



# Syncmold Enterprise Corp. 2022 ESG Report



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## About the Report

This report adopts the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) and voluntarily publishes an annual Corporate Social Responsibility report to illustrate how Syncmold is committed to achieving corporate sustainability and its outcomes. In the future, Syncmold will continue to disclose relevant information on various aspects of the economy, environment, and corporate governance, enabling stakeholders to better understand the company's determination and efforts in the field of corporate social responsibility.

## Scope and Data of the Report

The disclosure period of this report covers the fiscal year 2022 (from January 1, 2022, to December 31, 2022), and the reporting cycle of our company is an annual regular publication.

Current Release Version: September 2023;

Previous Release Version: September 2022;

Next Release Version: September 2024.

This report covers Taiwan Headquarters and various factory locations in Taiwan, excluding domestic and overseas subsidiaries.

### Business Locations:

A. 9th Floor, No. 168 Jiankang Road, Zhonghe District, New Taipei City (Headquarters).

B. 3rd to 5th Floor, No. 348 Shanying Road, Guishan District, Taoyuan City (Factory).

C. No. 6 Min'an Road, Lane 403, Xinzhuang District, New Taipei City (Factory).

The financial data disclosed in this report is sourced from individual financial reports and annual reports verified by accountants. Additionally, some statistical data is sourced from information publicly released by government agencies and relevant websites.

## Basis of Compilation

This report has been prepared in accordance with the 'Core' option of the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI), and reference has also been made to the 'Operating Procedures for Listed Companies in the Preparation and Disclosure of Corporate Social Responsibility Reports.'

## Feedback and Contact Information

If you have any questions or suggestions regarding this report, please feel free to contact us.

Syncmold Enterprise Corp.

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## Message from Management

Since its establishment in July 1979, Syncmold Corporation has undergone several significant transformations. It began with being listed on the over-the-counter market in 2007, followed by a merger with Fulfil in 2008 and subsequent listing on the stock exchange in 2009. By the end of 2019, we embarked on a corporate merger strategy, aiming to lead the group's business portfolio into a new phase.

Profitability is the responsibility of a business, as it enables us to reward shareholders, take care of our employees, and contribute to society. However, Syncmold is not solely concerned with short-term profits. We also focus on the sustainability of our business, expanding horizontally and vertically with our existing capabilities. We anticipate and adapt to trends, delivering high-quality products and services to meet customer needs and grow together with them.

For our customers, we are not only grateful for their long-standing support but also deeply aware that 'customer trust' is a vital intangible asset for the company. Building on trust-based collaborative models, we strive to create win-win situations. Our relationship with customers goes beyond mere business contracts; we see ourselves as strategic partners, enhancing each other's competitiveness.

For our employees, our goal is to select, nurture, utilize, and retain talent effectively, thereby enhancing our human capital. We channel employees' skill development towards strengthening the company's competitiveness, focusing on management indicators such as technology, cost, accuracy, timeliness, and efficiency. We continuously improve our advantages and complement this with a 'people-centric' approach, timely motivation, and reward systems, enabling employees to achieve an ideal balance between personal growth, family care, and organizational goals.

Syncmold has always emphasized institutionalization and systemization, fostering a learning-oriented growth culture, expanding its capital, and developing high-quality talent. In the future, we will continue to fulfill our corporate social responsibility, adding value to our products and services, and laying the foundation for the sustainable development of the company.

Chairman and CEO





Syncmold Enterprise Corp.

# Stakeholders



## 1.1 Stakeholder Engagement

Syncmold Corporation refers to the AA1000 Stakeholder Engagement Standard, using five key identification principles: 'responsibility,' 'influence,' 'concern,' 'dependency,' and 'diverse perspectives,' to identify six major categories of stakeholders. These categories include customers, employees, shareholders/investors, suppliers, government agencies, and community groups. To fulfill our commitment and understand the perspectives of our stakeholders, our company has established a comprehensive communication channel on our official website, providing a platform for all stakeholders to respond and address issues. The table below lists the communication channels, frequencies, and the topics of concern between our company and stakeholders.

Stakeholders	Importance to Syncmold	Communication channel and Frequency	Material issue	Corresponding chapter
Customers	Customer satisfaction with our products and services is key to our sustainability.	<ul style="list-style-type: none"> <li>We maintain contact through email or communication software (instantaneous).</li> <li>Customer satisfaction surveys and improvement efforts (annually).</li> <li>Regular business reviews with key customers and solicitation of improvement suggestions (as needed).</li> </ul>	<ul style="list-style-type: none"> <li>Product quality</li> <li>Product responsibility</li> <li>Delivery management</li> <li>Environmental friendliness</li> <li>Customer relationship management</li> </ul>	1.1 Current Status and Development 2.1 Environmental Policy
Employees	Employees are the company's most valuable asset and one of our top-priority stakeholders. The creativity and retention of our employees are crucial foundations for Syncmold to maintain its leading position in the industry.	<ul style="list-style-type: none"> <li>Conducting employee welfare committee meetings (quarterly).</li> <li>Providing orientation and training for new employees (as needed).</li> <li>Maintaining an internal employee complaint channel (instantaneous).</li> </ul>	<ul style="list-style-type: none"> <li>Employee welfare</li> <li>Occupational health and safety</li> <li>Talent development</li> <li>Employee career planning</li> </ul>	3.1 Employee-Friendly Workplace 3.2 Rights Protection
Shareholders / Investors	Capital investment represents the trust and support of shareholders/investors in the company, enabling Syncmold to continue innovating and advancing in sustainable business operations.	<ul style="list-style-type: none"> <li>Shareholders' meetings (regularly).</li> <li>Corporate briefings (as needed).</li> <li>Public announcements on the Taiwan Stock Exchange (TSE) or the company's website.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Operational performance</li> <li>Sustainability policies</li> </ul>	1.1 Current Status and Development 1.3 Corporate Governance
Suppliers	Suppliers serve as the providers of upstream raw materials and services for Syncmold, making them a crucial support and key strategic partners for the company.	<ul style="list-style-type: none"> <li>Supplier evaluations and visits (annually).</li> <li>Supplier guidance and support (as needed).</li> <li>Exchange meetings (as needed).</li> </ul>	<ul style="list-style-type: none"> <li>Quality, price, delivery time</li> <li>Environmental protection</li> <li>Supplier management</li> <li>Honest and trustworthy</li> </ul>	2.2 Supplier Relationships
Government Agencies	We strictly adhere to government laws and regulations and actively cooperate with national policies to proactively plan our sustainable business strategies with foresight.	<ul style="list-style-type: none"> <li>Disclosure and reporting on the Public Information Observation Website (immediately).</li> <li>Irregular participation in policy discussions and roundtable meetings with regulatory authorities.</li> <li>Maintaining a good interaction with regulatory authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Corporate governance</li> </ul>	1.3 Corporate Governance 3.2 Rights Protection
Community Groups	By understanding the local community through engagement with community groups, our feedback actions can genuinely address local needs, contributing to the creation of a livable and harmonious community.	<ul style="list-style-type: none"> <li>Sponsoring community events (as needed).</li> <li>Participating in charitable and philanthropic activities (as needed).</li> </ul>	<ul style="list-style-type: none"> <li>Community involvement</li> <li>Social contributions</li> <li>Corporate image</li> </ul>	4.1 Social Care and Giving Back 4.2 Community Engagement





## 1.2 Material Issue Analysis

After comprehensive consideration of operational impacts and the level of stakeholder interest, we have identified the following 7 material topics. We have collected data in accordance with GRI (Global Reporting Initiative) guidelines to explain how Syncmold Corporation manages economic, environmental, and social impacts related to these material topics. We have defined organizational boundaries, both internal and external, to ensure transparency and completeness in data disclosure.

Dimension	Material issue	Impacts on Stakeholders	Within the Organization	Outside the Organization				
				Shareholders / Investors	Suppliers	Customers	Community Groups	Government Agencies
Economic	Economic Performance/ Patent Research and Development	Economic performance is a shared goal of business operations, and patent research and development are crucial elements for Syncmold Corporation to maintain market competitiveness and operational performance. Both are also primary factors influencing investor decisions.	●	●		●		
	Regulatory Compliance	Compliance with regulations is the most fundamental requirement of business operations. It impacts our market reputation and brand image and is a subject of joint concern for the media and government agencies. It also influences customer cooperation decisions.	●	●		●		●
Environment	Hazardous Substance Management	Compliance with international hazardous substance regulations like RoHS aligns with customer and international market expectations. The inclusion of supplier adoption and assessment in relevant hazardous substance specifications allows us to leverage industry influence and collaborate with suppliers in creating a green and sustainable supply chain.	●		●	●		
	Customer Health and Safety	Customers are our most important business partners, and the safety and environmental legality of our products influence their purchasing and collaboration decisions. Therefore, our products undergo safety testing and comply with international environmental regulations to avoid any negative impact on the health and safety of our customers.	●			●		
Society	Employee Benefits	Salary levels and benefits policies are key factors influencing employee retention within the company. Employees are the most crucial stakeholders in our business, and as such, we have designed a comprehensive and diverse benefits system that surpasses legal requirements. This approach aims to create a balance between work and life, enhance employee loyalty, and foster a culture of happiness within the company.	●					
	Occupational Health and Safety	Occupational health and safety are concerns shared by both employees and government agencies. Therefore, through the implementation of a comprehensive occupational safety and health self-management system, we aim to minimize operational risks for employees and create a safe workplace environment.	●					●
	Social Care and Giving Back	The company actively participates in various charitable activities to demonstrate its commitment to social responsibility and corporate values. We hope that through these acts of giving back, we can contribute to creating a harmonious society and a happier community.	●				●	





Syncmold Enterprise Corp.

A decorative graphic consisting of four white, semi-circular shapes arranged in a square pattern, with the text 'Corporate Governance' centered within them.

# Corporate Governance



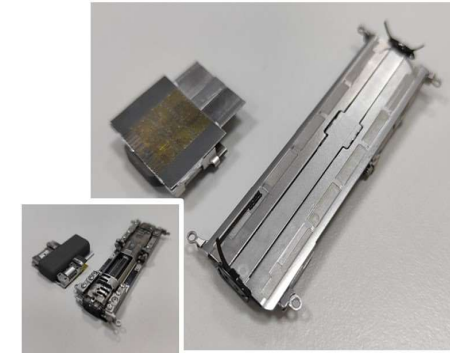


## Main Products and Services

The main services of our company include the design and manufacturing of LCD monitor stands, LCD TV stands, and AIO computer stands. We also provide services related to the design, modeling, and manufacturing of plastic injection molds, plastic injection, aluminum-magnesium alloy die-casting products, and precision stamping products. In terms of product development, our company is actively involved in the development of small precision bearings, which will be used in various 3C products such as folding tablets and laptops, enabling 360-degree rotation.

Product (Service) Categories	Description
Design and Manufacturing of LCD Monitor Stands, LCD TV Stands, and AIO Computer Stands	We design and manufacture LCD monitor stands, LCD TV stands, and AIO computer stands. These stands are designed to meet customer requirements for multi-axis (rotational) or other special functional bases and pivots. We can provide large-scale production at various production sites according to customer needs, improve yields, and introduce automated production processes.
Mold Design and Structure Design	We offer end-to-end development operations for our customers, including product exterior design, structure design, and mold manufacturing. We can take a project from concept to mass production of plastic injection-molded products. Additionally, we provide customers with suggestions for improving new product designs to reduce mold and production costs.
Model Production	In support of new product development, we can provide prototype production for small quantities to reduce mold development risks. These prototype samples can also be used for marketing purposes.
Mold Manufacturing	We use professional design software to create CNC and EDM programs for precision mold manufacturing based on the 2D and 3D files provided by our customers.
Manufacturing of Aluminum Alloy and Magnesium Alloy Components	We specialize in the production of aluminum alloy and magnesium alloy die-cast products, including automotive parts, bicycle components, optical parts, electrical valve bodies, and DIY tools.
Manufacturing of Metal Stamping Parts	We manufacture precision stamping products, including 360-degree swivel bearings, keyboard brackets, heat dissipation products, power supply machine casings, and more.

- Small Precision Bearings



- Monitor Stands

- Monitor Stand Head Bearing Pivot Structure



## Operational Overview

In the review of the year 111, the global economy experienced a significant decline due to multiple pressures, including rapid interest rate hikes, high inflation, and the Ukraine crisis causing energy shortages. The global display panel market also faced increased turbulence, with brand customers maintaining high inventories, leading to a focus on inventory clearance by brand customers and a noticeable contraction in market demand.

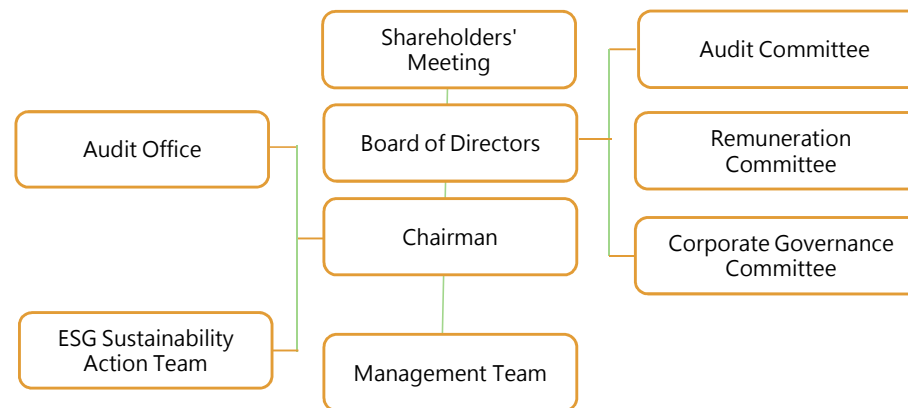
In the face of these industry headwinds, our company strengthened control over raw material procurement and personnel costs. Simultaneously, we committed to diversifying our product offerings and industry transformation, actively engaging in new product development. Coupled with the support of foreign exchange gains from non-core business activities, this resulted in increased revenue and profit for the year 111 compared to the previous year.

## Planning for the Future

In recent years, as the liquid crystal display (LCD) market has become increasingly saturated, we have embarked on an ambitious new product development plan to diversify our revenue sources and reduce concentration risk. This initiative aims to extend our bearing products from the display sector to various 3C applications, foldable pivots, electric vehicles, and other precision products markets. We will gradually increase capital expenditures to seek strategic investment opportunities, hoping to expand our product line and end-user applications through strategic investments, boost group consolidated revenue and profitability, and enhance long-term operational capabilities.

Furthermore, in response to customer demands, we have also been expanding our operational footprint in Southeast Asian facilities, actively improving production efficiency at various locations.

## 2.2 Corporate Organizational Structure



### Board of Directors

Title	Name	Curriculum Vitae
Chairman	Chiu-Lang, Chen	The Chairman of the Company has a professional background in the manufacturing and design of plastic injection molds, as well as business management and administration.
Director	Shu-Yen, Chuang	One of the founding shareholders of the company, with expertise in the plastic injection mold industry.
Director	Fortune Investment Co., Ltd.	Formerly worked at Ernst & Young Certified Public Accountants and Kang Ho Securities, with expertise in finance.
Independent Director	Yung-Lu, Tsai	Holds an MBA from the University of Missouri, USA, and has previously served as Deputy General Manager in the Undcomponents, providing valuable insights for business decision-makingerwriting Department of Fubon Securities. Possesses in-depth knowledge of the electronics industry and electronic.
Independent Director	Shih- Kuang, Tsai	Accountant at T.K, with expertise in finance and accounting.
Independent Director	Da-Ho, Yen	Former Prosecutor General of the Supreme Prosecutors' Office, with expertise in law.
Independent Director	Hui-Chin, Chiu	Former CEO of LITE-ON Technology and current Director/CEO of Catcher Technology Group, with a deep understanding of the trends in the electronics industry, providing insights for business decisions.

## Responsibilities of the Board

The Board of Directors serves as the highest governing body of the company and the central hub for significant business decision-making. Its responsibilities include establishing a robust corporate governance system, appointing, supervising, and guiding the company's management team, strengthening management, overseeing operational performance, preventing conflicts of interest, ensuring compliance with relevant laws, the company's bylaws, or shareholder resolutions, and striving to maximize shareholder value. The Board of Directors is accountable to the shareholders, and the remuneration of directors is reported to the shareholders' meeting after being approved by the Compensation Committee and the Board of Directors.

Through the influence of the Compensation Committee on director performance, it contributes to enhancing the quality and efficiency of the Board of Directors' decision-making, achieving effective management, and overseeing the company's objectives. In addition, Audit and Compensation Committees are established in accordance with securities laws and other relevant regulations, further reinforcing the Board of Directors' functions and enhancing supervision to safeguard shareholder rights and ensure effective corporate governance.

## Board Attendance Status

Title	Name	Gender	Attendance Rate in 2022
Chairman	Chiu-Lang, Chen	Male	100%
Director	Shu-Yen, Chuang	Female	100%
Director	Fortune Investment Co., Ltd.	Male	100%
Independent Director	Yung-Lu, Tsa	Male	100%
Independent Director	Shih- Kuang, Tsa	Male	100%
Independent Director	Da-Ho, Yen	Male	100%
Independent Director	Hui-Chin, Chiu	Male	100%

## Board Diversity Policy

To promote a healthy composition and structure of the board of directors, the company has established Article 20 of the "Corporate Governance Best Practices Guidelines." It states that the composition of the board of directors should consider diversity and formulate appropriate diversity policies based on its own operation, business type, and development needs. This includes criteria such as gender, nationality, age, professional background (e.g., legal, accounting, industry, finance, marketing, and technology), and industry experience.

The current board of directors of the company consists of 7 members, including 3 directors and 4 independent directors. These members possess expertise and experience in areas such as finance, business management, and industry knowledge. Furthermore, to ensure board diversity, female directors account for 14% of the board, and independent directors make up 57% of the board. Among the independent directors in this term, more than half have not served for more than 3 terms, and the age range of the directors spans from 40 to 70 years old.

## Board of Directors Performance Evaluation

Assessment Period	Assessment Targets	Assessment methods	Assessment criteria
2022.01.01 ~ 2022.12.31	Board of Directors	Self-assessment	<ul style="list-style-type: none"> <li>➢ Participation in the company's operations</li> <li>➢ Enhancing the quality of board decisions</li> <li>➢ Board composition and structure</li> <li>➢ Director selection and continuous education</li> <li>➢ Internal controls</li> </ul>
	Individual Board Members	Self-assessment	<ul style="list-style-type: none"> <li>➢ Understanding of company goals and missions</li> <li>➢ Awareness of director responsibilities</li> <li>➢ Participation in the company's operations</li> <li>➢ Internal relationship management and communication</li> <li>➢ Director's expertise and continuous education</li> </ul>



## Audit Committee

In the fiscal year 2020, our company established an Audit Committee in accordance with relevant laws and regulations. The committee is comprised of 4 independent directors, and we have formulated an 'Audit Committee Charter' to guide its operations. The primary objectives of the Audit Committee are to oversee the appropriate presentation of the company's financial statements, the selection (and dismissal) and independence assessment of auditors, the effective implementation of internal controls, compliance with relevant laws and regulations, and the management of existing or potential risks to ensure the company's operations comply with relevant legal requirements.

### Attendance status of the Audit Committee

Title	Name	Actual Attendance	Attendance Rate
Independent Director	Yung-Lu, Tsai	5	100%
Independent Director	Shih- Kuang, Tsai	5	100%
Independent Director	Da-Ho, Yen	5	100%
Independent Director	Hui-Chin, Chiu	5	100%

## Remuneration Committee

The Compensation Committee was established by the Company in December 2011, and the "Compensation Committee Charter" was formulated by the Board of Directors in accordance with relevant laws and regulations. The Compensation Committee consists of 3 independent directors and has the following responsibilities:

- Establish and periodically review policies, systems, standards, and structures for the evaluation of the performance and compensation of directors and executives.
- Regularly assess and determine the compensation of directors and executives.

### Attendance status of the Remuneration Committee

Title	Name	Actual Attendance	Attendance Rate
Independent Director	Da-Ho, Yen	3	100%
Independent Director	Shih- Kuang, Tsai	3	100%
Independent Director	Yung-Lu, Tsai	3	100%

### Functional Committee Performance Evaluation

Assessment Period	評估對象	評估方式	評估項目
2022.01.01 ~ 2022.12.31	Audit Committee	Self-assessment	<ul style="list-style-type: none"> <li>➢ Participation level in company operations</li> <li>➢ Understanding of Functional Committee responsibilities</li> <li>➢ Enhancing the quality of Functional Committee decisions</li> <li>➢ Composition and appointment of Functional Committee members</li> <li>➢ Internal controls</li> </ul>
	Remuneration Committee	Self-assessment	

## 2.3 Operational Performance

In 2022, the global pandemic continued to ravage, impacting various industries and presenting challenges on both the production and economic fronts. At the beginning of 2021, our company faced challenges related to a factory fire incident and production capacity adjustments. Shortly thereafter, we had to contend with rising raw material costs, which compressed product margins, and the impact of exchange rates, all of which led to a decrease in our gross margin and profits in 2021 compared to the previous year. Fortunately, our company swiftly adjusted its business strategy, optimizing product lines to improve production efficiency, with the aim of stabilizing profitability.

### Financial information

unit : NTD in thousands

Item	2021	2022
OPERATING REVENUE	10,194,799	9,809,443
OPERATING COST	8,593,294	8,186,253
OPERATING EXPENSES	1,207,319	1,279,388
PROFIT FROM OPERATIONS	394,186	343,802
NET PROFIT	240,615	377,449
EPS	2.03	3.00

### Profitability analysis

Item		2020	2021	2022
Financial structure	Debt to assets ratio ( % )	46.97	49.31	48.62
	Long term funds to property, plant, and equipment ratio ( % )	405.78	368.20	351.18
Solvency	Current ratio (%)	178.70	207.31	208.08
	Quick ratio (%)	152.48	165.29	177.28
	Interest coverage ratio (times)	5,577.00	1,038.94	1273.73
Operating ability	Return on Assets ( % )	9.11	2.26	3.53
	Return on equity ( % )	16.30	3.94	6.37
	Ratio of net income before tax to paid-in capital ( % )	121.04	31.09	49.10
	Profit margin ( % )	10.09	2.36	3.85

## 2.4 Risk Management

To respond to the increasingly complex sustainability risks faced by the company, we will formulate "Risk Management Best Practices" to assist in identifying potential challenges in the future and enabling timely responses. Our risk identification is based on three major dimensions: economic, environmental, and social. We identify relevant risks that may impact the company's sustainable development and then take risk control measures to reduce, avoid, or transfer risks, aiming to minimize risks as much as possible and even transform them into business opportunities.

Aspects	Risk identification	Risk Explanation	Control Measures
Economic	Financial Risk	The company faces the risk of financial losses due to fluctuations in market risk factors that result in changes in value, causing various types of loss of benefits.	Interest Rate Risk: Depending on the overall financial and operational situation, short-term financing is arranged with the bank, and an agreement is made with the bank to use floating interest rates for interest calculations. Exchange Rate Risk: a. Actively gather information on exchange rate fluctuations to fully understand exchange rate trends. b. Maintain a reasonable portion of foreign currency positions from sales income to support foreign currency procurement expenses. c. Within the limits of foreign currency sales income, engage in forward foreign exchange contracts for hedging purposes as appropriate.
	Operational Risk	This includes factors such as product market saturation, over-concentration in sales/purchases, product obsolescence, and changes in the industry.	<ol style="list-style-type: none"> <li>Establishing overseas production facilities as well as domestic factories to mitigate concentration risk.</li> <li>Continuously researching and developing new technologies to prevent product obsolescence.</li> <li>Strategically merging and integrating resources to develop diversified products for increased revenue momentum.</li> </ol>
	Supply Chain Risk	The risk of supply disruptions affecting product quality, delivery times, pricing, or causing shortages to the company.	Establishing multiple overseas production sites, increasing the number of suppliers to diversify raw material sources, and reducing the risk of concentrated incoming materials.
	Regulatory Risk	The risks arising from non-compliance with domestic and international legal regulations.	Continuously monitor any policies and regulations that may have a significant impact on the company's finances and operations, and establish a legal and intellectual property department to assist the company in complying with regulatory requirements. The audit department is responsible for verifying whether internal control procedures have been developed within the company to ensure that business practices comply with current laws and regulations.
Environment	Climate Change Risk	This includes risks related to climate change and natural disasters.	The company is committed to environmental protection efforts, investing in initiatives such as green research and development, the adoption of eco-friendly materials, the implementation of green factories, deepening energy and water conservation measures, reducing production energy consumption, and enhancing environmental information disclosure. These efforts are aimed at continuously reducing the group's environmental impact.
Society	Human Resources Risk	This includes risks stemming from human rights issues and employee development management, among other topics.	<ol style="list-style-type: none"> <li>Regularly plan and execute employee education, training, and development programs every year.</li> <li>Implement fair compensation policies and comprehensive employee benefit measures.</li> </ol>
	Workplace Safety Risk	Risks arising from employee occupational safety, health, and management.	<ol style="list-style-type: none"> <li>Adhere to internationally recognized fundamental human rights, safeguard all employees, and fulfill corporate social responsibilities.</li> <li>Comply with labor regulations and establish reasonable workplace rules in accordance with the Labor Standards Act.</li> <li>Conduct regular employee health check-ups and health seminars.</li> </ol>

## 2.5 Implementing Ethical Business Practices

### Ethical Business

To establish a culture of integrity and sustainable development within our company, we are actively implementing integrity management at the board and management levels. We have established a Code of Business Conduct, a Code of Ethics, and procedures for reporting and handling illegal, unethical, or dishonest behavior cases. These documents outline specific integrity policies and practices, prohibit dishonest conduct, and provide preventive measures against dishonest behavior. They are also disclosed on the company's intranet for all employees to follow. Additionally, our company conducts moral or ethical education and training for employees at least once a year through letters or other means. We encourage employees to report any violations of relevant laws and regulations to internal audit supervisors, audit committees, or other appropriate personnel. The company has a responsibility to maintain confidentiality and protect the personal safety of whistleblowers, ensuring they are not subjected to retaliation.

### Preventing Insider Trading Activities

The company conducts education and awareness programs at least once a year for directors, executives, and employees on the 'Regulations Governing the Handling of Internal Material Information and Prevention of Insider Trading' and relevant laws and regulations. Timely education and awareness are also provided to newly appointed directors, executives, and employees.

In the year 2022, relevant education and awareness sessions were conducted on November 7, 2022, for current directors and executives. The course content covered how the company can prevent insider trading, along with case studies, totaling 60 hours for 10 participants. The course presentation files were sent to all current directors, executives, and employees.

### Regulatory Compliance

The legal compliance of publicly listed companies is an ongoing and ever-evolving process, requiring continuous adaptation to the directives of regulatory authorities. To avoid regulatory risks such as penalties resulting from overlooking legal requirements, Xinjin Enterprises not only monitors any policies and regulations that may have a significant impact on the company's finances and operations but also establishes a Legal and Intellectual Property Department to assist the company in complying with regulatory requirements. The Audit Department is responsible for verifying whether internal control procedures have been developed within the company and ensuring that these procedures comply with current laws and regulations. This is aimed at establishing a corporate image of overall compliance and achieving the goal of sustainable business operations.







Sustainable Supply Chain



### 3.1 Supply Chain Management Policy

#### New Supplier Evaluation

The company has established Supplier Management Procedures to assist new suppliers in complying with our operations. All newly onboarded suppliers must pass through the following review process and evaluation to become qualified suppliers. The evaluation is conducted by the procurement and audit units according to the following procedures.

#### Supplier Follow-up Evaluation

The Quality Control unit conducts quarterly assessments of each supplier's technical capabilities, quality, continuous supply capacity, and pricing leadership, among other factors, through comprehensive evaluations (written assessments). The evaluation results will affect the supplier's priority for the supply of goods. Suppliers who fail to meet the evaluation criteria will have their qualified supplier status revoked.



Item	Attached Documents
1	Supplier Honest Credit Agreement
2	Confidentiality Agreement
3	Quality Agreement
4	Environmental Assurance Certificate
5	Business Registration Documents
6	Supplier Environmental Agreement
7	Conflict Minerals Declaration
8	ISO Certification
9	Hazardous Substance Testing Report

Assessment Score (%)	Level	Description
91-100	A	Direct Inclusion in the Qualified Supplier List
81-90	B	Upon remediation of audit deficiencies, inclusion in the qualified list is possible
71-80	C	After remediation of audit deficiencies, a reevaluation is required for inclusion in the list.
70 or Below	D	Unqualified Supplier



## 3.2 Sustainable Supply Chain

### Sustainable Supply Chain

To implement corporate social responsibility between our company and suppliers, we have established supplier management procedures. Within these procedures, the supplier evaluation mechanism not only requires our supplier partners to provide competitive quality, delivery times, and technical capabilities but also expects suppliers to fulfill their social responsibilities regarding the environment, labor, and ethical standards. This approach allows our suppliers to understand and align with our values and principles, collectively addressing social issues such as environmental protection, labor, health, and safety.

In our supplier selection investigation, our company explicitly requests suppliers to proactively provide certifications such as ISO 14001 (Environmental Management), ISO 45001 (Occupational Health and Safety Management), ISO 9001 (Quality Management), IECQ QC 080000 (Hazardous Substance Management), and these certifications are included as evaluation criteria in the supplier assessment process. We encourage suppliers to prioritize their company's products and environmental management to align with the mentioned certifications.

Suppliers must pass the evaluation and assessment to become qualified partners with our company, promoting strengthened collaboration. Together, we are committed to environmental preservation and energy conservation. Furthermore, qualified suppliers are required to sign an environmental agreement. This agreement mandates that suppliers must comply with relevant regulations concerning environmental, safety, occupational health, fire safety, labor, and ethical standards.

In the event of any violations of the agreement, suppliers will be immediately requested to make improvements. If there is no substantial improvement in addressing identified deficiencies, their qualified supplier status will be revoked.

### Local Sourcing

Our company has production facilities located globally. In order to reduce transportation costs, carbon emissions, and energy consumption associated with long-distance shipping, our procurement strategy follows a principle of sourcing locally whenever possible. This approach not only promotes energy efficiency and carbon reduction but also contributes to local job opportunities.

#### The requirements typically included in an environmental agreement

1. Provided raw materials must comply with environmental protection regulations.
2. Priority should be given to using processes or equipment that are zero or low in pollution.
3. Priority should be given to using recyclable packaging materials.
4. Suppliers are required to provide necessary environmental protection and occupational safety education and training to their production staff. This is to ensure that in case of accidents, relevant personnel know how to take emergency measures to minimize the impact.

#### Annual Supplier Certification Statistics

Certification Name	ISO 14001	ISO 45001	ISO 9001	QC 080000
2020 Number of Compliant Suppliers	108	37	169	36
2021 Number of Compliant Suppliers	144	43	268	34

A large-scale solar farm is shown at sunset. The sun is low on the horizon, casting a warm, golden glow over the sky and the solar panels. The solar panels are arranged in rows, and their surfaces reflect the light from the sun. The number '04' is overlaid in the center of the image in a large, white, sans-serif font.

04

Sustainable Environmental Conservation



## 4.1 Environmental Policy and Management

### Environmental Policy

The impact of climate change caused by global warming has become a top priority for global climate management. Consequently, countries have been enacting increasingly stringent environmental regulations. To respond to this global trend, our company internally continues to promote various energy-saving and carbon reduction measures. We emphasize environmental protection concepts, encourage all employees to practice them, and hope to gradually reduce greenhouse gas emissions in our offices. By effectively using and managing energy, we aim to lessen our impact on the environment, recognizing that we have only one Earth.

### Compliance with Regulations

Our company has obtained system certifications such as ISO 14001 (Environmental Management) and IECQ QC 080000 (Hazardous Substance Management) in accordance with various domestic and international environmental regulations. Additionally, in line with the "Sustainable Development Pathway for Listed and Over-the-Counter Companies," our company aims to obtain ISO 14064-1 certification by 2028 (currently projected to be achieved by Q2 2024). This commitment ensures the quality and environmental requirements for sustainable operations. We are dedicated to compliance with environmental protection regulations, creating a pollution-free working environment, and ensuring our products adhere to green management and control standards.

### Environmental Management

Our company's greenhouse gas emissions in the domestic setting are primarily indirect emissions, stemming from the electricity consumption for indoor air conditioning and office lighting. To achieve our goal of reducing greenhouse gas emissions, we have formulated the following management policies:

#### A. Pollution Prevention:

Raising awareness among employees about the harmful effects of environmental pollution.

Encouraging active participation and responsibility for environmental protection, including waste reduction, energy conservation, and resource reuse.

Reducing emissions of greenhouse gases like carbon dioxide, thus minimizing our environmental impact.

#### B. Environmental Sustainability:

Fulfilling our corporate responsibility towards the environment.

Actively promoting environmental education and conservation measures.

Implementing energy-saving and carbon-reducing behaviors, such as using eco-friendly cups and utensils, double-sided printing, and reusing paper's blank side.

Encouraging employees to incorporate environmental awareness into their daily lives.

#### C. Energy Management:

Recognizing that electricity consumption is a significant source of greenhouse gas emissions.

Prioritizing energy efficiency by:

- a. Installing motion-sensing lighting in public spaces to avoid unnecessary energy usage.
- b. Upgrading energy-consuming equipment with high-efficiency, energy-saving alternatives like LED lighting.
  - Promoting power-saving practices in offices, such as turning off lights during breaks.
- c. Setting air conditioning temperatures not lower than 25 degrees Celsius, except for specific areas like data centers and equipment zones.
- d. Utilizing natural ventilation in winter by opening windows to improve air circulation and reduce air conditioning usage.
- e. Participating in rooftop solar energy initiatives to align with government green energy policies and fulfill corporate social responsibility.

## Climate Change

According to the World Economic Forum (WEF) Global Risks Report in recent years, it has been assessed that the five major long-term risk categories globally have gradually shifted from "economic issues" in the past to "environmental issues." Furthermore, it is predicted that the top five risks for the next decade will all be environmental risks, including "extreme weather events," "failure of climate action," "natural disasters," and "man-made environmental disasters."

In response to the potential impacts of climate change on the company's future operations, the company not only regularly informs the board of directors and management about the effects of climate change on the company but also follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to govern, strategize, manage risks, establish metrics, and set targets related to climate change. This proactive approach aims to make the company more resilient to climate change, enhancing its competitive advantage.

### 4.2 Greenhouse Gas Management

#### 1. Strategies for Addressing Climate Change or Greenhouse Gas Management

In 2022, our company began planning and implementing greenhouse gas emissions inventory in accordance with the "Sustainable Development Roadmap for Listed and Over-the-Counter Companies." We have also collaborated with our customers to set carbon reduction targets. Our emissions are primarily indirect, stemming from the electrical power used for air conditioning and office lighting. Therefore, we have formulated relevant policies focused on energy conservation to achieve our greenhouse gas reduction goals.

#### 2. Strategies for Addressing Climate Change or Greenhouse Gas Management

Our company's greenhouse gas emissions in the domestic context are primarily indirect emissions, stemming from the electricity consumption related to air conditioning and office lighting. Therefore, we have formulated relevant policies aimed at energy conservation to achieve our goals of reducing greenhouse gas emissions.

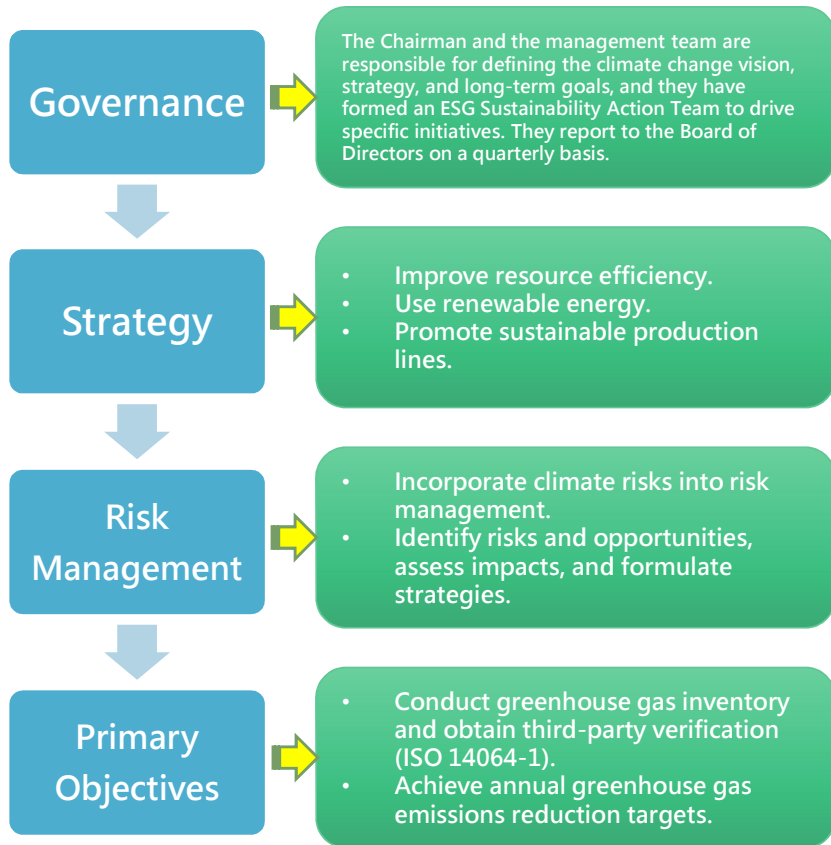
#### 3. Management Goals and Measures for Reducing Greenhouse Gas Emissions

As the primary sources of emissions are related to electricity consumption for air conditioning and office lighting, our company's greenhouse gas emission reduction efforts are divided into two parts: air conditioning and office lighting. In terms of air conditioning, our company has installed ceiling fans to enhance air circulation, which effectively lowers room temperature and reduces the load on air conditioning compressors, thus saving electricity. Regarding office lighting, we have replaced traditional fluorescent bulbs with LED bulbs to reduce electricity demand. Additionally, we actively promote compliance with various government environmental policies to minimize unnecessary waste. Our company aims to achieve an annual reduction of greenhouse gas emissions by at least 1% to progressively decrease our emissions over time.

#### 4. The actual emissions situation

Based on the self-assessment results, the greenhouse gas emissions for Scope 1 in the year 2022 (111年) and 2021 (110年) were approximately 39,408 kilograms and 41,378 kilograms, respectively. The greenhouse gas emissions for Scope 2 in 2022 (111年) and 2021 (110年) were approximately 344,625 kilograms (the increase in emissions in 111年 is due to a revised boundary) and 201,288 kilograms of carbon dioxide equivalent or less. The company is committed to continuing efforts to reduce greenhouse gas emissions. Additionally, the water consumption in 2022 (111年) was approximately 1,537 metric tons, and in 2021 (110年), it was approximately 1,455 metric tons. The total waste generated in 2022 (111年) was approximately 1,483 kilograms, and in 2021 (110年), it was approximately 9,112 kilograms. It's important to note that the company does not generate hazardous waste. These figures reflect the company's commitment to environmental sustainability and its efforts to monitor and reduce its environmental footprint.

## Climate Risk Management Procedure



## Identification of Climate Change Risks, Opportunities, and Response Measures

Risk Categories	Timeframe	Risk identification	Potential Impact	Climate Change Opportunities	Relevant Mitigation Measures
Physical Risks	Long-term Risks	Extreme Climate Risks	Production facilities are exposed to extreme local weather conditions such as heatwaves, heavy rainfall, and hurricanes, which may lead to disruptions in logistics and other related trade activities, impacting production and raw material costs.	Enhance Disaster Resilience to Reduce Operational Disruption Probability and Loss Risk.	Improve Disaster Preparedness Measures.
	Short-term Risks	Energy Shortage Risk	Climate change may result in extreme temperature fluctuations and changes in precipitation patterns. Rising temperatures could lead to increased energy consumption, while alterations in precipitation patterns may affect the availability of water resources.	Cooperate with customers to build factories nearby, which can also save transportation costs.	Collaborate with customers to establish overseas production bases.
Transition Risks	Medium-term Risks	Operational Cost Risk	As the world faces increasingly severe climate impacts, companies will need to address the growing demand from customers for energy-efficient and environmentally friendly products. The development costs for low-carbon environmentally friendly products are expected to rise.	Developing environmentally-friendly products to expand business and service offerings, thereby increasing revenue potential.	Actively invest in the development of environmentally friendly products.
	Short-term Risks	Domestic and International Regulatory Risk	If a company cannot respond promptly to climate change issues and environmental regulations and requirements, it may not only face legal liabilities but also risk losing its product competitiveness.	Reducing the risk of harming the environment for the company and enhancing its corporate image.	Proactively comply with regulatory requirements.



05

Occupational Safety and Health



## 5.1 Human Resources Structure

Employees are the most important partners and assets in business operations. Our company respects and supports the "United Nations Universal Declaration of Human Rights" and complies with local laws and regulations in formulating the "Labor Safety and Health Work Guidelines," "Safety and Health Management Practices," and "Corporate Social Responsibility Guidelines" to ensure the physical and mental health and safety of employees. We are committed to creating a friendly workplace, providing our colleagues with a stable working environment, a diverse education and training system, and a variety of employee benefits, allowing each employee to enjoy their work while balancing their career and family life.

Our company's employment principles are based on merit and suitability. We have a culture of empowerment, where the right people are placed in the right positions, providing opportunities for employees to utilize their strengths. We estimate manpower needs based on production capacity utilization and turnover rates. Through education and training for supervisors at all levels, we strengthen the leadership and management skills of our executives, promoting the retention of excellent talent.

The following are the details of our employees for the years 2020, 2021, and recent years, including the number of new hires and departures, average years of service, average age, gender ratio, and educational distribution:

Item		Annual	2021	2022	2023.03.31
Employees	Direct labor		8	32	34
	Indirect labor		156	209	202
	RD		88	70	70
	合計		252	241	241
Average age			40.72	41.16	41.34
Average tenure			6.34	6.63	6.74
Education distribution (%)	Master's degree		10.31%	8.30%	8.30%
	Bachelor's degree		76.98%	69.29%	69.29%
	High school and below		12.70%	22.41%	22.41%

Category	2021		2022	
	Number	%	Number	%
Male employees	170	67.5%	155	67.5%
Female employees	82	32.2%	86	32.2%
Total number of employees	252	100%	241	100%
Newly hired employees	47	18.6%	65	18.6%
Departed employees	52	20.6%	60	20.6%

## 5.2 Employee Benefits

The company is committed to creating a worry-free work environment for employees, striving to improve various systems and providing a rich array of benefits to ensure that every employee and their families can enjoy a comfortable and pleasant life. We want our employees to feel the care and dedication that the company provides, transforming us into a happy and caring company, which is our self-expectation.

The company established the Employee Welfare Committee in the year 93 of the Republic of China. The committee members are drawn from various departments within the company, and representatives of the Employee Welfare Committee are elected or chosen proportionally based on the number of employees in each department. Regular meetings are held every quarter, during which committee members exercise their relevant powers based on employee input to make decisions regarding employee welfare and plan various employee activities. Employee welfare measures promoted based on these decisions include the following:

- 1) Provide group insurance for all employees, with the company covering the insurance premiums, offering coverage for accidents and medical expenses.
- 2) Offer emergency relief funds to employees who face difficult situations, such as accidents, while in service, leading to financial hardship.
- 3) Provide various subsidies, including marriage gifts, birthday gifts, and condolences for the loss of second-degree relatives of employees.
- 4) Organize various outdoor activities (domestic and international travel, travel subsidies, and departmental gatherings). Due to the COVID-19 pandemic in 2022 and 2023, domestic and international travel activities were canceled, and instead, an epidemic prevention living assistance allowance of NT\$6,000 was provided to each employee.
- 5) Conduct regular health check-ups for employees.
- 6) Provide gifts or bonuses for major holidays.
- 7) Offer childcare subsidies and scholarships for employees' children (In 2022 and 2023, 25 employees applied for childcare subsidies, benefiting a total of 33 young children, with a total subsidy of NT\$198,000, to alleviate the burden of employees with young children).
- 8) Provide discounts on consumption for employees at partner establishments, including hotels, restaurants, and daily necessities suppliers.
- 9) Occasionally negotiate discounts on products with vendors and offer them for sale at the company.
- 10) Organize financial investment seminars to help employees understand market trends.
- 11) In recent years, due to the COVID-19 pandemic, the company regularly distributed epidemic prevention materials to employees.

## Employee Compensation

The company believes that employee compensation is not only a cost but also a tool to demonstrate competitive advantage. Through adjustments in compensation, the company aims to encourage employees to unleash their potential, contribute to their work, create high added value, boost job motivation, enhance team morale, and increase overall organizational productivity.

According to statistics from the Taiwan Stock Exchange, the average salary for non-managerial positions in the electronic components industry is 1,000,000 NTD. The average salary for non-managerial employees in our company is 1,009,000 NTD, which is higher than the industry average. Additionally, the company's average salary falls within the top 20% range among all listed companies, demonstrating our commitment to valuing our employees and offering competitive compensation.

Please note that the figures provided are approximate translations based on the information provided, and actual values may vary.

Salary information for non-managerial employees			Information about competitors
Year	2021	2022	2022
Average Salary	940(thousands)	1,009(thousands)	1,000(thousands)

The average starting salary for new employees	Salary adjustments for non-managerial employees(%)
NTD 38,000	2.0%~5.0%

## Retirement System

The company has established an employee retirement scheme in accordance with the Labor Standards Act. According to this scheme, retirement benefits are calculated based on the employee's years of service and the average salary for the six months prior to retirement. The company makes monthly contributions to the retirement reserve fund as required by law, which is managed by the Labor Pension Supervisory Committee and deposited with the Central Trust of China. Since the implementation of the Labor Pension Act on July 1, 2005, the company also contributes 6% of the retirement benefits for employees who choose to be covered by this act.

## 5.3 Friendly Workplace

In addition to complying with government regulations such as the "Occupational Safety and Health Act" and "Labor Safety and Health Act," the company has established and implemented "Labor Safety and Health Work Guidelines" and "Safety and Health Management Operation Rules" based on ISO 45001 (Occupational Health and Safety Management System) standards. According to these rules, the company has appointed personnel responsible for planning safety and health education and training in various departments, conducting regular supervision and inspection of working environments, and arranging health check-ups for workers.

The company aims to achieve zero occupational accidents and strives for autonomous management, continuous improvement of occupational safety and health performance, reduction of occupational accidents, and the protection of workers' safety and health. It also aims to meet the requirements of relevant authorities, customers, employees, and other stakeholders. All employees are expected to adhere to the procedures and regulations established in the Labor Safety and Health Work Guidelines to maintain the effective operation of the occupational safety and health management system.

In addition to these measures, the company has established a policy to prevent and address sexual harassment. It has set up a dedicated complaint channel and strictly prohibits any acts of sexual harassment, gender discrimination, violence, threats, or intimidation. The company is committed to creating a workplace that promotes gender equality, ensuring the well-being of all employees. In the year 2022 and previous years, there have been no reported cases of discrimination within the company.

### Labor Communication Situation

The company has always adhered to the concept of harmonious labor relations, and all operations are carried out in accordance with the Labor Standards Act. Regular labor-management meetings are held, and internal communication channels are smooth. To date, there have been no major labor disputes.

ISO 45001





# ESG

Social Care



## 6.1 Social Care

With the increasing focus on environmental and social issues, the goals of businesses are no longer solely about profit but also about making a contribution to society. Therefore, our company firmly upholds the spirit of corporate social responsibility (CSR) every year. We actively participate in social welfare initiatives and engage our resources to encourage employees to get involved in social causes. We hope to "give back to society what we gain from it" and work together to create a better life, contributing our efforts to building a harmonious society.



Our company has a long-standing commitment to caring for vulnerable groups, ensuring that they feel warmth even during the pandemic. We encourage employees to donate goods and fundraise for this cause. In the year 2022, we initiated the "Love Home for the Compassionate Friends" charity goods donation activity and group fundraising. This initiative aims to support units in Taiwan that serve individuals with multiple disabilities, and we do our best to contribute to this noble cause.

Chairman Chiu-Lang, Chen donated a fire truck to the New Taipei City Fire Department to improve disaster rescue efficiency in narrow lanes and alleys where access for large fire trucks is challenging. This donation aims to support and enhance disaster response capabilities in New Taipei City.





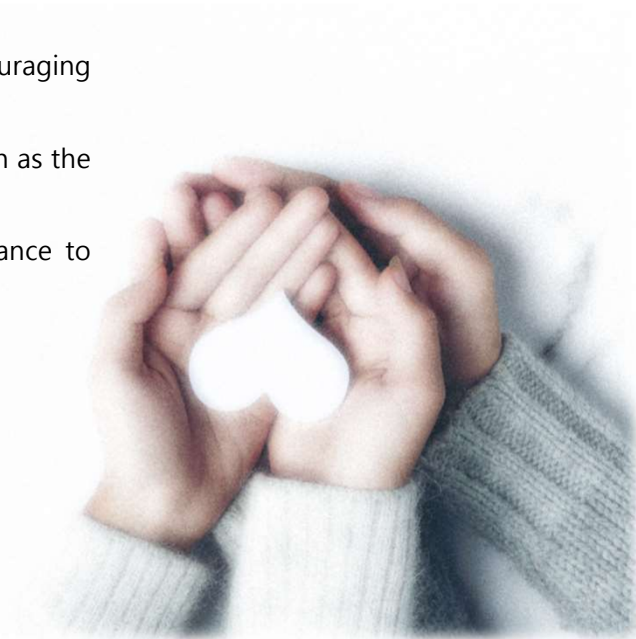
Our company, in collaboration with Greenfiltec Co., Ltd., organizes beach cleanup activities. Through practical actions, we aim to protect Taiwan's marine ecological environment and work together to safeguard our local environment, leaving a clean living environment for the next generation.



Our company has sponsored the "LLB Challenger Cup Charity Baseball Tournament" for four consecutive sessions. This initiative allows children with disabilities who aspire to play baseball but cannot, to experience the joy of playing baseball. It also helps children with special needs gain valuable peer experiences as they grow. For disabled children, baseball activities offer opportunities for motor skills training, foster understanding of rules, improve concentration, and develop social skills. Additionally, it provides an inclusive environment and contributes to the mutual growth of families.

## Other actively participating in social welfare projects

- Continuously making regular donations to organizations serving the underprivileged.
- Providing annual scholarships for financially disadvantaged but academically excellent students to support their education.
- The chairman serving as the executive director of the Crime Victims Protection Association under the Ministry of Justice, contributing to the promotion of victim protection services.
- Distributing Lunar New Year consolation funds in New Taipei City's Xinzhuang and Banqiao districts before the Lunar New Year to low-income families, demonstrating care for the community.
- Donating supplies to the Private Yu-Ai Home in Tainan City.
- Sponsoring and supporting the 5th "LLB Challenger Cup Charity Baseball Game for Disabled Children" and encouraging employees to volunteer at the event.
- Participating in the "Love and Courage Pancake" initiative to spread love and courage, donating to institutions such as the Yilan Home of Love, Kaohsiung Ren'ai Home, and others.
- Serving as a director for the Rehabilitation Protection Association and providing long-term support and assistance to children of incarcerated women at Taoyuan Women's Prison and Yilan Female Correctional Facility.





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