to prevent unauthorized access, modification, destruction, improper disclosure, or cyberattacks. Zero major information security incidents
Customer Relationship Management	 	GRI 416-1 Assessment of the health and safety impacts of product and service categories GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services GRI 417-2 Incidents of non-compliance concerning product and service information and labeling GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Understand and meet customer requirements to ensure continuous growth in orders.	<ul style="list-style-type: none"> Customer satisfaction improvement 	<ul style="list-style-type: none"> Ensure that products meet customer expectations and regulatory requirements through aspects such as service and delivery time

Material Topic	SDGs	GRI/Index SASB	Significance to Tong Hsing	Management Indicators	Targets
Climate Change Response and Management		GRI 201-2 Financial implications and other risks and opportunities due to climate change	Rising temperatures and extreme weather pose operational risks and opportunities. Compliance with global, national, and customer requirements for greenhouse gas reductions and proper management of the company's greenhouse gas emissions and energy resources is crucial	<ul style="list-style-type: none"> Identify risks through TCFD climate-related financial impact disclosure and set short, medium, and long-term targets. 	<ul style="list-style-type: none"> Prepare for potential risks and opportunities related to climate change and capitalize on possible business
		TC-SC-110a.1 Greenhouse gas emissions			
		TC-SC-130a.1 Energy Management in Manufacturing			
		TC-SC-140a.1 Water management			
		TC-SC-150a.1 Waste management			
Climate Change Response and Management: Greenhouse Gas Emissions, Energy Resource Management, and Air Pollution Control	 	GRI 302-1 Energy consumption within the organization	<ul style="list-style-type: none"> Non-compliance with environmental regulations regarding wastewater and waste management could harm the company's reputation and image. Implement sound water resource management measures, including water management and reduction, recycling and reuse, and mitigating water scarcity risks. 	<ul style="list-style-type: none"> Optimize and control energy use Ensure wastewater compliance and proper waste classification and disposal according to ISO 14001 environmental management. Reduce greenhouse gas emissions and strive to achieve energy conservation and carbon reduction goals. Recycle wastewater based on its characteristics, primarily classifying it as cooling tower water, process wastewater, and domestic water. 	<ul style="list-style-type: none"> Optimize and control energy use and aim to achieve the company's declared carbon reduction goals.
		GRI 302-3 Energy intensity			
		GRI 303-3 Water withdrawal			
		GRI 303-4 Water discharge			
		GRI 303-5 Water consumption			
		GRI 305-1 Direct (Scope 1) GHG emissions			
		GRI 305-2 Energy indirect (Scope 2) GHG emissions			
		GRI 305-3 Other indirect (Scope 3) GHG emissions			
		GRI 305-4 GHG emissions intensity			
		GRI 305-5 Reduction of GHG emissions			
Occupational Safety and Health	   	GRI 403 Occupational health and safety	Emphasize employee rights, create a friendly workplace, maintain health and safety, and eliminate potential hazards.	Four indicators: <ul style="list-style-type: none"> Continuous improvement Full participation Hazard prevention Regulatory compliance 	<ul style="list-style-type: none"> To protect employee health and safety, each Tong Hsing Electronic Industries plant has a dedicated occupational safety and health management department and an occupational safety and health committee to ensure compliance with occupational safety and health regulations.
		TC-SC-320a.1 Workforce Health & Safety			

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Corporate Governance and Ethical Business Practices

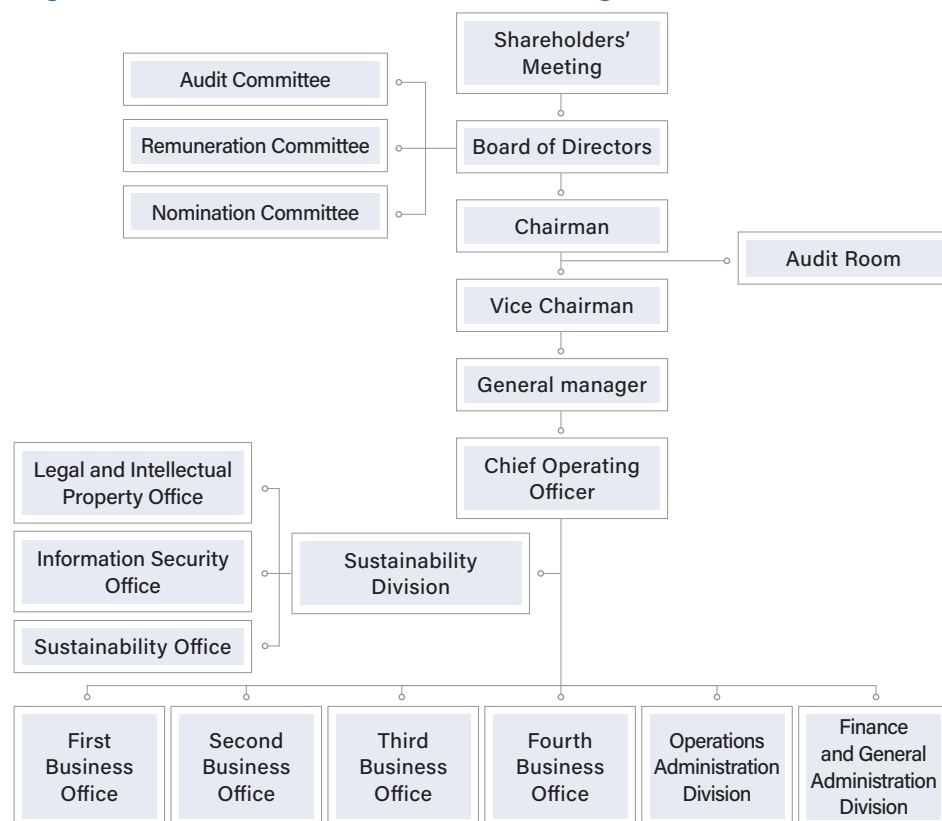
Tong Hsing has established the following short-term and mid-term targets for major issues in sustainable management, including corporate governance, information security, and regulatory compliance:

	2023 Actual Performance	Short-term Targets 2024~2026	Mid-term Targets 2027~2030
Corporate Governance	<ol style="list-style-type: none"> Achieved a ranking within the 21~35% range of all publicly listed companies in the corporate governance evaluation. 	<ul style="list-style-type: none"> Achieve a ranking within the 21~35% range of all publicly listed companies in the corporate governance evaluation. Ensure that independent directors and each gender comprise 1/3 of the board. 	<ul style="list-style-type: none"> Corporate governance evaluation ranking within the 21~35% range of all publicly listed companies. Independent directors and each gender must comprise 1/3 of the board.
Information Security	<ol style="list-style-type: none"> Zero major information security incidents & obtained ISO 27001 Information Security Management System certification. Zero violations of the Company Act, Securities Act, or ethical business regulations. 	<ul style="list-style-type: none"> Zero major information security incidents. Obtain ISO 27001 Information Security Management System certification. 	<ul style="list-style-type: none"> Zero major information security incidents. Obtain ISO 27001 Information Security Management System recertification. 40 hours of certification training per year for information security personnel.
Regulatory Compliance		Zero violations of the Company Act, Securities Act, or ethical business regulations.	Zero violations of the Company Act, Securities Act, or ethical business regulations.

I. Corporate Governance Structure

Tong Hsing operates its business based on the principles of integrity and complies with both domestic and international government regulations as well as global business ethics standards. The company's highest governance body is the Board of Directors, which includes the Audit Committee, Compensation Committee, and Nomination Committee. In 2022, the company also established a Corporate Sustainability Development Committee. Additionally, Tong Hsing adheres to the "Corporate Governance Best Practice Principles," and has appointed a spokesperson and deputy spokesperson to effectively handle shareholder proposals, inquiries, disputes, and litigation matters, as well as respond to the demands of various stakeholders.

Organizational Structure of the Decision-Making and Governance Structure



Key Responsibilities of Each Department

Department	Key Responsibilities Summary
Business Divisions	<ul style="list-style-type: none"> Responsible for the research and development, manufacturing, sales, and operations of various products. Establish operational strategies and introduce new technologies for each product line based on market development directions.
Finance and Management Department	<ul style="list-style-type: none"> Oversees company finances, fund allocation, budget analysis and reporting, taxation, accounting, shareholder services, cost calculation, and cost analysis. Manages human resources and related matters. Responsible for the development, maintenance, and management of the company's information systems and related computer hardware and software.
Operations Management Department	<ul style="list-style-type: none"> Manages production and shipping plans, raw materials, inventory, and other production-related materials. Responsible for the procurement of raw materials and machinery, as well as handling import/export and bonded business matters. Oversees general affairs and occupational safety and health at all plants.
Audit Office	<ul style="list-style-type: none"> Reviews the legality of company operations. Supervises the execution of internal control audit plans. Provides regular business reports to the Board of Directors.
Legal and Intellectual Property Office	<ul style="list-style-type: none"> Drafts and reviews legal documents and contracts to ensure the company's interests and risk management. Provides legal consultation for company operations and decision-making, resolves disputes, and handles litigation to minimize risks. Establishes and protects the company's intellectual property portfolio to safeguard company interests.
Information Security Office	<ul style="list-style-type: none"> Plans and implements information security policies, ensures the operation of security systems, prevents security threats, and reviews information security management to protect company assets, ensuring cybersecurity and compliance. Ensures the company adheres to and follows domestic and international sustainability trends and regulatory changes.
Sustainability Office	<ul style="list-style-type: none"> Plans and implements ESG-related strategies and activities (including corporate governance evaluations, greenhouse gas inventories, carbon footprints, social inclusion projects, etc.). Publishes sustainability reports, completes ESG-related questionnaires, and communicates with stakeholders.



According to the Company's Articles of Incorporation, the Board of Directors consists of 9 members, including 3 independent directors. The current Board, the 18th term, has a tenure from June 8, 2022, to June 8, 2025. In 2023, the Board of Directors held 4 meetings.

Board Diversity and Independence

The company actively implements a policy of diversity and independence for its Board of Directors.

- All directors possess extensive professional backgrounds and experience to meet the needs of industry operations and development.
- The company's board diversity policy focuses on two main aspects: basic qualifications and professional knowledge and skills. The key points of the diversity policy are as follows: 1. The Board must include at least two female directors. 2. Directors must have expertise in accounting, industry, finance, marketing, or technology, and possess experience in the semiconductor, financial, or technology industries.
- To comply with corporate governance requirements, the number of directors who also hold managerial positions should not be too high. The company has one director who concurrently serves as a senior executive (representing 11% of the board, which is less than one-third).
- In terms of gender diversity, there are three female directors, accounting for 33% of the board. The Board of Directors consists of nine members, including three independent directors, ensuring that one-third (33%) of the board maintains its independence.

List of Board Members

Title	Name	Date of Election	Operations and Management	Industry knowledge	Global Market Perspective	Accounting Profession	Accounting/ Finance and Legal	Finance Profession	Technology Profession	Marketing Profession	Employee identity
Chairman	Tai-Ming Chen	2022.06.08	✓	✓	✓	✓	✓	✓	✓	✓	
Deputy Chairman	Multifield Investment Inc. (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	✓	✓	✓	✓	✓	✓	✓	✓	

* For the educational background, professional experience, and absence of conflicts of interest of our board members, please refer to pages 13-16 of our company's annual report.

Board Operations

In the current year (2023), the Board of Directors held 4 meetings, with an actual attendance rate of 91.67% for the directors, as follows:

Position	Name	Actual Attendance	Proxy Attendance	Actual Attendance Rate (%)
Chairman	Chen Tai-ming	2	2	50%
Vice Chairman	Chang Xin Investment Co., Ltd. (Representative: Lai Hsi-hu)	4	0	100%
Director	Huan Tai Co., Ltd. (Representative: Chang Chia-shuai)	4	0	100%
Director	Huan Tai Co., Ltd. (Representative: Pen-Chi Chen)	4	0	100%
Director	SHI HEN ENTERPRISE LTD. (Representative: Tsai Shu-chen)		0	100%
Director	Kaimei Electronics Corp. (Representative: Chen Shu-hui)	4	0	100%
Independent Director	Chiu Da-sheng	4	0	100%
Independent Director	Tsai Yueh-hsiang	4	0	100%
Independent Director	Chen Chin-tsai	3	1	75%

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In 2023, the total number of meetings to be attended was 36, with actual attendance at 33 meetings, resulting in an average attendance rate of **91.67%**.

Leader of each Functional Committee

Position	Audit Committee	Compensation Committee	Nomination Committee
Chen Chin-tsai	✓ (Chairperson)	✓ (Chairperson)	✓ (Chairperson)
Chiu Da-sheng	✓	✓	✓
Tsai Yueh-hsiang	✓	✓	✓

Audit Committee

The Audit Committee is composed of three independent directors and is chaired by Independent Director Mr. Chen Chin-Tsai. The purpose of the Audit Committee is to assist the Board of Directors in overseeing the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls. The primary responsibilities of the committee include:

1. Ensuring the fair presentation of the company's financial statements.
2. Selection (appointment or dismissal) of the certifying accountant and assessment of their independence and performance.
3. Effective implementation of the company's internal controls.
4. Ensuring the company's compliance with relevant laws and regulations.
5. Managing the company's existing or potential risks.

Compensation Committee

The Compensation Committee is composed of three independent directors and is chaired by Independent Director Mr. Chen Chin-Tsai. The committee holds a professional and objective position in evaluating the compensation policies and systems for the company's directors and managers. The committee meets at least twice a year and may convene additional meetings as necessary to provide recommendations to the Board of Directors. The main purposes of the committee are: To establish and periodically review the annual and long-term performance goals for the company's directors and managers, as well as the related compensation policies, systems, standards, and structures. To regularly assess the achievement of performance goals by the company's directors and managers, and to determine their individual compensation packages and amounts.

Nomination Committee

To strengthen corporate governance and oversight mechanisms, the company established the Nomination Committee in November 2021. The committee is composed of three independent directors and is chaired by Independent Director Mr. Chen Chin-Tsai.

The main purposes of the committee are:

1. To establish standards for the professional knowledge, skills, experience, gender diversity, and independence required for board members and senior managers, and to seek, review, and nominate candidates for directors and senior management positions.
2. To build and develop the organizational structure of the Board of Directors and its committees, conduct performance evaluations of the Board, its committees, individual directors, and senior managers, and assess the independence of independent directors.
3. To formulate and periodically review the training plans for directors and the succession plans for directors and senior managers.
4. To establish and regularly update the company's corporate governance best practice principles.



Board Nomination and Selection Procedures

Board Conflict of Interest Avoidance

According to the Rules of Procedure for the Board of Directors, if any proposal discussed by the Board involves a conflict of interest between a director or the legal entity they represent, the director must explain the key aspects of the conflict of interest during the meeting. If the matter poses a risk of harm to the Company's interests, the director shall refrain from participating in the discussion and voting on the proposal and must also recuse themselves from the decision-making process. Furthermore, they cannot exercise voting rights on behalf of other directors. For each proposal that involves the Company or related parties, the Company verifies the roles held by directors in those entities and confirms whether any director needs to recuse themselves from the discussion. If such a situation arises, the reason for the director's recusal is stated during the board meeting. The Board of Directors and managers undergo an annual performance evaluation. The remuneration for directors at Tong Hsing Electronics is determined by considering the individual manager's position, professional skills, and contributions, while also referencing industry standards. This is carried out in accordance with Article 19 of the Company's Articles of Incorporation. According to Article 19, if the Company has profits in a given year, up to 3% of the profits may be allocated as directors' remuneration. The remuneration for directors and employees must be approved by a resolution passed by at least two-thirds of the directors present at a board meeting attended by more than half of the directors. The resolution must also be reported to the shareholders' meeting.

Board Performance Evaluation

According to the Regulations for Board Performance Evaluation, the Board of Directors shall conduct an internal performance evaluation annually. Additionally, the performance evaluation of the Board must be conducted by an external professional institution or a team of external experts and scholars at least once every three years.

The measurement items and dimensions for the performance evaluation include

Performance Evaluation for the Board and Functional Committees	Performance Evaluation for Board Members
<ol style="list-style-type: none"> 1. Participation in company operations 2. Enhancement of board decision-making quality 3. Board composition and structure 4. Selection and ongoing education of board members 5. Internal controls 	<ol style="list-style-type: none"> 1. Participation in company operations 2. Awareness of director responsibilities 3. Management of internal relationships and communication 4. Director's expertise and continuous education 5. Internal controls

Performance Evaluation Implementation

External Evaluation:

On August 11, 2020, the Board of Directors approved the Board Performance Evaluation Method, according to which, in 2022, the Company commissioned the Taiwan Corporate Governance Association to conduct the board performance evaluation. This institution and the experts conducting the evaluation have no business relations with the Company and maintain independence. The external evaluation covered eight key aspects: board composition, guidance, authorization, supervision, communication, internal control and risk management, self-discipline, and support systems. The process involved a review of the Company's self-assessment results, followed by an on-site inspection. A board performance evaluation report was then issued and submitted for approval to the Nomination Committee and the Board of Directors on March 14, 2023, and was disclosed on the Company's website.

Internal Evaluation:

The results of the internal performance evaluation of the Board of Directors for this year are as follows:

Overall average score for the Board's self-assessment: **4.92** out of 5

Overall average score for the individual Board members' self-assessment: **4.99** out of 5

Overall average score for the Audit Committee's self-assessment: **4.95** out of 5

Overall average score for the Compensation Committee's self-assessment: **5.0** out of 5

Overall average score for the Nomination Committee's self-assessment: **5.0** out of 5

The results of the Board Performance Evaluation were presented to the Nomination Committee and reported to the Board of Directors on February 29, 2024.

Evaluation of Recent Annual Goals and Implementation Status for Strengthening Board Functions

Goals for Enhancing Board Functions	Implementation Status
1. Ensure full participation of the Audit Committee and implement risk control.	In 2023, the attendance rate for all committee members was 92%. The committee reviewed the company's financial statements, the appointment or dismissal and independence and performance of the certifying accountant, the effective implementation of internal controls, and compliance with relevant laws and regulations.
2. The Compensation Committee regularly evaluates the performance of directors and managers and reviews the policies, systems, standards, and structures related to remuneration.	In 2023, the attendance rate for all committee members was 100%. The evaluation of directors' and managers' compensation has been completed.
3. Enhance information transparency.	The company's website has been regularly updated with business, financial, investor relations, and ESG information in both Chinese and English.
4. Report on corporate governance to the Board regularly.	The corporate governance implementation status was reported to the Board on October 26, 2023.
5. Continue to promote corporate governance and strive to improve the company's governance evaluation ranking.	The company has made significant progress in strengthening corporate governance. In 2023, based on corporate governance evaluation indicators, the annual report and disclosures on the company's website were completed.

Board Training and Collective Knowledge

To enhance the professional knowledge and capabilities of the directors, relevant training courses are arranged annually. In 2023, the total training hours for re-elected directors amounted to **79.5** hours. The table below shows the training details for the directors in 2023:

Position	Name	Training Date	Organizing Institution	Course Title	Training Hours
Director	Chen Tai-ming	2023/10/26	Accounting Research and Development Foundation	ESG Mega Trends - Challenges, Responses, and Strategies for Corporate Management	3 hours
		2023/10/26	Accounting Research and Development Foundation	Sustainable and Digital Dual Transformation	3 hours
Corporate Director Representative	Lai Hsi-hu	2023/10/26	Accounting Research and Development Foundation	ESG Mega Trends - Challenges, Responses, and Strategies for Corporate Management	3 hours
		2023/10/26	Accounting Research and Development Foundation	Sustainable and Digital Dual Transformation	3 hours
Corporate Director Representative	Chang Chia-shuai	2023/10/26	Accounting Research and Development Foundation	ESG Mega Trends - Challenges, Responses, and Strategies for Corporate Management	3 hours
		2023/10/26	Accounting Research and Development Foundation	Sustainable and Digital Dual Transformation	3 hours
Corporate Director Representative	Chen Ben-ji	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6 hours
		2023/10/26	Accounting Research and Development Foundation	ESG Mega Trends - Challenges, Responses, and Strategies for Corporate Management	3 hours
		2023/10/26	Accounting Research and Development Foundation	Sustainable and Digital Dual Transformation	3 hours
Corporate Director Representative	Tsai Shu-chen	2023/10/26	Accounting Research and Development Foundation	ESG Mega Trends - Challenges, Responses, and Strategies for Corporate Management	3 hours
		2023/10/26	Accounting Research and Development Foundation	Sustainable and Digital Dual Transformation	3 hours

Position	Name	Training Date	Organizing Institution	Course Title	Training Hours
Corporate Director Representative	Chen Shu-hui	2023/10/26	Accounting Research and Development Foundation	ESG Mega Trends - Challenges, Responses, and Strategies for Corporate Management	3 hours
		2023/10/26	Accounting Research and Development Foundation	Sustainable and Digital Dual Transformation	3 hours
		2023/12/07-08	Accounting Research and Development Foundation	Continuing Education for Accountants of Issuers, Securities Firms, and Stock Exchanges	12 hours
Independent Director	Chiu Da-sheng	2023/06/02	Chinese National Association of Industry and Commerce (CNAIC), Taiwan	2023 Taishin Net Zero Electricity Summit Forum	3 hours
		2023/10/26	Accounting Research and Development Foundation	ESG Mega Trends - Challenges, Responses, and Strategies for Corporate Management	3 hours
		2023/10/26	Accounting Research and Development Foundation	Sustainable and Digital Dual Transformation	3 hours
Independent Director	Tsai Yueh-hsiang	2023/10/26	Accounting Research and Development Foundation	ESG Mega Trends - Challenges, Responses, and Strategies for Corporate Management	3 hours
		2023/10/26	Accounting Research and Development Foundation	Sustainable and Digital Dual Transformation	3 hours
Independent Director	Chen Chin-tsai	2023/03/13	Taiwan Corporate Governance Association	Investment Trends in Digital Biomedicine	1.5hours
		2023/03/27	Chinese National Association of Industry and Commerce (CNAIC), Taiwan	Corporate Directors and Supervisors Training - Corporate Resilience and Taiwan's Competitiveness	3 hours
		2023/04/27	Taiwan Insurance Institute	International Anti-Corruption and Whistleblower Protection Practices with a Discussion on Anti-Money Laundering	3 hours
		2023/04/28	Taiwan Corporate Governance Association	Entering ASEAN - Investment Topics Related to Thailand, Malaysia, India, and Vietnam	3 hours

Remuneration Policies

Directors' Remuneration: Managed according to the remuneration policies for directors and managers and the Memorandum and Articles of Association. As per Article 19 of the Memorandum and Articles of Association, if there is a profit for the year, up to 3% may be allocated as directors' remuneration. Additionally, as stipulated in Article 13-1, the remuneration for directors (including independent directors) is evaluated by the Compensation Committee based on their involvement in company operations and contribution value. The Board of Directors is authorized to set the remuneration level according to the committee's evaluation and general industry standards.

Managers' Remuneration: Senior management remuneration includes salary and bonuses. Salary is determined based on the role, professional skills, and responsibilities, while bonuses are awarded based on the company's annual operating performance, business conditions, and individual job performance. Employee compensation is allocated in accordance with the profit status of the year and the stipulations of the Memorandum and Articles of Association.

Employee Remuneration: Managed in accordance with the "New Employee Salary Standards," "Employee Salary Management Procedures," and "Performance Bonus

Distribution Procedures," covering salary and performance-based rewards issued according to the company's business performance and individual achievements.

Employee Compensation: According to the Memorandum and Articles of Association, profit distribution plans are proposed and approved by the Remuneration Committee and the Board of Directors, with payments authorized by the Chairperson within the approved limits.

To strengthen the connection between the company's ESG goals and managerial performance, two main ESG KPIs—external ESG evaluation results and environmental energy-saving indicators—are included in managers' performance assessments. These KPIs form the basis for awarding bonuses, with an ESG weight of 10%.

Annual Total Compensation Ratio

Item	Total Compensation Ratio
2023	41.07

II. Ethical Business Practices

To comply with relevant regulations for publicly listed companies, and to establish a culture of integrity and business ethics, Tong Hsing adopted the "Code of Business Integrity" in 2016, as approved by the Board of Directors. This code mandates that the company's directors, managers, and all employees must not, while conducting business, directly or indirectly offer, promise, request, or accept any improper benefits or engage in any actions that violate integrity, are illegal, or breach fiduciary duties (hereafter referred to as unethical conduct) to gain or maintain benefits. The scope includes prohibitions against bribery, acceptance of bribes, providing illegal political contributions, inappropriate charitable donations or activities, and improper gifts or hospitality. The code also requires directors and managers to avoid conflicts of interest and establishes internal control systems for business activities with high risks of unethical conduct.

To prevent the improper disclosure of information; to ensure consistency and accuracy in public statements; and to prevent insider trading by those with access to sensitive information, Tong Hsing has also established the "Standard for material information and prohibiting insider trading." These procedures apply to the company's directors, managers, and all employees, prohibiting those with knowledge of material information from disclosing it to others, as well as from inquiring about or gathering undisclosed material information unrelated to their duties, thereby reinforcing insider trading prevention measures.

As part of the onboarding process, all new Tong Hsing employees undergo training on ethical business practices, with a 100% participation rate. Additionally, the company organizes an annual "Education class for sincerity in business management and prevention of insider trading" to reaffirm to all employees the company's commitment to integrity, policies, preventive measures, and the consequences of engaging in unethical conduct.

Management Policy

The management policy is to establish a corporate culture of integrity and sound development, along with a proper business operation model. Employees are strictly prohibited from directly or indirectly offering, promising, requesting, or accepting any improper benefits, or engaging in any actions that violate integrity, are illegal, or breach fiduciary duties, in the course of business activities to gain or maintain benefits. Based on the principles of honesty, transparency, and responsibility, policies grounded in integrity have been formulated and approved by the Board of Directors. Additionally, a robust corporate governance and risk control mechanism has been established to create a sustainable business environment.

Responsible Unit

The company's Corporate Governance Unit serves as the dedicated department for promoting corporate integrity and ethical business practices. This unit is headed by the Chief Financial Officer, Huang Chia-li. The unit is responsible for regularly reporting to the Board of Directors on the integrity policies, the results of promoting ethical business practices, and the implementation of measures to prevent unethical conduct.

Specific Measures

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

- Whistleblowing System Management: A "Regulations for whistle-blowing system" has been established to provide internal and external channels for reporting unethical behavior, ensuring the policy's effective implementation.
- Legal and Intellectual Property Office: This office is responsible for managing and evaluating trade secrets, patents, and other intellectual property rights to enforce the Code of Ethical Business Conduct.
- Corporate Governance Unit: This unit is in charge of education and training, promoting awareness of ethical practices, prohibiting unfair competition, and ensuring the protection of the rights, health, and safety of other stakeholders.

The company has also established preventive measures covering the following behaviors

1. Bribery and acceptance of bribes.
2. Providing illegal political contributions.
3. Inappropriate charitable donations or sponsorships.
4. Offering or accepting unreasonable gifts, hospitality, or other improper benefits.
5. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competition.
7. Directly or indirectly harming the rights, health, and safety of consumers or other stakeholders during the research, procurement, manufacturing, provision, or sale of products and services.

Management Measures for Preventing Conflicts of Interest

The company has established an integrity policy and incorporated measures to prevent unethical conduct within its Code of Business Conduct. These measures include operational procedures, behavior guidelines, and educational training. The Code of Business Conduct specifically outlines the precautions that company employees must take while conducting business, including management practices to prevent conflicts of interest.

Management Measures for Preventing Insider Trading

To prevent and avoid insider trading by individuals who have access to sensitive information and may inadvertently violate regulations, the company has established the "Standard for material information and prohibiting insider trading." These procedures clearly stipulate that the company's directors, managers, employees, and others who, by virtue of their position, occupation, or control relationship, have access to the company's internal material information, must not disclose such information to others.

No Corruption, Anti-Competitive, Anti-Trust, and Anti-Monopoly Activities

The company has independently conducted internal control assessments related to corruption risks and found no operational activities at risk of corruption. In 2022, there were no incidents of corruption, anti-competitive behavior, anti-trust violations, or monopolistic practices.

Whistleblowing and Complaint Channels

Tong Hsing has established procedures for handling whistleblowing and complaint cases under the "Regulations for whistle-blowing system." The process involves the following steps:

1. If the whistleblowing involves general employees, it should be reported to the department supervisor. If it involves directors or senior management, it should be reported to the Audit Committee.
2. The company's investigation unit and the supervisor or personnel who received the report must promptly investigate the relevant facts. If necessary, relevant departments will provide assistance. To protect the rights of due process for the accused, they should be given the opportunity to present their case.
3. If the investigation confirms that the accused has violated relevant laws or internal company regulations, the accused should be immediately instructed to cease the related actions and be subject to appropriate disciplinary measures, including but not limited to reassignment from their current position and/or other penalties. If the matter is found to be severe, it should be reported to the Board of Directors and/or handled according to relevant regulatory requirements.
4. If the whistleblowing is verified, the relevant departments must review and improve the related internal control systems and procedures, implementing corrective measures as needed.
5. If the personnel handling the whistleblowing case have a second-degree kinship with the whistleblower or the accused, have a conflict of interest related to the case, or have any other circumstance that might affect the impartiality of the investigation and handling of the case, they should recuse themselves. The whistleblower or the accused also has the right to request the recusal of such personnel.



Upon reviewing the company's operations in 2022, there were no whistleblowing or complaint cases. The company has set up at least two recipients for the whistleblowing/complaint mailbox to ensure the effectiveness of the complaint mechanism and procedures, with regular reporting to the General Manager.

The company has established and publicly announced independent whistleblowing channels for use by both internal and external personnel:

1. **Address:** 6th Floor, No. 83, Yanping South Road, Taipei City **To:** Audit Office Supervisor (Personal)
2. **Email:** thdiscipline@theil.com

These whistleblowing channels, including the suggestion box and email, are provided as avenues for reporting conflicts of interest or unethical behavior, allowing for timely handling by the company. The company's official whistleblowing email is: thdiscipline@theil.com

Upon receiving a whistleblowing report or complaint, a designated company representative will handle the case, ensuring the whistleblower's identity is fully protected and adhering to a non-retaliation policy. Once the case is resolved, the whistleblower will be informed of the outcome. The company commits to maintaining the confidentiality of the whistleblower's identity and the details of the investigation and related information, without the whistleblower's consent.

Additionally, the company promises to protect the whistleblower from any improper treatment due to the report and to keep their identity confidential.

In cases of unlawful incidents in the workplace, the company has established procedures for handling workplace violations. Employees can report such incidents to the Human Resources or Occupational Safety units. Upon receiving a report, the company will form a task force to investigate and address the issue.

Workplace Violence Consultation and Complaint Channels: Complaint Hotline: 02-26790122#1051, Complaint Email: hr@theil.com

Handling of Workplace Violence Complaints: In 2023, there were four workplace violence complaints: two in Taipei, one in Bade, and one in Zhubei. After cross-departmental meetings, it was determined that two of the complaints were unfounded, while the other two were substantiated and addressed in accordance with company regulations.

Training and communication

In addition to publishing information related to ethical business practices on the company's corporate and internal websites to emphasize the importance of integrity and insider trading prevention, Tong Hsing regularly conducts related training sessions for directors, managers and employees. Business partners who engage in commercial activities with the company are also invited to participate, ensuring they fully understand the company's commitment to ethical business practices, policies, preventive measures, and the consequences of engaging in unethical behavior. In 2023, the company conducted a total of **1,530** hours of training on ethical business practices and insider trading prevention.

2023 Ethical Business Practices Implementation Results





In 2023, in addition to the continued annual training for directors, the company's managers and employees also participated in training sessions on ethical business practices and insider trading prevention. There were **no incidents of corruption, anti-competitive behavior, anti-trust violations, or monopolistic practices** during the year.

III. Risk Management

Risk management is a critical component of corporate governance. Each year, the Corporate Governance Unit conducts a risk assessment, identifying and evaluating risks based on their potential impact and likelihood of occurrence. For key risks, management policies and objectives are established, with ongoing review and improvement to ensure effective mitigation and control.

Risk Classification and Definitions

	Market Risk	The risk arising from changes in domestic and international market demand or competition, which may hinder the company from achieving its operational goals.
	Political Risk	The risk associated with geopolitical situations or changes in national policies.
	Environmental Risk	The risk related to external, uncontrollable factors such as natural disasters, climate change, and pandemics.
	Legal Risk	The risk of penalties for non-compliance with regulations or the financial and reputational damage resulting from external litigation.
	Financial Risk	The risk of losses incurred through various financial activities, including currency exchange rate risk, and other financial exposures.
	Operational Risk	The risk of losses in personnel, assets, and net profit due to internal control or management failures. This includes information security management and intellectual property management.
	Other Risks	Risks that do not fall under the aforementioned categories but could still cause significant losses to the company.

⌕ Management Policy

We identify the relevant risks that may impact the company's operations, including market risks, political risks, environmental risks, legal risks, financial risks, operational risks, and other risks. For each identified risk, appropriate risk mitigation strategies and handling principles are established. Each responsible unit is tasked with evaluating, reporting, and implementing corresponding response or preventive measures within their scope of duties, with the goal of minimizing the potential impact of these risks.

⌕ Responsible Unit

Corporate Governance Unit - Risk Assessment Officer

⌕ Risk Assessment Report

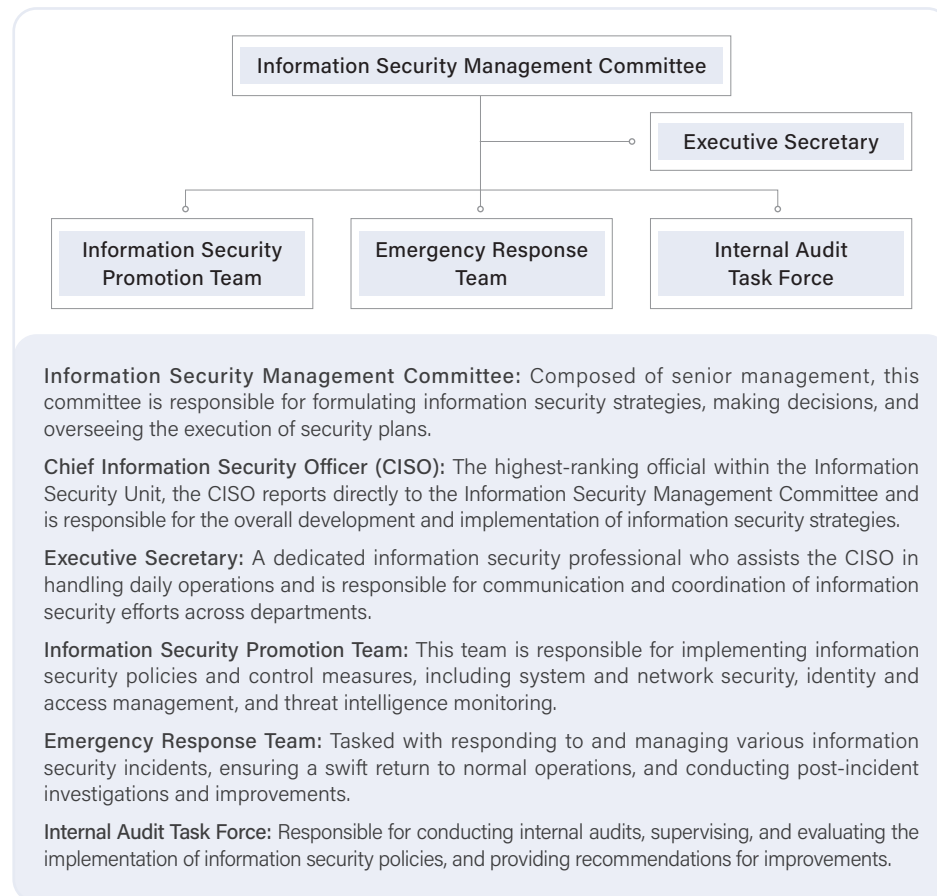
An annual report is presented to the Board of Directors, with the most recent report submitted on October 26, 2023.

Through procedures of risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response, the company effectively manages the scope of operational risks and implements appropriate measures to mitigate them. In the future, the company will continue to enhance the documentation of risk management processes and their execution results. The risk status will be reported to the Board of Directors annually to ensure that the management framework and risk control functions operate effectively.

IV. Information Security Management Material Topic

Establishing an Information Security Risk Management Framework

To support corporate transformation and enhance information security management, the company has progressively strengthened its risk management framework for information security. In addition to establishing relevant information security control management procedures, the company set up the Information Security Office in the fourth quarter of 2021 and developed the following information security risk management structure:



Information Security Policy

To comply with relevant regulations and in reference to ISO 27001/CNS 27001 and other related standards, Tong Hsing has established an Information Security Policy to protect its information assets (including data, software, hardware, and equipment) from external threats or improper management and use by internal personnel, which could result in risks such as alteration, disclosure, destruction, or loss. This policy serves as the basis for ensuring the confidentiality, integrity, and availability of all business information, aiming to effectively and reasonably reduce operational risks.

Information Security Goals

The primary goals include obtaining ISO 27001 Information Security Management System certification and establishing a secure boundary through the deployment of appropriate information security control measures. This is supported by the classification and control of confidential information, comprehensive employee training, and the protection of the company's operations and confidential information. These efforts aim to prevent unauthorized access, modification, destruction, improper disclosure, or cyberattacks, with the goal of achieving zero major information security incidents.

Information Security Standards

Since the establishment of the Information Security Office, the company has been continuously developing and updating the Information Security Management System (ISMS) to comply with the international information security standards of ISO/IEC 27001. As per the current plan, the first phase of ISO 27001 certification has been completed, covering the scope of the company's certification: Maintenance of the server room and information system of the information center of Tong Hsing Longke Branch.

Specific Information Security Management Plan

The company has implemented secure zone segmentation through firewalls and information block divisions, covering internal, external, office, and production line areas, to enhance information security defenses. The specific management measures include:

- **Continuous Implementation of Advanced Information Security Solutions:** The company continuously adopts advanced security solutions to effectively protect and manage systems, hosts, and network behavior.
- **Regular Employee Training:** Regular training sessions are held to disseminate the latest information security knowledge and enhance employees' awareness of information security.
- **System and Network Security:** The company employs technologies such as gateway firewalls, Intrusion Detection Systems (IDS), Intrusion Prevention Systems (IPS), and Zero Trust Networks to prevent unauthorized access and attacks.

- **Data Protection and Encryption:** Strong encryption technologies are used to protect sensitive data, including data at rest and data in transit, ensuring data confidentiality and integrity.
- **Identity and Access Management:** Multi-Factor Authentication (MFA) and fine-grained access controls are implemented to ensure that only authorized personnel can access critical information assets. Additionally, a mobile device management system is in place to ensure secure access control and protection of company secrets in the era of cloud services.
- **Threat Intelligence Monitoring and Response:** The company uses monitoring platforms to continuously monitor and analyze internal and external threat intelligence, enabling timely responses to prevent attacks.
- **Vulnerability Management:** Regular vulnerability scans and penetration tests are conducted on critical systems. The company ensures timely patching of security vulnerabilities in systems and applications. Daily full backups of company database systems such as ERP and MES are performed, with periodic restoration tests as needed to serve as the last line of defense against ransomware attacks, ensuring the safe recovery of databases and data. In 2023, the vulnerability management profile is as follows: by the end of 2023, there were 0 critical risks and 3 high risks, all of which have been mitigated as of the report date.
- **Social Engineering Drills:** Each year, social engineering drills are conducted for all employees with email accounts. In 2023, the drill involved 1,515 employees. Out of these, 912 employees opened the email, and 303 clicked on the link, resulting in a phishing susceptibility rate of 20%. As an improvement measure, mandatory training on identifying phishing emails has been implemented.



The company conducts an annual self-assessment of its information security. The 2023 self-assessment results were rated as " **Good** ". Additionally, the Longtan Plant successfully implemented the ISO 27001 Information Security Management System in February 2023.

Information Security Training

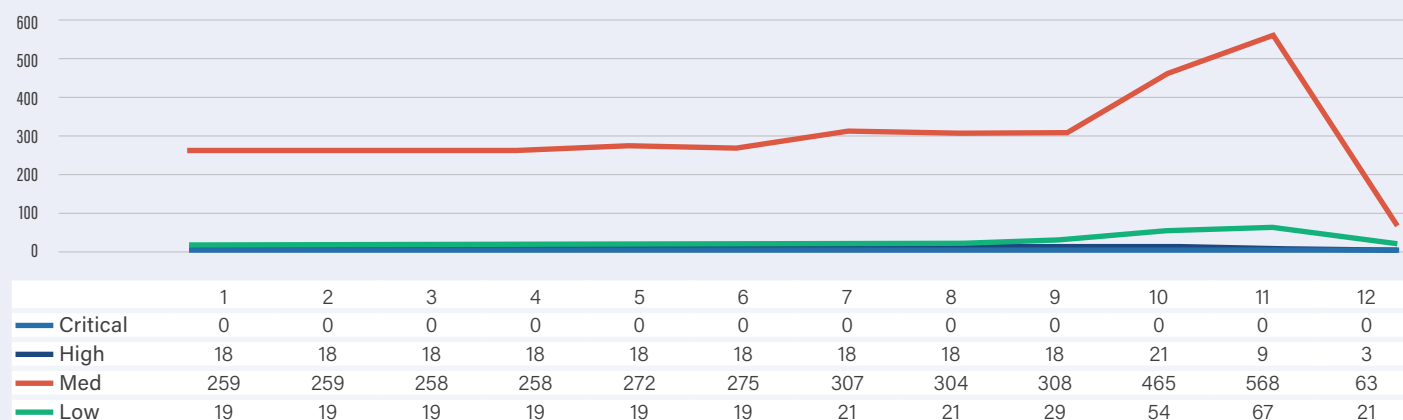
The Information Security Office designs and implements a comprehensive information security training program that covers all employees. The training is tailored to different levels and topics based on the specific needs and security risk assessments of each role. The total training hours are customized according to the employees' job requirements to ensure they acquire sufficient knowledge and skills in information security.



In 2023, 2,286 employees participated in the information security courses and tests, with a 94% first-time pass rate. The total training hours amounted to **1,143** hours.

Information Security Office 2023 Internal Training Courses

Course Name	Course Date	Total Participants	Total Hours
ISO 27001:2022 Internal Auditor Course	2023/03/21 ~ 2023/04/12	19	304
Tong Hsing Electronic Industries Information Security Policy and Sensitive Data Protection Briefing	2023/04/10 ~ 2023/04/10	205	205
2023 Tong Hsing PIP Confidential Information Protection Cours	2023/07/24 ~ 2023/12/29	1,540	352



CVSS

(Common Vulnerability Scoring System)

The CVSS score ranges 0 to 10, with higher scores including greater severity of vulnerability.

Critical	CVSS 9.0-10.0
High	CVSS 7.0-8.9
Medium	CVSS 4.0-6.9
Low	CVSS 0.1-3.9

V. Regulatory Compliance

The company's business philosophy is based on "Steadiness and Practicality, Integrity and Honesty, and Customer First," with the primary goal of pursuing profit and surplus. The company is dedicated to ensuring product innovation, increasing added value and profitability, enhancing the team's professional and leadership capabilities, and continuously improving operational performance while fundamentally adhering to legal regulations and requirements.

The following outlines the key legal sources, internal regulations, or procedural documents related to the company's governance, environmental, economic, and social regulatory compliance, as well as whether any legal violations occurred in the past year (2023):

Type	Relevant Key Legal Sources in Taiwan	Company's Corresponding Policies or Procedures	Illegal conducts in 2023?
Corporate Governance	<ul style="list-style-type: none"> Company Act, Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, Audit Committee Charter, Compensation Committee Charter 	<ul style="list-style-type: none"> Code of Business Integrity, Whistleblowing System Management Procedures and Articles of Association 	<ul style="list-style-type: none"> The company operated in compliance with the law, with no significant monetary fines or other non-monetary penalties.
Labor Rights and Conditions	<ul style="list-style-type: none"> Labor Standards Act, Employment Service Act Act of Gender Equality in Employment, Labor Insurance Act, Labor Pension Act, National Health Insurance Act, Employee Welfare Fund Act, Regulations of Leave-Taking for Workers, Law Source Retrieving System Labor Laws and Regulations 	<ul style="list-style-type: none"> Work Rules Filing Labor-Management Meeting Representatives List Filing Tong Hsing Responsible Business Alliance Code of Conduct Compliance and Management Policy and Procedure 	<ul style="list-style-type: none"> The company complied with labor laws with no violations of the Labor Standards Act or labor disputes leading to penalties. There were no forced labor incidents at the company's operations or among key suppliers.
Occupational Safety and Health	<ul style="list-style-type: none"> Occupational Safety and Health Act, Enforcement Rules of the Occupational Safety and Health Act, Regulations of the Labor Health Protection, Regulations for the Occupational Safety and Health Equipment's and Measures, Occupational Safety and Health Education and Training Rules, etc. 	<ul style="list-style-type: none"> Occupational Safety and Health Work Rules Filing Occupational Safety and Health Organization and Personnel Filing ISO 45001 Occupational Health and Safety Management System and related procedure 	<ul style="list-style-type: none"> No incidents of workplace accidents leading to penalties from labor inspections occurred
Environment	<ul style="list-style-type: none"> Basic Environment Act, Climate Change Response Act, Waste Disposal Act, Resource Recycling Act, Air Pollution Control Act, Noise Control Act, Drinking Water Management Act, Effluent Standards, Water Pollution Control Act and its Enforcement Rules, etc. 	<ul style="list-style-type: none"> ISO 14001 Environmental Management System and related procedures, including Waste Management Procedures, Wastewater Management Procedures, etc. ISO 14064 Greenhouse Gas Inventory System and Greenhouse Gas Inventory Report 	<ul style="list-style-type: none"> The company complied with environmental regulations with no penalties for violations of environmental laws.
Economic	<ul style="list-style-type: none"> Fair Trade Act, Patent Act, Copyright Act, Intellectual Property Act, Trade Secrets Act, Personal Data Protection Act 	<ul style="list-style-type: none"> Labor Contracts, Personnel Management Policies, Information Security Management Policies 	<ul style="list-style-type: none"> The company had no records of violating economic and social regulations or incidents resulting in fines.
Social	<ul style="list-style-type: none"> Civil Code, Sexual Harassment Prevention Act 		
Product	<ul style="list-style-type: none"> Fair Trade Act, Personal Data Protection Act QC 080000 Hazardous Substance Process Management System 	<ul style="list-style-type: none"> ISO 9001 Quality Management System and related procedures QC 080000 or RoHS System for effective hazardous substance control to meet international standards 	<ul style="list-style-type: none"> The company did not experience any incidents of customer fines or compensation related to privacy breaches or violations involving hazardous substances. The company adhered to marketing and communication laws without legal violations, and there were no incidents of violating product and service health and safety regulations.

Company's Regulatory Compliance in 2023: In terms of corporate governance, the company experienced no incidents of corruption, anti-competitive behavior, anti-trust, or monopolistic practices in 2023, nor was the company subject to any monetary or non-monetary penalties related to such events. Regarding social impact, the company had no incidents in 2023 that resulted in monetary penalties for violations of the Labor Standards Act. In terms of environmental impact, the company did not face any penalties in 2023.

02

Financial Performance and Innovative Products and Services

To achieve stable growth in operational performance and provide excellent service with high customer satisfaction, we have established the following short-term and mid-term goals for key topics:

Customer Relationship Management	2023 Actual Performance	Short-Term Targets 2024~2026	Mid-Term Targets 2027~2030
Customer Satisfaction	<ul style="list-style-type: none">• Ceramic Circuit substrates: 77%• Hybrid Integrated Circuit Modules and RF Package: 84%• Imaging Products: 67%	<ul style="list-style-type: none">• Ceramic Circuit substrates: 80%• Hybrid Integrated Circuit Modules and RF Packages: 86%• Imaging Products: 70%	<ul style="list-style-type: none">• Ceramic Circuit substrates: 85%• Hybrid Integrated Circuit Modules and RF Package: 88%• Imaging Products: 75%
Legal Compliance	<ul style="list-style-type: none">• Violations of product and service information and labeling: 0 cases• Violations of product and service health and safety regulations: 0 cases• Violations of marketing communication regulations: 0 cases	<ul style="list-style-type: none">• Violations of product and service information and labeling: 0• Violations of product and service health and safety regulations: 0 cases• Violations of marketing communication regulations: 0 cases	<ul style="list-style-type: none">• Violations of product and service information and labeling: 0 cases• Violations of product and service health and safety regulations: 0 cases• Violations of marketing communication regulations: 0 cases

I. Financial Performance

In 2023, Tong Hsing reported a revenue of NT\$11.585 billion, with both revenue and profit declining compared to 2022. The primary reasons for the decline were the reduced demand for imaging sensor products and ceramic circuit substrates, as well as the extended time required for inventory reduction.

Operating Revenue and Earnings Per Share (EPS) for 2022-2023

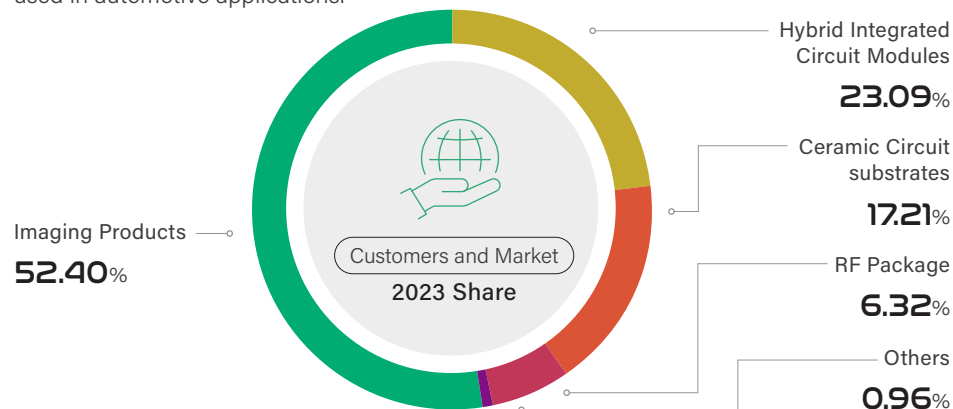
Unit: NTD thousands

Item	2022	2023
Operating Revenue	14,071,591	11,584,909
Gross Profit	5,005,335	2,787,536
Net Profit Before Tax	3,665,631	1,418,247
Earnings Per Share (EPS)	14.09	5.50

Explanation: These figures are sourced from the financial statements. Please refer to the information available in the Investors section of the company's website at <https://www.theil.com/>.

Customers and Market

Tong Hsing primarily serves brand customers located in Europe and the Americas. Among all product categories, the most significant product is imaging products, which are primarily used in automotive applications.



Sales Amounts and Percentages of Major Products in Each Region Over the Past Two Years

Unit: NTD Thousands

Product \ Year	2022		2023	
	Amount	%	Amount	%
Imaging Products	7,642,281	54.31%	6,070,802	52.40%
Ceramic Circuit substrates	2,829,797	20.11%	1,994,307	17.21%
Hybrid Integrated Circuit Modules	2,655,309	18.87%	2,675,402	23.09%
RF Package	733,130	5.21%	732,625	6.32%
Others	211,074	1.5%	111,773	0.96%
Total	14,071,591	100%	11,584,909	100%

Sales Amounts and Percentages of Major Products in Each Region Over the Past Two Years

Unit: NTD Thousands

Region \ Year	2022		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Europe	2,748,205	19.53%	3,126,425	26.99%
Americas	1,858,753	13.21%	1,353,069	11.68%
Asia	7,792,165	55.38%	5,838,022	50.39%
Others	1,672,468	11.89%	1,267,393	10.94%
Total	14,071,591	100%	11,584,909	100%

II. Customer Relationship Management Material Topic

Tong Hsing upholds a "customer-first" philosophy, maintaining stable and positive relationships with clients by understanding their needs and adjusting relevant operational standards accordingly. We work closely with customers, accommodating their ongoing audits and improvements to ensure their requirements are met, thus creating company profits and achieving a win-win outcome. To achieve these goals, we not only emphasize product quality but also strictly adhere to relevant regulations, ensuring that no controversial products that fail to meet environmental standards are sold.

Regarding issues related to customer health and safety, privacy, marketing, and labeling of products and services, the company complies with relevant regulations and international standards. We have established policies to protect customer rights and set up complaint procedures. Each year, the company conducts evaluations with major customers on aspects such as production capacity, quality, operational management, and delivery times, and we continually improve on any deficiencies identified by customers.

Customer Satisfaction Survey Process and Results

Focusing on nurturing key clients, providing high-quality products and services, and collaborating with strategic partners to develop advanced specialty material products and markets are the core directions of our business. As such, Tong Hsing places great importance on customer satisfaction. Every year in the fourth quarter, we conduct a satisfaction survey evaluating various aspects such as product quality, delivery, service quality, and professionalism. The dedicated unit consolidates the satisfaction indicators and conducts trend analyses to identify areas for improvement.



To enhance customer satisfaction, we effectively utilize two key management systems: Enterprise Resource Planning (ERP) and the procurement platform. These systems enable us to optimize costs, quality, and service for our customers, suppliers, and Tong Hsing, creating better performance and securing more future orders through mutually beneficial relationships.

Customer Satisfaction Survey Results for the Past Two Years

According to the Customer Satisfaction Management Procedures under the ISO 9001 Quality Management System, the survey is conducted annually in the fourth quarter. The results can be gathered via email, telephone interviews, or fax, and are recorded in the "Customer Satisfaction Survey Form." The survey items are tailored to the characteristics of each business unit's products, and the scoring system ranges from 5 points for the highest satisfaction to 1 point for the lowest satisfaction. The importance of each item is also rated on a scale of 5 points for the most important to 1 point for the least important. The survey results are as follows:

Business Unit \ Item Year	Survey Items	2022		2023	
		Response Coverage Rate	Average Satisfaction	Response Coverage Rate	Average Satisfaction
Ceramic Circuit substrates	Product Quality, Delivery, Service	74%	82%	63%	77% ^(Note)
Hybrid Integrated Circuit Modules and RF Package	Product Quality, Delivery, Service	83%	84%	71%	84%
Imaging Products	Product Quality, Delivery, Service	98%	64%	98%	67%

Note: Due to a sudden increase in order demand, the delivery time for customers has been extended, resulting in a decrease in customer satisfaction.

Customer Complaint Handling Mechanism

1. When a customer complaint or feedback is received, the customer complaint handling procedure is initiated. The Customer Quality Engineering Department is responsible for verifying the abnormality reported by the customer and addressing it immediately to reduce the recurrence rate of similar incidents and the generation of further complaints.
2. When an abnormal complaint occurs, a problem analysis and resolution method is employed, if necessary, to form an improvement team. This team identifies the root cause of the issue and implements short-term and long-term corrective actions. The effectiveness of these actions is then reviewed. Additionally, through re-education of personnel, the company fosters a culture of continuous internal improvement activities, aiming to constantly enhance the quality of Tong Hsing's products.

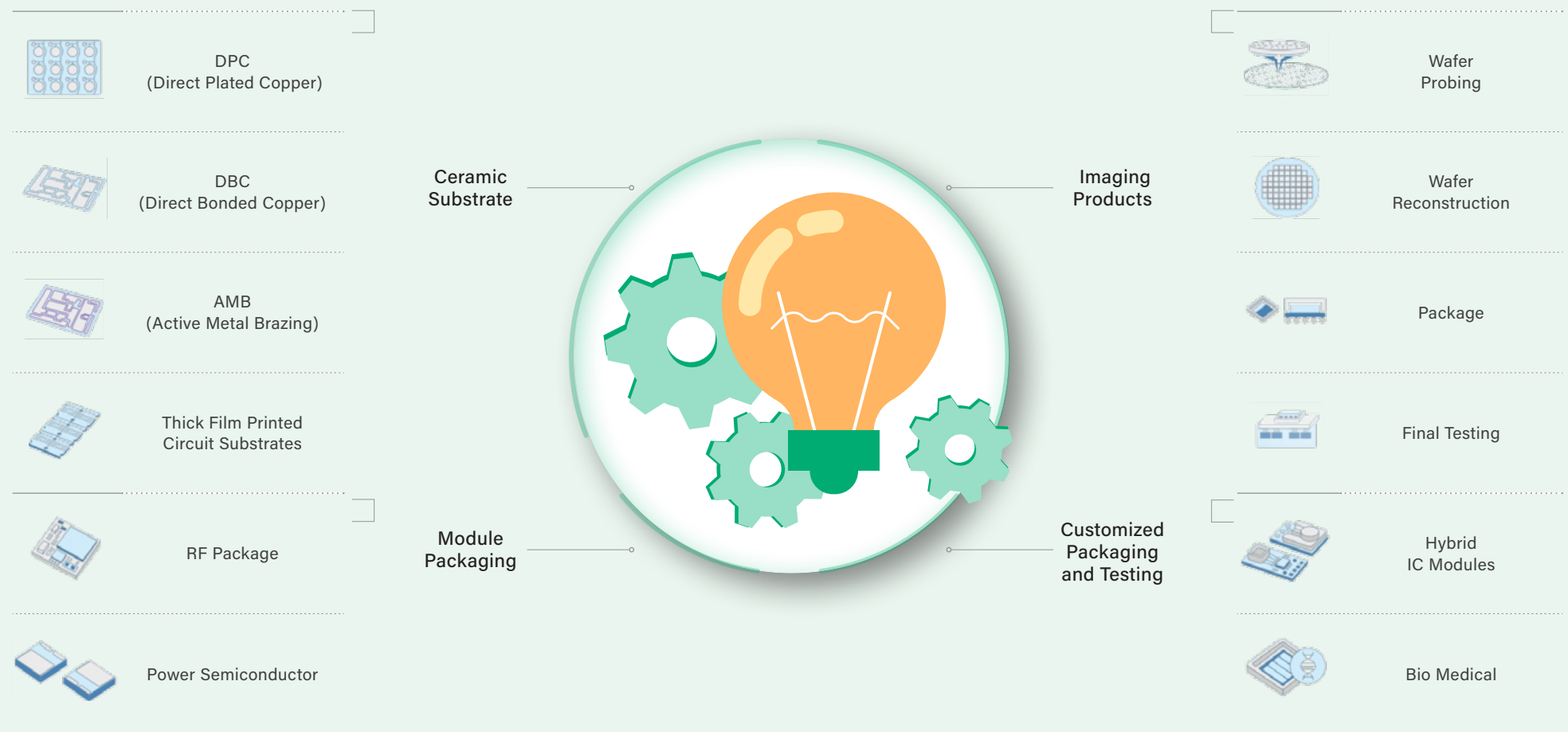


In 2023, there were **no** violations related to product and service information and labeling, product and service health and safety regulations, or marketing communication regulations.

III. Innovative Products and Services

Introduction to Key Products (2-6 b Activities, Value Chain, and Other Business Relationships)

② The company's main products are illustrated in the following figure.



Tong Hsing Amplifies Benefits Through Green Products

Tong Hsing is committed to research and development as well as process optimization, continuously enhancing product value and technology to deliver products and services that satisfy customers.

In recent years, Tong Hsing has embraced the concept of green products, starting with materials that align with ESG principles and incorporating this approach into product development strategies. We define green products as "environmentally friendly and energy-efficient products." Practical applications of these products include high-power LEDs and automotive image sensor packaging products.

Innovation Product Management Policy	Amid the global push towards net-zero carbon emissions and sustainable development, Tong Hsing is committed to continuous improvement by developing more environmentally friendly and sustainable technologies. The company focuses on reducing product size, adopting materials that align with environmental trends, and expanding its core competencies in product structure, materials, equipment, and technology. This expansion is supported by a robust patent application strategy to protect and advance new technologies, ultimately providing customers with superior solutions and advancing towards more forward-looking product services. Innovation Product Policy: 1. Continuously develop smaller, more efficient, and higher-powered products. 2. Research and develop production processes that reduce pollution, material usage, and energy consumption. 3. Strengthen the patent portfolio to enhance the company's competitiveness.
Responsible Units	<ul style="list-style-type: none"> • New Product Development: Collaboration between R&D, business, and project teams across departments. • Introduction of New Materials and Technologies: Coordination between R&D and procurement departments.
Specific Actions	Innovate and streamline the company's new product development processes, ensuring strong R&D momentum and quality. 1. Integrate suppliers' (materials/equipment) technical capabilities. 2. Leverage the technical skills of cross-departmental engineering teams. 3. Enhance product development capability training. 4. Use company systems to disseminate product innovations.
Performance Goals	<ul style="list-style-type: none"> • Beyond improving technical capabilities, focus on reducing raw material use and eliminating production fixtures/materials. • Develop high-performance products to boost unit value and efficiency. • Achieve milestones in the new product development phase. • Establish and refine the patent and trade secret portfolio, with a total of 178 patents accumulated as of 2023. • Improve and optimize product reliability and quality.
R&D Process	Collect market information->Determine R&D direction and goals->Gather necessary resources->Define the project, set milestones (e.g., raw material evaluation, process design, functional specification verification, reliability assessment)->Regularly review feedback and adjust->Complete evaluation->Decide on sample production or resource allocation for mass production

Green Products

Through the dedicated efforts of our R&D and business teams, we at Tong Hsing illustrate how we develop various green innovation strategies across different stages of the product life cycle. These strategies are designed to reduce environmental impact at each phase of the product's life cycle.

② Considering the Product Life Cycle

Stage	Goal to Reduce/Minimize Environmental Impact	Green Innovation R&D Strategy
Raw Material Selection	Align with RoHS and REACH regulations	<ol style="list-style-type: none"> 1. Review material components to ensure compliance with regulations 2. Collaborate with suppliers to evaluate material compliance during selection or development
Raw Material Usage	<ol style="list-style-type: none"> 1. Align with RoHS and REACH regulations 2. Reduce material waste 	<ol style="list-style-type: none"> 1. Include compliant materials in the BOM during product development to assess environmental and human health risks 2. Use the SAP system to control material usage, reduce waste, and minimize impact on humans and the environment
Upstream Raw Material Transportation	Use recycled materials	Use recycled or reclaimed materials for packaging during raw material transportation
In-House Manufacturing Process	Simplify production processes	Develop standardized processes to reduce excess material waste
Product Packaging	Use recycled materials	<ol style="list-style-type: none"> 1. Use recycled or reclaimed materials for packaging during raw material transportation 2. Use green materials for product packaging
Product Transportation to Customer	<ol style="list-style-type: none"> 1. Reduce material waste and environmental impact 2. Minimize emissions 3. Reduce energy consumption 	<ol style="list-style-type: none"> 1. Use low-impact, biodegradable, or recyclable packaging materials 2. Optimize delivery routes and increase transport efficiency 3. Implement green energy transportation systems
Post-Use Waste Treatment, Recycling, and Disposal	<ol style="list-style-type: none"> 1. Recycle hazardous materials 2. Increase recyclability 	<ol style="list-style-type: none"> 1. Enhance hazardous material recycling systems 2. Develop water recycling and reuse systems

Management Policy	<ol style="list-style-type: none"> 1. Incorporate ESG-Related Supply Chain in Product Development: Consider the possibility of recycling and reusing waste materials generated during the production process. 2. Enhance Customer Benefits: Introduce new process technologies that not only improve technical capabilities but also promote the reduction of raw material usage during production and development, aligning with the concept of sustainable products. 	Specific Actions	<ol style="list-style-type: none"> 1. Prioritize ESG Supply Chain in Product Development: During the product development process, prioritize the integration of ESG-related supply chains, and explore the recycling and reuse of waste materials from the production process. 2. Introduce Raw Material Reduction Technologies: Alongside improving technical capabilities, incorporate the advantages of raw material reduction technologies into the production and development processes.
		Management Indicator	<p>Continuously increase the proportion of green products.</p>

Technical Design Blueprint for Green Products

Product Category	Design Description and Case Studies	Social Impact
Ceramic Circuit substrates	<ul style="list-style-type: none"> Investment in yellow light technology, metal plating, PVD equipment, precious metal coating, and stripping technology. Investment in the introduction of high thermal conductivity aluminum nitride substrates and high-viscosity lift-off photoresists. 	<ol style="list-style-type: none"> 1. Early-stage evaluation for metal recycling during product development, with metal coatings paired with recycling vendors to remanufacture metal materials. 2. Selection of yellow light material developers and acid-based chemicals that align with recycling vendor compatibility or ESG-compliant raw materials. 3. Enhancement of DPC substrate module heat dissipation capabilities and efficiency, enabling more miniaturized and high-performance component modules, advancing ESG design concepts and environmental friendliness. 4. Collaboration with photoresist suppliers to introduce higher viscosity photoresist materials, achieving a 50% improvement in coating efficiency and a 30% reduction in material usage, continuing efforts toward ESG concepts and green products.
Automotive Chip Packaging	<p>Development of low thermal resistance and highly reliable heat dissipation substrates, applicable to electric vehicles, improving heat dissipation efficiency to advance the development of electric vehicles.</p>	<ol style="list-style-type: none"> 1. Adoption of ESG concepts in product design. 2. Integration of thick copper and ceramic, with copper thickness increased by more than twofold, significantly enhancing heat dissipation efficiency. The improved heat dissipation leads to enhanced component performance, promoting the miniaturization and efficiency of power modules, thereby reducing environmental impact. 3. Major raw materials (substrate/copper foil) are ESG-compliant.
	<p>Development of anti-glare materials</p> <p>creating non-transparent dry film materials to reduce stray light caused by light exposure, and applying them to automotive imaging chips to significantly reduce glare, promoting the development of electric vehicles</p>	<ol style="list-style-type: none"> 1. Reduction of light pollution: In urban environments, anti-glare materials effectively reduce light pollution caused by reflection or refraction, improving nighttime environmental quality and positively impacting ecosystems and human health. 2. Traffic safety: Using anti-glare glass in vehicles and public transportation can reduce visibility issues caused by sunlight reflection, enhancing traffic safety and reducing accidents. 3. Innovation-driven: The development and application of anti-glare materials drive innovation in materials science and engineering, helping to elevate the overall industry technology level.
	<p>Design of reusable carrier fixtures to replace adhesive tape for sample carriers.</p> <ul style="list-style-type: none"> Development of high-reliability, miniaturized imaging sensor packaging technology for in-vehicle assistance systems. Enhancing product reliability and quality. Indicator: AEC Q-100 G2 -> G2+ 	<ol style="list-style-type: none"> 1. Reduction of hazardous waste: Minimizes waste gases produced during the heating of adhesive tape in the production process. 2. Reduction of material waste: Using reusable, washable fixtures reduce adhesive tape waste. 3. Adoption of ESG concepts in product design. 4. The product design focuses on miniaturization and material reduction. By leveraging the smaller product size, raw material usage is minimized, reducing environmental impact. 5. Improved reliability increases product lifespan, contributing to environmental sustainability.

IV. Quality Management System

Product Safety Management Policy

Product safety is ensured through the company's quality system and strict operational controls, preventing risks and ensuring that products meet intended purposes and regulatory requirements. This approach safeguards against significant risks that could harm individuals or cause property damage.

In 2023, the company had no violations of product health and safety regulations, product information and labeling laws, or any incidents leading to significant fines. Additionally, there were no instances of prohibited or controversial product sales, violations of marketing communication regulations, non-compliance with product information labeling, or complaints regarding customer privacy breaches or data loss.

Quality Management System and Operational Processes

Tong Hsing has obtained certifications such as ISO 9001, AS 9100 for aerospace quality, IATF 16949:2016 for automotive industry quality, and ISO 13485:2016 for medical device quality management systems. Additionally, the company has acquired various product quality management system certifications based on customer requirements.

Tong Hsing remains committed to continuously improving its quality management systems and ensuring product safety and management.



ANSI/ESD S20.20 ESD Association Standard for the Development of an Electrostatic Discharge

Tong Hsing obtained this certification in 2019. The certification covers the following areas: multi-chip modules (MCM), microelectronic packaging, and CMOS image sensors.



AS 9100 Aerospace Quality Management System Certification

Tong Hsing obtained this certification in 2010 for design, development, and production. The certification scope includes multi-chip modules (MCM), microelectronic packaging, metalized ceramic substrates, and CMOS image sensors.



IATF 16949:2016 Automotive Quality Management Certification

Tong Hsing obtained this certification in 2018. The certification scope includes microelectronic packaging, metalized ceramic substrates, and CMOS image sensors.



ISO 13485:2016 Medical Device Quality Management System Standard

Tong Hsing obtained this certification in 2016. The certification scope includes multi-chip modules (MCM), microelectronic packaging, metalized ceramic substrates, and CMOS image sensors.



ISO 9001:2016 Quality Management System

Tong Hsing obtained this certification in 2005. The certification scope includes multi-chip modules (MCM), microelectronic packaging, metalized ceramic substrates, and CMOS image sensors.

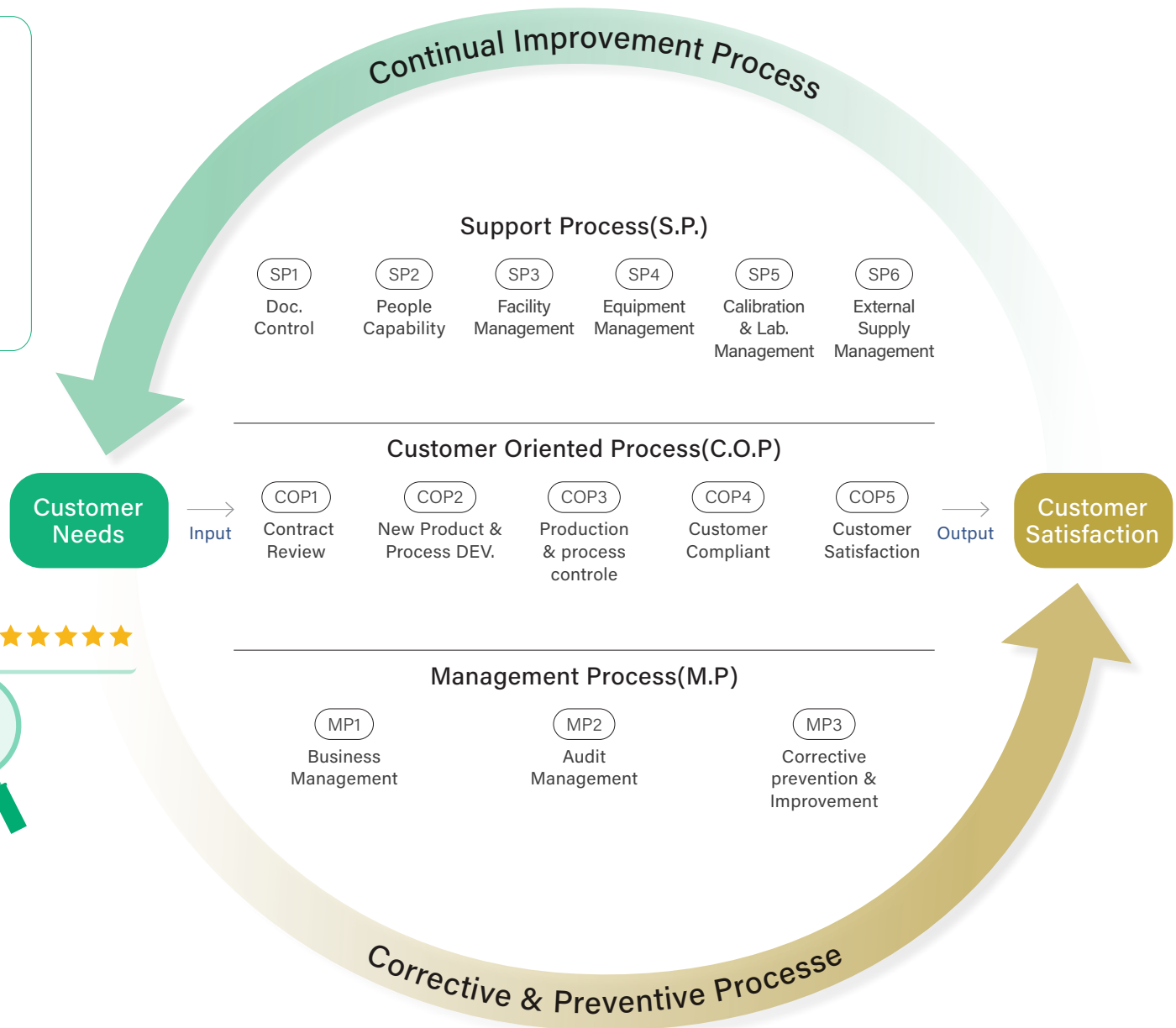
Product Safety Management

Stage	Goals for Reducing/ Minimizing Quality Defects	Corresponding Quality Assurance Procedures
Raw Material Selection	Ensure compliance with RoHS and Halogen regulations	Material Approval and Control Procedures
Raw Material Usage	Ensure compliance with RoHS and Halogen regulations	Advanced Product Quality Planning (APQP) Procedures
Upstream Raw Material Transportation	Ensure the quality of incoming materials	APQP Procedures - Packaging Specification Standards
In-House Manufacturing Process	Maintain optimal conditions: training, equipment, materials, methods, and environment	Process Control Management Procedures
Product Package	Use materials that have passed qualification testing	APQP Procedures - Packaging Specification Standards
Product Transportation to Customer	Minimize environmental impact during transportation	Execution based on regulations and best practices
Continuous Quality Improvement	Hazardous material recycling	Implementation based on regulatory requirements

Regarding issues related to customer health and safety, privacy, marketing, and labeling of products and services, our company complies with relevant regulations and international standards. We have established policies to protect customer rights and implemented complaint procedures.

Each year, we conduct evaluations with key customers on aspects such as production capacity, quality, operational management, and delivery times. We continuously work on improving any deficiencies identified through customer feedback.

Tong Hsing Quality Management System Diagram



Key Measures and Implementation of the Quality Management System

① Enhancing Quality Awareness

Quality awareness refers to the understanding and recognition of quality by all employees, from top to bottom, which is reflected in their attitudes and behaviors. It influences the collective perception and attitude towards quality within the organization, forming a shared value system around quality.

At Tong Hsing, we firmly believe that improving the quality of human resources is crucial to the success of our quality management efforts. Through educational training, we cultivate a strong sense of quality awareness and alignment with quality objectives among our employees. To enhance the quality of our products and services, we offer comprehensive training programs. In 2023, the completion rates were as follows:

• **100%** of new employees completed the foundational quality education and training for IATF16949, AS9100, and ISO13485.

• **100%** of new employees completed the general education and training on restricted substances management.

② Quality Management

To ensure the traceability of the products we manufacture, Tong Hsing utilizes an Enterprise Resource Planning (ERP) system. This system electronically integrates all processes from order taking to material procurement, inventory management, production, quality control, and financial management. It enables the rapid provision of accurate data and detailed recording of each production stage, fulfilling our commitment to quality assurance.



③ Operational Management

1. Standard Operating Procedures (SOPs)

Implementation of SOPs to ensure consistent and reliable operations.

2. Skills Training

Includes skills training and evaluation, setting skill evaluation standards, developing skills training plans, and establishing training criteria.

3. Improvement Activities

Improvement plans aimed at achieving business plan objectives, supported by an improvement proposal system.

V. Intellectual Property Management

Patent Application and Incentive System

Tong Hsing has established a Patent Application and Incentive Management Policy aimed at encouraging employees to unleash their creativity and engage in various technical research and development activities. This policy serves as a management guideline to strengthen the company's technological capabilities. The policy outlines the procedures for submitting intellectual property proposals, the review process by the evaluation committee, and the corresponding incentive system for obtaining rights, thereby motivating internal employees to contribute to product and technology innovation.

④ Implementation Status

Intellectual property-related matters are regularly reported to the Board of Directors. As of December 31, 2023, the achievements in intellectual property patents are as follows:

	Patent Status	Taiwan	International	Total
Utility	Application Pending	0	1	1
	Granted	3	1	4
Invention	Application Pending	54	137	191
	Granted	64	109	173

Patent Category	2023 New Patents Granted	2023 Patents Expired or Abandoned
Innovation Category (Positive Impact)	13	5
Reduction of Negative Impact (Environmental)	7	2
Total	20	7

Trade Secret Management

Tong Hsing has established a Confidential Information Classification and Management Policy, which categorizes and effectively controls company confidential information based on its level of sensitivity. To ensure that all employees are aware of and comply with confidentiality requirements, the company conducts regular training sessions and implements a rewards and penalties system. If any employee-generated ideas or innovations are deemed unsuitable for public disclosure, they are managed as trade secret proposals, with the employee receiving a trade secret proposal bonus.

The company includes confidentiality and non-compete clauses in its employment contracts, obligating employees to maintain confidentiality of company information both during and after their employment. This measure helps mitigate the risk of information leakage. Additionally, confidentiality agreements are signed with customers and suppliers to ensure that both parties' rights and obligations are protected in compliance with relevant regulations.

03

Sustainable Supply Chain Management

I. Industry Value Chain

Tong Hsing operates in the electronic components manufacturing and semiconductor packaging industry. The company's product portfolio includes multi-chip modules, thick-film hybrid integrated circuit modules, printed circuit board assemblies, high-frequency modules, power semiconductor modules, as well as wafer reconstruction, packaging, and automotive image sensor IC packaging. The key upstream raw materials include ceramic materials, chips, packaging materials, and substrates. Suppliers come from both domestic and international regions.

Upstream (Raw Material Type)	Main Product Categories of Tong Hsing	Key Downstream Application Areas
Ceramic Raw Material	Ceramic Circuit Board	LED, Power Module, Laser Sub-mount
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

II. Supply Chain Risk Assessment

Based on The Company's annual survey of the supply status of key raw materials, including printed circuit substrates and ceramic substrates, the company collaborates with multiple suppliers. As a result, the supply of these materials is abundant, and the supply conditions are stable and reliable.

main raw materials	Supply Country Source	Supply Status
Printed Circuit Board (PCB)	China, Japan, Switzerland, Taiwan	Sufficient supply
Ceramic Substrate	United States, Japan, Malaysia, China, Taiwan	Sufficient supply
Epoxy	United States, Japan, China, Taiwan	Sufficient supply
Glass Lid	Japan, China, Taiwan	Sufficient supply
Wire	Japan, Singapore	Sufficient supply
Integrated Circuit (IC)	United States, China	Sufficient supply
Process Tape	Japan, South Korea, Malaysia, China, Taiwan	Sufficient supply
Gold Salt (PKPGC)	Taiwan	Sufficient supply

Local Procurement Ratio

Tong Hsing defines local procurement based on the currency used for payments. In 2022, the company's local procurement ratio was 58.7%, and in 2023, it increased to 69.7%.

Location	Source	2022	2023
Headquarters + Yingge + Longtan + Philippines	Local Procurement	58.7%	69.7%
	Non-Local Procurement	41.3%	30.3%
	Total	100%	100%

Note: In 2022, local procurement was originally calculated based on the supplier's address (procurement location). However, given the diverse global nature of the supply chain, the basis for calculating local procurement was standardized to the currency used for payments.

III. Supply Chain Management

Tong Hsing views its suppliers as long-term partners. In addition to requiring suppliers to meet standards for competitiveness, quality, timely delivery, and cost-effectiveness, the company will increasingly focus on suppliers' performance on environmental and social indicators, aiming to collaborate on driving sustainable development together.

All suppliers to Tong Hsing are required to sign a Supplier Social Responsibility Commitment and a Conflict-Free Minerals Declaration. As of the end of 2023, a total of 568 suppliers have signed these commitments. Furthermore, in 2023, the company introduced an updated version of the Supplier Code of Conduct Commitment. So far, 227 suppliers have signed the new version.

This approach underscores Tong Hsing's commitment to working with suppliers who share its dedication to ethical practices, environmental stewardship, and social responsibility, thereby fostering a more sustainable supply chain.

New Supplier Signatures

For each year's new suppliers, Tong Hsing requires them to sign the relevant declarations. The statistics for the number of new suppliers who signed these declarations from 2021 to 2023 are as follows:

Year	Number of New Suppliers
2021	69
2022	22
2023	25

Key Requirements for Suppliers in the Supplier Code of Conduct Commitment:

Social Indicators

Respect for Labor and Human Rights

☉ Freely Chosen Employment

The use of forced, bonded (including debt bondage), indentured, or involuntary prison labor, slavery, or trafficking of persons is strictly prohibited.

☉ Child Labor | GRI 408

No child labor shall be used at any stage of manufacturing.

☉ Working Hours

Working hours should not exceed the maximum set by local laws.

☉ Wages and Benefits

Workers must be paid wages that meet all applicable legal standards, including minimum wage, overtime, and legally mandated benefits.

☉ Humane Treatment

Employees must not be subjected to harsh or inhumane treatment, including violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public humiliation, or verbal abuse. Disciplinary policies and procedures must be clearly defined and communicated to employees.

☉ Non-Discrimination | GRI 406

Employers should provide a workplace free from harassment and unlawful discrimination. Discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, veteran status, protected genetic information, or marital status is prohibited. Reasonable accommodations should be made for religious practices. Discriminatory medical or physical exams should not be conducted.

☉ Freedom of Association | GRI 407

In accordance with local laws, participants should respect employees' rights to freely associate, form or join trade unions, seek representation, and bargain collectively. Workers should be able to communicate openly with management regarding working conditions without fear of discrimination, retaliation, intimidation, or harassment.

☉ Health and Safety

Suppliers must integrate health and safety management requirements into their business processes to provide a safe and healthy working environment for employees.

☉ Occupational Safety | GRI 403

Workers should be provided with appropriate and well-maintained personal protective equipment (PPE) and educated on the risks associated with hazards. Reasonable steps should be taken to protect pregnant or nursing mothers from workplace health and safety risks, including providing appropriate facilities for nursing mothers.

☉ Emergency Preparedness

Potential emergency situations should be identified and assessed. Emergency plans and response procedures should be implemented, including emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, unobstructed exits, adequate exit facilities, and recovery plans.

These plans and procedures should focus on minimizing damage to life, the environment, and property.

Occupational Injury and Illness

Procedures and systems should be established to prevent, manage, track, and report occupational injuries and illnesses. This includes encouraging employee reporting, classifying and recording injury and illness cases, providing necessary treatment, investigating cases, and implementing corrective actions to eliminate their causes, and helping workers return to work.

Industrial Hygiene

Workers' exposure to chemical, biological, and physical agents should be identified, evaluated, and controlled. Potential hazards should be eliminated or controlled through proper design, engineering, and administrative controls.

Physically Demanding Work

The hazards associated with physically demanding work should be identified, evaluated, and controlled.

Machine Safeguarding

The safety hazards of production equipment or other machinery should be assessed.

Public Health and Sanitation

Employees should be provided with clean toilet facilities, potable water, and hygienic food preparation and storage facilities.

Health and Safety Communication | GRI 403-5, 403-7

Participants should provide employees with appropriate occupational health and safety information and training in their native language or a language they can understand to identify all workplace hazards.

Environmental Indicators

In the manufacturing process, suppliers will strive to create a recycling process while minimizing negative impacts on the community, environment, and natural resources, all while protecting public health and safety.

Environmental Permits and Reporting

Suppliers should obtain, maintain, and update all required environmental permits and registrations, and comply with their operational and reporting requirements.

Pollution Prevention and Resource Conservation | GRI 302

Suppliers should strive to reduce resource consumption throughout their operations, including materials, energy, and water. They should track, document, and seek to minimize energy consumption and greenhouse gas emissions, and explore ways to improve energy efficiency and use cleaner energy sources.

Hazardous Substances

Suppliers should identify, label, and manage chemicals, waste, and other materials that pose a hazard to humans or the environment to ensure they are handled, transported, stored, used, recycled, reused, and disposed of safely.

Solid Waste | GRI 306

Participants should implement systematic measures to identify, manage, reduce, responsibly dispose of, or recycle non-hazardous solid waste.

Air Emissions | GRI 305

Characterization of air emissions from volatile organic chemicals, aerosols, corrosive substances, particulates, ozone-depleting chemicals, and combustion byproducts generated from operations is required. The Responsible Business Alliance Code of Conduct v6.0, Section 9, mandates routine monitoring, control, and treatment prior to emission. Participants must regularly monitor the performance of their air emission control systems.

Materials Restrictions

Suppliers should comply with all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including recycling and disposal labeling.

Water Management | GRI 303

Suppliers should implement a water management plan that documents, classifies, and monitors water sources, usage, and discharge, seeking opportunities for water conservation and controlling pollution channels. All wastewaters should be characterized, monitored, controlled, and treated before discharge or disposal. The performance of wastewater treatment and control systems should be routinely monitored to ensure optimal performance and compliance.

Energy Consumption and Greenhouse Gas Emissions | GRI 302

All energy consumption on-site and/or at the company level, as well as all relevant Scope 1 and 2 greenhouse gas emissions, should be tracked and recorded. Suppliers should seek cost-effective methods to improve energy efficiency and minimize energy consumption and greenhouse gas emissions.



IV. Supplier Risk Assessment

Each year, Tong Hsing conducts audits and risk assessments of its suppliers. The risk assessment covers the following areas:



Supplier Manufacturing Location/Primary Raw Material Source



Transportation Methods and Unforeseen Delays



Impact of Pandemic/Geopolitics



Material Quality Stability/Compliance with Inspection Standards



On-time Delivery



Conflict Minerals Due Diligence

In response to the risk assessment results, our company has also adopted various risk mitigation measures, including internally verifying inventory levels for potential supply disruption risks, assessing the risk impact on different areas of the company, supply capacity, and transportation capabilities. Additionally, evaluations are conducted on whether there is a sole supplier or if inventory levels need to be increased, and immediate avoidance actions are initiated accordingly.

V. Ethical Procurement

Compliance with Hazardous Substance Management Regulations

To protect health and environmental safety, Tong Hsing complies with the European Union's RoHS Directive (2011/65/EU), the EU's REACH regulations, and California's Proposition 65. In addition, Tong Hsing is committed to adhering to various international and customer-specific requirements regarding chemical substances and demands that its suppliers also comply with regulations governing the use and restriction of hazardous chemicals.

Responsible Mineral Sourcing

Tong Hsing has established a Conflict Minerals Management Procedure and is committed to not sourcing or using minerals from conflict-affected and high-risk areas. The company communicates its conflict minerals policy to suppliers, requiring them to commit to and comply with it. This includes tracing the origins of tantalum, tungsten, tin, gold, and cobalt used in products. Additionally, suppliers are required to pass this policy on to their upstream suppliers as part of their corporate social responsibility.

Tong Hsing publicly discloses its conflict minerals policy on its website and incorporates this requirement into its supplier management practices. Suppliers are required to sign a Conflict-Free Minerals Declaration, guaranteeing that all materials, products, or components delivered to Tong Hsing do not directly or indirectly contain conflict minerals.



04

Sustainable Environment

I. Sustainable Environmental Management Indicators

Climate change is one of the key environmental issues currently of concern to the United Nations, governments, society, and the business community.

Tong Hsing, following the "Task Force on Climate-related Financial Disclosures (TCFD) Recommendations" established by the Financial Stability Board, has set the following governance, strategy, risk management, and target indicators for our company:

① In response to climate change, Tong Hsing has established various environmental management indicators as follows

	Short-term Goals: 2024~2026	Mid-term Indicators: 2027~2030
Climate Change Response and Management	Enhance Climate Resilience: Production disruption due to climate disasters limited to less than 5 days.	Enhance Climate Resilience: Production disruption due to climate disasters limited to less than 3 days.
Greenhouse Gas Emissions	2024-2026: Annual absolute reduction of 2%	2027-2030: Annual absolute reduction of 4%-8%
Water Resource Management	<ul style="list-style-type: none"> Total water withdrawal: Reduce by 2% annually, or Total water recycled: Increase by 2% annually. 	<ul style="list-style-type: none"> Total water withdrawal: Reduce by 2% annually, or Total water recycled: Increase by 2% annually.
Air Pollution Control	Regulatory Compliance: Zero violations.	Regulatory Compliance: Zero violations.

Note: The baseline year for the above environmental management indicators is 2023.

Environmental Risks

Key Risks	Energy Conservation and Carbon Reduction	Water Resources	Waste Management
Control Measures	<ul style="list-style-type: none"> Set an annual energy-saving target of 2%. Replace outdated equipment and plan to procure energy-efficient equipment and implement various improvement projects. Continuously promote carbon reduction awareness among employees. 	<ul style="list-style-type: none"> Maximize water resource efficiency through recycling, water quality separation, and pollution prevention. Set an annual target of increasing the recycling rate by 2%. 	<ul style="list-style-type: none"> Establish guidelines for the classification, collection, storage, and treatment of industrial waste. Increase the proportion of recyclable waste and reduce the amount of non-recyclable waste sent for incineration.

② The risk types, potential operational impacts, and adaptation measures related to climate change are summarized in the table below

(201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change)

	Risk Type	Potential Operational Impact	Adaptation Measures
Physical Risks	Earthquakes, Floods, Typhoons, Wastewater Discharge	<ul style="list-style-type: none"> Impact on production capacity, increased operational costs, decreased revenue. Inability to deliver on time or delivery interruptions, leading to penalties from customers for late delivery. Fines due to regulatory violations. 	<ul style="list-style-type: none"> Increase water recycling rates. Establish comprehensive water resource management. Enhance water storage capacity to support 3-5 days (3 days in drought conditions). Implement wastewater management policies to comply with environmental regulations.
	Drought or Water Shortage, Power Outages, Water Supply Disruptions		<ul style="list-style-type: none"> Prepare water trucks to support water-deficient plants. Utilize uninterruptible power systems (UPS) for backup. Automatic deployment of generators to supply power for emergency firefighting needs.
	Rising Temperatures	<ul style="list-style-type: none"> Increased electricity consumption and greenhouse gas emissions. 	<ul style="list-style-type: none"> Select high-energy-efficiency equipment. Promote energy-saving concepts and measures, including converting lighting to LED.
Transition Risks	Emission control	<ul style="list-style-type: none"> Increased operational costs. Increased emissions. 	<ul style="list-style-type: none"> Replace old, high-energy-consuming equipment. Evaluate and control hazardous gas emissions during the production process.
	Corporate Image	<ul style="list-style-type: none"> Negative feedback from stakeholders towards the company. 	<ul style="list-style-type: none"> The Sustainability Office oversees and improves related measures. Strengthen the implementation of energy-saving, water-saving facilities, and green processes.

II. Sustainable Environmental Management Policy

Tong Hsing has established an environmental policy that not only complies with relevant air, water, and waste regulations but also ensures that all plants have obtained ISO 14001 Environmental Management System certification. The environmental management system is used to manage our operations effectively. The certification periods are as follows:

	Start Date	Expiry Date
Taipei Plant	2023.04.02	2026.04.01
Zhubei Plant	2023.01.31	2024.12.21
Longtan Plant	2022.12.13	2025.12.12
Philippines Plant	2024.01.12	2027.01.11
Bade Plant	2023.12.28	2026.12.27

Our Environmental Policy

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



Specific Actions

Our company tracks electricity consumption, water usage, and total waste weight, setting targets for resource management improvement and reduction. At the end of each year, we review the effectiveness of the year's initiatives and set goals for the following year. Additionally, we have disclosed the greenhouse gas emissions, water usage, and waste management information for the past two years on our company website.

Dedicated units are responsible for managing air quality, wastewater, and waste. Beyond complying with relevant regulations, we continually promote wastewater recycling and the reduction of resource usage to minimize environmental pollution.

- **Water Resource Management:** Track water usage and set total water withdrawal/total water recycling as management indicators.
- **Energy Management:** Set energy conservation rates as management indicators.
- **Greenhouse Gas Emissions:** Track greenhouse gas emissions, set reduction targets as indicators, manage these indicators, and establish policies for reducing emissions.
- **Waste Management:** Track total waste weight and set waste recycling rates as management indicators.
- **Air Pollution Control:** Manage and report air pollutant emissions in accordance with regulatory requirements.

2023 Specific Goals and Actions (Management Measures) are as follows

Category	Goal	Specific Management Measures	Category	Goal	Specific Management Measures
Energy Management	Electricity Conservation Rate Improvement	<ul style="list-style-type: none"> • Implement 29 energy-saving projects <ul style="list-style-type: none"> – 3 lighting systems – 9 equipment updates – 15 equipment parameter adjustments – 2 other management-related items • Total environmental expenditure: 34.76 million NTD • Total electricity saved: 4.74 million kWh 	Energy Management	Reduce Total Water Withdrawal or Increase Total Water Recycling	<ul style="list-style-type: none"> • Implement the expansion of the recycled water system and increase the recycling of cutting wastewater at the Bade plant. • Total environmental expenditure: 90.07 million NTD • Total water recycled: 8,280,304 tons



Environmental Cost Investment and Environmental Performance

① 1. Environmental Cost Investment

The Company's environmental cost investments include regular environmental maintenance, environmental management system certifications, and large-scale projects such as the installation of wastewater recycling and treatment systems. For wastewater treatment, the company has installed sewage treatment equipment and designated personnel to handle environmental protection matters. The company has obtained wastewater discharge permits and has been certified under the ISO 14001 Environmental Management System. The newly established Bade Plant is also equipped with environmental facilities, including wastewater recycling and treatment systems, exhaust gas treatment systems, and rainwater storage systems.

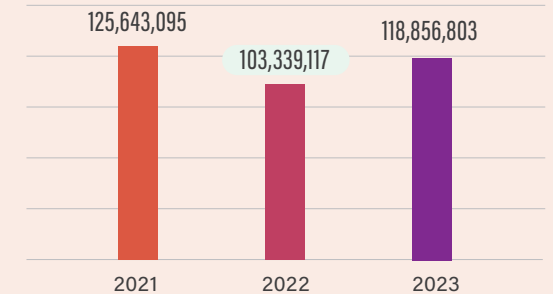
② 2. Environmental Performance Index

To align with the international trend of the Science Based Targets initiative (SBTi) for carbon reduction, our company has linked sustainable environmental indicators to senior management KPIs, requiring environmental performance indicators at each plant to decrease annually. We have set annual targets of reducing electricity consumption by 2%, reducing total water withdrawal by 2%, or increasing total water recycling by 2%. The historical performance data shows a declining trend in water withdrawal and total waste weight, in addition to efforts in energy conservation and environmental efficiency improvement at Tong Hsing.

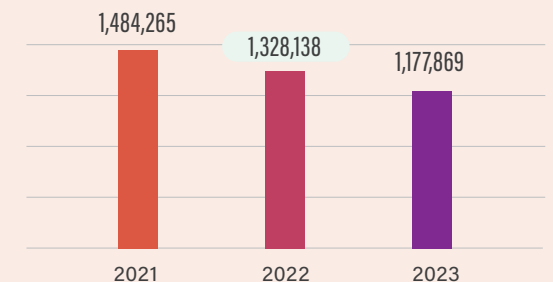
The following is the performance over the years, showing a declining trend in water withdrawal and total waste weight, despite the increase in electricity consumption. This reflects The Company's efforts in energy conservation, emission reduction, and enhancing environmental efficiency.

In 2023, the rooftop solar power generation system at the Longtan Plant was completed, providing electricity for on-site use. The installed capacity is 108.68 kwp.

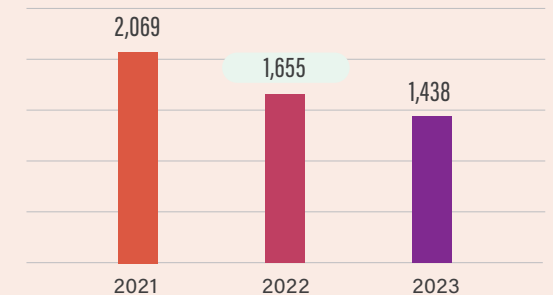
Electricity Consumption — Unit: kWh



Water Withdrawal — Unit: Cubic Meters



Total Waste Weight — Unit: Metric Tons



III. Air Pollution Control Material Topic

2023 actions	Short-term Goals 2024-2026	Mid-term Indicators 2027~2030
Regulatory Compliance: Zero violations	Regulatory Compliance: Zero violations	Regulatory Compliance: Zero violations



Tong Hsing, in accordance with the **ISO 14001** management system, is implementing an air pollution reduction plan to lower emissions. The company also ensures compliance with regulations by managing the application process for the installation, modification, operation, alteration, and extension of fixed pollution source permits. Additionally, continuous efforts are made to strengthen internal inspections and review pollution control measures.

2021~2023 年空氣污染排放統計

Unit: kg

Plant	Year	NOx	SOx	POPs	VOCs	HAP	PM	Others	violation
Taipei	2021	4.1	0.61	0	1,420	0	1,271	0	0
	2022	3.29	0.49	0	714	0	1,057	0	0
	2023	3.35	0.5	0	608.03	0	303.4	0	0
Longtan	2021	0	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0	0
Zhubei ^(Note)	2021	0	0	0	3,228.6	0	0	0	0
	2022	0	0	0	3,373.9	0	0	0	0
	2023	0	0	0	3,365.8	0	0	0	0
Philippines	2021	0	0	0	0	0	0	0	0
	2022	0.000001574	0.000007127	0	0	0	0	0.0534	0
	2023	0.000003363	0.00147	0	0	0	0	0.0173	0
Bade	2023	0	0	0	356.87	0	0	0	0
Total (Kg)	2021	4.1	0.61	0	4,648.6	0	1,271	0	0
	2022	3.290001574	0.490007127	0	4,087.9	0	1,057	0.0534	0
	2023	3.350003363	0.50147	0	4,330.7	0	303.4	0.0173	0

Note: 1. The Zhubei Plant includes the Chang-Yih Office. The unit for VOC emissions at the Zhubei Plant has been corrected, as reflected in the table above.

2. "N/A" indicates that this type of pollutant is not applicable.

3. No air pollution violations occurred at any plant in 2023.

IV. Water Stewardship Material Topic

Short-term Goals

2024-2026

Total water withdrawal: Reduce by 2% annually,
or Total water recycled: Increase by 2% annually.

Mid-term Indicators

2027-2030

Total water withdrawal: Reduce by 2% annually,
or Total water recycled: Increase by 2% annually.

Impact Assessment and Water Resource Risks

According to the "Water Risk Atlas" by the World Resources Institute, Tong Hsing assessed the water stress levels at each of its plant locations. The results indicate that, even under the most pessimistic climate scenarios, the water stress in the areas where our plants in Taiwan are located is classified as low to medium risk (Low-Medium risk (1-2)). The water stress at the Philippines plant is categorized as high, but none of our operational sites are located in areas with "extremely high" water scarcity.

Furthermore, we do not extract water from ecological conservation areas, nor are our operations located in regions of biodiversity value or in protected or restored habitats.

Plant Location	Water Source	Risk Level
Taipei (Yingge) Plant	Tamsui River	Low-Medium risk (1-2)
Bade Plant	Tamsui River	Low-Medium risk (1-2)
Longtan Plant	Daan-Dajia River	Low-Medium risk (1-2)
Zhubei Plant	Daan-Dajia River	Low-Medium risk (1-2)
Philippines Plant	Laguna de Bay	High (3-4)

Tong Hsing is committed to water resource management by increasing the process recycling rate and maximizing water use efficiency across all plants without compromising quality. The company has installed wastewater treatment equipment and designated personnel to oversee environmental matters comprehensively. We have obtained wastewater discharge permits and have been certified under the ISO 14001 Environmental Management System.



In 2023, Tong Hsing's total water withdrawal was 1,177,869 cubic meters. The total water consumption was 173,094 cubic meters, and the total water discharge was 1,004,775 cubic meters.

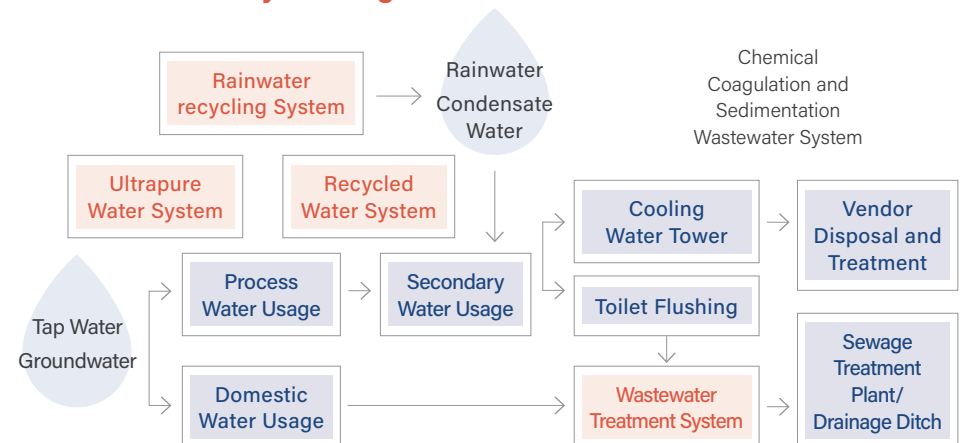
Recycled Water Volume for All Facilities (2021-2023)

Plant Location/Year	2021	2022	2023
Total Water Withdrawal	1,484,265	1,328,138	1,177,869
-Tap Water	1,459,206	1,308,129	1,163,251
-Groundwater	4,936	5,634	2,430
-Rainwater	2,845	3,937	2,841
-Condensate Water	17,278	10,438	9,347
Total Water Discharge	1,233,396	1,147,533	1,004,775
Total Water Consumption	250,869	180,605	173,094
Total Recycled Water	8,527,577	8,472,972	8,280,304
Water Reuse Rate (Total Recycled Water/ Total Water Withdrawal)	5.75	6.38	7.03

Note: Rainwater, recycled water, and condensate water volumes are calculated using self-installed mechanical water meters or flow meters.

Tong Hsing will continue to use the increase in recycled water volume and the reduction in water withdrawal as key indicators to enhance water resource efficiency. Since 2021, the Longtan Plant has gradually invested in the construction of wastewater recycling and treatment facilities for grinding and cutting processes. In collaboration with equipment suppliers and external institutions, the plant uses ultrafiltration membranes and plate-and-frame filter presses to recycle process water for reuse in production. Starting in 2023, the daily usage of recycled process water has exceeded the daily usage of tap water.

Water Balance Cycle Diagram



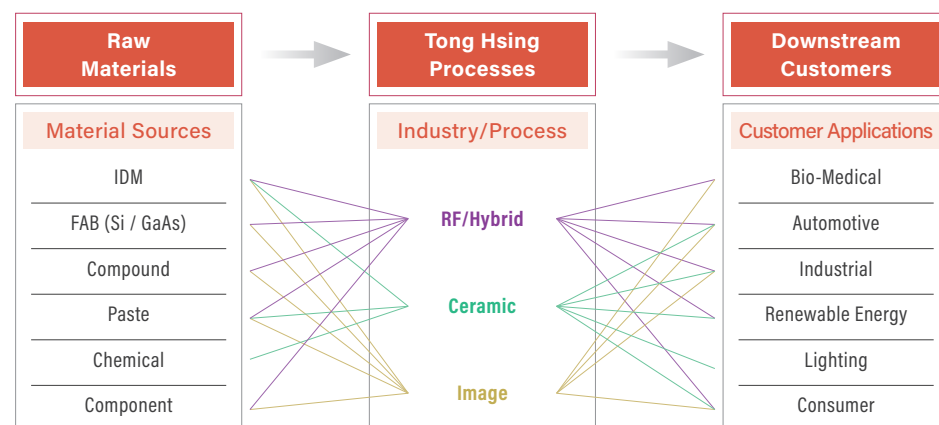
V. Waste Generation and Disposal

The recyclable waste generated by our company primarily includes gold, copper, material packaging, and pallets. All materials used fully comply with the EU RoHS Directive requirements. Waste disposal is carried out in accordance with the industrial waste management plan and in compliance with regulations, ensuring the lawful disposal of waste and the recycling of recyclable resources.

Silicon Sludge Recycling

Since the end of September 2022, the company has been promoting a semiconductor process waste silicon sludge recycling project. In 2023, a total of 17.36 metric tons of accumulated inorganic sludge was cleared from the plant, with 3.94 metric tons of silicon sludge successfully recycled and reused from grinding inorganic sludge.

2023	Longtan
Recycled Waste	Silicon Sludge
Total Amount of Sludge with Water Content	Approximately 17.36 tons
Total Weight Reused	Approximately 3.94 tons
Recycling Frequency	Once every 8-10 months on average, depending on production capacity
Processing Method	Recycled using a sludge filter press for dewatering
Uses of Recycled Material	Basketballs, safety shoes, calcium silicate boards, epoxy, waterproof paint, silicon carbide powder.



Tong Hsing's management policy focuses on reducing waste at the source and minimizing process waste to increase the recycling rate. We use the total weight of waste and the recycling rate as key management indicators.

2023 Total Waste

In 2023, the total waste generated was 1,438 metric tons, including 345 metric tons of hazardous waste. The waste intensity remained steady at 0.12 tons per million NTD, the same as in 2022. However, the total waste volume decreased by 13.1% compared to 2022, demonstrating our continued efforts in waste management. Recognizing the importance of waste disposal, Tong Hsing will continue to implement measures to optimize processes and use recyclable packaging materials, focusing on waste source management and reduction.

	2022	2023
Total Waste (Tons)	1,655	1,438
Hazardous Industrial Waste	458	345
General Industrial Waste	895	798
Recyclable Waste	278	263
Discarded Products & E-Waste	24	32
Output Value (Million NTD)	14,072	11,585
Waste Recycling Rate	44.9%	44.2%
Waste Intensity (Total Waste/NTD Million)	0.12	0.12

Tong Hsing continues to strengthen waste management measures, focusing not only on regulatory compliance but also actively reducing waste. Reusable waste is categorized and entrusted for processing based on its type to enhance the resource reuse rate.

As a part of the global electronics industry supply chain, Tong Hsing positions itself as a global citizen. The company is committed to advancing the United Nations Sustainable Development Goals (SDGs), which include 17 main goals and 169 sub-targets, and extends these efforts to its supplier network, aiming to fulfill its corporate social responsibility.

VI. Greenhouse Gas Emissions and Energy Resource Management Material Topic

Greenhouse Gas Emissions	Short-term Goals	Mid-term Indicators
	2024~2026	2027~2030
	Annual absolute reduction of 2%	Annual absolute reduction of 4%-8%

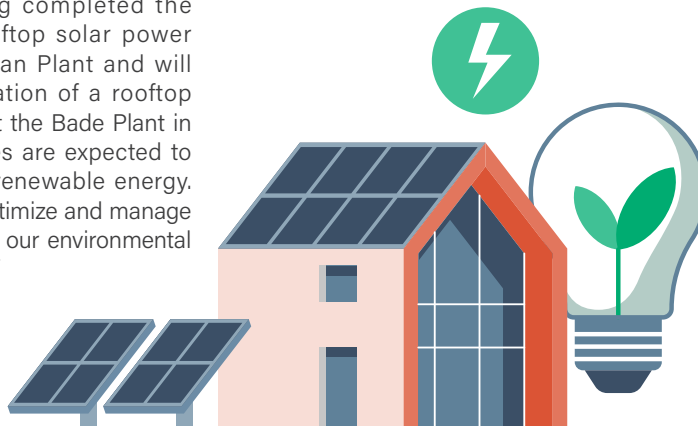
Energy Usage and Greenhouse Gas Inventory

Energy Usage

The primary energy source for our company is purchased electricity from Taiwan Power Company (Taipower). In terms of energy management, we use the electricity savings (kWh) and energy-saving measures at each plant as management indicators.

In 2023, the total electricity consumption across all plants was 118,856,803 kWh, an increase of 15,517,686 kWh compared to 2022. The primary reason for this increase was the addition of the new Bade Plant and the Bade Corporate Headquarters. Moving forward, the company will continue to use the electricity savings rate (kWh) and energy-saving measures at each plant as key management indicators, aiming for a year-on-year reduction. We will focus on replacing outdated equipment, promoting energy-saving awareness, acquiring high-efficiency equipment, and building a circular economy model.

In 2023, Tong Hsing completed the installation of a rooftop solar power system at the Longtan Plant and will continue the installation of a rooftop solar power system at the Bade Plant in 2024. These initiatives are expected to increase the use of renewable energy. We will continue to optimize and manage energy use to achieve our environmental protection goals of energy conservation and carbon reduction.



Energy Consumption

Item	Year	2022	2023
Electricity Consumption (kWh)		112,423,736	118,856,803
Electricity Consumption (GJ)		407,157.07	427,884.49
Natural Gas (GJ)		353,020.40	208,841.98
LPG (GJ)		0.15	0.05
Diesel (GJ)		5,657.24	6,924.72
Gasoline for Vehicles (GJ)		2,539.15	2,050.04
Total Energy Consumption (GJ)		768,374.02	645,701.28
Output Value (Million NTD)		14,072	11,585
Energy Intensity (GJ/Million NTD)		54.60	55.74

Greenhouse Gas Emissions

In 2023, Tong Hsing's greenhouse gas emissions amounted to 87,747.216 tons of CO₂ equivalent. We originally selected 2022 as the baseline year for our greenhouse gas inventory, which was conducted in accordance with the ISO/CNS 14064-1:2018 standard for categories 1-6 and verified by a third party. However, due to the addition of the new Bade Plant in 2023, the organizational boundary was adjusted, and the baseline year has been changed to 2023.

Greenhouse Gas Emissions (Verified According to ISO 14064-1:2018)

Year	2022	2023
Greenhouse Gas Emissions (CO ₂ e tons)	80,839.229	87,747.216
Output Value (Million NTD)	14,072	11,585
GHG Emission Intensity (CO ₂ e/Million NTD)	5.74	7.57

	CH ₄	CO ₂	N ₂ O	HFC	PFC	SF ₆	NF ₃	Total	Percentage (%)
Category 1	426.2098	92.4269	0.0036	197.3574	1.9774	0.0000	0.0000	717.9752	0.82%
Category 2	0.0000	62,880.7435	0.0000	0.0000	0.0000	0.0000	0.0000	62,880.7435	71.66%
Category 3	0.0000	8,220.3959	0.0000	0.0000	0.0000	0.0000	0.0000	8,220.3959	9.37%
Category 4	0.0000	15,928.1012	0.0000	0.0000	0.0000	0.0000	0.0000	15,928.1012	18.15%
Category 5	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0	0.00%
Category 6	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0	0.00%
Total	426.2098	87,121.6675	0.0036	197.3574	1.9774	0.0000	0.0000	87,747.216	100.00%
Percentage	0.49%	99.29%	0.00%	0.22%	0.00%	0.00%	0.00%		

From the above greenhouse gas emissions distribution, it is evident that electricity is the primary source of our company's greenhouse gas emissions. Moving forward, we will focus on reducing electricity consumption and increasing the use of renewable energy. Using 2023 as the baseline year, we plan to reduce emissions by 2% annually from 2024 to 2026, and by 4-8% annually from 2027 to 2030. The goal is to achieve a cumulative 30% reduction in carbon emissions by 2030.

		Taipei Plant	Bade Plant	Longtan Plant	Zhubei Plant	Philippines Plant	Total Emissions (tons CO ₂ e)	Emissions Share
Category 1	Direct GHG Emissions & Removals	109.7235	101.7284	101.3174	234.4954	170.7105	717.9752	0.818%
Category 2	Indirect Energy Emissions	10,234.3914	7,575.7864	10,368.3541	20,091.3049	14,610.9067	62,880.7435	71.661%
Category 3	Indirect Transportation GHG Emissions	1,994.5918	652.1409	490.6533	830.2088	4,252.8010	8,220.3959	9.368%
Category 4	Indirect GHG Emissions from Purchased Goods	2,331.5441	1,555.0995	2,158.5392	4,111.7760	5,771.1423	15,928.1012	18.152%
Total	Emissions (tons CO ₂ e)	14,670.2509	9,884.7552	13,118.8640	25,267.7851	24,805.5606	87,747.216	100%

Unit: tons CO₂e

Entire Group	Scope 1	Scope 2	Scope 3
GHG Emissions (tons CO ₂ e)	717.9752	62,880.7435	24,148.4971

VII. Financial Impact Assessment of Climate-Related Risks and Opportunities

In February 2023, Taiwan officially passed the Climate Change Response Act, which sets the goal of achieving net-zero greenhouse gas emissions by 2050, becoming the primary legal framework for future climate governance. To further analyze the impact of climate change, Tong Hsing conducted an analysis based on the guidelines provided by the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB).

- Data Disclosure Timeframe: January 1, 2023, to December 31, 2023.
- Data Scope: This report covers five Tong Hsing locations: Bade Plant (Headquarters), Taipei Plant, Longtan Plant, Zhubei Plant, and the subsidiary in the Philippines.
- For the Climate Change Management Item Reference Table, please refer to: "Appendix: Sustainability Disclosure Indicators."

Risk and Opportunity Management Process

Tong Hsing follows the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD, June 2017), considering aspects such as transition risks, physical risks, and transition opportunities, and distributes tasks according to functional responsibilities. The Tong Hsing Sustainability Office annually collects, analyzes, and consolidates information related to climate change and energy risks and opportunities. This process is aligned with international environmental management certification standards (ISO 14001) risk identification procedures, combined with the company's risk management policies and procedures.

Key responsibility units identify risks related to financial, environmental, climate change, supply chain and raw materials, and legal compliance. After identifying and assessing climate change-related risks and opportunities, the company sets goals and response strategies based on the results of the identification. The effectiveness of these initiatives is reviewed regularly. The following diagram outlines Tong Hsing' climate change risk identification process:

Operational Impact Analysis - Severity Determination List

Financial Impact Amount	Risk Level	Climate Risks and Opportunities
Over 10 million NTD	High	Regulatory Policies - Carbon tax imposition, energy loss reduction, increased use of renewable energy
5 million to 10 million NTD	Medium	Climate change, natural disasters, improvement in resource efficiency
0 to 5 million NTD	Low	Market risks, supply chain and raw material risks, changes in customer preferences

Notes: 1. Low Risk: Acceptable risk level with no immediate actions required.

2. Medium Risk: No immediate actions required but ongoing monitoring of operational impacts is necessary.

3. High Risk: Priority planning for corresponding management strategies and setting short- to mid-term indicators, with regular performance tracking.

Climate Change Risk Identification Process



Climate Change Risks

Transition Risk Categories	Current or Future Operational Impact	Risk Level	Current Risk Response Measures
Regulatory Policy - Carbon Tax	Strengthened greenhouse gas emission reporting obligations and potential future regulations on carbon taxes or carbon fees. We will regularly monitor regulatory changes and develop corresponding measures. The introduction of carbon tax regulations may lead to increased procurement costs.	High	Based on The Company's 2023 ISO 14064-1: 2018 GHG inventory, the company's carbon emissions were 87,747,216 tons CO ₂ e. Using the Taiwanese government's estimated carbon price (2021-2050) of NTD 300 per ton, the potential carbon tax or fee could amount to NTD 26.31 million, presenting a substantial risk. ^(Note 1)
Market Risk	Market demand changes, both domestically and internationally, or increased competition may hinder the company's ability to achieve operational goals. Rapid market shifts and changes in product mix are challenges. We are closely monitoring developments in green energy, green products, and sustainable products to meet new market demands, while mitigating the risk of mis investing in new technologies or production lines.	Low	Continuously improve the quality and technology of green energy products, green products, and sustainable products to meet the demands of the next generation market.
Supply Chain and Raw Material Risk	The R&D and business departments are developing contingency plans, including alternative materials. The company's raw materials come from domestic and international suppliers. Current assessments show that suppliers have ample inventory, with minimal risk of supply chain disruptions. However, the company continues to develop alternative materials and seeks additional suitable suppliers.	Low	<ul style="list-style-type: none"> Identify high climate risk suppliers and enhance their ability to respond to climate change. Seek low-carbon production partners to promote the development of a sustainable and eco-friendly supply chain.

Note: The carbon price under Taiwan's established policy scenario is based on the recommendation to start charging a carbon fee at USD 10, beginning in 2024, with an assumed annual increase of 10%. This is aligned with Taiwan's "Intended Nationally Determined Contribution" (INDC) report and the International Energy Agency's (IEA) 2022 World Energy Outlook (WEO) Announced Pledges Scenario (STEPS). The carbon price evaluation is set to reduce greenhouse gas emissions by 50% from the Business as Usual (BAU) scenario by 2030, based on current development trends.

Physical Risk Categories	Current or Future Operational Impact	Risk Level	Current Risk Response Measures
Climate Change	Chronic - Changes in rainfall patterns and extreme climate variations, including sea level rise, may result in plant flooding and operational disruptions. Financial impacts are assessed through scenario simulations and will be included in future risk management plans.	Medium	Develop risk management and response measures, such as addressing flood scenarios caused by sudden heavy rainfall.
Natural Disasters	Acute - The increased likelihood of disasters and floods caused by typhoons. Financial impacts are assessed through scenario simulations and will be incorporated into future risk management strategies.	Medium	In the event of strong winds or super typhoons, plants may need to safely shut down to prevent workplace accidents and process hazards. Heavy rainfall or floods may cause plant flooding, potentially leading to reduced production or operational shutdown, impacting revenue.

Opportunities

Opportunity Categories	Current or Future Operational Impact	Opportunity Level	Current Opportunity Response Measures
Enhancing Resource Efficiency	Improving supply chain raw material delivery and process efficiency, recycling and reusing waste silicon sludge.	Medium	Recycle process waste and consider the product value chain and lifecycle, focusing on reducing raw material usage, improving processes, and reducing material transportation to lower production costs and promote sustainable resource utilization. Expected to reduce carbon fees or increase revenue.
Reducing Energy Loss	Increasing water efficiency while making tangible contributions to a sustainable environment.	High	<ul style="list-style-type: none"> • Maintain normal operation of water pollution control equipment according to regulations, reduce environmental pollution, decrease water consumption, and enhance water recycling to lower production costs and mitigate water scarcity risks. • Continue the water recycling project by filtering grinding wastewater through the UF membrane system and reusing it in industrial water treatment before processing into ultrapure water.
Customer Preference Shifts	Adapting to new technological developments and protecting them, while researching and developing lower-pollution, lower-consumption materials that meet customer expectations.	Low	Develop wider adhesive materials, reduce packaging sizes, and improve material usage efficiency.
Increasing Renewable Energy Use	Installing solar rooftop power systems at the Bade Plant.	High	Evaluate additional plants for solar power system installation and consider green energy purchases.

Climate Change Adaptation and Management

To assess climate-related risks, Tong Hsing referenced the TCFD guidelines, the Global Risk Assessment Report, and the Taiwan Climate Change Research Report's 2050 projections. After considering the actual operating market conditions, Tong Hsing consolidated the transition and physical risks from 2022 into the 2023 evaluation, identifying 3 transition risks, 2 physical risks, and 3 climate change opportunities. The risks and opportunities with a higher likelihood are short-term challenges that the company will face, leading to the formulation of Tong Hsing's short- and mid-term carbon reduction strategies.

Risk/Opportunity Items	Short Term (2024-2025)	Mid Term (2026-2030)
Regulatory Policy - Carbon Tax	<ul style="list-style-type: none"> • Implement ISO 14064-1 greenhouse gas inventory and complete verification. • Reduce by 2% compared to the baseline year from 2024 to 2026 	Reduce emissions by 4-8% annually compared to the baseline year (2027-2030), with a cumulative mid-term reduction target of 30% by 2030.
Increase in Renewable Energy Use	Install solar rooftop power system at the Bade Plant (200 kW).	Install solar rooftop power system at the Philippines Plant (1 MW) and purchase green energy.

Scenario Analysis

Scenario Selection

Tong Hsing aligns with Taiwan's national climate scenarios, specifically under the fixed warming scenario. We will evaluate the potential financial impacts under two scenarios: a 1.5°C and a 2°C temperature increase. The scenarios for Taiwan's plant sites are based on the projections made by the Taiwan Climate Change Science Team, drawing on the final draft of the Working Group I (WGI) report from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), published on August 9, 2021. The climate projections for Taiwan are outlined in the scientific highlights and updated assessment from the IPCC AR6 report on climate change.

For the Philippines plant, the assessment is based on the projected data for the Asia region from the IPCC AR6.

Physical Risk: Changes in Rainfall Patterns and Extreme Climate Variations

Overview of Physical Risk Scenario	SSP1-2.6 Scenario	SSP5-8.5 Scenario
Warming Scenario	1.5°C	2°C
Sea Level Rise around Taiwan	30 cm	50 cm
Annual Total Rainfall in Taiwan	12%	14->15%
Average Annual Maximum 1-Day Rainfall Intensity Increase	15.7%	18->20%
Maximum 24-Hour Accumulated Rainfall		385mm
Rainfall Scenario Assumptions	<ul style="list-style-type: none"> Assume 0 events affecting plant operations occur before 2030 Assume 1 event affecting plant operations occurs before 2050 	
	<ul style="list-style-type: none"> Assume 0 events affecting plant operations occur before 2030 Assume 2 events affecting plant operations occur before 2050 	

Explanation: The Taiwan Climate Change Science Team includes various key organizations, such as the National Science and Technology Council's "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform Project (TCCIP)," the Research Center for Environmental Changes at Academia Sinica, the Central Weather Bureau under the Ministry of Transportation and Communications, the Department of Earth Sciences at National Taiwan Normal University, and the National Science and Technology Center for Disaster Reduction.

Assessing the Financial Impact of Each Plant under the 1.5°C and 2°C Scenarios

Item	Taipei/Yingge	Longtan Plant	Bade Plant	Zhubei Plant	Philippines Plant
Distance from nearest sea level (cm)	10,600 cm	24,100 cm	12,000 cm	2,250 cm	13,100 cm
Building Height	<ul style="list-style-type: none"> 36 m above 6.6 m below ground 	38.5 m above ground	49.98 m above ground	26.55 m above ground	15.30 m above ground
Nearest sea or fishing port	Zhuwei Fishing Port	Yong'an Fishing Port	Zhuwei Fishing Port	Nanliao Fishing Port	Manila Port
Impact of sea level rise under 1.5°C scenario	Sea level rise of 30 cm by 2050	Sea level rise of 30 cm by 2050	Sea level rise of 30 cm by 2050	Sea level rise of 30 cm by 2050	Sea level rise of 30 cm by 2050
Impact of sea level rise under 2°C scenario	Sea level rise of 50 cm by 2050	Sea level rise of 50 cm by 2050	Sea level rise of 50 cm by 2050	Sea level rise of 50 cm by 2050	Sea level rise of 50 cm by 2050
Affected area	Not affected	Not affected	Not affected	Not affected	Not affected
Risk potential of extreme rainfall (1.5°C)	2 (current and future)	1 (current), 3 (future)	3 (current and future)	5 (current and future)	--
Risk potential of extreme rainfall (2°C)	2 (current and future)	1 (current), 3 (future)	3 (current and future)	5 (current and future)	--

Note: The assumptions for the scenario analysis are based on the scientific highlights from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6) and the updated Taiwan Climate Change Assessment Report.

05

Friendly Workplace



I. Employee Composition and Diversity

In 2023, Tong Hsing had a global workforce of 3,196 employees, including 2,308 employees across Taiwan's plants and headquarters. Due to capacity adjustments and organizational efficiency optimization, the total number of employees decreased by 12.53% compared to 2022, dropping from 3,654 to 3,196.

Tong Hsing is committed to promoting a diverse workplace environment and stands out in terms of gender equality within the electronics industry. The company will continue to learn from leading companies, leveraging the management advantages of a diverse workforce to further enhance company operations. In 2023, the percentage of female employees remained high, reaching 59.8%. In our overseas plants, the Philippines site also demonstrated strong gender diversity, with 42% of leadership roles held by women (153 in Taiwan + 22 in the Philippines = 175 female leaders).

2022-2023 Gender Percentage of Full-Time Employees

Location	2022		2023	
	Male Employees	Female Employees	Male Employees	Female Employees
Entire Group Location	1,363	2,291	1,284	1,912
	37.30%	62.7%	40.2%	59.8%

2022		Taipei		Longtan		Zhubei		Philippines		Total
Category		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	
Full-Time Employees		1,373	100%	474	100%	916	100%	890	100%	3,653
Part-Time Employees		0	0%	1	0.21%	0	0%	0	0%	0
Total Employees		1,373	100%	475	100%	916	100%	890	100%	3,654
Management Level	Supervisors	191	13.9%	67	14.1%	94	10.3%	38	4.27%	352
	Non-Supervisors	1,182	86.1%	408	85.9%	822	89.7%	850	95.51%	3,262
Age	Under 30 years old	234	17.0%	77	16.2%	270	29.5%	377	42.36%	958
	31-50 years old	1,070	77.9%	360	75.8%	563	61.5%	491	55.17%	2,484
	Over 51 years old	69	5.0%	38	8.0%	83	9.1%	22	2.47%	212
Gender	Male	626	45.6%	195	41.1%	304	33.2%	263	29.55%	1,388
	Female	747	54.4%	280	58.9%	612	66.8%	652	73.26%	2,291
Total		1,373		475		916		890		3,654

2023		Taipei		Longtan		Zhubei		Bade		Philippines		Total
Category		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	
Full-Time Employees		451	100%	482	100%	901	100%	474	100%	782	88%	3090
Part-Time Employees		0	0%	0	0%	0	0%	0	0%	106	12%	106
Total Employees		451	100%	482	100%	901	100%	474	100%	888	100%	3196
Management Level	Supervisors	75	16.6%	95	19.7%	107	11.9%	100	21.1%	38	4.28%	377
	Non-Supervisors	376	83.4%	387	80.3%	794	88.1%	374	78.9%	850	95.72%	2781
Age	Under 30 years old	63	14.0%	62	12.9%	246	27.3%	54	11.4%	370	41.67%	795
	31-50 years old	360	79.8%	381	79.0%	569	63.2%	388	81.9%	495	55.74%	2193
	Over 51 years old	28	6.2%	39	8.1%	86	9.5%	32	6.8%	23	2.59%	208
Gender	Male	241	53.4%	235	48.8%	323	35.8%	207	43.7%	278	31.31%	1284
	Female	210	46.6%	247	51.2%	578	64.2%	267	56.3%	610	68.69%	1912
Total		451		482		901		474		888		3196

Note: 1. 2022: "Taipei" includes both the Taipei Plant and the Taipei Headquarters; "Zhubei" includes both the Zhubei Plant and the Chang-Yih Office. 2023: "Zhubei" includes both the Zhubei Plant and the Chang-Yih Office.
 2. All figures are based on the number of employees on the last day of the respective year.

2023 New Hires and Employee Turnover by Age (Taiwan)

In 2023, Tong Hsing hired a total of 481 new employees, while 958 full-time employees left the company.



In 2023, a total of **3,196** employees (including full-time and part-time workers) were recorded across the five plant locations. Among these, there were 1,284 male employees and 1,912 female employees.

Taipei, Longtan, Zhubei, Bade						
Category	Age Group	Male Employees	Percentage of New Male Employees	Female Employees	Percentage of New Female Employees	Total Male + Female
New Hires	Under 30 years old	36	26%	54	52%	90
	31-50 years old	91	67%	48	47%	139
	Over 51 years old	9	7%	1	1%	10
	Total	136	57%	103	43%	239
Resigned employees	Under 30 years old	59	23%	131	30%	190
	31-50 years old	181	71%	281	64%	462
	Over 51 years old	15	6%	26	6%	41
	Total	255	37%	438	63%	693

Philippines						
Category	Age Group	Male Employees	Percentage of New Male Employees	Female Employees	Percentage of New Female Employees	Total Male + Female
New Hires	Under 30 years old	97	78.2%	94	79.7%	191
	31-50 years old	27	21.8%	24	20.3%	51
	Over 51 years old	0	0.0%	0	0.0%	0
	Total	124	51.2%	118	48.8%	242
Resigned employees	Under 30 years old	70	76.1%	99	57.2%	169
	31-50 years old	22	23.9%	73	42.2%	95
	Over 51 years old	0	0%	1	0.6%	1
	Total	92	34.7%	173	65.3%	265

Historical Employee and Non-Employee Numbers | GRI 2-8

Unit: Number/Percentage (%)

	Taipei			Longtan			Zhubei			Bade			Philippines			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Full-Time Employees	241	210	451	235	247	482	323	578	901	207	267	474	228	554	782	3,090
Part-Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	50	56	106	106
Total	241	210	451	235	247	482	323	578	901	207	267	474	278	610	888	3,196
Non-Employees	6	15	21	7	17	24	11	11	22	9	21	30	26	15	41	138
Subtotal	247	225	472	242	264	506	334	589	923	216	288	504	304	625	929	3,334

Note: Non-employees include workers without an employment contract, such as security personnel, cleaning staff, etc.

Category	Group	TP	LT	ZB	BD	PH
2022	Local	1,002	413	526	NA	889
	Foreign	370	62	390	NA	1
	Total	1,372	475	916	NA	890
	Foreign Percentage	26.97%	13.05%	42.58%	NA	0.11%

Category	Group	TP	LT	ZB	BD	PH
2023	Local	379	417	592	377	887
	Foreign	72	65	309	97	1
	Total	451	482	901	474	888
	Foreign Percentage	16.0%	13.5%	34.3%	20.5%	0.1%

Diverse Recruitment

Tong Hsing recruits employees based on business needs, without discrimination based on nationality, race, religion, or gender, and provides equal job opportunities fairly and objectively. The company also retains and nurtures talent through policies related to compensation and benefits, professional skills and management training, and employee care, helping employees develop according to their strengths.

Adhering to the principles of integrity in business, Tong Hsing provides reasonable working conditions and comprehensive employee benefits to fully care for employees' physical and mental well-being, allowing them to work without distraction and enjoy their jobs. The company strives to implement sustainable development policies focused on "environmental protection, employee care, a friendly workplace, social prosperity, integrity in business, and full participation." Tong Hsing values employee rights and care, providing a balanced work-life environment and reasonable benefits, including a comprehensive welfare system and a friendly workplace. To appreciate the hard work and efforts of its employees, the company offers comfortable accommodation and transportation arrangements, gender-friendly facilities, occupational health promotion, and social and group activities to ensure employees' well-being. Additionally, a complete training system is in place to support career development, helping employees find fulfillment in their work.



The majority of new hires and departing employees are in the 31-50 age group, with little change in proportion compared to 2022.

II. Talent Recruitment, Retention, and Development

Employee Benefits and Compensation System

The company establishes and implements reasonable employee benefit measures, including compensation, leave, and other benefits, by referencing external market salary levels and the overall economic situation. Employee compensation also reflects the company's annual business performance and results appropriately. Compensation includes salary, meal allowances, quarterly bonuses, year-end bonuses, and profit-sharing.

Tong Hsing also benchmarks industry standards to adjust the "New Employee Salary Standard Procedures" and "Employee Performance Evaluation Procedures." The company's annual business performance is timely reflected in the employee compensation and reward system.

Through employee feedback and external competition, the company adjusts its compensation system to respond to employee input and company needs. In addition, the company strives to provide a higher-quality workplace environment for employee benefits.



Statistics on Reinstatement and Retention After Parental Leave Over the Past Four Years

We continue to provide a high-quality work environment to attract competitive talent. The reinstatement rate after parental leave has been steadily rising, with the 2023 reinstatement rate for women returning after completing their parental leave at 71.43%, and for men, it was 100%.

Year	2020		2021		2022		2023	
Gender	Female	Male	Female	Male	Female	Male	Female	Male
Number of Eligible Employees for Parental Leave (A)	73	86	73	89	48	69	120	95
Number of Parental Leave Applications (B)	3	3	5	1	26	5	27	3
Anticipated Number of Returnees for the Year (C)	2	4	5	1	17	4	14	2
Actual Number of Returnees (D)	0	3	3	0	11	3	10	2
Number of Employees Still Employed 12 Months After Return (E)	0	3	1	0	10	3	9	2
Parental Leave Application Rate (B)/(A)	4.1%	3.5%	6.9%	1.1%	54.2%	7.3%	22.5%	3.2%
Return Rate After Parental Leave Period (D)/(C)	0%	75.0%	60.0%	0%	64.7%	0%	71.4%	100%
Retention Rate One Year After Return (E)/Previous Year (D)	0%	100%	33%	0%	90.9%	100%	90.0%	100%

Note: The statistics cover employees at Taiwan plants who applied for maternity or paternity leave between January 1, 2020, and December 31, 2023, and were still employed as of December 31, 2023. This does not apply to the Philippines plant.

Training and Development

In line with the philosophy that "the growth of employees is the driving force behind the company's progress," Tong Hsing formulates annual training plans and professional development courses based on the company's business strategy, new policies, regulations, and job function requirements. These include external professional skill training, online education, presentation skills, and English language courses to enhance employees' competencies and professional skills. A comprehensive training system helps employees map out their future development paths.

The company's annual internal training programs cover general training, professional skills training, management skills, and quality and occupational safety training. In 2023, the total number of training hours amounted to 93,820 hours. In addition to internal training, the company also invites external instructors and utilizes external resources to provide employees with diverse learning opportunities.

Course	Description	Training Hours		Total Hours
		Male	Female	
General Training	Includes new employee orientation and dedicated mentors for new hires	1,640.5	1,826	3,466
Professional Skills	Job-specific professional skills training: beginner, intermediate, and advanced levels, future knowledge training	35,519	17,595	53,113.5
Quality-Related Training	Hazardous substance process management, restricted substance management, QC techniques, 8D reports, etc.	10,853	7,171	18,024
Management Training	Workplace skills training (including language skills, work efficiency, interpersonal communication), basic supervisor training, mid-level and senior management training, common management training	377	690	1,067
Compliance Training	Various compliance training: integrity, insider trading prohibition, workplace harassment prevention, cybersecurity awareness	4,123	4,844	8,966.5
Occupational Safety Training	On-the-job training, hazard awareness, safety promotions, regulatory certification training	3,988	5,195	9,183
Total		56,500.5	37,319.5	93,820
Average Hours		45.79	20.11	30.36

Note: The average training hours are calculated as total training hours divided by the number of full-time employees (1,234 male full-time employees, 1,856 female full-time employees, for a total of 3,090 full-time employees).

Tong Hsing's training system includes four key areas: environmental protection, diverse training, policy advocacy, and a friendly workplace. Various training methods are provided to facilitate employee learning.

Training is conducted digitally through Tong Hsing's online learning system to reduce waste of paper or physical resources

To promote a safe and friendly workplace, we offer training and education on workplace abuse awareness and sexual harassment prevention and remediation



A wide variety of training options to meet employees' needs:

- New employee training
- Professional capability training
- Workplace skills training
- Management skills training

Annual training on confidential information protection, corporate governance and other matters to help employees understand the Company's policies

Employee Skill Development



The company's internal training programs for the year include general training, professional skills training, management skills training, quality, compliance, and occupational safety training. In 2023, the total training hours amounted to **93,280** hours.

Common Competency Development

Tong Hsing also offers courses on common competencies and workplace skills to support employees in developing diverse skills. Courses provided include practical workshops on problem analysis and solving, EXCEL MOS certification courses, presentation skills, communication between levels, performance management, and data visualization. These programs aim to enhance employees' skills in areas such as language proficiency, interpersonal communication, and work efficiency.

Employee Performance Evaluation and Career Development

	Taipei, Longtan, Zhubei, Bade				Philippines			
Performance Evaluation	2023 Performance Evaluation		Career Development Review		2023 Performance Evaluation		Career Development Review	
By Gender	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Male	999	43%	862	64 %	199	28%	NA	NA
Female	1,300	57 %	495	36 %	521	72%	NA	NA
Total	2,299	100 %	1,357	100 %	720	100%	NA	NA
By Management Level	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Supervisors	369	16 %	369	27 %	36	5%	NA	NA
Non-Supervisory	1,930	84 %	988	73 %	684	95%	NA	NA
Total	2,299	100 %	1,357	100 %	720	100%	NA	NA

Note: As of December 31, 2023, the total number of employees was 2,308. After excluding 9 special personnel, such as drivers, who were not included in the evaluation, the total number of employees subject to performance evaluation in 2023 was 2,299.

Employee Career Development Planning

From the promotion perspective, Tong Hsing offers a dual-track career advancement system, divided into professional technical roles and management roles, providing employees with multiple career paths.

From a training perspective, Tong Hsing offers a comprehensive training system, including new employee training, on-the-job/professional training, management training, and learning and development programs. For management roles, the company provides courses for entry-level supervisors, mid-level supervisors, and general management training.

Tong Hsing's talent development is organized into four main training systems based on professional and managerial competencies: new employee training, on-the-job/professional training, management skills, and learning development. These provide various courses and learning paths for employees at all levels to enhance their capabilities.

Based on the company's job planning, employees can choose a career path that suits their strengths and participate in the training programs provided to improve their skills:

1. **Professional Roles:** Engineer/ Administrator (General/Senior/ Principal)
2. **Technical Roles:** Project Technical Manager (Basic/Mid-level/Senior)
3. **Management Roles:** Business Management Supervisor (Entry-level/Mid-level/Senior)

Tong Hsing provides multiple career development tracks—professional, technical, and managerial—offering employees diverse learning opportunities for personal growth. This effectively nurtures talent and promotes human resource development, ensuring mutual growth for both the company and its employees.

Retirement System

To provide employees with secure job protection, Tong Hsing implements specific measures in accordance with legal requirements, including annual allocations to retirement reserve funds as mandated by the Labor Standards Act. The retirement reserve is calculated by professional actuaries to ensure adequate contributions for vested benefits. Retirement payments are calculated based on the employee's years of service and the average salary of the last six months before retirement.

As of the end of 2023, the fair value of plan assets was NT\$219,100,000. The future required contribution amounts have been estimated and listed under accrued pension liabilities, with the balance standing at NT\$287,259,000 as of the end of 2023.

In addition, under the Labor Pension Act, 6% of employee salaries are contributed monthly to individual labor pension accounts at the Bureau of Labor Insurance (new system). In 2023, pension contributions (including 34 employees under the defined benefit plan (old system) and 1,712 employees under the new system) totaled NT\$89,836,000.

Note: The labor pension data is from consolidated financial statements, including the Philippines plant. In addition to complying with the aforementioned retirement laws, the company also awards retirement commemorative plaques to honor employees' contributions and express appreciation for retiring employees.

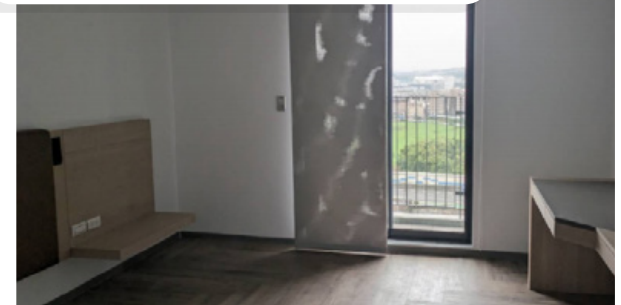


Employee Care and Welfare

The company is committed to creating a more friendly work environment and ensuring an ideal quality of life for its employees. Below are the various welfare measures for all full-time employees at Tong Hsing:

Provided Items	Description
Employee Benefits Program & Subsidy Policies	To support our employees during their employment in case of illness or accidental injury leading to injury, death, or hospitalization, and to reduce the financial burden on their families, allowing employees to fully focus on their work, Tong Hsing not only complies with relevant laws but also provides labor insurance, health insurance, group insurance for employees and their dependents, accident insurance, occupational injury insurance, and regular health check-ups.
Employee Cafeteria & Meal Allowance	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
Employee Dormitory & Transportation Arrangements	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.
Accessible Parking and Facilities	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.
Health Promotion	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.
Year-End & Holiday Bonuses	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.
Comprehensive Leave Policies	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.
Education Assistance Fund	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.
Indigenous Festivals Leave	Indigenous festivals are recognized as national holidays, and each indigenous group is entitled to one day off. Individuals of indigenous descent may choose one day off from the festival dates of their own, their parents', or their spouse's indigenous group.
Training & Career Development	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.

① Employee Dormitory (Bade Plant)



② Office Space (Zhubei Plant)



③ Personal Lockers (Longtan Plant)



III. Human Rights Policy

Since the development of the human rights concept through the United Nations Universal Declaration of Human Rights, global attention to human rights has steadily increased. Tong Hsing supports and adheres to internationally recognized human rights conventions and guidelines, including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization Conventions. The company has established work rules and relevant management measures to implement regulations, protect employee rights, ensure humane treatment, and prevent discrimination. In addition to complying with Taiwan's Labor Standards Act and related laws, the company has established and filed internal rules covering areas such as sexual harassment prevention, anti-corruption and bribery, and grievance procedures, with a management system in place to protect employee rights. To ensure employees can fully express their concerns, each plant has a "grievance mailbox" and "posts a grievance hotline". The company also implements personal data protection mechanisms, adhering to anti-retaliation principles to prevent unfair treatment of individuals. The company is committed to maintaining positive labor relations and implementing a friendly workplace and employee care management system. In adhering to policies that prioritize employee care and a friendly workplace, we are committed to implementing the following human rights policies:

	Prohibition of Child Labor	No employment of child labor, no forced, bonded, or involuntary labor, and no human exploitation.
	Employee Rights	Working hours and rest periods comply with the labor standards laws.
	Employee Policy	Wages and benefits paid to workers comply with all relevant laws.
	Humane Treatment	Every employee is treated humanely, without violence, corporal punishment, threats, insults, abuse, sexual violence, or sexual assault.
	Anti-Discrimination	Equal employment opportunities are provided, with no discrimination based on race, color, age, gender, sexual orientation, disability, nationality, pregnancy, religion, political views, association membership, marital status, or other legal protections.
	Freedom of Association	Employees' freedom of speech and association are respected, and employees are protected from retaliation and threats.

We commit to safeguarding the following rights for our employees and require that partnered staffing agencies also adhere strictly to all the mentioned regulations.

1. Respect for Labor Rights

We ensure that workers have the freedom to choose their occupation, the right to freedom of association, and protection against child labor. We safeguard the rights and health of female workers, prohibit discrimination, and ensure no inhumane treatment of workers. Compensation, benefits, and working hours comply with all legal regulations, and staffing agencies we work with must adhere to the same standards.

2. Providing Health and Safety for Workers

We ensure occupational safety, offer emergency preparedness plans, manage occupational injuries and diseases, control hazard sources, assess and mitigate physically demanding work, implement machinery protection, maintain public hygiene, and provide clean dining areas and dormitories.

3. Environmental Protection

We reduce the negative impact on society, the environment, and natural resources while protecting public health and safety. We obtain necessary environmental permits and reports, prevent pollution, conserve resources, and properly manage chemicals, hazardous substances, wastewater, solid waste, and air emissions. We also comply with product regulations related to hazardous substances.

4. Strict Business Ethics

We conduct business with integrity, avoid improper gains, disclose relevant business and financial information, comply with anti-corruption laws, respect intellectual property, adhere to fair trade and competition standards, avoid using conflict minerals, and protect the personal data of business partners. We also follow privacy and information security laws, provide anonymous whistleblower procedures to protect their identity, and establish protection programs to prevent retaliation.

5. Respect for Labor Rights

Ensure workers have the freedom to choose their occupation, the right to freedom of association, and protection against child labor. Safeguard the rights and health of female workers, prevent discrimination, and prohibit any inhumane treatment. Employee compensation, benefits, and working hours must comply with all legal regulations, and staffing agencies we work with must strictly follow these standards.

6. Providing Health and Safety for Workers

Ensure occupational safety, provide emergency preparedness plans, manage occupational injuries and diseases, control hazards, assess and mitigate the impact of physically demanding work, implement machinery protection, maintain public health, and provide clean dining and dormitory facilities.

7. Environmental Protection

Reduce adverse impacts on society, the environment, and natural resources while protecting public health and safety. Obtain necessary environmental permits and reports, prevent pollution, conserve resources, and properly manage chemicals, hazardous substances, wastewater, solid waste, and air emissions. Comply with laws regulating the content of hazardous substances in products.

8. Strict Business Ethics

Operate with integrity, avoid improper gains, and disclose relevant business and financial information. Comply with anti-corruption laws, respect intellectual property rights, implement standards for fair trade, advertising, and competition, avoid using conflict minerals, protect business partners' personal data, and comply with privacy and information security laws. Provide anonymous reporting mechanisms to protect whistleblowers and establish protection programs to prevent retaliation.

9. Establishing Management Systems

Adhere to commitments regarding labor, health and safety, the environment, and ethics. Define management responsibilities and conduct regular inspections, monitoring, and audits of applicable laws and customer requirements. Perform risk assessments, establish performance goals, and conduct regular evaluations. Develop training plans and communication procedures for employees.

Employee (Stakeholder) Engagement and Communication Channels and Responses

Focus Area	Communication Channel or Method	Frequency	Response Method
Labor Relations	Labor-Management Meetings	Regular	<ol style="list-style-type: none"> 1. Hold labor-management meetings quarterly 2. Benefits: Holiday gifts, employee trips, health center, on-site banking services, etc. 3. Training & development: Internal and external training courses 4. Employee health checks and on-site medical services 5. Employee feedback: Suggestion box/monthly meetings, labor-management meetings, employee satisfaction surveys
Compensation and Benefits	Employee Welfare Committee	Regular	
Training and Development	Internal Website and Training Courses	Ad hoc	
Occupational Safety and Health	Irregular Communication/Promotion Meetings	Ad hoc	
Employee Feedback/Policy Promotion	Suggestion Box/Monthly Meetings	Ad hoc	
Employee Relations	Health Center/Employee Cafeteria/Lounge	Ad hoc	

IV. Occupational Safety and Health Material Topic

A sound occupational safety and health management system that provides employees with a comfortable and safe working environment

Tong Hsing firmly believes that a safe and healthy workplace is a necessary foundation for employees to work with peace of mind. Therefore, the company is committed to providing a safe and healthy working environment, along with essential health and first-aid measures, to eliminate any potential hazards that could affect employee health and safety and reduce the risk of workplace injuries. Tong Hsing complies with the Occupational Safety and Health Act and the Implementation Rules for Labor Workplace Environment Monitoring, regularly conducting safety operations and promoting health care and wellness activities to ensure employee health and safety.

Since 2006, Tong Hsing has obtained OHSAS 18001 Occupational Health and Safety Management System certification, and in 2020, the company upgraded to ISO 45001 certification. This ensures optimal working conditions, health and safety benefits for employees, and a commitment to equality.

Item (Calculation Method)	Short-term Goals	Mid-term Goals
	2024~2026	2027~2030
Occupational Safety Personnel Legal Certification Compliance Rate (%) (Number of certified personnel / Total number of required certifications) × 100%	100%	100%
Internal and External Audit Deficiency Improvement Rate (%) (Number of deficiencies corrected / Number of deficiencies identified) × 100%	100%	100%
Factory Injury Severity Index (FSI) (((FR * SR) * 1000) ^ 0.5)	≤0.1	<0.1
Number of Occupational Safety Incidents in the Factory (Total number of workplace accidents)	≤8 cases	≤6 cases
Number of Major Workplace Accidents in the Factory (Total number of major workplace accidents)	0 cases	0 cases
2023 Actual Performance: All compliant with regulations and targets		

Summary of Key Actions

Goal Category	Description
Drinking Water Testing	To maintain the hygiene and quality of drinking water and protect employee health, every three months the water dispensers are tested for E. coli according to the "Regulations for the Use and Maintenance of Continuous Drinking Water Systems."
Work Environment Measurement	According to the "Implementation Rules for Labor Workplace Environment Monitoring," carbon dioxide, noise, and chemical substances are measured every six months. Sampling is conducted on equipment and work environments where chemicals are used or stored to protect employees from physical and chemical hazards.
Health Checks	General and special health checks for employees are conducted every two years.
Environmental and Occupational Safety Training	In accordance with the "Occupational Safety and Health Education and Training Regulations," the following training is conducted to ensure employee safety and health: <ol style="list-style-type: none"> 1. New employee occupational safety training to establish safety awareness. 2. Supervisor safety training to establish supervisor safety awareness. 3. New employee hazard awareness training to establish chemical hazard knowledge and protective equipment use. 4. Ongoing labor safety/fire prevention/fire extinguishing/evacuation training for workers. 5. Quarterly emergency drills for each plant. 6. Occasional traffic safety driving lectures.
Inspections, Safety Audits, and Internal Audits	<ol style="list-style-type: none"> 1. Environmental safety-themed inspections and audits. 2. Regular automatic inspections. 3. Regular occupational safety and health committee meetings. 4. Annual internal and external audits of the environmental management system.
Four Major Protection Plans	<ol style="list-style-type: none"> 1. Promotion of ergonomic hazard prevention plan. 2. Promotion of abnormal workload-induced disease prevention plan. 3. Promotion of protection against unlawful workplace harm. 4. Promotion of maternity health protection plan.

Policies and Commitments

In line with Tong Hsing's commitment to sustainable development (Y6), the company's Environmental, Safety, and Health (ESH) policy is as follows:

- Emphasize employee rights and create a friendly workplace.
- Maintain health and safety, eliminating potential hazards.
- Strengthen environmental awareness and implement pollution prevention.
- Implement risk management and promote continuous improvement.

Management Policy

In compliance with environmental protection, occupational safety, fire safety regulations, and based on safety risk assessments, the company has established an environmentally friendly and safe workplace. Tong Hsing has obtained ISO 45001 Occupational Health and Safety Management System certification and will continue to provide a safe and healthy working environment. The company is committed to reducing workplace hazards, minimizing work-related injuries or illnesses, and continuously improving occupational safety and health performance.

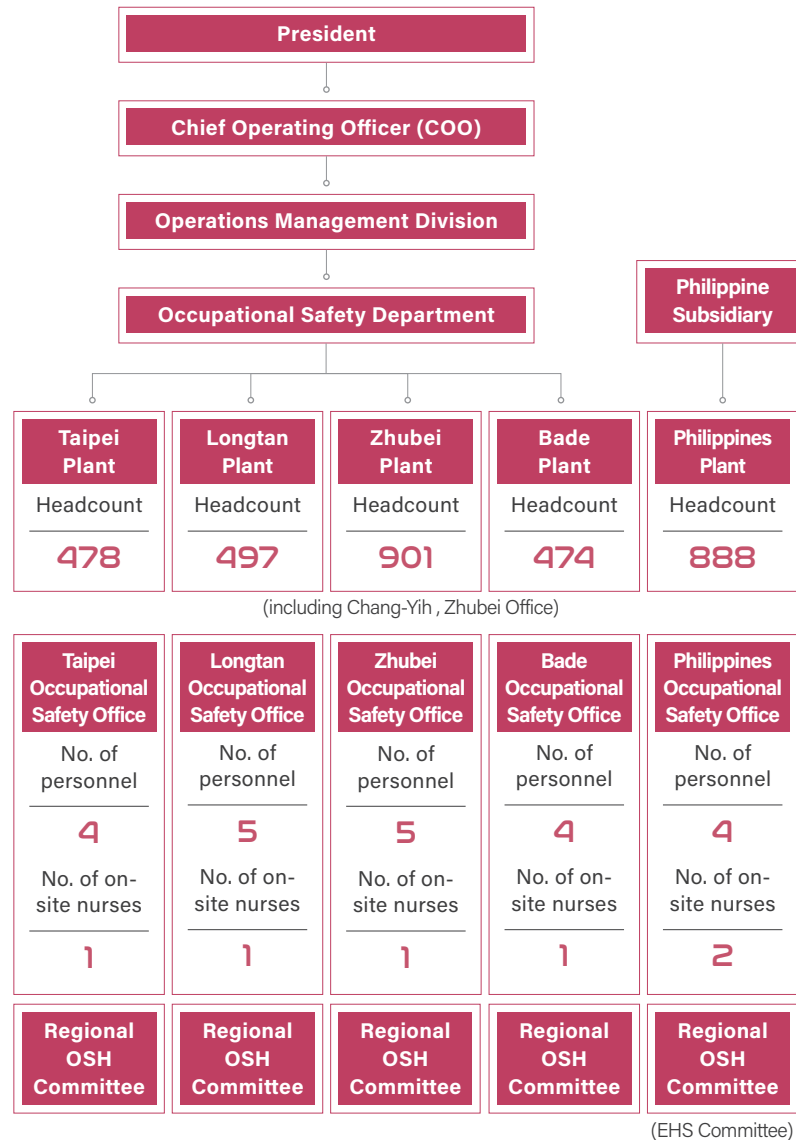
Based on Tong Hsing's overall environmental, safety, and health (ESH) policy, the company has defined the following key occupational safety and health management focuses:

- **Regulatory Compliance:** Adhere to all applicable safety and health regulations and standards.
- **Hazard Prevention:** Implement effective safety and health management to prevent occupational injuries and diseases.
- **Employee Participation:** Value worker consultation and participation, and provide education and training to enhance safety and health awareness among employees and contractors.
- **Continuous Improvement:** Enforce risk management, promote continuous improvement, and ensure a safe work environment and operations.

Responsible Units

To ensure the health and safety of employees, Tong Hsing has dedicated occupational safety departments and Occupational Safety and Health Committees at each plant. A specialized team is responsible for implementing occupational safety and health-related tasks. The occupational safety team includes safety officers and on-site healthcare personnel. Safety officers manage the plant's environment and safety in accordance with environmental safety and health regulations and management systems, while on-site healthcare personnel provide health services, nursing care, and carry out medical assistance activities.

Tong Hsing Occupational Safety and Health Management Structure



Specific Actions

Under the operation of the occupational safety and health management system, the following tasks are promoted:

1. Obtaining ISO 45001 and other occupational safety and health management certifications, conducting regular internal and external audits, and performance control to verify the effectiveness of the management system.
2. Carrying out comprehensive occupational hazard risk assessments and environmental monitoring, formulating and implementing preventive measures based on the assessment results.
3. Conducting educational training and emergency drills to enhance safety and disaster prevention awareness among all employees.
4. Establishing a complete grievance mechanism and communication channels to ensure full employee participation.
5. Providing a variety of occupational health services, organizing health promotion activities to care for the health and safety of employees.

Goals and Evaluation Mechanism

To ensure workplace safety and operational security, each plant follows the Occupational Safety and Health Management System to monitor indicators such as occupational accidents, injuries, safety risks, and the working environment. The Facility Severity Index (FSI) is used as the main management indicator, with specific target values set to evaluate occupational safety and health performance. Tong Hsing also identifies risks and deficiencies through occupational hazard identification, risk classification, and internal and external audits, further establishing concrete improvement plans and targets. These are implemented progressively to continuously enhance the effectiveness of occupational safety and health management.

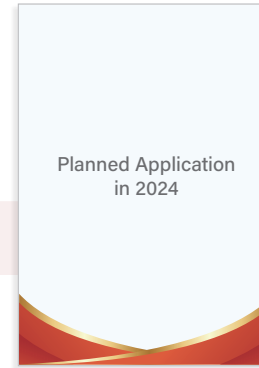
Grievance Mechanism and Communication

Regarding occupational safety and health management, Tong Hsing has established a grievance mechanism and various communication channels. Internally, each plant has grievance mechanisms such as the Occupational Safety and Health Committee, labor-management meetings, employee mailboxes, and channels for reporting workplace violations. Externally, communication on occupational safety and health matters is carried out through government audits, official documents from authorities, customer questionnaires or on-site inspections, and the company's official website.

Comprehensive Occupational Safety and Health Management System: System Certification and Professional Teams | GRI 403-1, 403-2, 403-8

In 2020, Tong Hsing upgraded its Occupational Safety and Health Management System certification to ISO 45001, following internationally recognized safety management standards. The company established occupational safety and health policies, implemented risk management, strengthened education, training, and communication, and reduced occupational accidents to provide employees with a safe working environment. The operation of the Occupational Safety and Health Management System relies on the professional oversight of safety personnel at each plant. All safety and health personnel at Tong Hsing's plants have received professional training and hold certifications such as Class-A Occupational Safety and Health Business Supervisors, Class-A Occupational Health Managers, and Class-B Occupational Safety and Health Administrators.

Overview of Occupational Safety and Health Management System Certification



Item	Taipei Plant	Longtan Plant	Zhubei Plant	Bade Plant	Philippines Plant
Headcount					
Employees	451	482	901	474	888
Non-Employees	21	24	22	30	41
Obtained ISO 45001 certification	✓ (Valid Till: 2026/03/19)	✓ (Valid Till: 2025/11/15)	Expected to apply for ISO 45001 certification in 2024	✓ (Valid Till: 2026/12/28)	✓ (Valid Till: 2024-02-26)

Note: The Zhubei Plant has already implemented the ISO 45001 management system and plans to apply for certification by the end of 2024. Currently, it also conducts internal audits annually in accordance with ISO 45001 standards.

Occupational Safety and Health Performance and Evaluation Mechanism

Clear goals are an essential element of effective management. In terms of occupational safety and health, Tong Hsing uses the "Facility Severity Index" (FSI) as the primary management indicator to review the operational environment and occupational accidents at the plants. Annual internal and external audits are conducted to evaluate and identify areas in the management process that require improvement, reducing health and safety incidents and enhancing process safety protection, continuously improving occupational safety and health performance.

Each plant's occupational safety unit has clear responsibilities, with professional safety and health personnel handling tasks from the planning phase (formulating safety and health policies and management plans, identifying and checking regulations, planning training, conducting hazard and risk assessments, etc.) to the implementation phase (monitoring the work environment, conducting training, managing hazard prevention, reviewing and analyzing occupational accidents and incidents, conducting internal audits, etc.). They work to implement a comprehensive occupational safety and health management system, with ongoing improvements and refinements.

Short-, Mid-, and Long-term Facility Severity Index (FSI) and Future Goals

Item	Year	Plant	2019	2020	2021	2022	2023	2025 Goal	2030 Goal
Frequency-Severity Indicator (FSI)		Taipei	0.1	0.44	0.23	0.06	0.06	<0.09	<0.1
		Longtan	0.36	0.15	0.15	0.15	0.15	<0.09	<0.1
		Bade	-	-	-	-	0	<0.09	<0.1
		Zhubei	0.09	0.07	0.07	0.06	0.04	<0.09	<0.1
		Philippines	0.0316	0.0346	0.0206	0.00	0.04	<0.2	<0.1

Note: The calculation of the Facility Severity Index (FSI)=[(Disabling Injury Frequency×Disabling Injury Severity) 1000]^{0.5}

Based on the results of internal and external audits, improvement measures are formulated and implemented.

④ Internal Audits

An audit team consisting of qualified auditors conducts internal audits of the environmental safety and health management system each year according to the internal audit plan. The audit covers various aspects, including occupational safety and health policies and objectives, employee competence and awareness, documentation of information, the operation and control of various management plans, emergency preparedness and response, compliance evaluations, non-conformance events, and corrective actions.

④ Overview of Internal Audits Implemented at Each Plant in 2023

Item	Taipei Plant	Longtan Plant	Zhubei Plant	Bade Plant	Philippine Plant
Date	2/14~2/24	9/11~9/15	11/20~11/24	9/11~9/15	3/3/2023, 3/17/2023, 3/24/2023
Results	No deficiencies	No deficiencies	Deficiencies: 2	Deficiencies: 4	Deficiencies: 3
Improvement Measures	-	-	1. Replace damaged cast iron manhole cover in B1 parking lot 2. Strengthen inspection of fire safety equipment and emergency exit doors	1. Establish management plan for improvement tracking 2. Engineering improvements 3. Conduct training sessions	1. Replace light bulbs 2. Clean lighting fixtures 3. Improve designated areas

Note: Although the Zhubei Plant has not yet obtained ISO 45001 certification, internal audit work is already conducted as simulated audits in accordance with ISO 45001 standards.

④ Overview of External Audits Implemented at Each Plant in 2023

Item	Taipei Plant	Longtan Plant	Zhubei Plant	Bade Plant	Philippine Plant
Date	3/12~3/13	10/16~10/17	Scheduled external audit for 2024.	10/16~10/18	11/13-15/2023
Results	Minor deficiency: 1	No deficiencies: 0		Minor deficiencies: 3	Deficiencies: 2
Improvement Measures	1. Revise operating procedures 2. Engineering improvements	-	-	1. Revise operating procedures 2. Engineering improvements 3. Conduct training sessions	1. Evacuation drills and enhanced hazard signage 2. Increase attendance at monthly meetings

Continuous Improvement

In the spirit of continuous improvement, Tong Hsing, based on the evaluation of occupational safety and health performance and the results of internal and external audits, formulates relevant response plans and protective measures to continuously enhance the occupational safety and health management system and procedures. Specific actions include sharing first- and second-tier procedural documents, adding a communication overview to improve collaboration, enriching the content of education and training (including cases of inspection deficiencies in contractor safety training materials), and regularly tracking deficiencies.

Occupational Hazard Identification and Risk Assessment

"Risk management" and "hazard prevention" are key elements of occupational safety and health management. To ensure a safe working environment, Tong Hsing regularly conducts occupational safety risk assessments and hazard identification, as well as analyzes incidents and deficiencies, implementing preventive improvement measures.

For risk assessment, both routine and non-routine operations (including emergency situations) are evaluated based on severity, scope of impact, and likelihood of occurrence. The risk level is determined using a risk matrix, where a score of 4 or above is considered high risk, 3 is medium-high risk, 2 is medium risk, and 1 is low risk. High risks are deemed unacceptable and must be immediately reviewed and improved, with operational controls and emergency responses implemented. Medium and medium-high risks are temporarily acceptable, but if more effective control measures are available, the existing measures should be reassessed for completeness, and improvements should be considered. Low risks are considered acceptable.

2023 Risk Assessment Results for Each Plant

Plant	Risk assessment results			Implementation Results		
	Risk Level	Quantity	Hazard Type	Item	Improvement Measures	Completion
Taipei Plant	High Risk	1	Falling Objects	Damage to the iron sheet roof of the garbage plant	Repair of the iron sheet roof	Completed February 2023
	Medium Risk	0				
Longtan Plant			Equipment/Machinery	Installation of interlock for Sorter station machinery	Interlocks installed on all machines	Completed June 2023
	High Risk	2	Fire Safety	Improvement of fire dampers for air conditioning ducts	Installed fire dampers in ducts per fire zoning regulations	Completed January 2023
			Fire Safety	Redesign of smoke exhaust outlets in 2F office	Removable outlets covering 2% area	Completed September 2023
	Medium Risk	2	Hazardous Substances	Installation of oxygen detectors in gas cylinder room	Installed real-time oxygen detectors	Completed April 2023
Zhubei Plant	High Risk	1	Ionizing Radiation Hazard	Hazard prevention	Staff training and wearing of radiation badges	Completed December 2023
			Chemical Leaks	Chemical spill drill	Conducted emergency response equipment training and drill	Completed 2023
	Medium Risk	10	Noise Hazard	Periodic noise testing (twice)	1. Provided hearing protection (earplugs) 2. Particular Physical Checkup	Completed 2023
Bade Plant	High Risk	1	Falls	Added guardrails	Procurement and installation of guardrails	Completed June 2024
	Medium Risk	1	Oxygen Deficiency, Falls	Hazard labeling and environment monitoring for confined work	Environmental monitoring before, during, and after construction	Completed May 2024
Philippine Plant			Fire Safety	Training and drills for emergency response capabilities	Conducted daily EHS checks, hazard controls, and preventive maintenance of fire alarm and suppression systems and ventilation systems	Completed 2023
	High Risk	4	Chemical Hazards	Chemical placement verification	Checked compliance with safety requirements for chemical transfer, working at heights, and machinery safety. Offsite treatment of cyanide-contaminated wastewater/solutions by contractor	Completed 2023
			Tool Injuries, Ergonomic Injuries, Noise Exposure, Inhalation of Chemical Fumes	Eliminate hazards and reduce workplace risks	1. Conducted daily ESH checks and hazard control 2. Ensure the use of personal protective equipment (earplugs, chemical respirators, and safety helmets) 3. Provide ergonomic hazard and control measures training to all employees	Completed 2023
	Medium Risk	4				

In the spirit of continuous improvement, Tong Hsing, based on the evaluation of occupational safety and health performance and the results of internal and external audits, develops relevant response plans and protective measures to continuously enhance the occupational safety and health management system and procedures. Specific actions include revising the format of operational documents, adding communication overviews to improve collaboration, enriching the content of education and training (including incorporating inspection deficiency cases into contractor safety training materials), and regularly tracking deficiencies.

Comparison with past risk assessment results

Plant	Risk Level	2021	2022	2023	Explanation of Changes
Taipei Plant	High Risk	1	1	1	Improvements were made based on evaluations and assessments of actual on-site conditions.
	Medium Risk	1	1	0	
Longtan Plant	High Risk	3	2	2	Improvements were implemented according to findings from internal and external audits.
	Medium Risk	1	1	2	
Zhubei Plant	High Risk	2	2	1	Improvements were made based on evaluations and assessments of actual on-site conditions.
	Medium Risk	10	10	10	
Bade Plant	High Risk	-	-	1	Fall operations
	Medium Risk	-	-	1	Confined space operations
Philippine Plant	High Risk	0	0	4	Scaffolding work
	Medium Risk	2	2	4	Risk of cyanide handling

Accident Investigation and Statistics

2023 Workplace Injury Statistics

Item	Taipei Plant	Bade Plant	Longtan Plant	Zhubei Plant	Philippine Plant
Number of Recordable Occupational Injuries	2	0	3	1	0
Lost Days Due to Disabling Injuries	6	0	53	6	0
Number of Process Safety Incidents	1	0	1	0	0
Total Work Hours	1,644,064	678,104	1,035,201	1,810,688	0
Recordable Occupational Injury Rate	1.2	0	2.89	0.55	0
Lost Day Rate (LDR)	3.6	0	51.19	3.31	0
Process Safety Incident Rate (PSTIR)	0.6	0	0.96	0	0

Note: 1. Total Recordable Injury Rate (TRIR) Calculation: (Number of recordable occupational injuries × 1,000,000) / Total work hours

2. Lost Day Rate (LDR) Calculation: (Total number of lost days × 1,000,000) / Total work hours

3. Process Safety Incident Rate (PSTIR) Calculation: (Number of process safety incidents × 1,000,000) / Total work hours

Item	Taipei Plant	Bade Plant	Longtan Plant	Zhubei Plant	Philippine Plant
Total Absence Rate (AR)	25,001.5	22,491.5	36,638	52,025	13,904
Total Work Hours	948,152	915,590	975,986	1,739,712	1,818,723
2023 Absentee Rate (AR)	2.6%	2.4%	3.7%	2.9%	0.76%
Absentee Rate (AR)	Absentee Rate (AR) Calculation: (Total number of absentee days / Total number of workdays) × 100%, rounded down to the third decimal place. <ul style="list-style-type: none"> Absentee Days: Refers to the days an employee is absent from work due to loss of ability to work. Includes: Sick leave (general sick leave, hospitalization leave, menstrual leave), personal leave (personal leave, family care leave), injury leave, and occupational illness leave. Excludes: Approved leaves such as annual leave, maternity leave, paternity leave, and bereavement leave. 				

2023 Occupational Injury Statistics

Disability Injury Category (see definition in notes)	Plant and Category	Number of Incidents	Lost Days
Death/Permanent Total Disability/Permanent Partial Disability	Taipei Plant	0	0
	Longtan Plant	0	0
	Zhubei Plant	0	0
	Bade Plant	0	0
	Taipei Plant Employees	<ul style="list-style-type: none"> 1 fall 1 chemical contact 	8
Temporary Total Disability	Taipei Plant Non-employees	0	0
	Longtan Plant Employees	<ul style="list-style-type: none"> 3 improper actions 	53
	Longtan Plant Non-employees	0	0
	Zhubei Plant Employees	<ul style="list-style-type: none"> 1 caught in machinery 	6
	Zhubei Plant Non-employees	0	0
	Bade Plant Employees	0	0
	Bade Plant Non-employees	0	0
	Philippine Plant Employees	0	0
	Philippine Plant Non-employees	0	0

Note: Excludes employee commuting accidents.

Accident Investigation and Follow-up Measures

③ Taipei Plant Occupational Injury Explanation

1. A worker did not wear protective equipment while using a glue remover, causing a severe allergic reaction on the face and neck. Improvement Measure: Conducted education and training, and reinforced the use of masks and gloves.
2. After clocking out, a worker stepped out of Door 1 without noticing the stairs and missed a step, leading to a fall. Improvement Measure: Posted safety warning signs and used the incident as a case study for plant-wide safety education.

③ Longtan Plant Occupational Injury Explanation

1. An assistant operator injured their hand while cleaning up the storage room, cutting it while handling a dummy during glue removal. Improvement Measure: The engineering department revised the SOP for storage room organization, requiring workers to use protective gear.
2. An engineer tried to adjust materials manually while the machine was operating, resulting in a hand injury. Improvement Measures: (1) Ensure the activation of the interlock safety device on the 5th floor machines. (2) Conduct safety training on machinery operation.
3. A manufacturing department technician hit his head on a cabinet while retrieving TCM, causing his glasses to break and injure his face. Improvement Measure: Review workstations where workers need to bend to retrieve items. If feasible, raise the stations; otherwise, install dust-free anti-collision pads on sharp edges.

③ Zhubei Plant Occupational Injury Explanation

While on a business trip to the Bade Plant, a worker, unfamiliar with the site, injured their finger when lifting and moving iron objects with a colleague. Improvement Measure: Use hydraulic carts or trolleys to transport heavy objects and avoid manual handling.

Type	Near Misses		Safety Incidents	
	Inside Plant	Outside Plant	Inside Plant	Outside Plant
Taipei Plant	9	0	2	6
Longtan Plant	0	0	3	6
Zhubei Plant	0	0	1	4
Bade Plant	3	0	3	5
Philippine Plant	8	0	3	0

Work Environment Monitoring and Chemical Management

In addition to tracking occupational injury incidents, Tong Hsing also conducts regular work environment monitoring as required by law. The monitoring scope includes noise, illumination, dust, carbon dioxide, and chemical substances. Trend analysis of the monitoring results is conducted to support continuous improvement. The following table lists the annual monitoring items and frequency for the respective plant locations. The 2023 results all met the legal permissible standards.

Item Plant Location	Category	Details	Frequency
Taipei Plant	General Chemicals	None	N/A
	Hazardous Chemicals	Potassium cyanide, xylene, methanol, isopropanol, acetone, hydrofluoric acid, sulfuric acid	Twice a year
		Lead, formaldehyde, beryllium	Once a year
	Others	Noise, carbon dioxide, dust (respirable dust), dust (total dust)	Twice a year
Longtan Plant	General Chemicals	None	Twice a year
	Hazardous Chemicals	Sulfuric acid, sodium hydroxide, ethanol, isopropanol, methanol, acetone, tetramethylammonium hydroxide, nitric acid	Twice a year
	Others	Noise, carbon dioxide, illumination	Twice a year
Zhubei Plant	General Chemicals	Carbon black, tin	Once a year
	Hazardous Chemicals	Methanol, acetone, isopropanol, xylene, cyclohexanone, butyl acetate, sulfuric acid, nitric acid	Twice a year
		Hydrochloric acid, ethylenediamine, sodium hydroxide, ethanol	Once a year
	Others	Noise, carbon dioxide, illumination	Twice a year
Bade Plant	General Chemicals	None	Twice a year
	Hazardous Chemicals	Isopropanol, acetone, sulfuric acid, dichloromethane	Twice a year
		Lead	Once a year
	Others	Illumination, carbon dioxide, dust (respirable dust), dust (total dust)	Twice a year

Item Plant Location	Category	Details	Frequency
Philippine Plant	General Chemicals	None	N/A
	Hazardous Chemicals	Sulfuric acid, hydrochloric acid, copper sulfate (as Cu), hydrogen cyanide, nickel sulfate (as Ni), sodium hydroxide, hydrogen fluoride, nitric acid, formaldehyde, isopropanol, acetone	Once a year
	Others	Noise, carbon dioxide, illumination, relative humidity, temperature, volatile organic compounds (VOC), air velocity	Once a year

Work Permit Management



For high-risk operations, Tong Hsing ensures that work permits are completed, and relevant protective measures are in place before any operations begin.

The number of permits issued in 2023 is as follows:

Type	Fire	Elevated Work	Confined Space	Temporary Electricity	Roof Work	Other (Lifting)
Taipei Plant	5	17	4	0	0	36
Longtan Plant	0	7	3	0	5	12
Zhubei Plant	17	27	0	0	0	22
Bade Plant	14	23	0	0	0	3
Philippine Plant	13	13	2	10	1	156

Chemical Management

In the production process, Tong Hsin uses certain chemicals as required by clients, and all chemical management practices are conducted according to GHS hazard pictograms. Tong Hsin has also purchased a chemical cloud system to manage chemicals within the plant, including updating the chemical inventory list, managing SDS in both Chinese and English, reporting various chemicals, and introducing new chemicals into the plant. This ensures effective chemical management. An annual chemical inspection is conducted to verify the status and flow of chemicals and to cross-check with the database. Chemicals with GHS hazard pictograms are classified as hazardous chemicals, while those without are classified as general chemicals. Non-chemical items, such as dust or noise, are classified as other categories. Detoxifiers (e.g., cyanide antidote, EDTA, and hexacyanoferrate) or emergency spill kits are placed next to mechanical equipment for emergency use. Additionally, chemical emergency cabinets and spill response equipment are checked monthly for items and quantities, as well as the validity period of antidotes. After inspection, anti-tamper stickers or seals are applied to confirm that items have not been used. If any items are used, they are re-inventoried, and new stickers or seals are applied.

Our goals for chemical management are:

- 0 incidents of chemical hazards (including chemical spills) throughout the year.
- Compliance with all regulatory requirements for chemical exposure monitoring.

Occupational Safety Training and Emergency Response

Implementing occupational safety and health training provides the most practical protection for employees. To ensure that all employees have a safety consciousness and understand occupational safety and health regulations, Tong Hsin regularly provides various occupational safety and health-related training and awareness programs tailored to plant employees' needs. This includes certification courses, hazard awareness, and more. The total hours of occupational safety training conducted this year amounted to [5770] hours. Additionally, Tong Hsin has established emergency response teams at each plant, along with communication, response, investigation, and post-disaster recovery processes. Regular emergency drills for fires, chemical incidents, and other emergencies are conducted with full participation to enhance disaster awareness.

2023 Training Activities

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 Personnel
Taipei Plant	Total Number of Trainees	54	21	15	<ul style="list-style-type: none"> General: 807 people Hazard Awareness: 548 people (Class time from April to November; Taipei plant had 927 people in April)
	Total Hours	162	246	136	Total: 1355 hours
Longtan Plant	Total Number of Trainees	18	8	4	<ul style="list-style-type: none"> General: 441 people Hazard Awareness: 767 people
	Total Hours	54	210	36	Total: 1208 hours
Zhubei Plant	Total Number of Trainees	116	14	30	<ul style="list-style-type: none"> General: 789 people Hazard Awareness: 789 people
	Total Hours	1,044	272	108	Total: 2367 hours
Bade Plant	Total Number of Trainees	35	10	3	<ul style="list-style-type: none"> General: 438 people Hazard Awareness: 402 people
	Total Hours	105	676	20	Total: 840 hours
Philippine Plant	Total Number of Trainees	243	0	819	<ul style="list-style-type: none"> General: 243 people Hazard Awareness: 819 people
	Total Hours	243	0	6,309	Total: 6552 hours

2023 Emergency Drill Situation

Factory \ Type	Fire	Toxic Chemicals	Specific Chemicals	Evacuation & Escape	Dye/ Powder Leakage	Others
Taipei Plant	17	15	NA	17	NA	0
Longtan Plant	2	NA	NA	2	NA	0
Zhubei Plant	1	NA	1	2	NA	4
Bade Plant	2	1	NA	12	NA	0
Philippine Plant	683	359	NA	683	NA	359

Complaint Mechanism and Communication

Feedback and opinions from frontline workers and external parties are crucial for Tong Hsing's improvement of its occupational health and safety management system and processes. Therefore, each factory's occupational health and safety committee includes a certain proportion of worker representatives. The company also provides various communication and consultation channels to gather diverse opinions and pursue continuous improvement.

Occupational Health and Safety Committee Meeting Information

(Period: January 1, 2023 - December 31, 2023)

Factory	Meeting Frequency	Number of Committee Members	Number of Worker Representatives & Ratio	Additional Information
Taipei Plant	4	30	10 33%	Meeting Dates: 3/7, 5/5, 8/24, 11/27
Longtan Plant	4	27	9 33%	Meeting Dates: 2/9, 5/25, 8/4, 10/31
Zhubei Plant	4	25	9 36%	Meeting Dates: 1/29, 4/25, 7/25, 10/24
Bade Plant	4	26	9 35%	Meeting Dates: 5/25, 7/21, 10/25
Philippine Plant	12	6	10 33%	Meeting Dates: 1/30, 2/27, 3/30, 4/20, 5/3, 6/7, 7/5, 8/9, 9/6, 10/4, 11/8, 12/6

Occupational Health Services and Health Promotion Activities

Tong Hsing places high importance on employee health care and promotion. We ensure employee health and safety through four major programs: workplace health services, on-site services, physical and health examinations, and health protection. We are also committed to advancing occupational disease risk management (such as special health checks and hearing protection prevention programs) and health care and promotion (including health education newsletters, health seminars, exercise classes, and weight loss programs).

Occupational Health Services

Tong Hsing provides various occupational health services to help identify and eliminate occupational hazards and minimize the risk of work-related injuries.

2023 Occupational Health Services Implementation

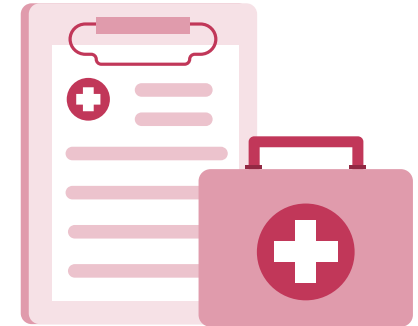
Plant Location	Categories of Occupational Health Service Functions	How to Ensure Quality and Effectiveness
Taipei Plant	<ol style="list-style-type: none"> 1. Ergonomics Prevention Seminars 2. Blood Donation Drives 3. Influenza Vaccination Events 4. Workplace Illegal Infringement Training 5. New Taipei City Safety Cup Road Running Event 6. Hearing Protection Online Training 	<ul style="list-style-type: none"> • 3/7: Back Pain Prevention Seminar with 12 attendees • 5/9: Blood Donation Drive with 34 participants, 46 bags of blood donated • 9/7: Female Cancer Screening with 27 participants • 10/1: Workplace Illegal Infringement Training with 100% completion • 10/3: Influenza Vaccination Event with 57 participants • 11/7: Blood Donation Drive with 39 participants, 59 bags of blood donated • 12/4: Hearing Protection Online Training with 100% completion
	<p>Minimize epidemic risk in the factory</p> <p>Assist employees in controlling body fat and maintaining a healthy weight</p>	<ol style="list-style-type: none"> 1. Established an epidemic prevention team to monitor domestic epidemic trends and formulate response measures based on the Central Epidemic Command Center's guidelines. Continued promotion of COVID-19 vaccinations, with a third dose coverage rate of 91.9% at the factory. 2. Planned "Group Weight Loss" program including goals, thresholds, deadlines, and rewards. Invited external nutritionists to provide dietary lectures. 41 participants, 37 completed the program (90% completion rate), with a total weight loss of 169.8 kg and total fat reduction of 97.9%. <p>Awarded the "Healthy Workplace Certification - Health Promotion Mark" by the Ministry of Health and Welfare.</p>

Plant Location	Categories of Occupational Health Service Functions	How to Ensure Quality and Effectiveness
Zhubei Plant	<ol style="list-style-type: none"> 1. Implement employee health management 2. Conduct annual special health checks for hazardous work 3. General injury treatment and follow-up 4. Conduct various health promotion activities 5. Monthly on-site health service by qualified occupational health physicians for 3 hours each session 6. Promote four major plans by the Occupational Safety and Health Administration 	Health services provided by the factory doctor and occupational nurse include interviews, guidance records, and execution records. High-risk groups are identified through health checks and questionnaires, with posture guidance and doctor consultations to reduce hazards and follow-up management.
Bade Plant	<ol style="list-style-type: none"> 1. Monthly on-site visits by a family medicine doctor (3 hours each) 2. Annual special health checks for hazardous work 3. Monthly workplace maternal health protection surveys 	<ul style="list-style-type: none"> • Created on-site service records, arranged qualified hospitals for on-site services, and ensured compliance with occupational health services.
Philippines Plant	<ol style="list-style-type: none"> 1. Daily on-site services by occupational doctors and dentists (2 hours each) 2. Remote consultations available 24/7 for all employees and contractors 3. Industrial nurses on shift from Monday to Saturday (12 hours each day) 4. Monthly educational awareness through face-to-face consultations, video presentations, and distribution of flyers 5. Monitoring of employees on long vacations, COVID-related illnesses, and accidents (if any) 	Occupational doctors and medical dentists record employee medical updates in their personal medical files. All employees fill out and submit health declaration forms before starting work.

2023 On-Site Service Implementation Results

⊙ Regulatory Requirements

Item	Taipei Plant	Longtan Plant	Zhubei Plant	Bade Plant	Philippines Plant
Doctor On-Site Service Frequency	12 times/year	12 times/year	12 times/year	12 times/year	Full-time factory doctor and dentist
Nurse On-Site Service Frequency	Full-time factory nurse				



⊙ Health Promotion

Item	Taipei Plant	Longtan Plant	Zhubei Plant	Bade Plant	Philippines Plant
	809 participants			507 participants	
Total Number of Employees Participating in Health Education Activities (Hearing Protection, Blood Pressure Measurement, CPR+AED)	<ul style="list-style-type: none"> 3/7: Back Pain Prevention Seminar with 12 attendees 5/9: Blood Donation Drive with 34 participants, 46 bags of blood donated 9/7: Female Cancer Screening with 27 participants 10/1: Workplace Illegal Infringement Training with 100% completion (420 participants) 10/3: Influenza Vaccination Event with 57 participants 11/7: Blood Donation Drive with 39 participants, 59 bags of blood donated 12/4: Hearing Protection Online Training with 100% completion (200 participants) 	472 participants <ul style="list-style-type: none"> Weight Loss Activity with 37 participants Dietary Lecture with 27 participants Blood Donation Drive with 36 participants Cancer Screening with 22 participants Tobacco Control Promotion with 350 participants 	130 participants <ul style="list-style-type: none"> Health from the Gut Lecture Smart Eating for Health and Slimness Lecture AED+CPR Training Ergonomic Hazard Prevention Lecture 	<ul style="list-style-type: none"> Lead Worksite Health Hazard Prevention: 106 (online) Workplace Illegal Infringement: 359 (online) Precision Work Visual Function Protection and Ergonomics: 108 (online) Understanding Back Pain: 12 (in-person) First Aid Training for New Staff: 22 (in-person) Health Interviews: 221 participants 	<ul style="list-style-type: none"> 397 participants Doctor Consultations: 326 Nurse Interviews: 1,535
Total Number of Employees Receiving Guidance in Interviews	46	48	75	221	1,535

2023 Physical Examinations and Health Check Implementation

Type of Examination	Target Group	Frequency	Items	Number of People Undergoing Health Examination				
				Taipei Plant	Longtan Plant	Zhubei Plant	Bade Plant	Philippines Plant
General Physical Exam	New or transferred employees.	Before reporting.	Items as per "Occupational Health Protection Regulations."	54	15	147	35	242
Special Physical Exam	New or transferred employees engaged in special hazard tasks.	Upon reporting or before job transfer.	Items as per "Occupational Health Protection Regulations."	1	0	0	3	0
General Health Check	All current employees.	Every two years, regardless of age.	Items as per "Occupational Health Protection Regulations," plus abdominal ultrasound, lung function, bone density, and cancer screening; ECG for those over 40.	0	0	9	0	782
Special Health Check	Employees engaged in special hazard tasks.	Annually.	Items as per "Occupational Health Protection Regulations."	139	4	29	40	0
Executive Health Check	Executives above the managerial level.	Every two years.	Items as per senior health check protocols, plus coronary artery examination.	NA	NA	NA	NA	0

Special Health Check Categories

Category	Factory	Level 1	Level 2	Level 3	Level 4
Noise Exposure	Taipei Plant	75	44	0	4
	Bade Plant	0	0	0	0
	Longtan Plant	4	0	0	0
	Zhubei Plant	9	5	0	0
Ionizing Radiation	Zhubei Plant	20	10	0	0
Lead Exposure	Taipei Plant	14	5	0	0
	Bade Plant	19	21	0	0

Category	Factory	Level 1	Level 2	Level 3	Level 4
Dust Exposure	Taipei Plant	37	19	0	0
Nickel Exposure	Taipei Plant	40	25	0	0
Formaldehyde Exposure	Taipei Plant	20	6	0	0
Total Number	All Factories	238	135	0	4

Note: Level 4 cases are managed according to the hearing protection plan.

2023 Health Protection Four Major Plans Implementation Results

Projects: Ergonomic Hazard Assessment and Management, Abnormal Workload Prevention, Workplace Abuse Prevention, Maternal Health Protection and Management.

The company is actively promoting workplace health, not only to meet the requirements of labor safety and health regulations but also to address various aspects of health measures such as health awareness, health activities, healthy eating, and health management. The health promotion measures are as follows:

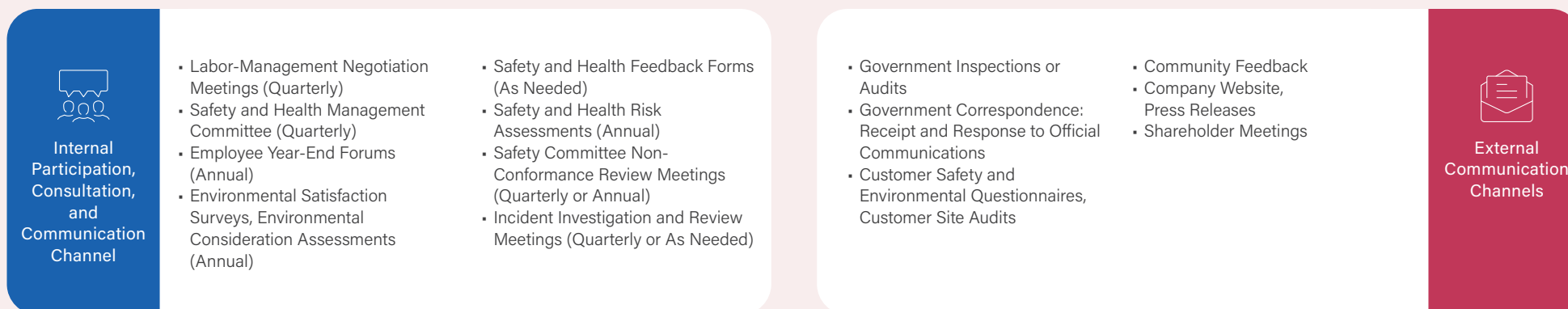
Plant	Maternal Health Protection	Ergonomic Hazard Assessment and Management	Abnormal Workload Prevention	Workplace Abuse
Taipei Plant	<ul style="list-style-type: none"> Pregnant: 4 Postpartum: 1 Lactating: 2 Health Levels: Level 1: 3, Level 2: 2 Actions: Work hour management is implemented after consultation with the physician. 	<ul style="list-style-type: none"> Assessments: 432 Diagnosed: 1 Suspected Musculoskeletal Injuries: 2 Actions: <ol style="list-style-type: none"> Diagnosed: Arranged medical consultations and ergonomic interventions. Impact evaluation hindered by employee turnover. Suspected Injuries: Follow-up with medical consultations and improvements. 	<ul style="list-style-type: none"> Evaluated: 2 Confirmed: 2 Actions: Arranged medical consultations and monitored treatment progress. 	<ul style="list-style-type: none"> 2023 Online Training: 572 participants (82% participation rate) Number of People Assessed: 470
Longtan Plant	<ul style="list-style-type: none"> Evaluated: 6 Confirmed: 0 Actions: Employees reported hazards, individual consultations, and distributed maternity handbooks. 	<ul style="list-style-type: none"> Evaluated: 15 Confirmed: 0 Actions: A musculoskeletal questionnaire is completed every two years. In cases of suspected harm, a consultation and assessment are conducted to determine that the cause of the pain is unrelated to work and to provide medical advice. 	<ul style="list-style-type: none"> Evaluated: 23 Confirmed: 0 Actions: Biannual workload surveys, consultations for high-risk individuals, and medical advice. 	<ul style="list-style-type: none"> 2023 Online Training: Implemented. Announced "Prohibition of Workplace Abuse" Statement. Provided online training and grievance channels.
Zhubei Plant	<ul style="list-style-type: none"> Pregnant: 5 Health Levels: Level 1: 4, Level 2: 1 Maternity Leave: 1 Actions: <ol style="list-style-type: none"> Four individuals in Level 1 management can perform current operations. Currently, three people are on parental leave, and two have returned to the Philippines. 	<ul style="list-style-type: none"> Evaluated: 16 Actions: Medical consultations and adjustments to work posture. 	<ul style="list-style-type: none"> Evaluated: 14 Actions: Arrange a consultation with the physician. 	<ul style="list-style-type: none"> 2023 Training: 858 participants (existing employees) and 216 (new employees).

Plant	Maternal Health Protection	Ergonomic Hazard Assessment and Management	Abnormal Workload Prevention	Workplace Abuse
Bade Plant	<ul style="list-style-type: none"> Female Workers: 243 Reproductive Age: 232 Women of Childbearing Age in Lead-Exposed Workplace: 72 Pregnant: 6 Postpartum: 1 Lactating: 0 Health Levels: Level 1: 6, Level 3: 1 Actions: Adjusted work content per medical advice. 	<ul style="list-style-type: none"> Evaluated: 75 Suspected Injuries of musculoskeletal injuries: 4 Actions: Conducted a questionnaire survey for high-risk groups (precision operations) <ol style="list-style-type: none"> On-site physician consultations – Provided ergonomic health guidance to 4 individuals, resulting in improvements. Organized a lower back pain prevention and health seminar. Conducted an online ergonomic prevention course for high-risk groups in precision operations: 111 participants. Distributed ergonomic health education brochures to departments with potential risks (Quality Control, Manufacturing) for internal promotion. 	<ul style="list-style-type: none"> Evaluated: 41 Confirmed: 5 Actions: Comprehensive assessment of overwork risks in potential groups, such as individuals with a >10% risk of cardiovascular disease within 10 years, those with the "three highs" (high blood pressure, high blood sugar, high cholesterol), and those with metabolic syndrome. <ol style="list-style-type: none"> On-site physician consultations: 5 individuals received health guidance, had management plans and follow-up schedules established; 2 of them were referred for medical treatment and had their work hours managed. Organized health promotion activities: 11 individuals were invited to participate in a running event. 	<p>Conducted the 2023 Unlawful Infringement online course and survey:</p> <p>Number of participants /assessment: 346</p> <p>Participation Rate:99%</p>

Complaint Mechanisms and Communication

Frontline workers' feedback and opinions are crucial for improving the occupational safety and health management systems and processes at Tong Hsing. Therefore, each plant has a safety and health committee with a certain proportion of worker representatives. The company provides various communication and consultation channels to collect diverse opinions and pursue continuous improvement.

Multiple Channels for Participation



Occupational Health Services and Health Promotion Activities

Tong Hsing places a high priority on employee health care and promotion, ensuring health and safety through workplace health services, on-site services, physical and health examinations, and four major health protection programs. The company is also dedicated to managing occupational disease risks (such as special health examinations and hearing protection programs) and health care and promotion (including health education newsletters, health seminars, exercise classes, and weight loss programs).

In 2023, Tong Hsing, in collaboration with the Organic Living Environment Education Promotion Association of the Republic of China, organized the seminar titled "No Toxins, Living Green" aimed at enhancing employees' awareness of reducing plastic use, environmental friendliness, healthy eating, and identifying carcinogens in daily life. This initiative contributed to obtaining the Green Enterprise Certification.



- ① Longtan Factory has received the Health Workplace Certification and Health Promotion Award.



V. Comfortable and Friendly Workplace Environment

Tong Hsing is dedicated to employee nutrition, providing three daily meals and late-night snacks in the cafeteria, including rice dishes, noodles, and sweet soups. The company values the dietary culture of Filipino employees and ensures that the Taiwanese factories also offer meal options for foreign employees (Filipinos). Additionally, the cafeteria is equipped with a 24-hour vending machine offering snacks and beverages, available throughout the day, providing employees with a space to rest and recharge during breaks.

- ② Taipei Plant



② Longtan Plant



② Zhubei Plant



② Bade Plant



② Philippines plant



Providing Diverse Clubs and Promoting Sports

To foster a sense of unity among employees and alleviate daily work stress, Tong Hsing has established various types of club activities and provides funding support for these clubs. Currently, established clubs include the LovingHsing ESG Society, Tong Hsing Baseball Club, and You and Tong Hsing Badminton Club.



- ① Family Day
At Daxi Lakeside, explore local water resources.



- ② LovingHsing ESG Society
Ecological exploration and one-day beekeeping experience activities.



- ③ Participation in the 9th New Taipei City Occupational Safety and Health Cup Road Race
Foreign employees from the Bade Plant achieved outstanding results.



06

Social Inclusion

Tong Hsing, through its comprehensive employee care and active participation in social welfare, diligently implements corporate social responsibility. The company is also committed to creating an inclusive workplace that respects different cultures, backgrounds, genders, races, and beliefs. This includes hiring and training diverse employees, with the expectation that they will extend their influence to society. Tong Hsing actively participates in community activities, utilizing donations, volunteer services, and educational programs to support and develop local communities. The company also contributes to various public welfare activities through its product chain and its own efforts, actively giving back to society.

I. Social Participation

1. External Organization Participation

Tong Hsing participates in the following industry associations, engaging in various roles through meetings and issue discussions. This involvement allows the company to collaborate with external associations, enhance competitive advantages, and promote social participation.

Organization	Role
Taiwan Electrical and Electronic Manufacturers' Association	• Corporate Membership
Micro Sensors and Actuators Technology Consortium (mSAT)	• Corporate Membership
Taiwan Independent Director Association (TIDA)	• Corporate Membership
Taiwan Printed Circuit Association (TPCA)	• Corporate Membership
SEMI Taiwan	• Corporate Membership • Committee Member
AI on Chip Taiwan Alliance(AITA)	• Corporate Membership
Taiwan Corporate Governance Association (TCGA)	• Corporate Membership
Taiwan Institute for Sustainable Energy (TAISE)	• Corporate Membership • Director
Common Wealth Sustainability (CWS)	• Corporate Membership

2. Tsinghua University Department of Environmental and Cultural Resources Corporate Visit

In October 2023, Tong Hsing's Zhubei Plant collaborated with Tsinghua University's Department of Environmental and Cultural Resources for a corporate visit. Under the guidance of Professor Yang Chung-Han, 17 undergraduate students and faculty visited the Chang-Yih office for an industry-academic exchange. This visit aimed to align industrial practices with university ESG initiatives and foster green work thinking in local talent. Tong Hsing prepared three interactive sessions for the visit: (1) Green financial strategies in manufacturing, (2) Sustainable practices, and (3) An overview of information security. The company provided questions for the students to answer, and after the visit, students' feedback through their final reports reflected their innovative capabilities regarding sustainability. A satisfaction survey indicated that the visit increased students' interest in the company's stock, news, and sustainability reports.

Company Questions	Final Report Results
Carbon-Sequestering Tree Species Planning by Area	<ol style="list-style-type: none"> 1. Developed a tree species plan that balances space constraints and costs while providing green landscaping and soil carbon sequestration. 2. Identified suitable low-elevation native species for northern regions. 3. Explored carbon capture, storage, and utilization (CCSU) knowledge through the lens of carbon sequestration and shared key findings with Tong Hsing.
Educational Promotion in Remote and Non-Mountainous, Non-Urban Schools	<ol style="list-style-type: none"> 1. Students shared their experiences with Youth Impact Taiwan's English education initiatives in remote areas, noting that the challenge was not a lack of equipment but the quality of teachers and learning opportunities. 2. Recognized the resource scarcity issues faced by "non-mountainous, non-urban" schools, which fall between urban and remote classifications as per public sector standards. 3. Proposed fundraising for resource-lacking schools, depositing funds into an educational savings account with the Ministry of Education, and offering Tong Hsing's recycled ceramic cups as a token of appreciation. 4. Suggested sponsoring performance programs at schools to address the lack of access to arts and music due to transportation issues.
Enhancing Community Engagement as a Sustainability Manager	<ol style="list-style-type: none"> 1. Designed a project named "Tong Hsing's Joy, Community Poem Lines." 2. Recommended utilizing industry expertise to offer free electronic product repair and recycling of e-waste for local residents. 3. Proposed opening the employee cafeteria to community businesses one day a week. 4. Suggested inviting local residents to participate in company Family Day events.

② Satisfaction with the Corporate Visit

Will you pay more attention to Tong Hsing' news, stock, or sustainability reports after today's visit?



II. Public Welfare Activities



1. LED Lighting Replacement for Rural and Non-Mountain, Non-City Schools in New Taipei, Taoyuan, and Hsinchu

Starting in November 2023, the Sustainability Office launched the "Tong Hsing Assistance, Illuminate the Local Community" LED donation project. This initiative partners with Ji LONG ENGINEERING CO., LTD. and volunteer engineers from the factory maintenance center to replace outdated lighting fixtures with eye-friendly, energy-efficient LED lighting in schools located near Tong Hsin's facilities.

With over 13 million people in Taiwan suffering from myopia, and middle and primary schools being peak periods for this condition, Tong Hsin responds to the United Nations Sustainable Development Goal 4: Ensure inclusive, equitable, and quality education and promote lifelong learning. Tong Hsin aims to address the resource disparity between urban and rural areas by prioritizing improvements to the lighting environment in schools located in the counties and cities where our factories are based. The Sustainability Office conducted on-site inspections and visited school principals and general affairs offices to understand the operational conditions, equipment status, and student numbers at each school. After evaluating factors such as transportation, living conditions, and socio-economic status, schools lacking government subsidies and with older, outdated facilities were selected as the first beneficiaries of this sponsorship. This effort not only aims to provide a better classroom lighting environment but also helps alleviate financial pressures due to rising electricity costs. Additionally, it supports the national green energy policy by reducing carbon emissions from electricity use and mitigating temperature increases, contributing to carbon neutrality.

County/City	School	Number of LED lighting	Amount	Beneficiaries	Completion Date
Taoyuan City, Fuxing District	Hsia-Yun Elementary School Kindergarten	13	12,012	34	November 17, 2023
New Taipei City, Yingge District	Zhonghu Elementary School	54	49,896	171	December 14, 2023
Hsinchu County, Xinpu Township	Baoshi Elementary School	74	56,259	98	December 20, 2023
Taoyuan City, Fuxing District	Changxing Elementary School	98	79,928	83	December 26, 2023

Note: The "<Tong Hsing Collaboration, Illuminating the Local Community>" LED public donation project is a cross-year initiative from 2023 to 2024. The results for 2024 will be disclosed in the next sustainability report.

2023 CSR Activities List

January 5, 2023	February 24, 2023	March 6, 2023	March - May 2023	March - April 2023	November - December 2023
Donated 400 packs of mixed nuts to the St. Paul's Care Home in Hsinchu County	Purchased 350 boxes of "All Sugar Apple Are Here" sugar apple from Taitung County Agricultural Company	Sponsored 3 disaster reconnaissance vehicles for the New Taipei City Fire Department's 5 th Brigade	Donated 98 used computers to the Taiwan San Yi Heartfelt Recycled Computer Dream Project	Donated 2,500 rapid test kits to local organizations in Taoyuan	Supported LED lighting upgrades for 239 schools in rural and non-mountainous areas in New Taipei, Taoyuan, and Hsinchu Counties



2. Caring for the Health of Care Institutions: Donated Mixed Nuts to the St. Paul's Care Home

In January 2023, the Sustainability Office visited the St. Paul's Care Home in Hsinchu County and donated 400 packs of mixed nuts. This gesture aimed to ensure that individuals with disabilities receive adequate humanitarian care and nutritional support. As a social welfare institution located in the same county as the JYG Consulting facilities, the St. Paul's Care Home is a key stakeholder for the company. Regular visits are conducted to enhance their interaction with the external community and demonstrate the company's concern for their well-being.

3. Purchased "All Sugar Apple Are Here" Custard Apples from Taitung County Agricultural Products Company

Due to economic impacts, Taitung County's custard apples faced an oversupply with only a few orders at the beginning of 2023, resulting in low prices. Recognizing the rich nutritional value of Taiwanese fruits and caring for employees' health, JYG Consulting encouraged the consumption of local produce. By promoting the eating of fruits and vegetables to reduce carbon emissions and mitigate climate change, the company set an example of sustainable living by purchasing and supporting local agricultural products to reduce food waste.



4. Sponsored Disaster Inspection Vehicles for the Fengming Fire Station of New Taipei City Fire Department

In response to the United Nations Sustainable Development Goal 11 to build inclusive, safe, resilient, and sustainable cities and communities, JYG Consulting demonstrated local solidarity by sponsoring disaster inspection vehicles for the Fengming Fire Station in Yingge District. The donation included one car and two motorcycles, enhancing the efficiency of disaster inspection tasks and safeguarding community safety. On March 6, 2023, JYG Consulting was invited to participate in the completion ceremony of the Fifth Rescue and Emergency Squad's construction project, where Vice Mayor Hsieh Cheng-ta of New Taipei City presented a certificate of appreciation, acknowledging the company's commitment to corporate social responsibility.

5. Participation in the Taiwan San Yi Charity Recycled Computer Dream Project



Since 2022, Tong Hsing has participated for two consecutive years in the Taiwan Sanyi Strategic Development Association's public welfare activity "Your Old Computer, Their New Hope." Led by the IT department, the initiative involves inventorying used computers across the entire group that have reached their age limit but are still functional. These computers are collected and refurbished by the association and then made available for disadvantaged students in national compulsory education to apply for.

Previous results are as follows

Year	Desktop PCs	Laptops	Monitors	Printers	Server Units	Total
2022	34	5	4	0	0	43
2023	44	20	24	3	7	98



6. Public Donation of Rapid Test Kits to Local Institutions in Taoyuan

In Q1 of 2023, following the Lunar New Year holidays, COVID-19 cases surged in Taoyuan. Various institutions, including general nursing homes and elderly care facilities, needed to adhere to the Ministry of Health and Welfare's guidelines by using rapid test kits daily. From March to April 2023, JYG Consulting's sustainability office donated a total of 2,500 rapid test kits to four local institutions in Taoyuan, aiming to reduce the risk of cluster infections.

Institutions	Amount of Rapid Test Kits
Lohas Childcare Center	1,000
Yi Garden Elderly Long-Term Care Center	500
Mu Hsiang Childcare Center	500
Yu De Children's Home	500

Appendix

GRI Standards Index

Statement of Use	Tong Hsing Electronic Industries Ltd. has prepared the report with reference to the GRI Standards for the period from January 1, 2023, to December 31, 2023
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standard	Disclosure	Location	Page
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	About Tong Hsing	1, 4
	2-2 Entities included in the organization's sustainability reporting	About Tong Hsing	1, 4
	2-3 Reporting period, frequency and contact point	Reporting Period	1
	2-4 Restatements of information	Information Recompilation	1
	2-5 External assurance	Appendix: Third-Party verification	105-107
	2-6 Activities, value chain and other business relationships	Chapter 3: Sustainable Supply Chain Management I. Industry Value Chain	47
	2-7 Employees	Chapter 5: Friendly Workplace I. Employee Composition and Diversity	65-66
	2-8 Workers who are not employees	Chapter 5: Friendly Workplace I. Employee Composition and Diversity	65
	2-9 governance structure and composition	Chapter 1: Corporate Governance and Ethical Business Practices I. Corporate Governance Structure	23
	2-10 Nomination and selection of the highest governance body	Chapter 1: Corporate Governance and Ethical Business Practices I. Corporate Governance Structure	23
	2-11 Chair of the highest governance body	Chapter 1: Corporate Governance and Ethical Business Practices I. Corporate Governance Structure	23
	2-12 Role of the highest governance body in overseeing the management of impacts	Impact Definition and Management Mechanism	10
	2-13 Delegation of responsibility for managing impacts	Impact Definition and Management Mechanism	10
	2-14 Role of the highest governance body in sustainability reporting	ESG Implementation Organization	9
	2-15 Conflicts of interest	Chapter 1: Corporate Governance and Ethical Business Practices I. Corporate Governance Structure	26
	2-16 Communication of Critical concerns	Communication and Analysis of Stakeholder Concerns	12
	2-17 Collective knowledge of the highest governance body	Chapter 1: Corporate Governance and Ethical Business Practices I. Corporate Governance Structure	27
	2-18 Evaluation of the performance of the highest governance body	Chapter 1: Corporate Governance and Ethical Business Practices I. Corporate Governance Structure	26

GRI Standard	Disclosure	Location	Page
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Chapter 5: Friendly Workplace II. Talent Recruitment, Retention, and Development	28, 68
	2-20 Process to determine remuneration	Chapter 5: Friendly Workplace II. Talent Recruitment, Retention, and Development	68
	2-21 Annual total compensation ratio	Chapter 1: Corporate Governance and Ethical Business Practices I. Corporate Governance Structure	28
	2-22 Statement on sustainable development strategy	Management Commitment	2
	2-23 Policy commitments	Chapter 4 Sustainable Environment II. Sustainable Environmental Management Policy	53
		Chapter 5: Friendly Workplace III. Human Rights Policy	72
	2-24 Embedding policy commitments	Chapter 4 Sustainable Environment II. Sustainable Environmental Management Policy	53
		Chapter 5: Friendly Workplace III. Human Rights Policy	72
	2-25 Processes to remediate negative impacts	Stakeholder Communication and Response	12-14
	2-26 Mechanisms for seeking advice and raising concerns	Chapter 1: Corporate Governance and Ethical Business Practices II. Ethical Business Practices	30
		Chapter 1: Corporate Governance and Ethical Business Practices II. Ethical Business Practices	29-30
	2-27 Compliance with laws and regulations	Chapter 1: Corporate Governance and Ethical Business Practices V. Regulatory Compliance	34
	2-28 Membership associations	Chapter 6: Social Inclusion I. Social Participation	92
	2-29 Approach to stakeholder engagement	Material Topics Analysis & Stakeholder Engagement	11-14
	2-30 Collective bargaining agreements	Tong Hsing operates well and has not yet established a labor union	NA

GRI Standard	Disclosure	Location	Page
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Topics Analysis & Stakeholder Engagement	17
	3-2 List of material topics	Material Topics Analysis & Stakeholder Engagement	17
1. Corporate Governance and Ethical Business Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	17
GRI 205: Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	Chapter 1: Corporate Governance and Ethical Business Practices II. Ethical Business Practices	29
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Chapter 1: Corporate Governance and Ethical Business Practices II. Ethical Business Practices	30
2. Information Security Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	17
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter 1: Corporate Governance and Ethical Business Practices IV. Information Security Management	32
3. Customer Relationship Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	17

GRI Standard	Disclosure	Location	Page
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Chapter 2: Financial Performance and Innovative Products and Services II. Customer Relationship Management	37
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Chapter 2: Financial Performance and Innovative Products and Services II. (Customer Relationship Management)	37
GRI 417: Marketing and Labeling	417-2 Incidents of non-compliance concerning product and service information and labeling	Chapter 2: Financial Performance and Innovative Products and Services II. (Customer Relationship Management)	37
4. Climate-Related Risks and Opportunities Financial Impact Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	17
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	Chapter 4 Sustainable Environment I. Sustainable Environmental Management Indicators	52
GRI 302: Energy	GRI 302-1 Energy consumption within the organization	Chapter 4 Sustainable Environment VI. Greenhouse Gas Emissions and Energy Resource Management	58
	GRI 302-3 Energy intensity	Chapter 4 Sustainable Environment VI. Greenhouse Gas Emissions and Energy Resource Management	58
GRI 303: Water and Effluents	303-3 Water withdrawal	Chapter 4 Sustainable Environment IV. Water Resource Management	56
	303-4 Water discharge	Chapter 4 Sustainable Environment IV. Water Resource Management	56
	303-5 Water consumption	Chapter 4 Sustainable Environment IV. Water Resource Management	56
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Chapter 4 Sustainable Environment VI. Greenhouse Gas Emissions and Energy Resource Management	59
	305-2 Energy indirect (Scope 2) GHG emissions	Chapter 4 Sustainable Environment VI. Greenhouse Gas Emissions and Energy Resource Management	59
	305-3 Other indirect (Scope 3) GHG emissions	Chapter 4 Sustainable Environment VI. Greenhouse Gas Emissions and Energy Resource Management	59
	305-4 GHG emissions intensity	Chapter 4 Sustainable Environment VI. Greenhouse Gas Emissions and Energy Resource Management	58
	305-5 Reduction of GHG emissions	Chapter 4 Sustainable Environment VI. Greenhouse Gas Emissions and Energy Resource Management	58
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Chapter 4 Sustainable Environment III. Air Pollution Control	55
5. Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics Analysis & Stakeholder Engagement	17
GRI 403: Occupational Health and Safety Management	403-1 Occupational health and safety management system	Chapter 5: Friendly Workplace IV. Occupational Health and Safety	75
	403-2 Hazard identification, risk assessment, and incident investigation	Chapter 5: Friendly Workplace IV. Occupational Health and Safety	77
	403-4 Worker participation, consultation, and communication on occupational health and safety	Chapter 5: Friendly Workplace IV. Occupational Health and Safety	82
	403-5 Worker training on occupational health and safety	Chapter 5: Friendly Workplace IV. Occupational Health and Safety	82
	403-6 Promotion of worker health	Chapter 5: Friendly Workplace IV. Occupational Health and Safety	85
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter 5: Friendly Workplace IV. Occupational Health and Safety	83
	403-8 Workers covered by an occupational health and safety.	Chapter 5: Friendly Workplace IV. Occupational Health and Safety	82
	403-9 Work-related injuries	Chapter 5: Friendly Workplace IV. Occupational Health and Safety	80

SASB Index: Semiconductors

Disclosure Topic	SASB Index No.	Index Disclosure	Disclosure Nature	Page number	Content
GHG Emission	TC-SC-110a.1	Gross global Scope 1 emissions	Quantified	59	Scope 1 717,9752 (tCO ₂ e)
		Number of total emissions from perfluorinated compounds		59	The PFCs emission is 1.9774
	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	59	Starting from the base year of 2023, a 2% reduction is targeted for 2024-2026 compared to the base year. From 2027 to 2030, a 4-8% annual reduction is targeted, aiming for a total carbon reduction of 30% by 2030.
Energy Management in Manufacturing	TC-SC-130a.1	Total energy consumed	Quantified	58	645,701.28 GJ
		Percentage grid electricity		NA	66.26%
		Percentage of energy consumed that is renewable energy		NA	4.99%
Water Management	TC-SC-140a.1	Total water withdrawn	Quantified	56	The Philippine plant faces high water resource stress. Proportion of high-water stress areas: 488,114 / 1,177,869 = 41.4%
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing and percentage recycled	Quantified	57	hazardous waste is 345 metric tons
				NA	Recycling rate: 76.2%
Employee Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Qualitative	73	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	75	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	67	Taipei Plant : 16% Longtan Plant : 13.5% Zhubei Plant : 34.3% Bade Plant :: 20.5% Philippines Plant : 0.1%
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantified	NA	The company does not have the products containing ICE62474 substances
	TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Quantified	NA	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	47	The current raw material supply sources used by our company are sufficient, as described in the supplier management section
Intellectual Property Protection and Competitive Behavior	TC-SC-520a.1	Total monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantified	30	In 2023, there were no violations, and the total financial loss was NT\$0.
Activity Indicators	TC-SC-000.A	The total production output of the company's own production facilities and production service contracts should be disclosed.	Quantified	NA	In 2023, the company's main product output was 2,480,567 units.
	TC-SC-000.B	The proportion of products produced by own equipment.	Quantified	NA	In 2023, the company's main product output was 2,480,567 ea, with 100% produced in its own facilities.

FSC Climate-Related Information Disclosure

Item	Implementation Status
1. Describe the board and management's oversight and governance of climate-related risks and opportunities	The Board of Directors is the highest governing body for climate issues at Tong Hsing. It participates in the formulation of climate-related policies and oversees the execution of related actions, such as risk identification and strategy development across various aspects of the company. This ensures that Tong Hsing can appropriately respond to and adapt to climate-related risks and opportunities.
2. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term)	Chapter 4 Sustainable Environment VII. Climate-Related Risks and Opportunities Financial Impact Assessment
3. Description of the financial impact arising from extreme weather events and transitional actions	Chapter 4 Sustainable Environment VII. Climate-Related Risks and Opportunities Financial Impact Assessment
4. Description of how the climate risk identification, assessment, and management processes are integrated into the overall risk management system	Chapter 4 Sustainable Environment VII. Climate-Related Risks and Opportunities Financial Impact Assessment
5. Description of the used scenarios, parameters, assumptions, analysis factors, and main financial impacts if scenario analysis is used to analyze or assess the resilience against climate change risks	Chapter 4 Sustainable Environment VII. Climate-Related Risks and Opportunities Financial Impact Assessment
6. Description of the content as well as the metrics and targets used for any transition plan to identify and manage physical risks and transition risks for any transition plan to respond or manage climate-related risks	Chapter 4 Sustainable Environment VII. Climate-Related Risks and Opportunities Financial Impact Assessment
7. Description of the basis for pricing if an internal carbon price is used	Pending Execution
8. Description of the activities covered, scope of greenhouse gas emissions, timeframes planned, annual progress and so on if climate-related targets are set; description of the sources and quantity of carbon credits or the quantity of renewable energy certificates (recs) for offset if carbon offset or recs are employed to achieve relevant targets	Starting from the base year of 2023, a 2% reduction is targeted for 2024-2026 compared to the base year. From 2027 to 2030, a 4-8% annual reduction is targeted, aiming for a total carbon reduction of 30% by 2030.
9. GHG inventory and assurance status, reduction targets, strategies and specific action plans	Chapter 4 Sustainable Environment VI. Greenhouse Gas Emissions and Energy Resource Management

1-1 Greenhouse Gas Inventory and Assurance in the Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

State the greenhouse gas emissions (in metric tons of CO₂e), intensity (metric tons of CO₂e per million dollars), and the data coverage scope for the most recent two years.

Year	Emissions (Metric Tons CO ₂ e)	Production Value (Million NTD)	Intensity (Metric Tons CO ₂ e/ Million NTD)	Data Coverage Scope
2022	80,839.23	14,071.59	5.74	Taipei Plant including Taipei Headquarters Office, Zhubei Plant including Chang-Yih Office
2023	87,747.21	11,584.90	7.57	Zhubei Plant including Chang-Yih Office, added Bade Plant

Note: 1. Direct emissions (Scope 1) refer to emissions directly from sources owned or controlled by the company. Energy indirect emissions (Scope 2) are indirect greenhouse gas emissions resulting from the consumption of imported electricity, heat, or steam. Other indirect emissions (Scope 3) are emissions resulting from company activities that are not energy indirect emissions but occur from sources owned or controlled by other companies.

2. The greenhouse gas inventory standards include the Greenhouse Gas Protocol (GHG Protocol), or ISO 14064-1 issued by the International Organization for Standardization (ISO).

3. The intensity of greenhouse gas emissions can be calculated per unit of product, service, or revenue; however, at a minimum, data calculated based on revenue (NT\$ million) should be stated.

1-1-2 Greenhouse Gas Assurance Information

State the assurance details for the most recent two years, including the scope of assurance, the assurance organization, the assurance standards, and the assurance opinions.

Year	Scope of Assurance	Assurance Organization	Assurance Standard	Assurance Opinion
2022	Taiwan Plants + Philippine Plant	TUV NORD	ISO 14064-1	Scope 1, 2: Reasonable assurance; Scope 3: Limited assurance
2023	Taiwan Plants + Philippine Plant	TUV NORD	ISO 14064-1	Scope 1, 2: Reasonable assurance; Scope 3: Limited assurance

Note: 1. The assurance organization complies with the relevant regulations for sustainability report assurance organizations set forth by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

State the baseline year for greenhouse gas reduction, its data, reduction targets, strategies, specific action plans, and progress toward achieving the reduction targets.

Based on the distribution of the company's greenhouse gas emissions, electricity is the primary source of emissions. The company will continue to plan for reductions in electricity usage and increase the use of renewable energy. Using 2023 as the baseline year, the company aims to reduce emissions by 2% annually from 2024 to 2026 compared to the baseline year. From 2027 to 2030, annual reductions of 4-8% are targeted, achieving a 30% carbon reduction by 2030, equivalent to 193,710.38 joules.

Note: 1. The baseline year should be the year in which the greenhouse gas inventory was completed within the boundary of the consolidated financial report. Companies with a capital of over NT\$10 billion that have already completed the inventory as part of the consolidated financial report may use the earlier year as the baseline year. Additionally, the baseline year's data may be calculated using a single year or an average of several years.

FSC Requirements for Sustainability Disclosure Index – Semiconductor Industry

No.	Item	Indicator Type	Annual Disclosure	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, and renewable energy usage rate	Quantitative	645,701.28GJ, 99.9925%, 0.0075%	Gigajoules (GJ), Percentage (%)	
2	Total water withdrawal and total water consumption	Quantitative	1,177,869 m ³ , 173,094 m ³	Cubic meters (m ³)	
3	Weight of hazardous waste generated and recycling percentage	Quantitative	345 t, 76%	Metric tons (t), Percentage (%)	
4	Description of occupational injuries, number of cases, and rates	Quantitative	Page 79-80	Rate (%), Quantity	Please refer to the occupational injury section in the Occupational Safety and Health chapter
5	Disclosure of product life cycle management: Including the weight of scrapped products and electronic waste and recycling percentage <small>(Note 1)</small>	Quantitative	32 t, 52%	Metric tons (t), Percentage (%)	
6	Description of risk management related to the use of key materials	Qualitative	Page 47	Not applicable	Currently, the company's supply of raw materials is sufficient; please refer to the Supplier Management section
7	Total monetary loss due to legal proceedings related to anti-competitive behavior regulations	Quantitative	None	Reporting currency	
8	Main product output by product category	Quantitative	2,480,567 ea	Varies by product type	

TUVNORD

OPINION

Greenhouse Gases Verification Opinion ISO 14064-1 : 2018

Gives to

TONG HSING ELECTRONIC IND. LTD.

Office Address

**No. 88, Ln. 1125, Heping Rd., Bade Dist.,
Taoyuan City, Taiwan (R.O.C.)**

The quantity of Greenhouse Gas of the above organization and found to be in accordance with ISO 14064-3:2019. (detailed information please refer to next page)

Report Year	: 2023
Greenhouse Gases	
Direct Emissions	: 717.9752 CO2-e Tonnes/ year
Energy Indirect Emissions(Category2)	: 62,880.7435 CO2-e Tonnes/ year
Other Indirect Emissions (Category3-6)	: 24,148.4971 CO2-e Tonnes/ year
Sum	: 87,747.216 CO2-e Tonnes/ year
Materiality	: 5%
Reasonable Assurance	: Direct and Energy Indirect Emissions
Limited Assurance	: Category3-6

Opinion No. : GHG-243336057
Version:
Verify Date: 2024-05-16

Issue Date: 2024-06-07

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/tw/en
Page 1 of 3

TUVNORD

OPINION

Appendix to Opinion No. GHG-243336057 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"), No. 88, Ln. 1125, Heping Rd., Bade Dist., Taoyuan City, Taiwan (R.O.C.) for the verification of direct and indirect greenhouse gas emissions in accordance with ISO 14064-3:2019. In the GHG Opinion in the form of GHG report covering GHG emissions of the period 01, Jan., 2023 to 31, Dec., 2023.

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 2023.

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 14064-3:2019.

Location/Boundary of the activities:

Company	Address
TONG HSING ELECTRONIC IND. LTD.	No. 88, Ln. 1125, Heping Rd., Bade Dist., Taoyuan City, Taiwan (R.O.C.)
	No. 55, Ln. 365, Yingdao Rd., Yingde Dist., New Taipei City, Taiwan (R.O.C.)
	No. 108, 88 and 77, Ln. 365, Yingdao Rd., Yingde Dist., New Taipei City, Taiwan (R.O.C.)
	No. 84, Taihe Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)
	Rm. 1,2,3,5,6,7 & 8, 9F., No. 1, Huanke 1st Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.)
	No. 21, Longyuan 5th Rd., Longtan Dist., Taoyuan City, Taiwan (R.O.C.)
	No. 500, Meilong Rd., Longtan Dist., Taoyuan City, Taiwan (R.O.C.)
	103 Prosperity Ave., Camelray Ind'l Park Camtubang, Calamba City Philippines

- Types of GHGs included: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃
- The IPCC 2021 AR6 GWP values are applied in the inventory.
- GHG information for the following period was verified on 06, May, 2024 to 16, May, 2024

Page 2 of 3

TUVNORD

OPINION

Appendix to Opinion No. GHG-243336057 ISO 14064-1 : 2018

The GHG emissions are described as below

GHG emissions categorization	Description	GHG emission (tonnes of CO ₂ e per year)
Direct Emissions/ Category 1	Occur from GHG sources inside organizational boundaries and that are owned or controlled by the organization.	717.9752
Energy Indirect Emissions	Indirect GHG emissions from imported energy	62,880.7435
Indirect Emissions	Category 3 Indirect GHG emissions from transportation	8,220.3959
	Category 4 Indirect GHG emissions from products used by an organization	15,928.1012
	Category 5 Indirect GHG emissions associated with the use of products from the organization	Undisclosed
	Category 6 Other sources	Undisclosed
Direct Emissions and Indirect Emissions		87,747.216

The GHG emissions categorization are based on Annex B of ISO14064-1:2018.
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/tw/en
Page 3 of 3

Statement of Assurance

確信聲明書

同欣電子工業股份有限公司永續報告書

台灣德國北德技術監理顧問股份有限公司(簡稱 TUV NORD)接受同欣電子工業股份有限公司(以下簡稱同欣電子)的委託，根據 AA1000 保證標準第三版與 GRI 永續性報導準則 (GRI 準則) 及相關依據標準，執行 2023 年永續報告書查證(以下稱永續報告書)。

聲明書範疇及依據標準

- 確信範疇與同欣電子 2023 年永續報告書揭露範疇一致，報考期間為 2023 年 1 月 1 日至 2023 年 12 月 31 日。
- 依照 AA1000 保證標準第三版第一應用類型查證同欣電子遵循 AA1000 當責性原則的要求，不包含對於報告書揭露的資訊/數據之可信程度的查證。
- 永續會計準則委員會 (Sustainability Accounting Standards Board, SASB) 半導體行業永續會計指標。
- 臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」半導體產業加強揭露永續指標。
- TCFD 氣候相關財務揭露建議。

預期使用者

本聲明書的預期使用者為同欣電子的利害關係人。

保證型態與等級

依照 AA1000 保證標準第三版的第一應用類型，中度保證等級的要求。

意見聲明

同欣電子參考 GRI 永續報導與 AA1000 包容性、重大性、回應性及衝擊性的相關準則，永續報告書內容呈現了高階主管的承諾、利益相關者的需求與期待，完成了有效的整合並達成永續發展績效指標，TUV NORD 確信其對於環境、社會及治理等資訊的呈現是正確的。

確信同欣電子參考 SASB 半導體行業永續會計指標揭露相關主題。

確信同欣電子參考臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」半導體產業加強揭露永續指標。

確信同欣電子參考 TCFD 氣候相關財務揭露建議，揭露相關指標。

第 1 頁，共 3 頁

查證方法

我們的查證服務係根據前述依據準則與 TUV NORD 永續報告書查證協定規定，就永續報告書的查證進行規劃與執行。我們的查證包含下列活動：

- * 如報告中提及，收集相關績效指標的客觀證據。
- * 確信本地或國家法規的預期：公眾觀點及/或專家意見中提出的國際標準與此類一般性考量相關事項。
- * 文件於 GRI 準則應用需求背景下審查紀錄與報告內容評估。
- * 與經理和相關工作人員就公司對於利害關係人關注議題進行討論。
- * 與涉及永續發展管理、收集資訊與報告準備的相關人員訪談。
- * 詢問重要的組織發展及範圍內外審計結果。
- * 針對 AA1000 (2018) 當責性原則及其它依據標準要求進行審查。

結論

報告書中針對包容性、重大性、回應性及衝擊性等 AA1000 當責性原則查證結果如下：

包容性

同欣電子透過問卷方式，鑑別對利害關係人及其關注之議題，經永續發展委員會與利害關係人的議會，由 21 永續主題中包含經濟、治理、社會、人環及氣候的衝擊等，決定 5 項重大議題。

重大性

同欣電子參考 GRI 準則的指引、SASB 半導體行業永續會計指標揭露相關主題、臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」半導體產業加強揭露永續指標暨 TCFD 氣候相關財務揭露建議之指標，綜合考量對公司的影響程度，完整揭露公司的重大風險及機會並界定出報告書重大主題優先順序。

回應性

同欣電子永續報告書清楚說明永續性與組織策略的關係及重大主題對應的績效指標及其達成狀況，充分回應利害關係者關注的重大議題。

衝擊性

同欣電子永續報告書完整的鑑別出重大主題，足以反映組織在經濟、環境及社會的顯著衝擊，並已建立關鍵的流程以監督、量測該衝擊的影響性，透過公司的治理建立短、中、長期的因應策略規劃。

第 2 頁，共 3 頁

GRI 永續報告準則

同欣電子永續報告書，參考 GRI 1-GRI 3 通用準則及 GRI 200 系列、GRI 300 系列及 GRI 400 系列的主題準則，符合應揭露事項的要求。

限制

同欣電子財務報告由該公司委任之安侯建業聯合會計師事務所簽證。

獨立聲明與組織

TUV NORD 集團是監督、測試與認證的領導者，在全球超過 150 個以上的國家經營事業與提供服務，服務內容包含管理系統與產品證明、品質、環安衛、社會與道德審核及訓練；企業永續報告確信。

TUV NORD 與同欣電子為相互獨立的組織，在執行永續報告書查證時與同欣電子或是其任何附屬機構與利害關係人並無利益衝突。關於同欣電子的永續報告書，TUV NORD 依據與同欣電子議定的查證範疇進行確信，不負有或承擔任何有關法律或其他之責任，預期使用者對於報告書內容的任何問題，由同欣電子負責回應。

查證團隊由 ISO 9001、ISO 14001、ISO 14064-1、ISO 14067、ISO 45001、SA 8000、ISO 50001、ISO 27001 等經驗豐富的主任評審員組成，並受過 AA1000 AS v3 當責性訓練的 CSAP 查證執業資格認證，查證團隊根據其資格、廣博的知識以及產業的經驗，於本委派任務中提供專業意見。

本聲明書若與英文版存在翻譯上的差異性時，請以英文版為準。

Jack Yeh
總經理

簽發日期：2024 年 09 月 09 日
台灣德國北德技術監理顧問股份有限公司
台灣 10669 台北市敦化南路 2 段 333 號 9 樓 A1 室

AA1000
Licensed Assurance Provider
00075

第 3 頁，共 3 頁

TUVNORD

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 2023 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 2023 Sustainability Report, which covers the period from 1 January 2023 to 31 December 2023.
- 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 1 that does not include verification of the reliability of the information/data disclosed in the report.
- 3) Sustainability Accounting Standards Board (SASB) Semiconductor sector sustainability accounting metrics.
- 4) Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Sustainability Disclosure Indicators – Semiconductor Industry.
- 5) 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 1, Moderate of Assurance Level.

Opinion Statement

TONG HSING ELECTRONIC refers to 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 Semiconductor sector sustainability accounting standards to disclose

Page 1 of 4

TUVNORD

relevant metrics

We assure that TONG HSING ELECTRONIC refers to Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Sustainability Disclosure Indicators – Semiconductor Industry.

We assure that TONG HSING ELECTRONIC refers to TCFD's climate-related financial disclosure recommendations and discloses relevant metrics.

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 identifies 8 stakeholders and their concerns via the questionnaire method, and decides materiality through stakeholder discussions, sustainability committees and experts. There are 5 material topics determined among the 21 sustainability topics including economic, governance, social, human rights and climate impact.

Materiality

TONG HSING ELECTRONIC refers to the GRI Guidelines ,SASB Semiconductor sector sustainability Indicators disclosure related metrics, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed

Page 2 of 4

TUVNORD

Companies, Sustainability Disclosure Indicators – Semiconductor Industry and TCFD climate related financial disclosure proposed indicators to fully disclose the company's material risks and opportunities, taking into account the extent of impact on the company and prioritize the materiality of the report.

Responsiveness

TONG HSING ELECTRONIC 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 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 Sustainability Report refers to the GRI 1 to GRI 3 universal Standards and the GRI 200 Series, GRI 300 Series and GRI 400 Series topic standards, and meet the requirements for disclosure.

Limitations

The financial report was certified by Klynveld Peat Marwick Goerdeler (KPMG Taiwan), 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 150 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 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 the TONG HSING ELECTRONIC 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.

Page 3 of 4

TUVNORD

The verification team is composed of experienced chief reviewers such as ISO 9001, ISO 14001, ISO 14064-1, ISO 14067, 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.

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General Manager

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Page 4 of 4