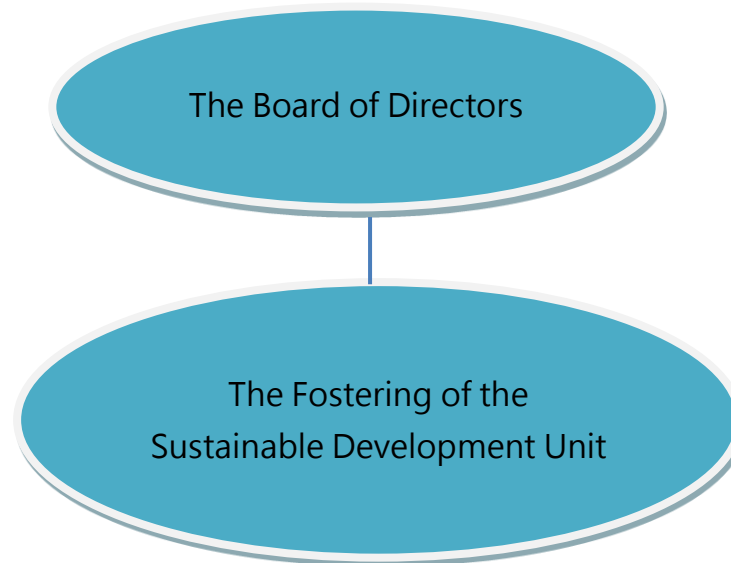


## A. The Fostering of the Sustainable Development Governance Structure



The company has assigned the administration department as the dedicated unit to commit the sustainable development and the vice president as the convener in 2021, we will integrate the sustainable development into our business strategy by using a purposeful, systematic and organized approach to a long-term fulfilled Corporate Social Responsibility.

## B. Sustainable Development Implementation -- 2023

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		<p>1.The sustainable development has been integrated into our business strategy purposefully, systematically and organized approach to fulfill the CSR, hence the “Sustainability Development Unit” was set up in 2021 and approved by the Board on Jan 18, 2022 as the highest level for decision-making and assigned the vice president Lee Chih-chin as the convener, bringing together the senior managers from different fields to view the core operational competence which lays out the medium-term and long-term sustainable development plans.</p> <p>2.The “Sustainability Development Unit” integrates the sources vertically and horizontally and interdepartmental communication, with this approach to verify the crucial sustainable issues which are concerned by the company operation and the stakeholder, to scheme the strategy and plan and the relevant budgets required by departments, the annual execution plan and to follow up the progress to ensure sustainable development strategy to be fulfilled in company daily operation.</p> <p>3.The “Sustainability Development Unit” will report its fulfillment and future scheme. The report was presented to the Board on November 10,2023 which covered (1) The identification of the pressing issues on sustainability and the responding plan (2) the objectives and the amendments (3) supervision of the fulfillment and report the progress.</p>	No material difference.
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2)	V		<p>1. In Nov 2021, the board of directors approved the establishment of the “Risk Management Policies and Procedures” as the Company’s overarching guiding principle for risk management. The Company would evaluate risks on an annual basis and formulate and implement risk management policies covering mechanisms such as management objectives, organizational structure, division of authority and responsibility and risk management procedures to effectively identify, measure and control the various risks of the Company and to contain the risks arising from business activities within an acceptable range. The 2023 Risk Identification and Mitigation Measures report has been submitted to the Board of Directors on November 10,2023.</p>	No material difference.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Illustration													
			<p>2. The Company undertakes to integrate and manage all potential strategic, operational, financial and hazard risks that may affect its operations and profitability in a proactive and cost-effective manner, to assess annually the frequency of risk events and the severity of their impact on the Company’s operations, to define the priority and level of risk, and to adopt corresponding risk management strategies according to the level of risk.</p> <p>3.The Company’s risk management system covers “strategic risk,” “operational risk,” “financial risk,” “hazard risk” and “other risks.”</p> <p>The Company’s risk identification and mitigation measures for 2023 are as follows:</p> <table border="1"> <thead> <tr> <th>Major Issue</th> <th>Risk</th> <th>Relevant Issue</th> <th>Risk Mitigation Measures</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Environment</td> <td rowspan="3">Hazard</td> <td>Climate Change</td> <td> <ul style="list-style-type: none"> <li>Continuously mindful of the international climate change risk alarming information, mitigation and adjustments.</li> <li>Research for the energy efficiency opportunities via internal GHG accounting.</li> </ul> </td> </tr> <tr> <td>Energy Crisis</td> <td> <ul style="list-style-type: none"> <li>The climate risks are inclusive of the new factory site selection and design which include ground elevation, industrial reservoir, self-generated energy designs to steer clear of the production being impacted by the climate disasters.</li> <li>Emergency power generators in case of power supply shutdown.</li> </ul> </td> </tr> <tr> <td>Waste</td> <td> <ul style="list-style-type: none"> <li>Improvement of the product yield rate to avoid</li> </ul> </td> </tr> </tbody> </table>	Major Issue	Risk	Relevant Issue	Risk Mitigation Measures	Environment	Hazard	Climate Change	<ul style="list-style-type: none"> <li>Continuously mindful of the international climate change risk alarming information, mitigation and adjustments.</li> <li>Research for the energy efficiency opportunities via internal GHG accounting.</li> </ul>	Energy Crisis	<ul style="list-style-type: none"> <li>The climate risks are inclusive of the new factory site selection and design which include ground elevation, industrial reservoir, self-generated energy designs to steer clear of the production being impacted by the climate disasters.</li> <li>Emergency power generators in case of power supply shutdown.</li> </ul>	Waste	<ul style="list-style-type: none"> <li>Improvement of the product yield rate to avoid</li> </ul>	
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	Yes	No	Abstract Illustration		
				<ul style="list-style-type: none"> <li>wasting resources.</li> <li>• Improvement of the wastes recycle with a qualified company.</li> </ul>	
			Society	<ul style="list-style-type: none"> <li>• Conducting the talent view periodically.</li> <li>• Mapping out and carrying out employee training and development programs.</li> <li>• Designing competitive compensation and employee benefit plans.</li> </ul>	
				Other	<ul style="list-style-type: none"> <li>infectious disease</li> <li>• Setting up a task force in each factory to draw up a pandemic prevention plan and implement it.</li> <li>• Remote offices using information tools.</li> </ul>
			Corporate Governance	<ul style="list-style-type: none"> <li>Changes in industry markets/ competitors</li> <li>• Accelerating the deployment of production lines in Southeast Asia and continuing to automate production lines to reduce manpower demand.</li> <li>• Continuing to upgrade technology and production processes both domestically and internationally.</li> </ul>	
				Strategy	<ul style="list-style-type: none"> <li>Policies and regulations</li> <li>• Continuously watching and keeping abreast of changes in laws and regulations in the countries where the Company’s production sites are located to avoid operational risks arising from such changes.</li> <li>• To regulate the management measures in compliance with the regulations and law.</li> </ul>
				Operation	<ul style="list-style-type: none"> <li>Customers</li> <li>• Promoting projects in line with customers’</li> </ul>



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<p>3. Environmental issues</p> <p>1) Does the company establish proper environmental management systems based on the characteristics of its industry?</p> <p>2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>1) 1. The Company’s waste is collected and recycled by an operator with a waste clearance and disposal permit.</p> <p>2. The Company has obtained ISO14001 certification, the validity period and the scope of coverage for which are available on its website <a href="https://www.cosmo-ic.com/tw/download/index.aspx?kind=3">https://www.cosmo-ic.com/tw/download/index.aspx?kind=3</a></p> <p>2) The Company strives to push for digitization and to reduce the amount of paper used for documents. In addition, the production activities in Taiwan affect the environment by generating harmful environmental factors such as dust, sewage, waste, toxicity and noise, which are all tested in accordance with the regulations and the results are reported to the competent authorities, but we continue to minimize the environmental impact produced by domestic and business activities.</p> <p>3) The measures taken to address the potential risks of climate change assessed to the Company now and in the future are as follows:</p> <p>1. Incorporating climate risk into the location and construction of the new plant, including the design of the raised foundations, cisterns and own power generation, to avoid disruptions to production due to climate hazards.</p> <p>2. Providing diesel power supply units at sites prone to power shortages to cater for temporary power</p>	<p>1) No material difference.</p> <p>2) No material difference.</p> <p>3) No material difference.</p>									

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4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>interruptions.</p> <p>3. Keeping abreast of international climate change risk warning information, as well as climate change risk mitigation and adaptation recommendations.</p> <p>4) 1. The Company’s GHG (CO2) emissions for the last two years, the water consumption and total waste are as follows:</p> <p>1.1 The direct emissions (Scope 1): mainly from Stationary Pollution Sources (diesel for emergency generators), mobile combustion (gasoline consumption by company car), Fugitive Dust Air Pollution (coolant, septic tank and fire extinguisher) which will be included in the emissions accounting in 2023.</p> <p>1.2 The indirect emissions (scope 2): mainly from purchased electricity which accounts for 90% the total emissions.</p> <p>1.3 The waste: mainly from production waste (non-hazardous), scraps (non-hazardous), packing waste and daily general waste produced by the staff, the manufacturing process waste and scrapes are disposed in comply with the requirements by the local governments.</p> <p>1.4 Emissions accounting coverage: Yilan Longde factory 2 (16, Ziqiang Road, Da Hsin Village, Dongshan Township, Yilan County, and No 18, Dexing 6th Road Yilan Dongshan factory: No. 396, Lupu Rd., Dongshan Township, Yilan County) and the dormitory.</p> <p>1.5 Accounting period: January 1,2023 to Septemberr 30, 2023</p> <table border="1"> <thead> <tr> <th>Category</th> <th>2023</th> <th>2022</th> <th>2021</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Direct Emissions (Scope 1) GHG emissions Unit: tonnes CO2e/year)</td> <td>36.758</td> <td>NA</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>Indirect Emissions (Scope 2) (GHG emissions Unit: tonnes CO2e/year)</td> <td>1,588.408</td> <td>2,861.46</td> <td>2,916.50</td> <td>2,357.19</td> </tr> <tr> <td>Water Consumption</td> <td>7,887 m<sup>3</sup></td> <td>10,774 m<sup>3</sup></td> <td>10,435 m<sup>3</sup></td> <td>8,648 m<sup>3</sup></td> </tr> <tr> <td>Total weight of waste - non-hazardous</td> <td>28,100 KG</td> <td>57,970 KG</td> <td>47,230 KG</td> <td>40,870 KG</td> </tr> <tr> <td>Total weight of waste - hazardous</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>2.The Company continues to promote the energy accounting and carbon reduction, cutting GHG emissions by approx. 1.89% in 2022 compared to 2021 as a result of eliminating old and high power consumption machine. The relevant greenhouse gas emissions information is disclosed on the MOPS</p>	Category	2023	2022	2021	2020	Direct Emissions (Scope 1) GHG emissions Unit: tonnes CO2e/year)	36.758	NA	NA	NA	Indirect Emissions (Scope 2) (GHG emissions Unit: tonnes CO2e/year)	1,588.408	2,861.46	2,916.50	2,357.19	Water Consumption	7,887 m <sup>3</sup>	10,774 m <sup>3</sup>	10,435 m <sup>3</sup>	8,648 m <sup>3</sup>	Total weight of waste - non-hazardous	28,100 KG	57,970 KG	47,230 KG	40,870 KG	Total weight of waste - hazardous	0	0	0	0	4) No material difference.
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			<p>for public inquiry</p> <p>3.The Company’s ongoing policy initiatives to push for GHG reduction and water conservation management are as follows:</p> <p>(1) The Company has introduced an electronic document system for a paperless office, making it easy to operate, saving time and significantly reducing paper consumption.</p> <p>(2) Switching to electronic signatures for regular processes saves time and cuts paper consumption.</p> <p>(3) Lights are turned off when leaving and checked again at the end of the day to ensure that the power is off.</p> <p>(4) The room air conditioning temperature is set at 26 °C.</p> <p>(5) To achieve the energy saving and carbon reduction targets, high efficiency facilities such as LED lamps, automated sensor lights and related energy saving labeled products will be used.</p>					
<p>4. Social issues</p> <p>1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>1) Cosmo Electronics Corp. is committed to the Responsible Business Alliance (RBA), and to fulfill its CSR and protect the basic human rights of all its employees, it upholds and respects the principles enshrined in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the UN International Labor Organization, and it will not commit any human rights violations or infringements and clearly states that it will treat all employees with fairness and equity. Cosmo Electronics Corp.’s human rights policy applies to the Company and each of its operating locations, and complies with labor and gender equality in employment laws and regulations where it operates, and it has formulated and enforces human rights protection and labor policies.</p> <table border="1"> <thead> <tr> <th>Human Rights Issue</th> <th>Management</th> </tr> </thead> <tbody> <tr> <td>Diversity and inclusion (D&amp;I) and Equity</td> <td> <p>1.To provide employees with a gender equality, diverse work place, upholding the openness, fairness and no discrimination is allowed on the basis of age, sex, physical and mental disabilities, race, religion, political stance or pregnancy.</p> <p>2.To eliminate any form of forced labor, employment discrimination, sexual harassment and disrespect of privacy to create an equal opportunity, respectful, safe, equitable and free of discrimination and harassment work environment.</p> <p>3.To fulfill internal control in recruitment process, the hiring posts will</p> </td> </tr> </tbody> </table>	Human Rights Issue	Management	Diversity and inclusion (D&I) and Equity	<p>1.To provide employees with a gender equality, diverse work place, upholding the openness, fairness and no discrimination is allowed on the basis of age, sex, physical and mental disabilities, race, religion, political stance or pregnancy.</p> <p>2.To eliminate any form of forced labor, employment discrimination, sexual harassment and disrespect of privacy to create an equal opportunity, respectful, safe, equitable and free of discrimination and harassment work environment.</p> <p>3.To fulfill internal control in recruitment process, the hiring posts will</p>	1) No material difference.
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			comply with the discrimination rules, prior to an interview, the interviewer is well informed that any non-job-related personal information shall be avoided and will be monitored by the internal control unit.	
			Against child labor	1.In conformity with the local laws on minimum age requirements and the company’s internal control rules, the interviewee is required to present identity document to prevent from child laboring. 2. As of September 2023, the Company did not employ any child labor.
			Meet the minimum wage	To provide more than required minimum wage and employee welfare in accordance with the local government requirements.
			Reasonable working hours	The Internal control of the performance appraisal and employee management stipulate the attendance and work overtime. No mandatory overtime is allowed without employees’ consent and will provide overtime pay or compensatory leave. The working hours meet the local government requirements and will care and manage employees’ attendance regularly.
			Safety in the work place	1.A well-implemented safety and hygiene measures to create a healthy, safe and caring work environment for the employees, therefore they can benefit from this spiritually and mentally. The adaptation of a zero tolerance approach for occupational accident in the factory. 2. The Prevention and Management of Unlawful Infringement in the Performance of Duties put in place to ensure the work place is safe. 3.Training for the occupational safety includes : fire safety, first aid personnel training, CPR and AED, personnel assignment in charge of occupational safety and health. 4.A well-planned anti-sexual harassment prevention and appropriate disciplinary measures have been mapped out, an email <a href="mailto:HR.COSMO@cosmo-inc.com">HR.COSMO@cosmo-inc.com</a> is dedicated to file a complaint in order to protect the employee’s right and ensure a safe work environment.
			Labor-management	1.To provide a diverse communication channel, a regular labor-

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons				
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2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<table border="1"> <tr> <td>Consultation</td> <td>management meeting is scheduled to cover company policy, employment benefits and activities. The meeting allows employees to fully express themselves to provide the immediate and necessary assistance they need.</td> </tr> <tr> <td></td> <td>2.The Employees' Welfare Committee is established to hold regular/irregular activities which aims to enhance the interaction and a healthy body &amp; mind between employees.</td> </tr> </table>	Consultation	management meeting is scheduled to cover company policy, employment benefits and activities. The meeting allows employees to fully express themselves to provide the immediate and necessary assistance they need.		2.The Employees' Welfare Committee is established to hold regular/irregular activities which aims to enhance the interaction and a healthy body & mind between employees.	2) No material difference.
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	2.The Employees' Welfare Committee is established to hold regular/irregular activities which aims to enhance the interaction and a healthy body & mind between employees.							
3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>2) 1. The Company has devised and implemented reasonable staff welfare measures, details of which are set out in this Annual Report V. Description of Labor Relations, which are also available on the Company’s website and the MOPS for public inquiry.</p> <p>2. The Company has laid down the “Year-end bonus / Guidelines for Operating Performance Bonus” as the basis for the operating achievements of each business unit, and then adjusts the compensation of employees properly according to the following conditions:</p> <p>(1) Industry salary levels: Salaries are adjusted annually by reference to industry salary surveys and in line with industry salary levels and economic trends.</p> <p>(2) Performance criteria: Salaries are adjusted according to the operational performance of the Company and the performance of individuals, and operational results are duly reflected in the compensation of employees.</p> <p>(3) Promotion criteria: When a staff member is recognized for promotion, the salary will be increased immediately to encourage excellence.</p> <p>3) (1) We hold regular safety training sessions on the use of equipment, workshops, and fire drills for all staff every year.</p> <p>(2) All new recruits are trained in labor safety courses on arrival.</p> <p>(3) Annual testing of organic solvents, exhaust, drainage, heavy metals, etc. by a professional institution is commissioned and control or protective measures are taken immediately when the levels are in excess of what is required by law.</p> <p>(4) As stipulated in the labor safety and health regulations, a labor safety committee and a labor safety and health specialist are in place to regularly monitor and carry out safety inspections in the workplace and improve their duties, and to regularly send staff to vocational training institutions for training as provided for in the regulations.</p> <p>(5) Regular staff health checks are carried out and, in the case of staff working in special</p>	3) No material difference.				

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons							
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<p>4) Does the company provide its employees with career development and training sessions?</p> <p>5) Do the company’s products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</p> <p>6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.</p>	V		<p>environments, special health checks are conducted to enable them to keep track of their condition.</p> <p>(6) Specialist tests on the workplace are regularly undertaken by qualified agents and any abnormalities are promptly rectified.</p> <p>(7) Through systematic execution and regular audits, the Company ensures that environmental and safety protection aspects are properly carried out.</p> <p>The implementation is as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2022</th> <th>As of September 2023</th> </tr> </thead> <tbody> <tr> <td>Labor safety and health training</td> <td rowspan="2">Total 114 hrs / 3,071 persons</td> <td rowspan="2">Total 15 hrs /5 persons</td> </tr> <tr> <td>Fire safety</td> </tr> </tbody> </table>	Item	2022	As of September 2023	Labor safety and health training	Total 114 hrs / 3,071 persons	Total 15 hrs /5 persons	Fire safety	<p>4) No material difference.</p> <p>5) No material difference.</p> <p>6) No material difference.</p>
Item	2022	As of September 2023									
Labor safety and health training	Total 114 hrs / 3,071 persons	Total 15 hrs /5 persons									
Fire safety											

<p>5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?</p>		V	<p>The Company plans to prepare an ESG report in 2025.</p>	<p>It will be implemented in accordance with the policy considering the operating conditions, size and system of the company.</p>
<p>6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: Not applicable.</p>				
<p>7. Other significant information for explaining the implementation status of sustainable development practices:</p> <p>The Board of Directors shall be elected pursuant to the candidate nomination system and are nominated by shareholders and the Board of Directors in consultation with appropriate candidates, then the elected candidates will assemble the Board of Directors. The Company advocates the principle of fairness, justness and openness to fulfill the diversity based on the company's business operations, operating model and development needs pursuant to the "Corporation by-laws," "Corporate Governance Best Practice Principles" and "Procedures for Election of Directors".</p> <p>The re-election of the Board of the Directors held in 2021 with 9 members which 3 independent directors included. The professional knowledge (ex. legal, accounting, industry, financing, marketing or technology), professional skills (ex. operational judgement, accounting and financing analytic ability, management ability, crisis management, industry knowledge, going globally, leadership, decision-making ability) and whether are capable of the related industry experience, those are being considered when selecting the Board of Directors. The establishment of selecting the candidates for the Board of Directors meets with the criterion and related regulations to ensure the suitable candidates can be identified effectively.</p> <p>The preparation for successor of the managerial level</p> <p>In favor of the company management and operation, the continuing education is scheduled for the important managerial level to ensure they keep abreast of the late important information, the education information includes hours and relevant records are available on the annual report. The Company will conduct the internal education training annually for the managerial level and encourage staff taking external training to strengthen their capabilities for the talent cultivation. Apart from that, the Company conducts performance appraisal every 6 months via observation and interviews to better understand what areas need to be improved and expectations of the staff, the results will be utilized as the reference for the successor planning.</p>				

## C. Electronic GHG Accounting and Verification Schedule, 2023 Execution Updates

Category	Subcategory	Estimated Schedule	September 2023 Update
1. To formulate the GHG Accounting Execution Team	1-1. Dedicated (concurrent) unit	Before 2022/12/31	Done
	1-2. Responsibilities		Done
	1-3 Internal verification unit		Done
2. To schedule execution plan and timetable	2-1 Operational boundary	2023/1/1~2023/3/31	Done
	2-2 The Sources of GHG Emissions Identification	2023/4/1~2024/12/31	As scheduled
	2-3 Activity Data Collection	2025/1/1~2025/12/31	As scheduled
	2-4 Emissions calculation	2026/1/1~2026/6/30	As scheduled
	2-5 GHG emissions compilation	2026/7/1~2026/10/31	As scheduled
3.Accounting Completion		Before 2026/12/31	As scheduled
4. Verification Completion (by a certified verification body)		Before 2028/12/31	As scheduled