



2022 ESG REPORT
Tai-Tech Advanced
Electronics ESG Report

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About this Report

Welcome to the Environmental, Social, and Governance Report (ESG Report) of Tai-Tech Advanced Electronics Co., Ltd. (hereinafter referred to as “Tai-Tech” or the “Company”). This report can be downloaded from the “Sustainable Operation section ” on Tai-Tech’s official website. This report is voluntarily prepared, primarily to present Tai-Tech’s ESG efforts in 2022 for the reference of our stakeholders. Tai-Tech published its first Corporate Social Responsibility report (now renamed Sustainability Report) in September 2021. Subsequently, a sustainability report will be published regularly each year to meet the expectations of various fields for the sustainable operation of the Company.

Basis for Preparation

This report is formulated with reference to the requirements of the core options of the GRI Standards established by the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDGs) requirements. The goal is to disclose Tai-Tech’s management policies and implementation performance on major topics related to environmental, social and governance. The financial performance disclosed in the report refers to information audited by accounting firm. All amounts are in New Taiwan dollars (NT\$) unless otherwise specified.

Reporting Period and Scope

This report discloses the main business locations of Tai-Tech in the regions of Taiwan and China, and the scope includes ESG related performance and outcome of Taiwan Headquarters, Kunshan Plant, TAIPAQ in 2022 (2022/01/01 to 2022/12/31). For the purpose of comparability of information, some of the information is disclosed for the period from 2020 to 2022.

Internal Review

The information and data in this report were disclosed after a three-stage internal review. In the first stage, the responsible personnel at each department provided information, which was then reviewed by the head of the department; in the second stage, the Finance and Accounting Department compiled the information and completed the report content after confirmation by each department; in the final stage, after this report was verified and approved by the President and the Chairman, it was released to the public.

Report Certification

To ensure the disclosure quality of the ESG Report, the Company/Board of Directors/President entrust an external independent institution PwC Taiwan to verify the compliance with GRI Standards according to Accounting Research and Development Foundation ROC GAAP No. 1, and the limited assurance opinion has been obtained. Please refer to the Appendix for details.

Contact methods

If you have any suggestions or advice regarding this report, please feel free to provide your valuable comments or contact us directly:

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Overview of issuance

Date of first publication: September 2021

Previous edition publication date: September 2022

Current edition publication date: September 2023

Next edition publication date: September 2024



Code of Practice for Sustainable
Development Page

Statement from the Management Team

Messages from the Chairman and the President

Dear friends who care about Tai-Tech's sustainable development:

In 2022, unfavorable macro-economic factors, e.g., war, inflation, interest rate hike, inventory, and the pandemic, substantially impacted the operations of the industry, and are expected to influence the development of the coming years. TAI-TECH Advanced Electronics is not immune from the downward economic climate, seeing both its annual operating revenue and profits down from 2021. Nevertheless, with the trust and support of all stakeholders and under the great effort of all employees, we still yielded the second highest operating revenue and profits, a relatively sparkling performance.

Since the economy of the coming year was still subject to the factors resulting in the economic downturn in 2022, and to the changes brought about by changes incidental to China's lift of its lockdown measures, the Company remains quite conservative about the economic prospect of 2023. On the other hand, the growth that comes with applications of new technologies, e.g., high-speed computing, AI, high-speed networking, 5G, IoT, and future cars, is highly potential and therefore can be fully expected. The Company will fully leverage its core capabilities to continuously develop new products that meet the demand of the said growth markets. To ensure the production of high quality and high reliable products, we incorporate improved quality and reliability into the early stage of product design, process design, and equipment development. We will also continue to upgrade our factories, software, equipment, and shipping procedures, to keep improving our competitiveness, thereby laying a solid foundation for the Company's continuous growth in the future.

As for external competition, inductor components have a variety of applications and are an essential part in ICT products, consumer electronics, and electric cars. Since the market demand is huge, there are multiple competitors, thus fierce competition, in this industry. Over the past decade, the Company has taken the initiative to face and respond to various competition and challenges. The Company will continue to develop key technical capacities in the design and manufacturing of magnetic materials and ferrite cores, and will face external competition with the core competitive advantages of highly automated production.

With regard to the legal environment, the Company has been established for more than 47 years, and all factories in various locations in both Taiwan and China comply with the laws and are committed to the goal of fulfilling corporate social responsibilities. In addition, for changes of the legal environment, the Company also seeks response from professional managerial officers and assistance of legal experts for each facility site in order to comply with the laws and regulations properly.

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

Looking into the future, new generations of electronic end products and applications will continue to emerge and evolve, which will in turn drive further advances of the electronic component industry technologies and result in increased demand and opportunities for ongoing business growth of the Company. In the upcoming years, TAI-TECH Advanced Electronics will actively plan and develop automotive-grade electronics, network communication, high-speed digital computation, and AI. For product development, the Company will focus on satisfying the demands of the aforementioned application fields and will aim at the development direction of miniaturized products, and products of high frequency, high speed, high current resistance, increased working temperature, as well as increased product performance and reduction of current loss. The Company will continue to increase the product added value and to optimize product combination, in order to increase the output ratio of niche products, thereby further improving gross margin performance and profit performance. The planning for future product line will also be executed based on the consideration of the international political and economic status change risk. The Company will expand the production line capacity in the headquarter plant in Taiwan and will continue to focus on the core business along with the practical management philosophy, enhancement of ESG implementation, in order to head toward sustainable operation and to achieve the vision of world first-class inductor supplier with best effort.



President
Ming-Liang Hsieh

Chairman
Hsieh, Ming-Yen

謝明良

謝明彥

About Tai-Tech Advanced Electronics

Company Profile



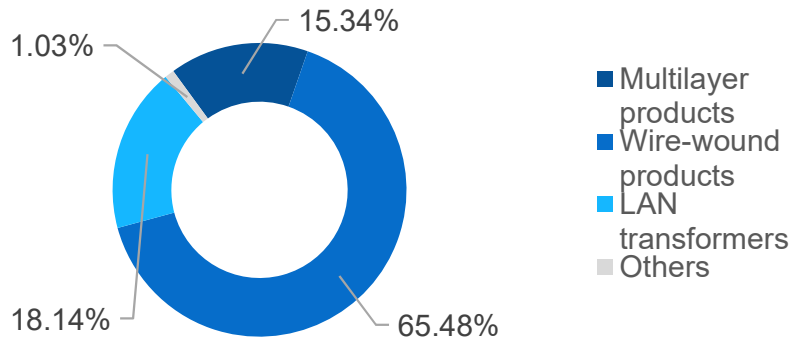
Provider	Tai-Tech Advanced Electronics Co., Ltd.
Chairman	Hsieh, Ming-Yen
Main Sites of Operations	Taiwan Headquarters (Taoyuan) TAIPAQ Plant (Sihong) Kunshan Plant (Kunshan)

Location of Headquarters	No.1 You 4th Rd., Yangmei Dist., Taoyuan City, Taiwan
President	Ming-Liang Hsieh
Main Sites of Operations Revenue Ratio	Taiwan 25.95% China 63.15% Others 10.90%

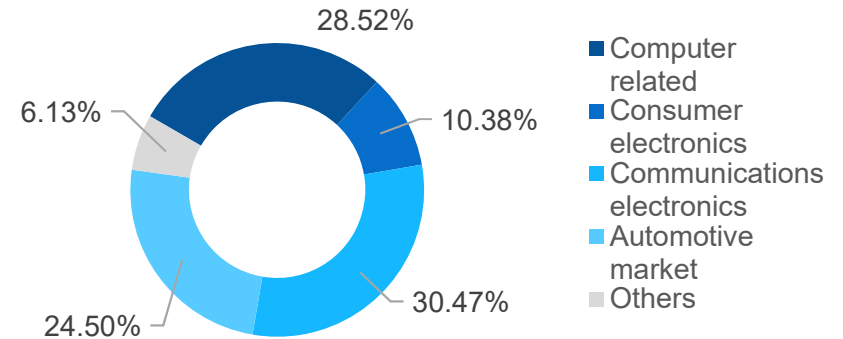
Industry Classification	Electronic parts and components industry	SASB Industry Classification	Resource transformation / appliance and electronic equipment
Date of Incorporation	November 2, 1992	Date of being listed on Taipei Exchange	April 27, 2021
Revenue of Current Year	NT\$5,291,333,000	Capital	NT\$1,020,340,000
Shareholding structure ratio	Domestic corporate shareholders 20.07% Domestic individual shareholders 69.13% Foreign institution and individual shareholders 10.80%	Number of Employees	2054 people (including all full-time and part-time employees, and period of statistics up to December 31, 2022)
Main products / services	Production and sale of magnetic materials and power inductors	Major products production volume	Wire-wound products 4,109,984 thousand pieces Multilayer products 21,650,370 thousand pieces LAN transformers 3,757,841 thousand pieces

Tai-Tech Advanced Electronics Co., Ltd. has been operating for more than 47 years since its predecessor, North West Electric Engineering Industry Co., Ltd., was established. With years of experience in magnetic material technology and vertically integrated manufacturing capabilities, the Company has competitive advantages in diverse inductive products and highly automated production capabilities, and therefore has laid a solid foundation in the inductive and magnetic components industry. In terms of product portfolio, our three major categories of products are multilayer products, wire-wound products, and LAN transformers.

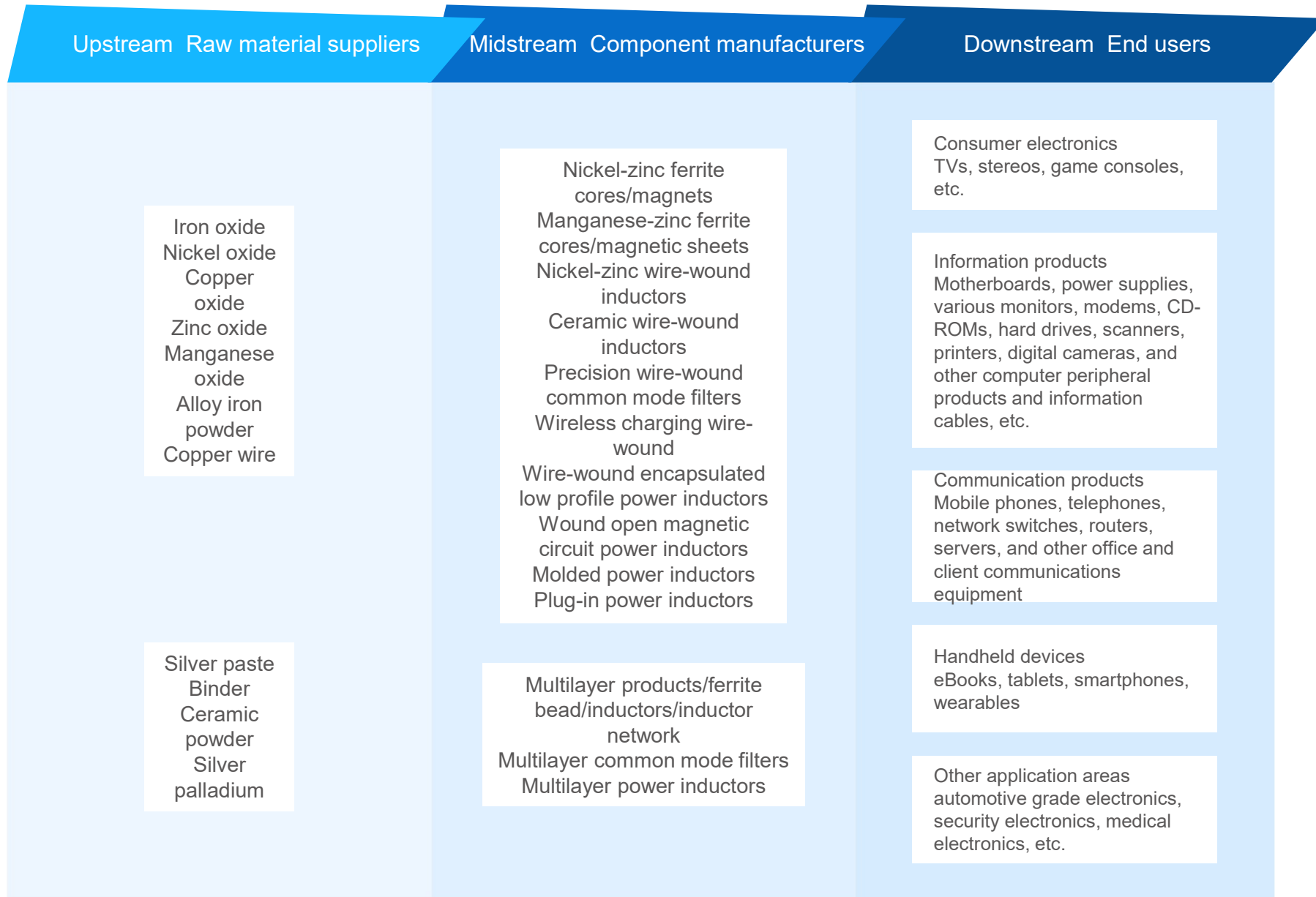
Product revenue ratio



Market share of product applications



Tai-Tech is at the midstream of the industry chain



Overview of Operations

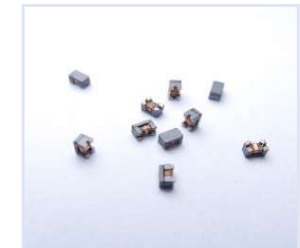
As the functions of electronic products continue to evolve and the specifications of magnetic and inductive components continue to be improved, electronic products are higher speed, lighter, thinner, shorter, and smaller. Thus, Tai-Tech's main products have been developed in the direction of high frequency,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

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

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



TXF Series



WCM Series

Relevant Associations

Name of External Association	Membership Status	Participating Sites of Operations
Taiwan Electrical and Electronic Manufacturers' Association	Member	Taoyuan Headquarters
Association of Cubs Industry, Taoyuan City	Member	Taoyuan Headquarters
Taoyuan City Industrial Association	Member	Taoyuan Headquarters
Taiwan Passive Component Industry Association	Director	Taoyuan Headquarters
Jiangsu Province Environment Federation	Member	TAIPAQ Plant
Suqian City High-Tech Enterprises Association	Member	TAIPAQ Plant
Taiwan Compatriot Investment Enterprises Association of Suqian City	Director	TAIPAQ Plant
Environmental, Safety and Health Association of Kunshan City, Jiangsu Province	Member	Kunshan Plant
Taiwanese Chambers of Commerce of Kunshan City, Jiangsu Province	Member	Kunshan Plant



Taiwan Passive Component Industry Association

Management Systems

In addition to focus on the Company's business performance, Tai-Tech also pays attention to the demands of internal and external stakeholders, and continues to introduce relevant management systems, in order to satisfy the demands of internal and external stakeholders, such that through systematic introduction of risk management philosophy, improvement can be made continuously, thereby achieving sustainable operation of the Company. The management systems of continuous operation of the Company include the following:

IATF 16949 : 2016



ISO 9001 : 2015



ISO 14001 : 2015



ISO 45001 : 2018



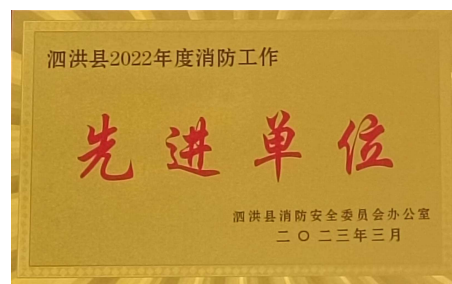
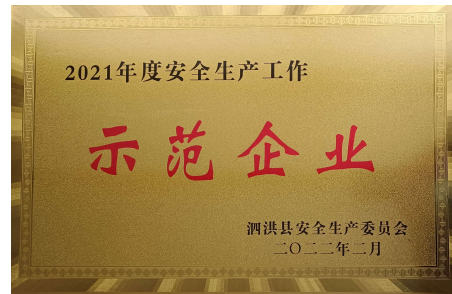
Honors and Rewards

Taoyuan Headquarters receives the honor of Outstanding Procurement Enterprise Award every year



Taoyuan City Government
Award Presentation
Outstanding unit for promotion
of net zero green life

ESG Related Award Records of TAIPAQ Plant for Past Years



ESG Related Award Records of Kunshan Plant for Past Years

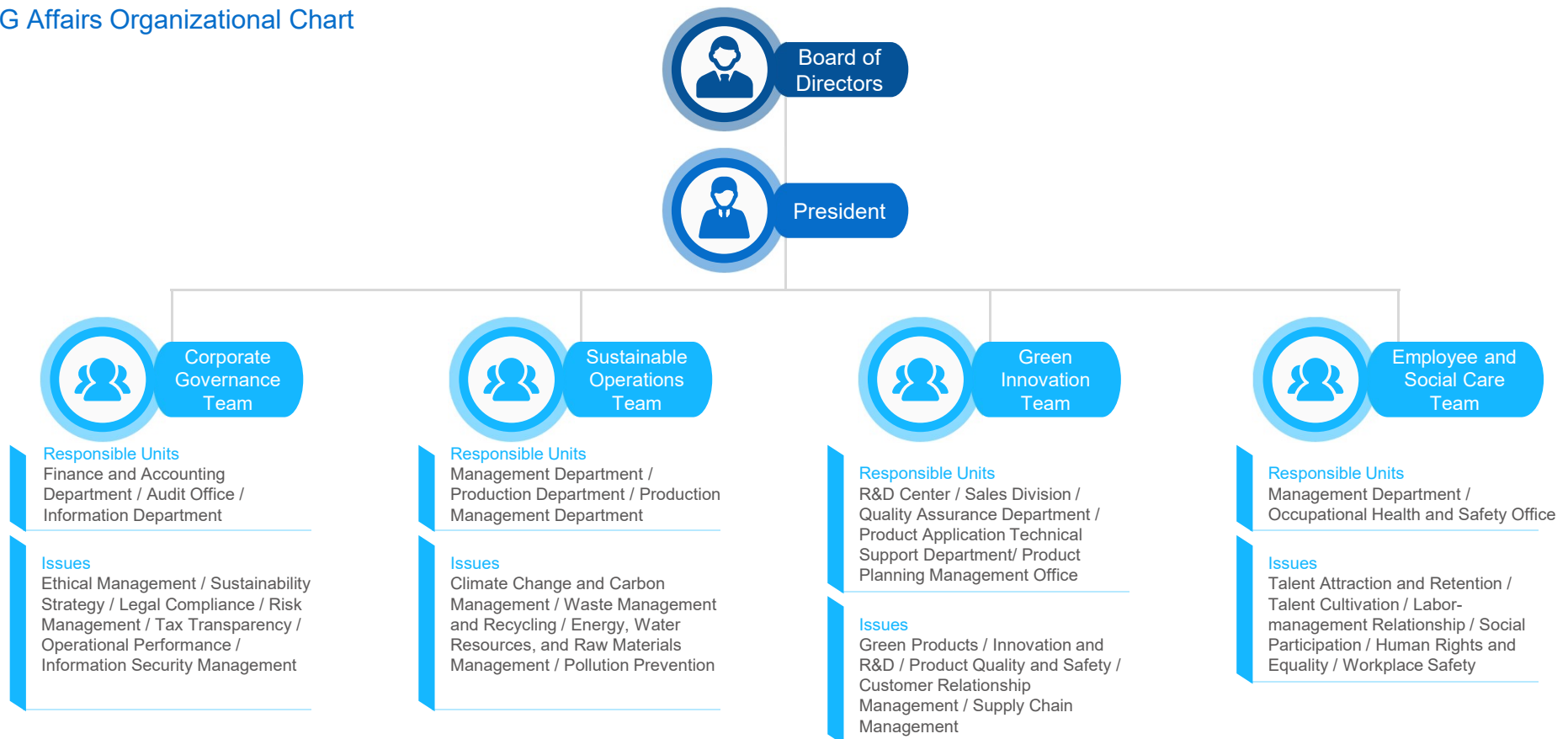


Sustainability Goals and Vision

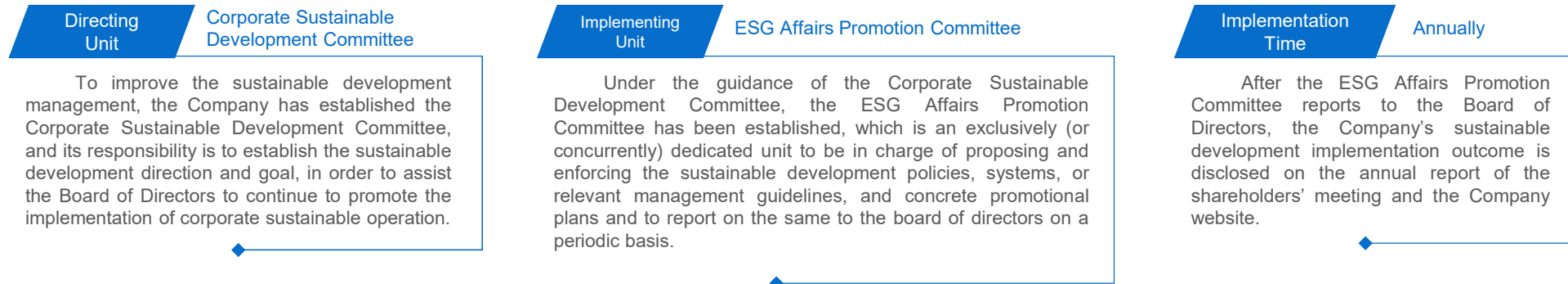
Corporate Sustainability Management Organization

To actively manage the sustainability information in the organization and implement a mechanism for systematic interdepartmental collaboration in the execution and planning of sustainable business, Tai-Tech has set up a corporate sustainability report preparation team. The team assigns sustainability issues to corresponding units for management based on the four major aspects of corporate governance: Corporate governance, sustainable operation, green innovation, and employee and social care, to meet our stakeholders' expectations. To facilitate the implementation of ESG affairs inside and outside the organization, the decision-making and division of powers and responsibilities for relevant topics are handled by the head of each department as authorized by the President. The departments regularly report the status of project implementation and resource requirements to the President and the Board of Directors to keep track of progress and provide necessary resources in a timely manner.

ESG Affairs Organizational Chart



Sustainable Development Implementation Outcome and Future Promotion Goal



2022 Sustainable Development Implementation Outcome

Material Topics		2022 Performance Highlights
E Environment-related Topics	Energy Management	<ul style="list-style-type: none"> Comply with the government's energy policy for users of large electricity consumption with average annual electricity saving rate of 1%, and in 2022, the Company's electricity saving was 398,437.5 kWh, with the electricity saving rate of 1.62%, and 2015~2022 average annual electricity saving rate was 1.73%
	Water Resources Management	<ul style="list-style-type: none"> The ROR wastewater plant recycled and reused 23,770 tonnes of water in 2022, for a water recycling and reuse rate of 18.66% (target of 15%) Achieved the reduction of the proportion of core process water consumption from 80% to 75%. In 2022, the core process water consumption ratio reduced by 7.23%, accounted for 72.77% of the total water consumption, with the reduction of tap water of 16,165 tons.
	Waste Management and Recycling	<ul style="list-style-type: none"> In 2022, the total output of electroplating sludge was 144.27 metric tonnes. 144.27 metric tonnes were reused and treated, with the reuse rate reaching 100% In 2022, the overall waste reuse and recycle rate increased by 8.71%, and the overall waste reuse and recycle rate reached 85.49%, complying with the goal In 2022, the hazardous electroplating waste liquid with the introduction of internal treatment reached 99.85%, which has not yet complied with the goal zero disposal, and the Company will continue to improve
	Pollution Prevention	<ul style="list-style-type: none"> 0 cases of Water Pollution Control Act violations 0 cases of Stationary Pollution Control Act violations 0 cases in violation of the Waste Disposal Act

Material Topics		2022 Performance Highlights
S Social Care Related Topics	Occupational Safety and Health	<ul style="list-style-type: none"> No major deficiencies from the audit results in 2022 Qualified the ISO 45001 certificate renewal audit Completed 300 cases of improvement for valve universal labeling Completed the elevation of workplace ground lines Completed the electroplating station automation for 1 line and completed the line improvement and reinforcement for all 7 lines Completed 2 units of oven exhaust improvement for formation station
	Employee Care	<ul style="list-style-type: none"> In 2022, the average salary of full-time employees of non-supervisory positions was NT\$798 thousand, and the median salary thereof was NT\$663 thousand In 2022, all employees received a salary raise of 3% In 2022, the employee satisfaction increased from 77.4% to 78.2%, and the questionnaire return rate was 95.4% (target of 95%) In 2022, the physical examination rate for the region of Taiwan was 100% No work reduction or unpaid leave in 2022.
	Care for Society	<ul style="list-style-type: none"> We have long supported the Fangzhou Nursing Home to care for mentally disabled elders, and the accumulated donation reached NT\$320 thousand In 2022, we sponsored the Taitung National Chenggong Commercial Fisheries Vocational School Youth Baseball Team with NT\$50,000 per month. We supported the Taipei University of Technology's swimming team with NT\$20,000 per month
G Sustainable Operation Related Topics	Customer Relationship Management	<ul style="list-style-type: none"> In 2022, the Group's top 20 clients had an average satisfaction rate of over 90%, and the actual average score was 92.3% The customer satisfaction survey average scores for the last three years were all above 91 points Customer complaints response rate in 2022 is 100%
	Innovation and R&D	<ul style="list-style-type: none"> In 2022, the Company was granted for 3 patents, and the number of granted patents was the same as last year The accumulated number of valid patents was 84 patents, a decrease of 15% from last year (patent term expiration, and the Company waived the right to maintain application patents) Ratio of new product/service sales over revenue reached 3.02% Automotive application products increased significantly
	Supply Chain Management	<ul style="list-style-type: none"> No major deficiencies were found during internal audit/customer audit Tai-Tech's suppliers have had no serious adverse impact on the environment or society during the transaction or cooperation period In 2022, the local procurement ratio was 67%

Future Promotion Goal

Material Topics	Short-term Goal	Mid- and Long-term Goal
Occupational Safety and Health	<ul style="list-style-type: none"> Continue to maintain ISO 45001 system certification Perform inspection periodically with all department heads once monthly Report safety and health matters and internal compliance assessment during monthly meeting Modify one semi-automated electroplating line to full-automated line Modify the procedure of one unit of spray granulator Improve 314 units of machine safety protection 	<ul style="list-style-type: none"> Number of accident-free working hours reaches 600 thousand hours Implement safety observation on internal operations, and perform safety improvement
Product Quality and Safety	<ul style="list-style-type: none"> Establish reliability annual verification plan Internal product hazard substance tests, submit each product to SGS to test hazardous substances annually 	<ul style="list-style-type: none"> Introduce green raw materials for all raw materials 100% of products comply with the international requirements of REACH/RoHS standards
Customer Relationship	<ul style="list-style-type: none"> Value customer demands, provide excellent customer services Provide value to customers, and resolve customer complaints to prevent loss of customer trust Customer satisfaction survey average score above 90 points 	<ul style="list-style-type: none"> Establish win-win service partnership with customers
Supply Chain Management	<ul style="list-style-type: none"> During the annual supplier audit, suppliers must fill out the supplier audit checklist and return it. If any records of serious adverse impact on the environment or society are found during the transaction or collaboration period, business dealings with such suppliers will be terminated immediately Suppliers are requested to provide certificate for zero-use of hazardous substances, and the Company also submits materials to third party for inspection to implement two-stage controls in order to ensure that products comply with the standards 100% The Company regularly and irregularly accepts relevant internal and external audits, and also performs review and optimization on internal procedures according to valuable recommendations 	<ul style="list-style-type: none"> Enhance suppliers' ESG awareness and performance Promote local procurement, and promote local development to reduce transportation risks and carbon emissions There are no major deficiencies found during internal and external audits
Innovation and R&D	<ul style="list-style-type: none"> Establish systematic development process and R&D database, develop high-end products satisfying market demands, improve market visibility and competitiveness, enhance computer aided design capability 	<ul style="list-style-type: none"> Obtain the opportunities on early design-in for high-end and overseas products, in order to develop advanced and high-end products

Material Topics	Short-term Goal	Mid- and Long-term Goal
Remuneration and Benefits	<ul style="list-style-type: none"> In 2023, employee satisfaction rate reached 70%, and questionnaire recovery rate reached 95% No work reduction or unpaid leave in 2023 Promote at least one new/optimized employee benefits policy each year 	<ul style="list-style-type: none"> Become a company that employees are proud of, and continue to attract and retain outstanding talents
Energy Saving and Carbon Reduction	<ul style="list-style-type: none"> In 2023, established public equipment - air compressor electrical load analysis, in order to assess its actual energy consumption status Perform feasibility assessment on parts replacement for high performance equipment during internal operation 	<ul style="list-style-type: none"> Complete average annual electricity saving rate of 1% for 2015 to 2024 specified by the Bureau of Energy of the government. Introduce ISO 50001 energy management system and obtain certification Review renewable energy construction plan to effectively reduce energy consumption
Water Resources Management	<ul style="list-style-type: none"> In 2023, reduced the ratio of core process water consumption to 72% In 2023, maintained the water recycling rate above 15% Verify goal achievement outcome with ISO14001 	<ul style="list-style-type: none"> Review wastewater recycle system and rainwater recycle plan in order to cope with the risk of water shortage during drought Participate in water saving related topic meetings, and effectively assess applicable internal measures
Waste Management	<ul style="list-style-type: none"> In 2023, the overall waste reuse and recycle rate increased by 1% In 2023, maintained the introduction of 100% of harmful electroplating waste liquids into the factory for treatment to achieve zero pollution to the environment. Participate in waste reduction related topics, and assess internal application feasibility timely In 2023, the ratio of remaining material powder re-fed into manufacturing process accounted for 1% of the process total output reuse and recycle rate 	<ul style="list-style-type: none"> Waste total weight reduction reaches above 3%
Information security protection	<ul style="list-style-type: none"> Completed system server virtualization and redundant system establishment, and plan Active Directory (AD) and instant threat detection service for each terminal 	<ul style="list-style-type: none"> Established information security organization, and collaborated with all plants of the Group to jointly obtain the certifications of, such as, ISO 27001 information security management system, etc.

Stakeholder Engagement

We attach great importance to interaction with stakeholders. Regardless of the impact caused by Tai-Tech or the impact on Tai-Tech, as the organizations, groups, or individuals are all Tai-Tech's stakeholders, we welcome any comments and feedback on the Company at any time. To focus on communication, we have identified seven major categories of stakeholders through the five main principles of dependency, responsibility, influence, diverse perspective, and tension under the AA1000 Stakeholder Engagement Standard (SES)-2011: clients, employees, government agencies, suppliers/contractors, shareholders/investors, media and banks. For these seven categories of stakeholders, we reviewed the risks and opportunities in our operations to develop feasible responses and action policies for their main issues of concern. In the future, we will refer to the opinions of stakeholders as an important basis for developing corporate sustainability management approaches and visions.

Stakeholders	Concerned topic	Communication channel / response method	Frequency	2022 Communication Track Record
Government Agencies	Corporate Governance Greenhouse Gas Occupational Safety Legal Compliance	Management Department E-mail mailbox: adminis@tai-tech.com.tw	From time to time	<ul style="list-style-type: none"> ● 3 official letters from the Ministry of Labor ● 2 sessions of online seminars ● 3 sessions of education and training ● Number of official letters to/from government agencies Receipts: 139 letters; Issuance: 27 letters
		Participation in competency authority policy promotion meetings	From time to time	
		Market Observation Post System of TWSE	From time to time	
		The Company's website	From time to time	
		Phone, E-MAIL, official letter	From time to time	
		On-site audit	From time to time	
Shareholders /Investors	Economic Performance Corporate Governance Risk Management Legal Compliance Information security protection	E-mail mailbox: invest@tai-tech.com.tw	From time to time	<ul style="list-style-type: none"> ● Shareholders present at the General Shareholders' Meeting represented 63.77% of total shares ● 35 calls received via the Investors' leased lines ● Organized 2 investor conferences ● 67 mails
		General Shareholders' Meeting	Annually	
		Investor conference	From time to time	
		Financial statements	Quarterly	
		Annual report	Annually	
		Investors zone on the official website	Monthly	
		Market Observation Post System of TWSE	From time to time	
Suppliers /Contractors	Sustainable Supply Chain (Environmental Protection & Human Rights) Green Procurement Energy Saving and Carbon Reduction	Procurement Section / E-mail mailbox: procurement@tai-tech.com.tw	From time to time	<ul style="list-style-type: none"> ● ESG Assessment Forms signed by 12 suppliers ● 18 suppliers listed on the supplier audit checklist ● 2 industrial waste disposal contractors audited ● Undertaking of Anti-corruption signed by 29 new suppliers
		Supplier audit checklist	Annually	
		Telephone, E-MAIL, communication software	From time to time	
		External audit operations of business waste cleaning contractors	From time to time	

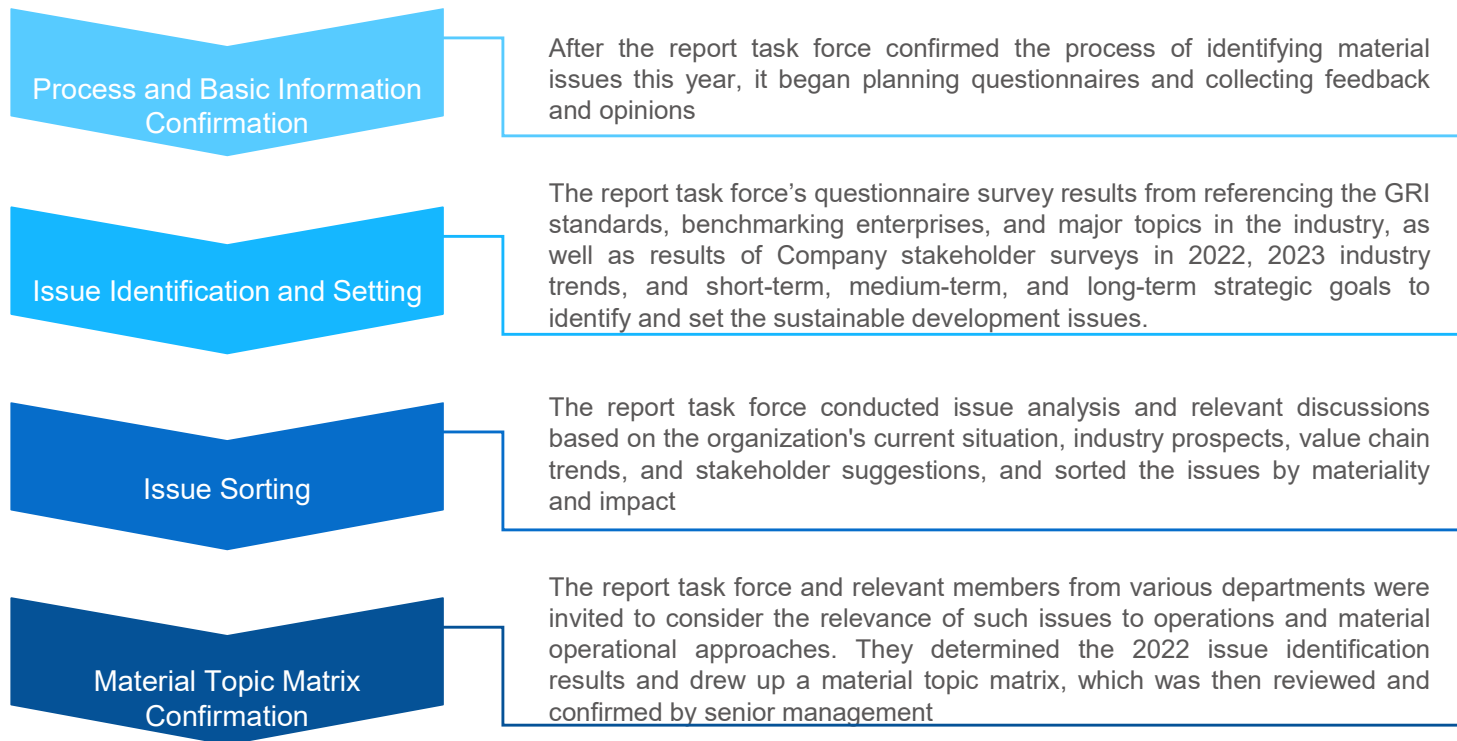
Stakeholders	Concerned topic	Communication channel / response method	Frequency	2022 Communication Track Record
Clients	Corporate Governance Legal Compliance Operational performance Innovation and R&D Green Products Product Liability Customer Relationship Information security protection	Marketing and Operating Department/E-mail mailbox: sales@tai-tech.com.tw	From time to time	<ul style="list-style-type: none"> In 2022, a total of 22 copies of customer satisfaction survey questionnaires were issued (content included quality, delivery, technology R&D, price and sales service, etc., and survey assessment was conducted on four aspects). The questionnaire recovery rate was 100%, and the average score was 92.36 points
		Client video conference	From time to time	
		Visit to clients	Weekly	
		Client Satisfaction Survey	Annually	
		Telephone, E-MAIL, communication software	Weekly	
Employees	Ethics and Integrity Operation Performance Remuneration and Benefits Labor/management relations Occupational Health and Safety	The President's email, employees' opinion box, phone, E-MAIL.	From time to time	<ul style="list-style-type: none"> Received 0 mail in the President's e-mail Received 0 mail received in the Employees' Opinion Box Organized 4 Labor-management meetings Organized 4 Employee Welfare Committee meetings Organized 4 Occupational Safety and Health Committee meetings Conducted 1 time of employee satisfaction anonymous survey Employee satisfaction survey average reached 78.2% Received 5 cases of employee feedbacks
		Labor-management meeting	Quarterly	
		Employee compliant filing channel	From time to time	
		Employee Welfare Committee	Quarterly	
		Occupational Safety and Health Committee	Quarterly	
		Employee satisfaction anonymous survey	Annually	
		Stakeholders communication log	From time to time	
Media	Legal Compliance Community Relationship Maintenance Public Welfare	Spokesperson/E-mail mailbox: james-t@tai-tech.com.tw	From time to time	<ul style="list-style-type: none"> Conducted 3 times of media interviews Prepared 1 article of newsletter
		Appointment with media for an interview	From time to time	
		Press release	From time to time	
Banks	Legal Compliance Occupational Health and Safety Talent Cultivation Talent Attraction and Retention Energy Management Water Resources Management Waste Management and Recycling Pollution Prevention	Finance and Accounting Department/E-mail mailbox: acc@tai-tech.com.tw	From time to time	<ul style="list-style-type: none"> Received 678 mails Received 154 messages/times via communication software Conducted 21 interviews
		Phone, E-MAIL.	From time to time	
		Visits	From time to time	

Identification of Major Topics

Major Topic Analysis

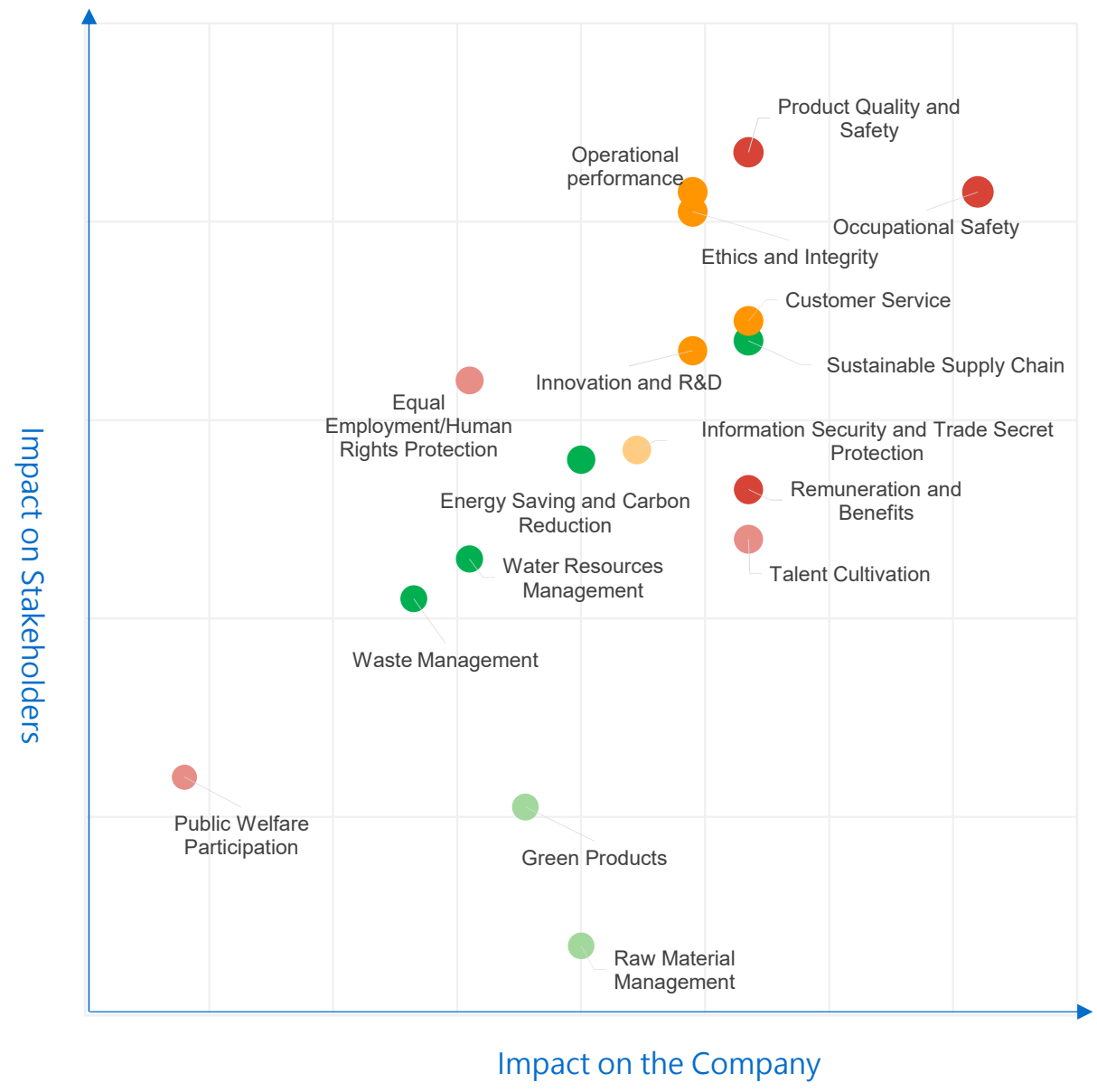
To further keep abreast of stakeholders' material topics of concern and understand the degree of impact of each issue on stakeholders, a materiality analysis process has been established for this report using the GRI Standards. According to the analysis result, for the corporate governance aspect of this report, the material topics of "Operation Performance", "Customer Service", "Innovation and R&D" and "Ethics and Integrity" have been identified. For the environmental aspect, the material topics of "Sustainable Supply Chain", "Water Resource Management", "Waste Management", "Energy Saving and Carbon Reduction" have been identified. For the social aspect, the material topics of "Occupational Safety", "Product Quality and Safety" and "Remuneration and Benefits" have been identified. Accordingly, a total of 11 material topics have been identified, and specific management directive has been established for each material topic. Properly respond to various topics of concern to stakeholders.

Materiality Analysis Process



Material Topic Matrix Diagram

List of Material Topics in 2022



E
Environmental aspect

- Sustainable Supply Chain
- Water Resources Management
- Waste Management
- Energy Saving and Carbon Reduction

S
Social aspect

- Occupational Safety
- Product Quality and Safety
- Remuneration and Benefits

G
Corporate Governance

- Operational performance
- Customer Service
- Innovation and R&D
- Ethics and Integrity

Table of Chapters Corresponding to Material Topics in 2022

Material Topics	Significance to Tai-Tech	Material Topics Corresponding to GRI Standards	Corresponding Chapter
Operational performance	Great operational performance is able to increase the profitability of the Company and to provide better employee benefits, thereby attracting and retaining outstanding employees. Great operational performance is also able to provide products and services of greater quality, thereby attracting more customers and increasing the market share. Accordingly, the investment of shareholders become more valuable, corporate image is also increased, such that greater investors and customers can be attracted. In view of the above, the meaning of emphasizing operational performance to the Company is to assist the Company to realize long-term success and sustainable development.	GRI 3-3 Management of Material Topics GRI 201 Economic Performance	1.1.3 Operational Performance
Occupational Safety	Workplace accidents can be devastating to people. Insufficient occupational safety and health management can result in operational disruption and productivity loss, have significant and long-term impacts on the organization, and may result in serious damage to reputation or related legal actions.	GRI 3-3 Management of Material Topics GRI 403 Occupational Health and Safety	4.4.1 Occupational Safety and Health Management System
Innovation and R&D	The Company is committed to the product R&D and technology innovation, and continues to expand product application field, in order to increase the lead from competitors and to establish firm leading advantages.	GRI 3-3 Management of Material Topics	2.1.1 Intellectual Property Management
Customer Service	Customers are the main source to the revenue of the Company, and the Company values product quality, delivery, technology R&D and sales service as the highest commitment to customers. Maintaining high customer satisfaction on the Company will be beneficial to the Company in order to continue to seek customer recognition.	GRI 3-3 Management of Material Topics GRI 418 Client Privacy	2.3.1 Customer Relationship Maintenance
Sustainable Supply Chain	The Company values the topic of corporate sustainability. With regard to the management of supply chain, we have constructed Tai-Tech's ecological supply chain under the strategy of "common goal, symbiosis, co-prosperity, and localization" and the specific strategic direction has also been established. 1. Strengthen suppliers' ESG awareness and performance 2. Actively communicate, strengthen cooperative relations, and create win-win growth 3. Strengthen supply chain resilience and reduce industrial chain risks 4. Promote local procurement, and promote local development to reduce transportation risks and carbon emissions	GRI 3-3 Management of Material Topics GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment	2.2.1 Supply Chain Strategy
Energy Saving and Carbon Reduction	As energy saving and carbon reduction under the impact of climate change is the future trend and the impact on the ecology becomes more prominent, Tai-Tech is committed to energy saving and carbon reduction in daily practices, and also continues to complete government's promotion on the average annual electricity reduction of 1% for users of large energy consumption.	GRI 3-3 Management of Material Topics GRI 302 Energy GRI 305 Emissions	3.1 Energy Management

Material Topics	Significance to Tai-Tech	Material Topics Corresponding to GRI Standards	Corresponding Chapter
Remuneration and Benefits	All employees are partners. They respect others, trust each other, work together to exert the strength of teamwork, inspire a pioneering spirit, and pursue higher goals. These are the keys to corporate sustainability. With sound remuneration and benefit system, retention of outstanding personnel can be achieved, and greater outstanding talents can also be attracted to join the team of Tai-Tech.	GRI 3-3 Management of Material Topics GRI 401 Employment GRI 405 Diversity and Equal Opportunity GRI 201 Economic Performance	4.2 Remuneration and Benefits
Water Resources Management	Although Tai-Tech's geographical location faces no immediate risk of water shortage, we are well aware that water resources are hard to come by, and are committed to water conservation and water recycling measures.	GRI 3-3 Management of Material Topics GRI 303 Water and Effluents	3.2 Water Resource Management
Product Quality and Safety	The Company has been committed to the cultivation of outstanding talents for a long period of time, and through verification of reliability of each stage and green products, the Company continues to improve product quality and safety, in order to ensure product competitiveness.	GRI 3-3 Management of Material Topics GRI 416 Customer Health and Safety	2.3.2 Quality Management
Waste Management	Tai-Tech is committed to maintaining the safety and health of personnel and protecting the environment and ecology. Accordingly, we will continue to follow relevant environmental protection and occupational safety and health laws and regulations, implement continuous improvement, practice surplus material recycling and regeneration, prevent pollution, implement resource saving and regeneration, reduce industrial waste and promote friendly neighborhood and community, in order to establish indicators for environmental protection and sustainable operation.	GRI 3-3 Management of Material Topics GRI 306 Waste	3.3 Waste Management
Ethics and Integrity	Based on the principle of ethics, with the establishment and implementation of regulations and systems, any unethical conduct is prohibited, and the ethical management awareness of the Company is enhanced, in order to reduce the risk of financial and reputation loss due to the violation of ethics.	GRI 3-3 Management of Material Topics GRI 2-26 Mechanisms for Seeking Advice and Raising Concerns	1.1.2 Ethical Management and Important Management Regulations

2022 Material Topics and Boundary

Material Topics	GRI Material Topics	Internal Distinctions		Stakeholders				
		Tai-Tech	Employees	Clients	Government Agencies	Suppliers /Contractors	Shareholders/ Investors	Banks
Operational performance	GRI 3-3 Management of Material Topics GRI 201 Economic Performance	●	▲	●		▲	●	●
Occupational Safety	GRI 3-3 Management of Material Topics GRI 403 Occupational Health and Safety	●	●	▲	●			▲
Innovation and R&D	GRI 3-3 Management of Material Topics	●		●			●	
Customer Service	GRI 3-3 Management of Material Topics GRI 418 Client Privacy	●		●				
Sustainable Supply Chain	GRI 3-3 Management of Material Topics GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment	●		▲		●		
Energy Saving and Carbon Reduction	GRI 3-3 Management of Material Topics GRI 302 Energy GRI 305 Emissions	●		●	●	▲	▲	●
Remuneration and Benefits	GRI 3-3 Management of Material Topics GRI 401 Employment GRI 405 Diversity and Equal Opportunity GRI 201 Economic Performance	●	●					▲
Water Resources Management	GRI 3-3 Management of Material Topics GRI 303 Water and Effluents	●		●	●		▲	●
Product Quality and Safety	GRI 3-3 Management of Material Topics GRI 416 Customer Health and Safety	●		●	●		▲	●
Waste Management	GRI 3-3 Management of Material Topics GRI 306 Waste	●		●	●		▲	●
Ethics and Integrity	GRI 3-3 Management of Material Topics GRI 2-26 Mechanisms for Seeking Advice and Raising Concerns	●	▲	●		▲	●	

/01

Sustainable Operation

1.1 Robust Governance

1.2 Risk Management

2022 Key Performances



NT\$1.02 billion

Company Capital



NT\$1.038 billion

Net Income After Tax



NT\$10.11

Earnings per share (EPS)

1.1 Robust Governance

1.1.1 Corporate Governance

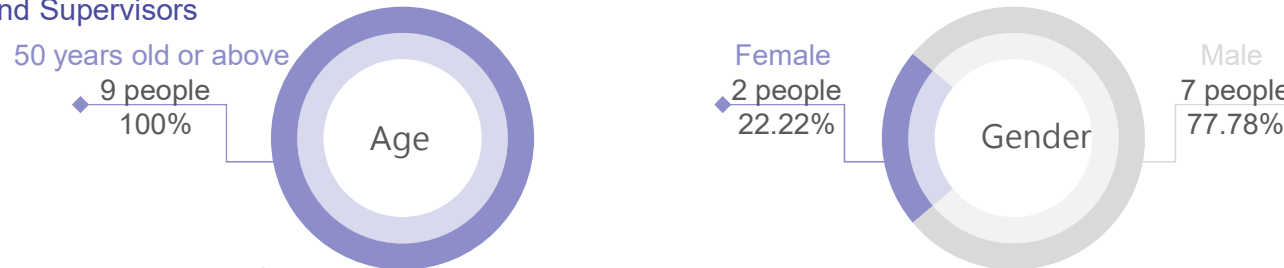
Tai-Tech adheres to a business philosophy of focusing on the core business and pragmatic management. In addition to actively recruiting outstanding talent to the Board of Directors to assist with business management, we duly implement compliance and strengthen corporate governance through the operation of the board's performance evaluation, the Audit Committee, and the Remuneration Committee, to effectively protect each shareholder's rights and interest. The term of office of the current Sustainable Development Committee members is from November 7, 2022 to June 20, 2025. Up to the present day, one meeting has been held, and the actual attendance rate of the committee members is 100%.

Board of Directors

As Tai-Tech's highest governing body, the Board of Directors is comprised of nine directors (including two female directors). It includes six directors and three independent directors, all for a term of three years. The Company has formulated the Director Election and Appointment Guidelines in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and set relevant election and appointment policies. In addition to relevant industry experience, diversity is taken into account for the Board of Directors. Some of them come from financial and legal backgrounds. Our directors need to take relevant courses on a regular basis, and the Company has purchased liability insurance for all directors during their term of office for the scope of business.

To ensure the board diversity policy is implemented, each board member has a different professional background or field of specialization. We recruit outstanding talent from all sectors, regardless of gender, age, nationality, and culture, and plan the number of director seats based on gender equality. Please refer to the Company's annual report and other internal governance regulations for detailed information on education and experience, concurrent positions, and operation-related norms.

Statistics of Directors and Supervisors



The term of office of the current Board of Directors is from June 21, 2022 to June 20, 2025. Up to the present day, nine meetings have been held and the attendance rate of all directors is 98.77%. To ensure the independence of board meetings, the Company has formulated the Rules of the Procedure for Board of Directors Meetings in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies amended by the Financial Supervision Commission (FSC), as the guiding principle of the rules of procedure. We strictly abide by relevant regulations on recusal during discussions and voting to avoid conflicts of interest.

In addition, the Chairman's Office is responsible for corporate governance-related matters. All operating procedures are handled in accordance with the Corporate Governance Best Practice Principles. The Chairman's Office assists in providing materials required by directors to execute business, handling matters related to board and shareholders' meetings in accordance with the law. It prepares board and shareholders' meeting minutes, to protect shareholders' rights and interests while strengthening the functions of the Board of Directors. The Company has established the Corporate Governance Officer in charge of supervising the execution of the aforementioned corporate governance related affairs, promoting and implementing corporate governance related regulations and standards.



Rules of the Procedure for Board of Directors' Meetings

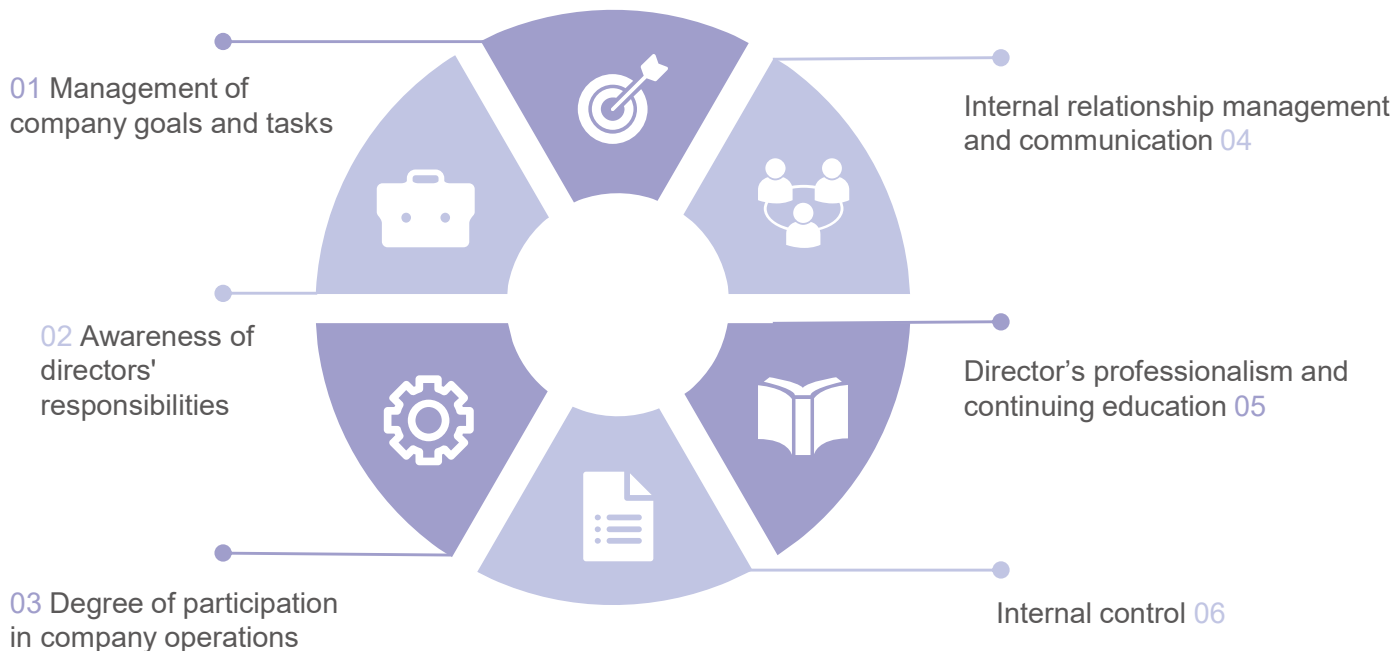
Board Performance Evaluation

To implement corporate governance and enhance the functions of the Board of Directors, Tai-Tech launched a performance evaluation system for the Board of Directors this year and formulated the Regulations on the Performance Evaluation of the Board of Directors of Tai-Tech Advanced Electronics Co., Ltd. in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, to carry out director performance evaluation procedures. The performance evaluation shall be conducted at least once a year as per the regulations in the form of internal self-evaluation of the Board of Directors, self-evaluation of directors, peer evaluation, the appointment of external professional institutions or experts, or other appropriate methods. The evaluation results shall be submitted to the Board of Directors for review and improvement, and the relevant information shall be revealed in the annual report. The execution entity of the performance evaluation shall be a fair, objective, and independent entity. It shall be personnel or an entity without direct interest involved in the operation of the entities evaluated.

The evaluation of the directors' performance covers six aspects. The Board of Directors' performance evaluation results will be adopted as a reference for the selection or nomination of directors, and the individual directors' performance evaluation results will be used as the basis for determining their remuneration. The 2022 board performance evaluation has been completed, covering the overall Board of Directors, individual board members, and functional committees. The general assessment result is "excellent," indicating that the Company's Board of Directors is operating well. In the future, we will continue to strengthen the operation of the Board of Directors to improve corporate governance performance.

Board Performance Evaluation Aspects

Assistance with establishment of performance targets to enhance the efficiency of the Board of Directors



Related Information on the Board of Directors



Tai-Tech's Annual Reports



Director Election and Appointment Procedure



Articles of Incorporation



Scope of responsibility and rules for independent directors

Audit Committee

Tai-Tech established the Audit Committee in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies. The committee is composed of three independent directors, responsible for the fair presentation of the Company's financial statements, the selection (dismissal), independence, and performance of the Company's certified public accountants (CPAs), the effective implementation of the Company's internal control, the Company's compliance, and the Company's control of existing or potential risks. The term of office of the current Audit Committee members is from June 21, 2022 to June 20, 2025. Up to the present day, 8 meetings have been held, and the actual attendance rate of the Audit Committee members is 100%.



Audit Committee Charter

Remuneration Committee

Tai-Tech established the Remuneration Committee in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange and the Audit Committee Charter approved by the Company's Board of Directors. The committee is mainly responsible for the matters below and submits its suggestions to the Board of Directors for discussion: (1) formulating and regularly reviewing the policy, system, standard, and structure of directors' and managers' performance evaluations and remuneration; (2) regularly evaluating and determining the progress towards performance targets by directors and managers, while determining the content and amount of individual remuneration based on the evaluation results, as per the performance evaluation standards. The committee comprises three independent directors and annually holds at least two meetings. The current term of the committee is from July 19, 2022, to June 20, 2025. Up to the present day, four Remuneration Committee meetings have been held, and the actual attendance rate of the committee members is 100%.



Remuneration Committee Charter

Directors' Continuing Education

Tai-Tech actively provides directors with channels for continuing education, and encourages directors to participate in external courses or forums to be exposed to extensive management expertise and new knowledge of this industry, to reinforce their foundation of knowledge of corporate governance. In the future, we will invest more resources to arrange diverse educational opportunities for board members, such as courses in finance, risk management, sales, business, legal affairs, accounting, corporate social responsibility, or other corporate governance topics or courses related to internal control systems and financial reporting responsibilities to achieve directors' continuing education goals, as suggested in the Taiwan Stock Exchange's Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.

2022 Courses for Directors' Continuing Education

Directors participated in continuing education	Ming-Yeh Hsieh, Yu-Yu-Hsiang Hsieh, Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang	
Course title	Basic understanding on legal liability for cooperate fraud and court procedure on criminal case trial	Latest development of insider trading in our nation and preventive and responsive measures for corporates
Organizer	Securities and Futures Institute	Securities and Futures Institute

1.1.2 Ethical Management and Important Management Regulations

Material Topics - Ethics and Integrity

<p>Meaning to the Company</p>	<p>Based on the principle of ethics, with the establishment and implementation of regulations and systems, any unethical conduct is prohibited, and the ethical management awareness of the Company is enhanced, in order to reduce the risk of financial and reputation loss due to the violation of ethics.</p>	
<p>Policy / Commitment</p>	<p>Policy: To establish the corporate culture of ethical management, sound development, and to establish proper business operations. Commitment: The management is also committed to implement properly in internal management and business activities.</p>	
<p>Goals</p>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● Diverse communication and establishment of stakeholder communication channel ● Enhance suppliers' ethical commitment requirements, and implement supplier evaluation 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Suppliers continue to sign the Letter of Undertaking of Integrity ● Request all employees and board members to participate in education and training related to ethics
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● Periodically organized internal and external education and training on ethical management for a total of 780 hours ● A total of 144 new employees reporting to training for a total of 432 hours 	
<p>Responsible department / Complaint filing mechanism</p>	<ul style="list-style-type: none"> ● Management Department 	<ul style="list-style-type: none"> ● Company website mailbox
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● A total of 29 new suppliers signed the Letter of Undertaking of Integrity in 2022 ● There were 0 cases of relevant channel reporting in 2022 	

On September 17, 2020, the Board of Directors of the Company approved the "Ethical Corporate Management Best-Practice Principles" in order to establish a corporate culture of honest management and sound development while establishing optimal business operations. The Board of Directors and senior management also undertake to implement it in internal management and business activities. The "Procedures for Ethical Management and Guidelines for Conduct" formulated and approved by the Board of Directors specifies that the Management Department shall be the responsible unit in charge of promoting corporate ethical management, and the department will regularly summarize duty contents for submitting to the President in order to report to the Board of Directors on the implementation of ethical corporate management policy and unethical conduct prevention measures, and its supervision of implementation.

Tai-Tech periodically promotes the ethical management rules and regulations, such as "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" of the Company to all or new board members, all or new employees, and transaction counterparties. All on-job employees receive 1 hour of training annually and sign the Code of Ethics, and new employees also receive general education and training. In 2022, all 29 suppliers have signed the Letter of Undertaking of Integrity.

The Ethical Corporate Management Best Practice Principles are applicable to the Company and subsidiaries, corporate entities with direct or indirect fund donation accumulated to exceed 50% and other institutions or juridical persons of group enterprises and organizations having substantial control power, and the scope includes directors, managerial officers, employees and appointees of the Company or individuals having substantial control power. The requirements of 2-2 ethical management conducts specified in Anti-corruption Management Regulations are applicable to all employees. The Code of Ethical Conduct is applicable to directors, independent directors and managerial officers (including President and equivalent rank, Vice President and equivalent rank, Assistant Vice President and equivalent rank, Financial Department head, Accounting Department head, and other individuals having the authority to manage affairs of the Company and to sign for the Company). The requirements of 2-1 ethical conducts specified in Anti-corruption Management Regulations are applicable to all employees. In addition to the whistleblowing and reporting systems, all stakeholders may request consultation and submit feedbacks via the communication channel and contact unit or person.



Corporate Governance Best Practice Principles



Codes of Ethical Conduct



Ethical Corporate Management Best Practice Principles



Procedures for Ethical Management and Guidelines for Conduct



Sustainable Development Best Practice Principles



Financial Statements Information

1.1.3 Operational Performance

Material Topic - Operational Performance

Meaning to the Company

Great operational performance is able to increase the profitability of the Company and to provide better employee benefits, thereby attracting and retaining outstanding employees. Great operational performance is also able to provide products and services of greater quality, thereby attracting more customers and increasing the market share. Accordingly, the investment of shareholders become more valuable, corporate image is also increased, such that greater investors and customers can be attracted. In view of the above, the meaning of emphasizing operational performance to the Company is to assist the Company to realize long-term success and sustainable development.

Policy / Commitment

- Increase production efficiency, optimize cost management and improve profitability
- By improving product and service quality, expand new market sales, and expand the market share of the Company in the market of rapid growth
- Optimize supply chain to reduce cost, and establish long-term stable cooperation relationship with suppliers
- Enhance investment in R&D, in order to increase product and service competitiveness, and to create greater added value
- Strengthen employees' training and development, in order to enhance employees' skills and knowledge level, as well as to increase the work satisfaction and loyalty of employees at the same time

With the aforementioned policies, the Company is committed to the increase of the operational performance, in order to achieve long-term success and sustainable development.

Goals

Short-term Goal:

- Continuous growth of revenue; consolidated product gross margin>30%, net profit ratio>18%
- Automotive electronic market application ratio>25%, communication market application ratio>30%
- Ratio of R&D expense over revenue>2.8%
- Return on equity (%)>18%

Mid- and Long-term Goal:

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

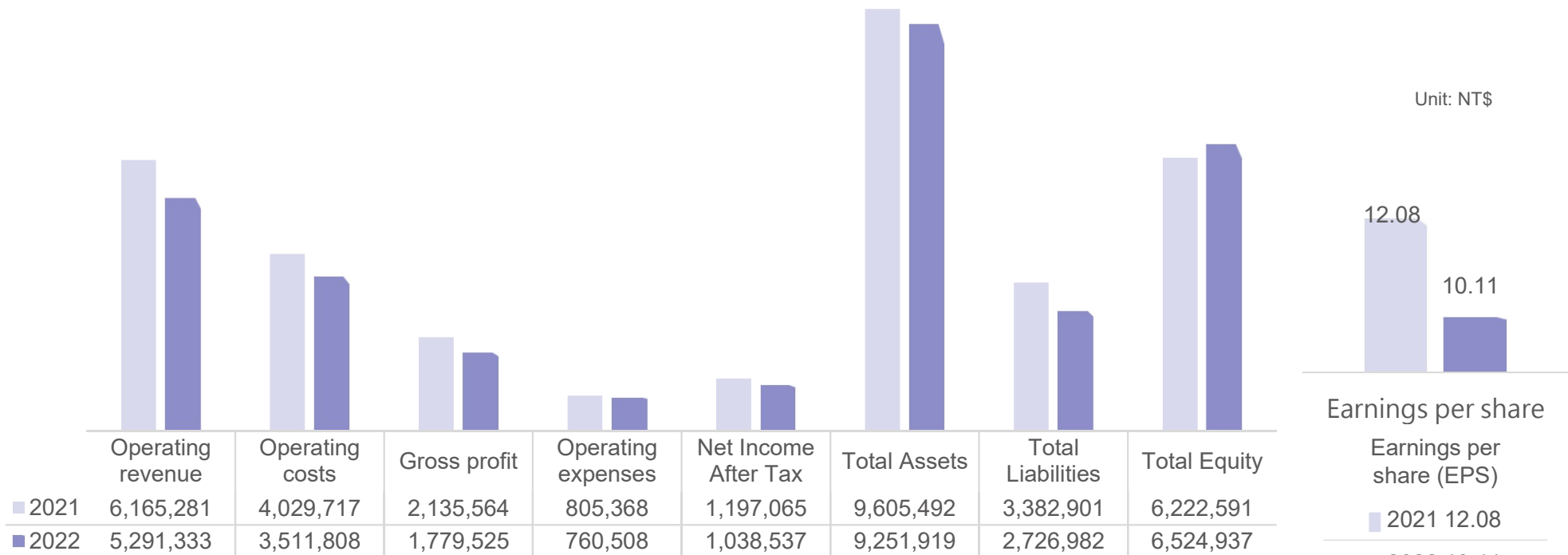
Material Topic - Operational Performance

<p>Annual investment resources / Actual outcome</p>	<p>Resource investment:</p> <ul style="list-style-type: none"> ● Capital expense of NT\$746,848 thousand ● Ratio of R&D expense over revenue of 2.9% ● Total number of employees invested of 2054 people (three plants of the Group) 	<p>Actual outcome:</p> <ul style="list-style-type: none"> ● Total of seven main categories of new product development in 2022 ● In 2022, the multilayer products accounted for 15.34% of the total revenue; wire-wound products accounted for 65.48% of the total revenue; LAN transformer products accounted for 18.14% of the total revenue; other products accounted for 1.03%% of the total revenue
<p>Responsible department / Complaint filing mechanism</p>	<p>President's Office</p>	
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● Monthly Group Business Meeting ● Management monthly report review ● Board of Directors review reports of quarterly report and annual report 	<ul style="list-style-type: none"> ● Financial outcome: <ol style="list-style-type: none"> 1. Revenue of NT\$5,291,333 thousand, second highest over the past years 2. Gross margin of 33.6%; net profit ratio of 19.6%; EPS of NT\$10.11 3. Automotive electronic market application ratio greater than 28%, communication market application ratio greater than 30% 4. Return on equity of 16.29%

The Company's main products are inductive components. In terms of industry category, we are classified under the passive component industry. Tai-Tech is one of the few domestic professional manufacturers of magnetic and inductive components that can simultaneously produce multiple such components of different types with different materials for different application fields. In 2022, unfavorable macro-economic factors, e.g., war, inflation, interest rate hike, inventory, and the pandemic, substantially impacted the operations of the industry, and are expected to influence the development of the coming years. TAI-TECH is not immune from the downward economic climate, seeing both its annual operating revenue and profits down from 2021. Nevertheless, under the great effort of all employees and with the trust, support and encouragement of all stakeholders, we still yielded the second highest operating revenue and profits, a relatively sparkling performance. Since the economy of the coming year was still subject to the factors resulting in the economic downturn in 2022, and to the changes brought about by changes incidental to China's lift of its lockdown measures, the Company remains quite conservative about the economic prospect of 2023. On the other hand, the growth that comes with applications of new technologies, e.g., high-speed computing, AI, high-speed networking, 5G, IoT, and future cars, is highly potential and therefore can be fully expected. Please refer to the financial statements for details of 2022 financial data.

Financial data from the past two years

Unit: NT\$ thousand



Note : Direct economic value generated

1.2 Risk Management

1.2.1 Risk Identification and Management

Tai-Tech believes that accurately identifying the risks faced by an enterprise and planning accordingly is necessary for an enterprise to move toward sustainability in the fast-changing business market. Identifying the organization's relevant risks and devising effective management strategies can minimize potential threats. The table below shows the types of critical risks identified by the Company and their corresponding countermeasures.

Risk identification and management table

Type of Risk	Description of Risk	Risk Management Strategy (Response Measures)
Sustainable Environment	Greenhouse gas emissions continue to increase	<ol style="list-style-type: none"> 1. Introduction of ISO14064 system to obtain external certification, and through collection of reasonable emissions data, perform cause analysis and propose improvement strategy 2. Through compliance with the government's regulation on the annual electricity saving of 1%, effectively reduce greenhouse gas emissions 3. Assess the feasible solutions for replacement of parts during production operation, select and use high performance equipment for replacement, in order to reduce carbon emissions
	Fail to save energy effectively	<ol style="list-style-type: none"> 1. Participate in energy saving and carbon reduction topics organized by the external, and assess the feasibility effectively and introduce to the internal for operation 2. Assess the feasible solutions for replacement of parts during production operation, select and use high performance equipment for replacement, in order to save electricity
	Continuous increase of wastewater discharge	<ol style="list-style-type: none"> 1. Monitor the internal water consumption record and send e-mail to each unit on a daily basis, and if there is any abnormal large water consumption, propose for review and implement improvement plan 2. Through the ISO14001 system operation, perform external audit on the goal achievement outcome annually 3. Participate in energy saving topic organized by the external, and assess the feasibility effectively and introduce to the internal for operation
	Increase of waste treatment volume / Reduction of recycling rate	<ol style="list-style-type: none"> 1. Effectively analyze various waste types and data according to the internal waste management procedure, in order to review the cause of abnormality 2. Through the ISO14001 system operation, perform external audit on the goal achievement outcome annually 3. Participate in waste recycle and reduction topic organized by the external, and assess the feasibility effectively and introduce to the internal for operation
	Water shortage	In case of water shortage, adopt the internally established emergency water saving measures for manufacturing processes with relatively large water consumption, and the Management Department assists to contact external water supply truck company to perform water supply operation.
	Typhoon, flood	In case of typhoon or flood, each unit staff cooperates with the employees of the same commute route and arranges driving personnel to assist with the commute to/from work. For migrant workers, the human resource agency assists with the commute to/from work. The facility and safety/health personnel inspect the internal building and structure related safety operations.

Type of Risk	Description of Risk	Risk Management Strategy (Response Measures)
Employees	Occurrence of occupational accident (including COVID-19 pandemic impact)	<ol style="list-style-type: none"> 1. Establish Occupational Safety and Health Committee, and invite labor representatives to participate in the committee, accounting for 1/2 of the total number of committee members. The President acts as the chairperson, and meeting is convened quarterly, in order to inspect the occupational safety and health matters of the Company 2. Introduce ISO 45001 occupational safety and health management, and obtain certification 3. Perform occupational safety and health risk assessment annually, and discuss issues during safety and health committee meetings 4. Perform occupational safety reporting monthly, and perform accident cause investigation and analysis for major occupational accidents, in order to prevent and improve such accidents 5. Perform field compliance inspection monthly and irregularly 6. Closed loop management, and reduce personnel movement 7. Implement body temperature measurement and other tests daily, to ensure the bodily health of employees
	Overwork (long period of work)	<ol style="list-style-type: none"> 1. Employees sign for voluntary overtime 2. When an employee overtime exceeds time limits, warning is issued timely 3. Leave is arranged according to job positions 4. Organize various types of activities for stress relief of employees
	Overly high turnover rate (facing labor shortage)	<ol style="list-style-type: none"> 1. Improve benefit policy of the Company, value employee training and employee satisfaction survey 2. Provide reference to management improvement and policy adjustment of the Company, make correction in case of discovery of issues, and continuously increase employee satisfaction and cohesion, in order to ensure fast and stable development of the Company
Operational Performance	Ethics and Integrity	<ol style="list-style-type: none"> 1. System aspect: Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Anti-corruption Management Regulations, Procedures for Anti-corruption Investigation and Management Operation, Code of Ethical Conduct, etc. have been stipulated and implemented. In addition, reporting channel and handling process have been established. 2. Enhance declaration and determination: Each employee is required to sign the Code of Ethics 3. Continuous communication: Education on relevant topics is organized during the education and training for new employees. One time of ethical management and anti-corruption education and training is organized annually for on-job employees. 4. Implement control: Event investigation statistical table is performed once monthly, which is reported by the Management Department to the Audit Office
	Decline of market competitiveness	<ol style="list-style-type: none"> 1. Uphold the principle of service customers, designate responsible sales specialists and assistants to perform field visits actively, and adopt the methods of video conference, e-mail, telephone and communication software to provide normal and smooth communication channels, in order to assist customers in solving and inquiring product order problems, and to also assist customers for the time from order placement to product delivery waiting time 2. Irregularly organize various technology exchange and demand seminars via remote online meetings in order to interact, understand and obtain the latest demands and feedbacks from customers 3. Conduct customer satisfaction survey on top 20 major customers and 2 automotive accessory customers annually, and the survey content includes quality, delivery, technology R&D, price and sales service, etc. Survey assessment is performed on four aspects, and for the result of the customer satisfaction survey, relevant items of relatively lower customer evaluation scores are reflected to the relevant quality assurance, production, R&D and business departments properly for review, in order to be used as the reference for improvement of satisfaction.

Type of Risk	Description of Risk	Risk Management Strategy (Response Measures)
Operational Performance	Occurrence of information security event	<ol style="list-style-type: none"> Elevate the corporate and organization hierarchy (department level) of the information unit, and plan the information unit to be under the management of President Establish "Regulations for Information Security Event Reporting and Response" to explicitly specify the accident level, reporting process and handling methods Plan the mutual backup between system database, and perform remote backup schedule, in order to support the system recovery Perform information system "Accident recovery drill" annually, and output relevant drill reports Set up ATS response system and install power generator for the server room, in order to ensure that the operation is not affected by the electricity shortage Install firewall and update the anti-virus software of each terminal periodically, and continue to plan the information security enhancement measures of AD, MDR, etc. CPA performs information audit annually, and the external reviews each information process for compliance with the standards and systems Implement internal information security education and training periodically in order to enhance personnel information security awareness
	Product Liability (encountering product recall/off-shelf)	<ol style="list-style-type: none"> Improve product quality control and return/exchange mechanism Enhance negotiation with customers, in order to increase competitiveness of shipped products, and adjust production plan of the Company Monitor hazardous substance management system operation, convene environmental management promotion review meetings, review international environmental protection regulations and laws, set up HSF goal, implement hazardous substance reduction plan, and perform environmental restricted substance control plan When the customer submits requests on specific environmental technology standards, the Company shall comply and satisfy customer demands In case of discovery of abnormality of hazardous substance, it is necessary to report to the management and to execute instructions made by the management for the report
	Insufficient R&D energy	<ol style="list-style-type: none"> In case of insufficient senior level of human resource, continue to collaborate with external units in professional job allocation and discuss with human resource unit to seek appropriate manpower continuously, and continue to implement relevant education and training in order to increase internal competency In case of insufficient intermediate level of human resource and the issue of poor quality, continue to promote on-job (internal/external) education and training, in order to improve employee quality, and discuss with human resource unit to seek appropriate manpower continuously In case of poor quality new employees, due to the impact of the overall greater environment, the personnel interviews focus on intellectual development related scores, and on-job education and training is arranged after assuming job positions in the plant
	Interruption of supply chain	<ol style="list-style-type: none"> Short-term risk: Production line abnormality, shortage of raw materials Strategy: Monitor production line status, and perform repair and maintenance timely Strategy: Perform predictive procurement on common raw materials, in order to prevent occurrence of material shortage Mid- and long-term risk: Transportation interruption abnormality and raw material price fluctuation Strategy: Establish various transportation methods to handle accidents, such as air freight or express delivery Strategy: Reach agreement and maintain proper relationship with suppliers, and establish long-term supply contract, in order to ensure that remedial measures can be made in case of production line interruption

1.2.2 Information Security

Material Topic - Information Security Protection

<p>Meaning to the Company</p>	<p>The era of convenient information is both an opportunity and a relative source of risk for companies. The importance of information security has become an important issue that businesses cannot avoid. In addition to building firewall defenses for the network and computer room as well as configuring and using internationally certified antivirus software for each endpoint computer, Tai-Tech Advanced Electronics also conducts local and remote cross-backup procedures for each data item. Furthermore, since 2016, disaster recovery plan drills have been carried out for major systems every year, and many improvements have been made to computer room power facilities. These include a UPS uninterruptible power supply system, an ATS power switching system, construction of a special backup generator for the computer room, and so on, all of which have been put in place. All of the above measures are expected to achieve the goal of recovering the risks caused by information security in the shortest time while minimizing the corresponding damage.</p>	
<p>Policy / Commitment</p>	<p>The “Cyber Security Management Regulations” have been established to specify various information security management issues, including information equipment assessment, installation and management, and inspection. The Company is committed to the goal of “zero tolerance” such that in addition to the continuous application of the existing regulations and polices, the Company also enhances various information security measures according to the latest regulatory and information changes, in order to ensure the information environment security of the Company.</p>	
<p>Goals</p>	<p>Short-term goal: Complete system server virtualization and redundant system establishment, and plan Active Directory (AD) and instant threat detection service for each terminal</p>	<p>Mid- and long-term goal: Establish information security organization, and collaborated with all plants of the Group to jointly obtain the certifications of, such as, ISO 27001 information security management system, etc.</p>
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● Stipulated the budget of nearly NT\$5 million for the server update (NT\$2.66 million), AD/MDR information security construction (NT\$1.6 million), mail protection upgrade (NT\$230 thousand) ● Information security training hours of new employees was 0.5 hour, with a total of 100 persons-time, and the training completion rate was 100%. External training for information personnel was 3 persons-time, and 24 hours per person ● It is expected to expand the manpower of the Information Department from 4 staff to more than twice of the original number of staff 	
<p>Responsible department / Complaint filing mechanism</p>	<p>President’s Office - Information Department / President’s mailbox</p>	
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● External CPA performs information audit annually, in order to review the compliance of each information process. Since 2016, there has been no major violations ● Cooperate with each business unit to perform “Customer Information Audit” survey, and there has been no major deficiency ● No major information security event in recent years 	

In the future, the Company will also actively prepare and plan to evaluate EDR and MDR endpoint detection and protection systems to target many unknown and potential man-made attacks, and invest in information security education and training for internal personnel. In addition to giving reminders on relevant daily network operations to avoid risks, social engineering drills will also be carried out regularly to enhance information security awareness among internal employees.

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

Information Security Management Measures

Personnel security assessments

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

Computer system security management

1. Information security incidents are managed properly in accordance with the internal control system's information security inspection in the computer operation cycle, and the inspection results are also recorded.
2. The Company shall appoint different personnel for the management, design, and execution of important information services, respectively, who should decentralize their responsibilities and establish a mechanism of mutual checks and balances to avoid illegal or improper use of data or systems.

Daily operation security management

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

Network Security Management

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

Equipment Security Management

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

Sustainable Business Operation Plans

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

For relevant commercial software (such as: ERP, HRM system, etc.) currently used by the Company, relevant maintenance contracts have been signed. In case of any issues or accidents, in addition to the internal troubleshooting, assistance plans provided by external suppliers are also available. Since 2020, the computer room server has been completely replaced with a hyper-converged server. This replacement ensures performance improvement and strengthens information security.

The detailed drill reports from the annual data disaster restoration drills performed are used to strengthen the abilities of our colleagues in the Information Department to respond to emergencies. The Company regularly appoints a third party to conduct an annual information audit. There have been no material deficiencies over the past years, and the Company has not received complaints about customer privacy violations or data loss in recent years.

The Information Department has promoted information security issues by e-mailing the Company's internal colleagues from time to time. The goal is to enhance the concept of information security for all employees, provide recruits with education and training, and strengthen information security knowledge to educate colleagues and minimize potential risks.

2022 Company's New Employee Information Security Education and Promotion



01

網路安全類

1. 網路使用規範
2. E-MAIL 使用規範
3. 隨身碟使用規範

It's Not Over! WannaCry?

隨身碟使用規範

非必要不使用隨身碟，以雲端硬碟替代

- 避免人為疏忽所導致的危害
- 開啟防毒軟體及防火牆
- 須定期更新防毒軟體並開啟防火牆
- 關閉電腦Autorun功能
- 避免惡意程式自行運作

1.2.3 Climate Change Risks and Opportunities

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

Four Core Elements of Climate-Related Financial Information Disclosures



1.2.4 TCFD Framework

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

Climate Change Risks and Opportunities

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

Risk/Opportunity	Opportunity		Opportunity	Opportunity
Item	Resource efficiency		Resource efficiency	Resource efficiency
Issues	Use production and distribution processes of higher efficiency		Recycle and reuse	Reduce water usage and consumption
Potential financial impact	1. Reduce operating cost (such as through the methods of increasing efficiency and reducing cost) 2. Increase production capacity, and increase revenue	3. Increase fixed asset values (such as high performance buildings) 4. Implement management and planning beneficial to the labor force (such as improvement of sanitation and safety, employee satisfaction), and reduce cost		
Company's countermeasures	Increase of production efficiency: 1. Introduce automatic inspection machine to improve the inspection capability and to replace manual inspection, in order to reduce inspection cost 2. After network equipment's speed has been increased through production line project proposal, the winding machine has been increased from 12k to 18k, an increase of approximately 33% 3. Plating wire single drum is progressively changed to double drum, in order to increase the production benefits by two folds and to reduce cost 4. Optimization of distribution process: Select appropriate distribution strategy according to the customer demand, location, service standard and cost, in order to optimize distribution process and to reduce transportation cost.		For each waste disposal method adopted by the internal of the plant, the Environmental Protection room personnel effectively seek external transfer, reuse and recycle treatment methods	The performance of #1RO water purifier replaced in 2021 has been tracked, and the result indicates that the goal of reduction of 3% of core process water consumption has been achieved, such that the water discharge volume is also reduced relatively. In addition, the production unit has also reviewed #2 and #3 water purifiers to determine whether there is any opportunity for relevant improvement measures.

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

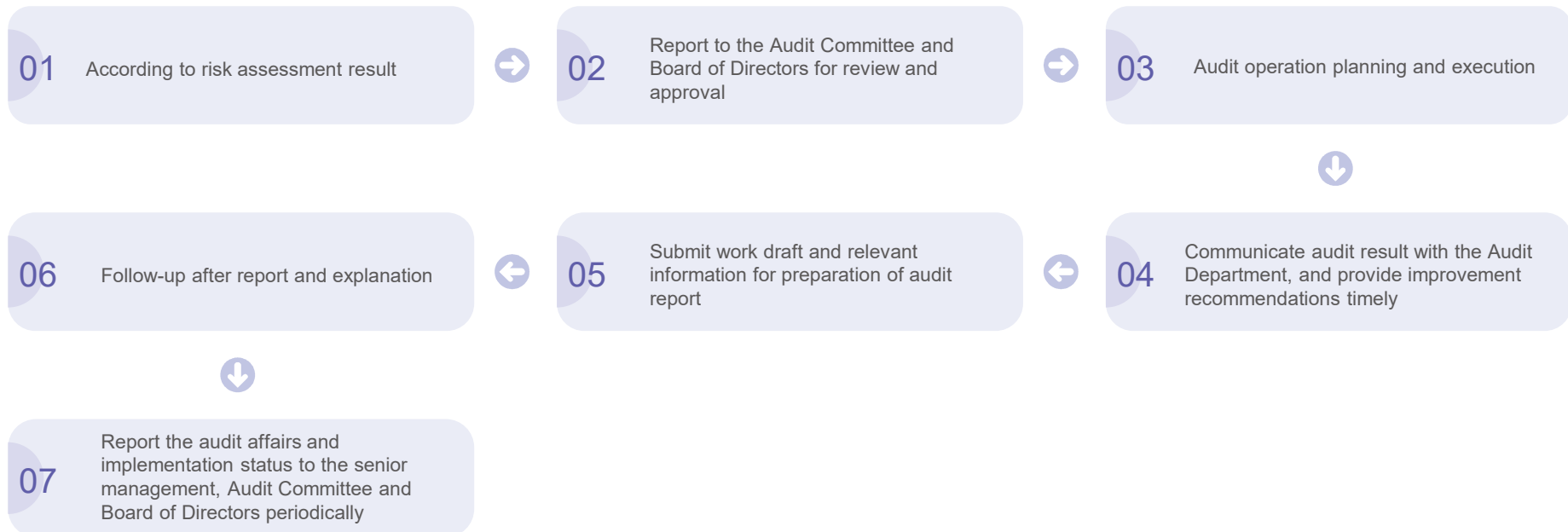
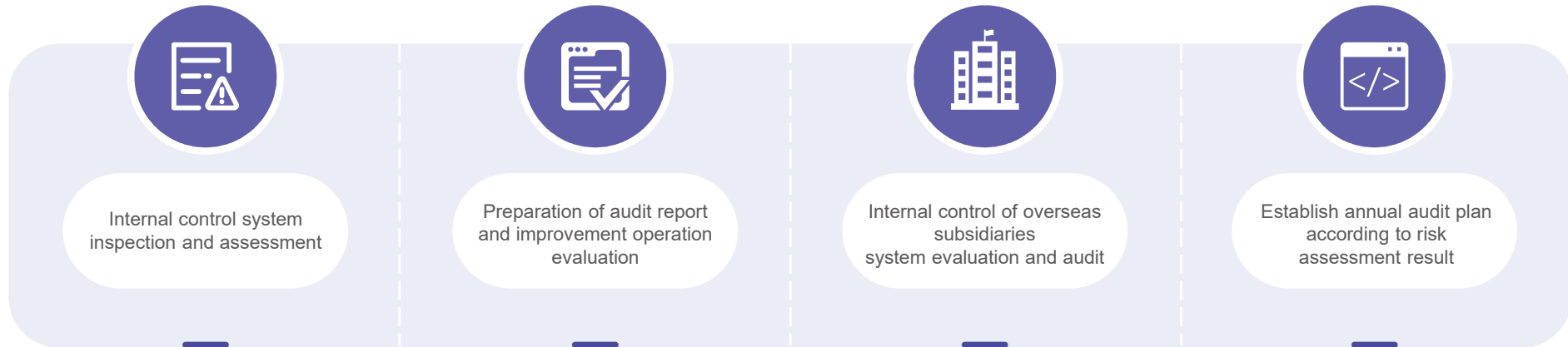
1.2.5 Internal Control and Audit

The Company has established an effective accounting system and an internal control system, which the Audit Office regularly audits under the Board of Directors as per the audit plan. Our CPAs also audit the internal control system on a regular basis. The appointment and dismissal, evaluation, as well as salary and remuneration of internal auditors, will be reported to the Board of Directors for approval. There are two members in the Audit Office of the head office, and each subsidiary has an audit assistant. All auditors receive continual training according to laws and regulations, and the number of training hours is higher than what is required by law. In 2022, the auditing personnel in Taiwan received an average of 30 hours of training (6 hours of internal training and 24 hours of external training). The total number of audit items for the current year was 734 items, and the audit compliance rate was 99.86%. All nonconforming items have been improved within the time-limit. In the 2022, according to the internal audit result, 1 deficiency was identified, and improvement has been completed. Please refer to the following table for details of the improvement content.

Internal Audit Improvements

During the inspection of the environmental safety and health environmental pollution measurement and control operation of waste pollution item management, it was discovered that in 2021, internal waste inspection operation was not performed according to TAEW2012 "Waste Management Procedure" (the previous implementation time was November 5, 2020). The Environmental Safety and Health Department has submitted the application for improvement on September 12, 2022, and external contractor has been entrusted to perform internal waste inspection operation completely.

Main Duties of the Audit Office



1.2.6 Legal Compliance

Additional Disclosure of Material Topic - Legal Compliance

<p>Meaning to the Company</p>	<p>Porker compliance with government laws and regulations is essential to normal operation of the Company, and in case where the Company violates laws and regulations, it may cause significant damage to the finance and corporate image.</p>		
<p>Policy / Commitment</p>	<ul style="list-style-type: none"> ● Legal compliance is the foundation to corporate sustainable operation ● Implementation of Regulations and Management Mechanisms ● Track and regularly audit compliance with relevant regulations and immediately make improvements ● Strictly comply with the requirements of various laws and regulations and accept notices of the latest rules and regulations from the competent authorities at any time 		
<p>Goals</p>	<p>Zero violations of social, economic, and environmental protection regulations or fines during the Company's operations</p>		
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● 0 economic law violations throughout the Company's operations ● 0 violation of the Labor Standards Act ● 0 violation of the Waste Disposal Act 		
<p>Responsible department / Complaint filing mechanism</p>	<ul style="list-style-type: none"> ● Management Department 	<ul style="list-style-type: none"> ● Finance and Accounting Department 	<ul style="list-style-type: none"> ● Audit Office
<p>Assessment mechanism / Outcome</p>	<p>There was no social, economic, and environmental protection regulation violations or fines in 2022</p>		

Tai-Tech strictly complies with the requirements of various laws and regulations, and receives notices of the latest laws and regulations from the competent authorities. In 2022, the Company did not violate any laws involving corruption, bribery, fraud, insider trading, anti-competitive behavior, anti-trust, or monopoly, and received no relevant legal infractions or penalties. Regarding product service and sales, the Company did not violate any laws involving product safety and health, product information labeling, or marketing communication. In 2022, there was no social, economic, and environmental protection regulation violations or fines in 2022.

/02

Business Growth

- 2.1 Innovation Capabilities
- 2.2 Supply Chain Management
- 2.3 Market Operation

2022 Key Performances



84 items

Total number of valid patents



NT\$199 million

Group-wide R&D Expenses



NT\$39.13 million

Green Procurement Amount

2.1 Innovation Capabilities

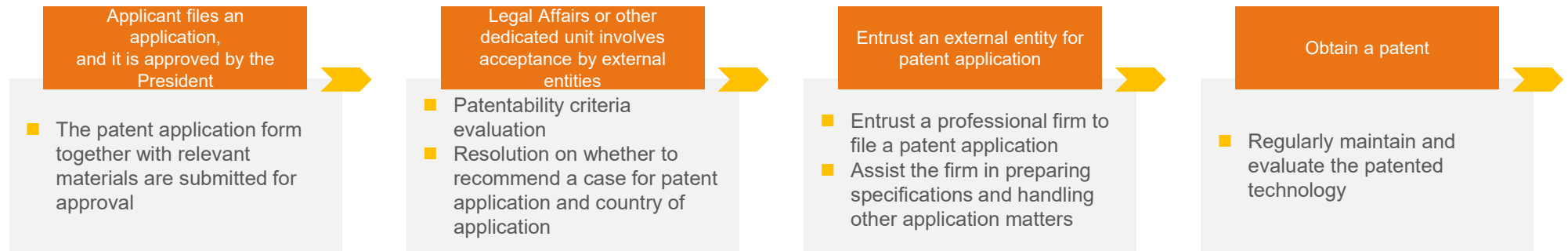
Material Topic - Innovation and R&D

<p>Meaning to the Company</p>	<p>The Company is committed to the product R&D and technology innovation, and continues to expand product application field, in order to increase the lead from competitors and to establish firm leading advantages.</p>	
<p>Policy / Commitment</p>	<p>Policy:</p> <ul style="list-style-type: none"> ● Develop high-end new products ● Assist sales to provide response to various technical specification issues encountered by customers ● Enhance magnetism theory 	<p>Commitment: The Company is equipped with comprehensive R&D team and technologies, and adopts systematic development procedure to establish product R&D database, in order to develop diverse and high-end new products, to synchronously develop new products with high-end and overseas customers jointly, thereby improving product design-in opportunity and competitiveness.</p>
<p>Goals</p>	<p>Short-term goal: Establish systematic development process and R&D database, develop high-end products satisfying market demands, improve market visibility and competitiveness, enhance computer aided design capability. Mid- and long-term goal: Obtain the opportunities on early design-in for high-end and overseas products, in order to develop advanced and high-end products.</p>	
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● Increase automotive quality system training courses, maintain new product or derivative product project progress, and synchronously improve the R&D capability of R&D personnel through intensive review meetings. Properly use R&D and quality tools of computer aided design and automotive product requirements, etc., in order to new product R&D quality and efficiency. In addition, use of scientific and statistical method to systematically analyze characteristics of newly developed products and the relationship between material and structural design. Establish material, process and product design database, and improve product development efficiency and quality through computer aided design technology. ● Enhance magnetic material and reliability theory, respond to demand and provide technical support timely, gain customer trust and obtain project opportunity, in order to enter the market international giant manufacturers and to become one of the world-class giant manufacturers. 	
<p>Responsible department / Complaint filing mechanism</p>	<p>R&D Department / Contact through Sales, Quality Assurance, PSCR (Product Safety and Consistent Representative)</p>	
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● In 2022, the Company was granted for 3 patents, and the number of granted patents was the same as last year ● Accumulated valid patents were 84 patents, a decrease of 15% from last year (the reason for the decrease of the number of patents was due to non-application of some of the expired patents) 	<ul style="list-style-type: none"> ● Ratio of new product/service sales over revenue reached 3.02% ● Automotive application products increased significantly

2.1.1 Intellectual Property Management

Tai-Tech is clearly aware that having top-rated technological capabilities is an important prerequisite for winning clients' trust in the ever-changing electronics industry. To consolidate our core technologies, we have long developed product capabilities surpassing our competitors in the industry through a patent layout, and we specialize in meeting clients' needs and joint research and development to provide the market with the best solutions, while applying for patents to maintain our long-term competitiveness actively. As for the system, we have set up a dedicated unit in charge of patent management, formulated patent application management regulations, and established relevant application management procedures, while providing employees with rewards for active application for patents to cope with the fierce market competition. The accumulated total number of valid patents was 84 patents in 2022.

Patent Application Management Process



Successfully developed products/technologies in last two years

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

Number of patents obtained

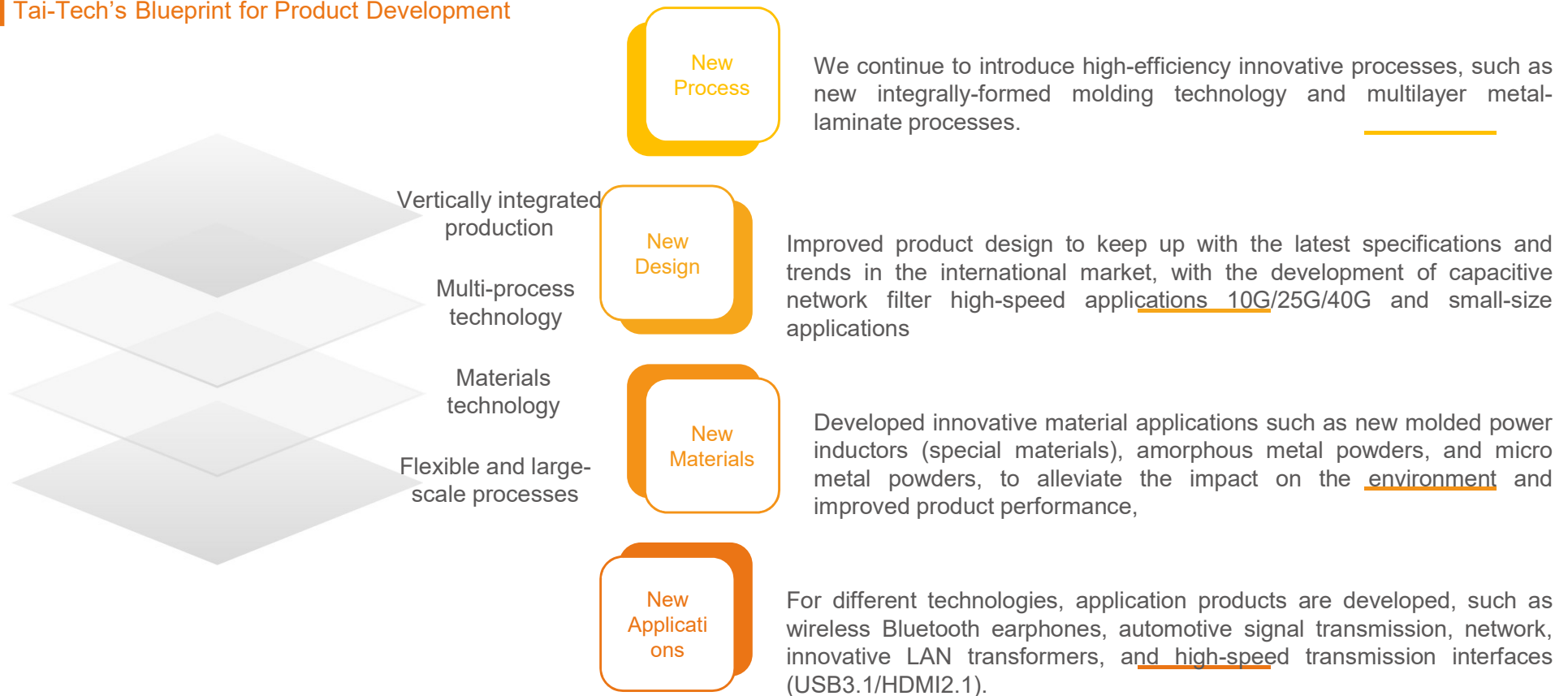
Statistics / Year	2020	2021	2022
Number of patents obtained	7	3	3
Number of accumulated valid patents	102	99	84

2.1.2 R&D Blueprint

Tai-Tech’s innovation and R&D momentum mainly come from the feedback received from interaction with clients. Through the extensive network of clients developed over the years, the Company can stay on the cutting edge of market trends, design products as per clients’ needs, and provide the most competitive solutions. In 2022, the R&D expense for the region of Taiwan was approximately NT\$71 million, and the Group-wide total R&D expense in 2022 reached NT\$199.02 million (Taiwan of NT\$71.03 million, TAIPAQ of RMB 30.475 million x 4.2 = NT\$127.995 million). The ratio of R&D expense over overall revenue (NT\$5.29133 billion) reached 3.76%.

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

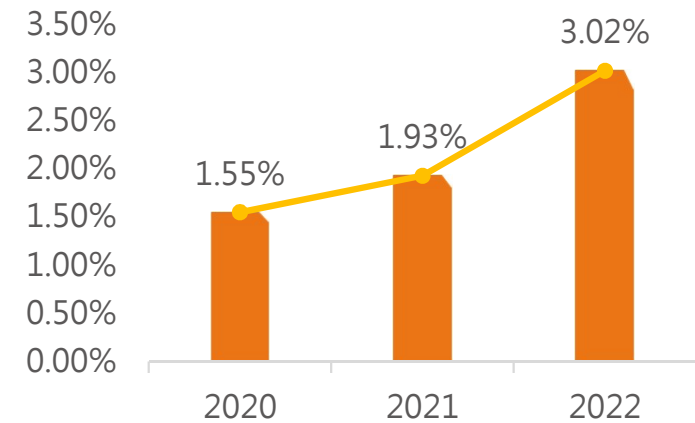
Tai-Tech’s Blueprint for Product Development



R&D manpower and expense invested in last three years

NT\$ thousand / persons	2020	2021	2022
Research and development expenses	60,638,980	80,439,301	71,033,313
Ratio of R&D / Revenue	1.83%	1.67%	1.70%
R&D Manpower	33	32	33
Educational background above Master degree / R&D personnel ratio	1 person / 3.03%	2 persons / 6.25%	2 persons / 6.06%

Ratio of new product/service sales over revenue



2.1.3 Green Design

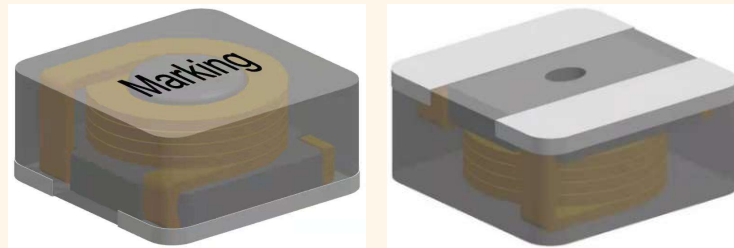
We tap into our excellent R&D and innovation capabilities to incorporate green concepts into product R&D and design. For example, in the product design and the production stages, we reduce the size of components, develop low-loss materials, and improve product application efficiency, to achieve energy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

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

Green Concept Products Column

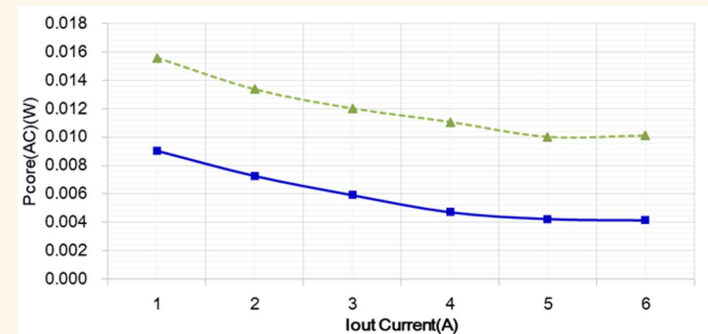
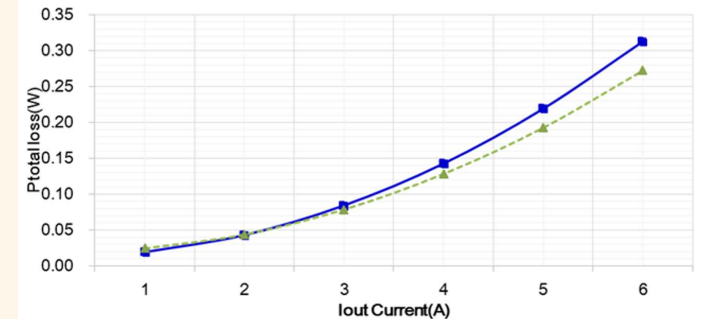
The excellent performance of low energy consumption inductive components has helped clients create greater value. Our pursuit of excellence in technology never stops. We have long focused on developing more energy-efficient product lines to reduce their potential impact on the environment during the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

In 2022, V2 power inductor for DDR5 was developed. The comparison between the new low-loss material and the power inductor of the best performance in 2021 indicates that based on the estimation of the (load) during use, it is able to further increase 0.5% of performance, and each power inductor is able to save 0.61mW/pcs ^{Note 1}. For the calculation of 10 million units of computers, and each computer being used for 8 hours per day, when 2 DDR5 modules are installed per computer with each module installed with two power inductors, then it is able to save approximately 70272K joules/8hrs ^{Note 2}.

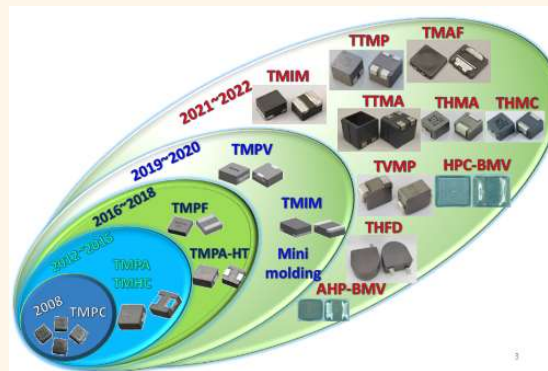


Advanced computer-aided optimization design

Note 1: 0.61mW/pcs = 3.5A²*0.01*0.5%
Note 2: 70272K = 10000000 computers*8HRS*2DDR5*2*0.61mW/1000*3600



Introduction to power inductor products



Development trends of power inductor products

Product loss measurement

2.2 Supply Chain Management

Material Topic - Sustainable Supply Chain

<p>Meaning to the Company</p>	<p>The Company values the topic of corporate sustainability. With regard to the management of supply chain, we have constructed Tai-Tech's ecological supply chain under the strategy of "common goal, symbiosis, co-prosperity, and localization" and the specific strategic direction has also been established.</p>	
<p>Policy / Commitment</p>	<p>The Company has established the "Responsible Procurement Policy" and is committed to comply with the standard specified in the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (referred to as the "Guidance") announced by the Organization for Economic Cooperation and Development (referred to as "OECD") in order to perform due diligence investigation. Procurement is made by purchasing 100% products from smelters or refineries approved by the third party inspection, in order to prohibit the purchase or use of any conflict minerals from high risk areas.</p>	
<p>Goals</p>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● During the annual supplier audit, suppliers must fill out the supplier audit checklist and return it. If any records of serious adverse impact on the environment or society are found during the transaction or collaboration period, business dealings with such suppliers will be terminated immediately. ● Suppliers are requested to provide certificate for zero-use of hazardous substances, and the Company also submits materials to third party for inspection to implement two-stage controls in order to ensure that products comply with the standards 100%. ● The Company regularly and irregularly accepts relevant internal and external audits, and also performs review and optimization on internal procedures according to valuable recommendations. 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Enhance the ESG awareness and performance of suppliers. ● Promote local procurement, and promote local development to reduce transportation risks and carbon emissions. ● No major deficiencies found during internal and external audits.
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● A total of 12 suppliers have signed the ESG evaluation form ● A total of 18 suppliers are listed on the supplier audit checklist 	<ul style="list-style-type: none"> ● A total of 2 industrial waste disposal contractors have been audited ● A total of 29 new suppliers signed the Letter of Undertaking of Integrity
<p>Responsible department / Complaint filing mechanism</p>	<p>Procurement Section</p>	
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● No major deficiencies were found during internal audit/customer audit ● Tai-Tech's suppliers have had no serious adverse impact on the environment or society during the transaction or cooperation period ● In 2022, the local procurement ratio was 67% 	

2.2.1 Supply Chain Strategy

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

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



2.2.2 Identify Key Raw Materials and their Risk Management Strategies

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

Key Raw Materials	Type of Risk	Corresponding Strategic Measures
Powder	<ol style="list-style-type: none"> 1. There is a risk of delay in the shipping schedule when procuring from an agent 2. Affected by international metal raw material price fluctuations 	<ol style="list-style-type: none"> 1. Seek a secondary supplier or alternative material 2. Place long-term orders to ensure supply source and price
Silver paste	International heavy metal price fluctuations	Place stock orders in advance
Enameled wire	International heavy metal price fluctuations	Place stock orders in advance and find a secondary supplier
Ferrite cores	<ol style="list-style-type: none"> 1. Whether the quality meets the client’s needs 2. Delivery shipping risks 	Place orders in advance and seek a secondary supplier or alternative materials

Note: Critical raw materials are defined as materials that must be used and are subject to supply constraint risks

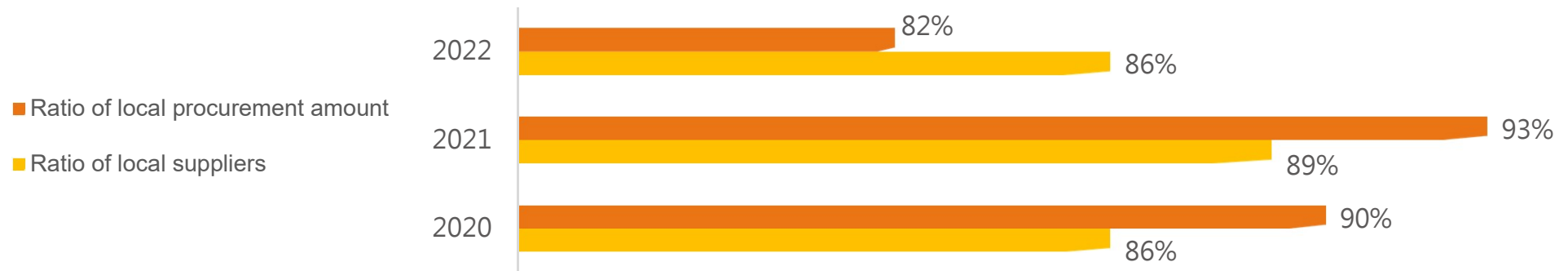
2.2.3 Relationships between the industry’s upstream, mid-stream, and downstream



2.2.4 Raw Materials Management

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

Proportion of purchase expenditures from local suppliers



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

Implementation of environmental/social standards and cooperation with business partners



2.2.5 Supplier Management and Regulation

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

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

Major audit items on the supplier audit checklist

Quality Control System

Quality control organization and whether quality control system certification is obtained

Training and Education

Check whether there are education and training documents and plans related to environmental protection

Technological Capabilities

Review the design process and R&D personnel assignment

Defective Goods Control

Check whether there are documented defective goods control procedures in place

Manufacturing Capabilities

Review operators' qualifications and production processes

Raw Material Management

Check whether a mechanism to distinguish green products from non-green ones is established

Machinery and Equipment

Check whether a maintenance and inspection system is established

Outsourcing and Supplier Management

Check whether there is an appropriate supplier rating system to track suppliers' key performance indicators

<p>Business Management</p> <p>Check whether personnel education and training is held; the factory environment is inspected, and finances are stable</p>	<p>Incoming Material Quality Control</p> <p>Check whether the incoming material inspection documents (standard inspection procedure or SIP) contains records of inspection and environmental restricted substances</p>	<p>Traceability Mechanism</p> <p>Check whether a manufacturing control system is established</p>	<p>Process Quality Control</p> <p>Check whether the operating procedures for preventing pollution and the mixing of prohibited substances have been established</p>
<p>Laws and regulations and customer requirements</p> <p>Assess the organization, talent, and measures of environmental management and zero use of conflict minerals</p>	<p>Outgoing Product Quality Control</p> <p>Check whether there is an identification method in place for green products</p>	<p>Cooperation and Service</p> <p>Check whether a declaration or a survey form is signed and returned</p>	<p>Internal Review</p> <p>Check whether there is a documented procedure stipulating the audit plan and the responsibilities and requirements of audits</p>
<p>Instruments and Methods of Analysis</p> <p>Check whether there is a documented procedure to control inspection, measurement, calibration of testing equipment</p>	<p>Document Control</p> <p>Check whether there is a documented process to define the engineering drawing purpose and specification changes to conduct version control and keep quality records</p>	<p>Design Engineering</p> <p>Check whether there are changes to environmental restricted substance management regulations</p>	

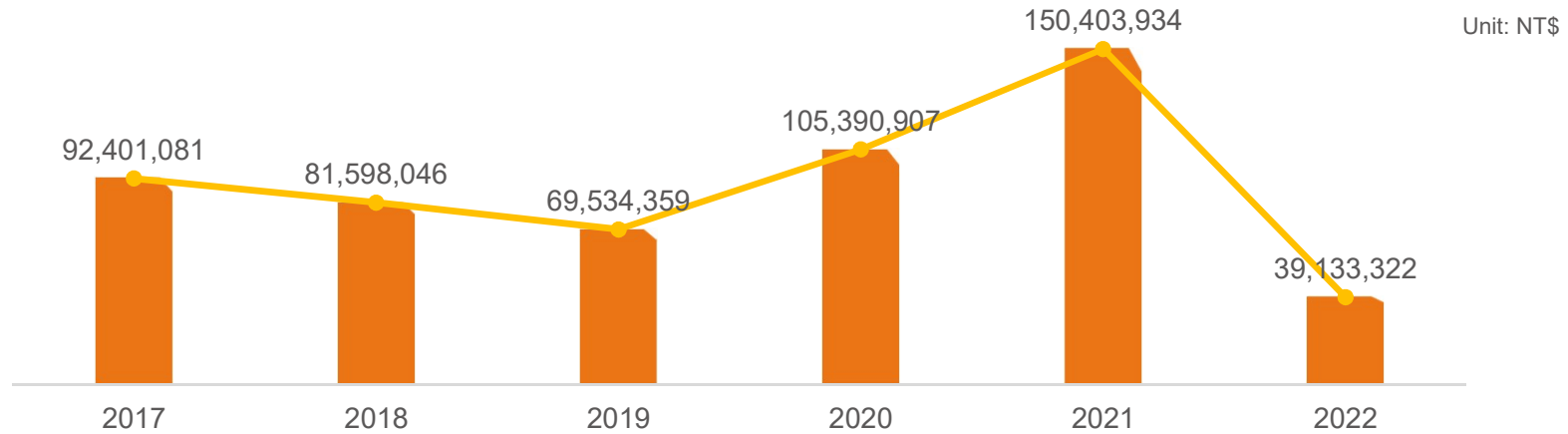
The review of written materials contains 19 dimensions. In addition to the suppliers' self-evaluation, the Company's evaluation is included to ensure the rigorous nature of the overall evaluation mechanism; meanwhile, we encourage supply chain partners to transform and upgrade themselves actively to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

In addition, according to the ESG survey and evaluation result of the current year, there were 28 suppliers of Taiwan Headquarters and 37 suppliers of TAIPAQ Plant under written review. 20 suppliers of Taiwan Headquarters qualified the review, and 8 suppliers with incomplete written documents such that supplemental documents were to be provided, and they were temporarily not listed in the list of qualified suppliers. All 37 suppliers of TAIPAQ Plant qualified the review in 2022. Tai-Tech will continue to enhance the cooperation relationship with supply chain partners, and will implement the supplier ESG survey form properly. In addition, the Company will work together on various major issues to meet our stakeholders' expectations.

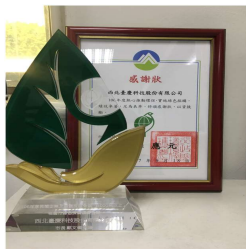
2.2.6 Sustainable Procurement

To establish a more resilient supply chain strategy and implement supplier-related management regulations, Tai-Tech has incorporated sustainable procurement strategies in procurement practices, actively selected sources with eco-friendly or green labels for raw material procurement, and striven to work with suppliers to improve corporate social responsibility and contribute to the environment and society where we live together. Tai-Tech has been publicly named a business with Exceptional Green Procurement Performance by the Environmental Protection Agency for the most recent six years. In the future, we will continue to plan and implement local procurement to reduce carbon emissions generated from transportation and increase economic opportunities in the areas where our operational sites are located.

Green Procurement Over the Past Six Years



Certificate of Merit for Exceptional Green Procurement Performance



Publicly praised by the Environmental Protection Agency in 2017
Photo of the Certificate of Merit for Exceptional Green Procurement Performance



Publicly praised by the Environmental Protection Agency in 2018
Photo of the Certificate of Merit for Exceptional Green Procurement Performance



Publicly praised by the Environmental Protection Agency in 2019
Photo of the Certificate of Merit for Exceptional Green Procurement Performance



Publicly praised by the Environmental Protection Agency in 2020
Certificate of Merit for Exceptional Green Procurement Performance



Publicly praised by the Environmental Protection Agency in 2021
Certificate of Merit for Exceptional Green Procurement Performance



Publicly praised by the Environmental Protection Agency in 2022
Certificate of Merit for Exceptional Green Procurement Performance

Note: As the trophy for 2022 has not yet been issued, a photo of the 2021 trophy is used as a substitute

2.3 Market Operation

Material Topic - Customer Service

<p>Meaning to the Company</p>	<p>Customers are the main source to the revenue of the Company, and the Company values product quality, delivery, technology R&D and sales service as the highest commitment to customers. Maintaining high customer satisfaction on the Company will be beneficial to the Company in order to continue to seek customer recognition.</p>	
<p>Policy / Commitment</p>	<ul style="list-style-type: none"> ● Establish service-oriented operation model and optimize service process, in order to improve customer trust and achieve win-win situation ● Apply innovative technology control and improve product quality, and cooperate with customers, in order to provide products and services satisfying demands 	
<p>Goals</p>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● Value customer demands, provide excellent customer services ● Provide value to customers, and resolve customer complaints to prevent loss of customer trust ● Customer satisfaction survey average score above 90 points 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Establish win-win service partnership with customers
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● Uphold the principle of service customers, designate responsible sales specialists and assistants to perform field visits actively, and adopt the methods of video conference, e-mail, telephone and communication software to provide normal and smooth communication channels, in order to assist customers in solving and inquiring product order problems, and to also assist customers for the time from order placement to product delivery waiting time. ● In 2022, due to the COVID-19 pandemic, customer visit frequency was reduced. Nevertheless, various technology exchange and demand seminars were organized via remote online meetings in order to interact, understand and obtain the latest demands and feedbacks from customers. 	
<p>Responsible department / Complaint filing mechanism</p>	<p>Contact channel: Marketing and Operating Department / Responsible Sales of each customer / E-mail E-mail mailbox: sales@tai-tech.com.tw</p>	
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● With regard to the 2022 customer satisfaction survey, a total of 22 copies of survey questionnaires were issued to top 20 major customers (including alternative customers). The questionnaire recovery rate was 100%, and average score was 92.36 points (survey content included quality, delivery, technology R&D, price and sales service, etc., and survey assessment was conducted on four aspects) ● The customer satisfaction survey average scores for the last three years were all above 91 points 	

2.3.1 Customer Relationship Maintenance

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

Under this new business model, Tai-Tech is committed to enhancing the interaction with clients and conducting systematic management to effectively keep abreast of clients' feedback. We have formulated the internal Customer Complaint Response Procedures to establish a complete interdepartmental response mechanism for customer complaint risks to ensure that each client's advice and criticism are duly handled quickly to meet their needs and gain their trust. We analyze and review the content of their complaint and put forward countermeasures and improvement reports to prevent the same incident from recurring and promote our after-sales services and improve product quality. During 2020-2022, there were no information leakage, theft, or customer data loss incidents.

Customer Complaint Response Process

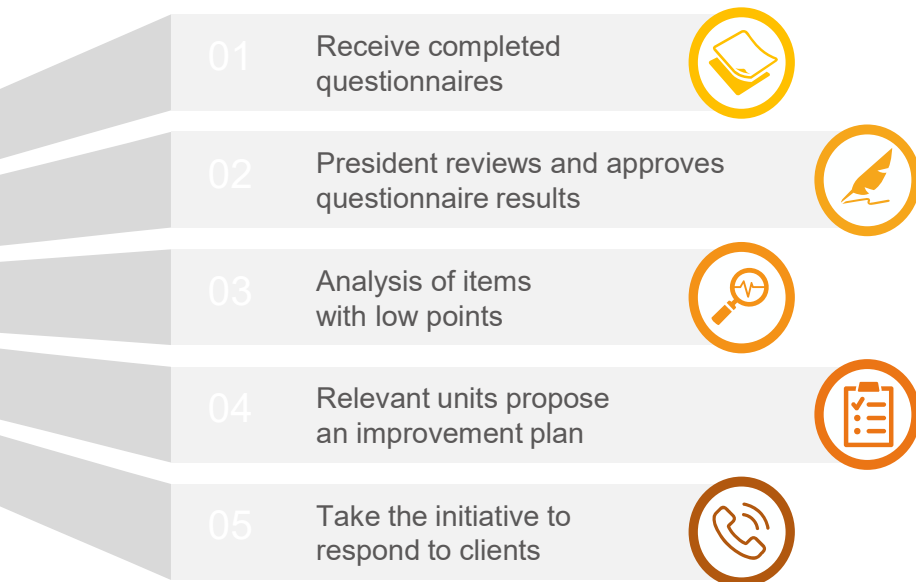


In addition to a complete customer complaint response mechanism, Tai-Tech has established the Client Satisfaction Operating Procedures to conduct client satisfaction surveys. The Company’s sales staff will give the customer satisfaction questionnaire to clients to conduct client satisfaction surveys through visits or by fax or e-mail each year to evaluate the four dimensions of "quality", "delivery", "technological research and development", and "price and sales service". A total of 22 copies of questionnaires were distributed in 2022, with the questionnaire recovery rate of 100% and an average questionnaire score of 92.36 points, indicating that our clients highly recognized Tai-Tech.

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

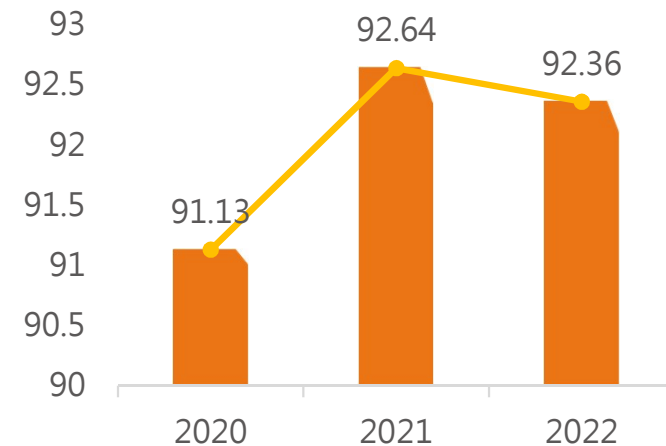
Customer satisfaction questionnaire handling process

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



Customer satisfaction score evaluation

Total score of 100 points



The Company focuses on client-oriented services. After using regular client satisfaction surveys to confirm the results, Tai-Tech also pays attention to comments from external agencies, reviews client privacy, and attaches great importance to information confidentiality. The following table shows the client privacy complaint statistics for the past 3 years, and the results indicated zero complaints. Tai-Tech will continue to conduct surveys, improve client satisfaction, and pay attention to customer privacy. The goal is to build willingness and confidence for clients to maintain long-term cooperation and customer relationships.

Statistics of complaint cases in last three years

Total number of complaints from external parties that the organization has substantiated

<input type="checkbox"/>	2020	None
<input type="checkbox"/>	2021	None
<input type="checkbox"/>	2022	None

Total number of complaints from supervisory authorities

<input type="checkbox"/>	2020	None
<input type="checkbox"/>	2021	None
<input type="checkbox"/>	2022	None

Total number of confirmed breaches, thefts, or loss of customer data

<input type="checkbox"/>	2020	None
<input type="checkbox"/>	2021	None
<input type="checkbox"/>	2022	None

2.3.2 Quality Management

Material Topic - Product Quality and Safety

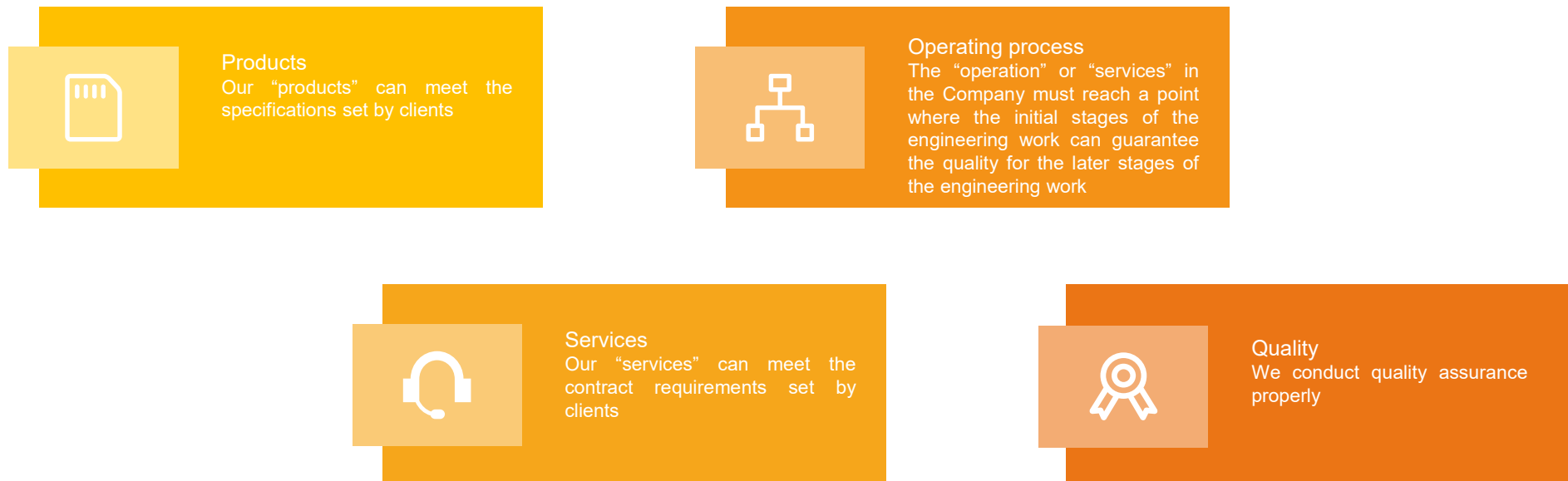
<p>Meaning to the Company</p>	<p>The Company has been committed to the cultivation of outstanding talents for a long period of time, and through verification of reliability of each stage and green products, the Company continues to improve product quality and safety, in order to ensure product competitiveness.</p>	
<p>Policy / Commitment</p>	<ul style="list-style-type: none"> ● Satisfy customer demands ● Our “products” are able to meet the specifications set by customers 	
<p>Goals</p>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● Establish reliability annual verification plan ● Internal product hazard substance tests, submit each product to SGS to test hazardous substances annually 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Introduce green raw materials for all raw materials ● 100% of products comply with the international requirements of REACH/RoHS standards
<p>Annual investment resources / Actual outcome</p>	<p>Short-term use of green products, complying with product safety requirements (REACH / RoHS)</p> <p>REACH</p> <ul style="list-style-type: none"> ● NT\$280,900 in 2021 ● NT\$296,500 in 2022 ● NT\$310,000 in 2023 	<p>RoHS</p> <ul style="list-style-type: none"> ● NT\$245,450 in 2021 ● NT\$214,100 in 2022 ● NT\$206,200 in 2023
<p>Responsible department / Complaint filing mechanism</p>	<p>Quality Assurance Division</p>	
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● No major deficiencies were found during internal audit/customer audit ● Both customer compliant rate and OKM defect KPI reached the target 	

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

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

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

Quality policy: Meeting clients’ needs



2.3.3 System and Management System

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

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

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

IATF 16949: 2016



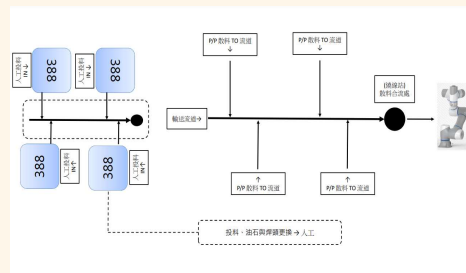
ISO 9001: 2015



2.3.4 Quality Improvement Project

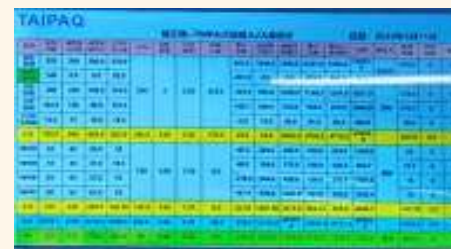
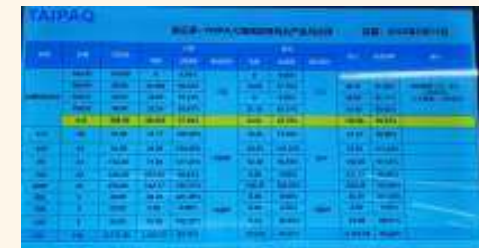
Quality
management

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



Production Data Bulletin
Board Management

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



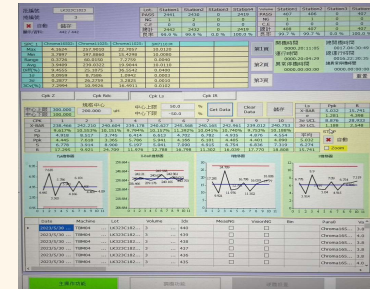
Automated Data
Collection and Analysis

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

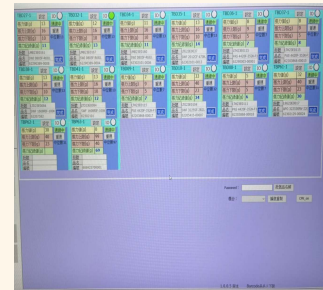
1. Introduce automotive welding end surface tension SPC to reduce manual operation
2. Introduce testing packaging machine SPC to automatically save the production characteristic readings of each unit, and to achieve automatic control of CPK/PPK requirements
3. Introduce tension gauge with digital display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



Test data collection and analysis



Spot welding data collection and analysis



Automated
Inspection

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



Promotion and Prospect of Tai-Tech Industry 4.0

Improve operational efficiency and decision-making information transparency

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

Improved Production Information Collection Efficiency

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



Production Management Enhancement and Information Transparency

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

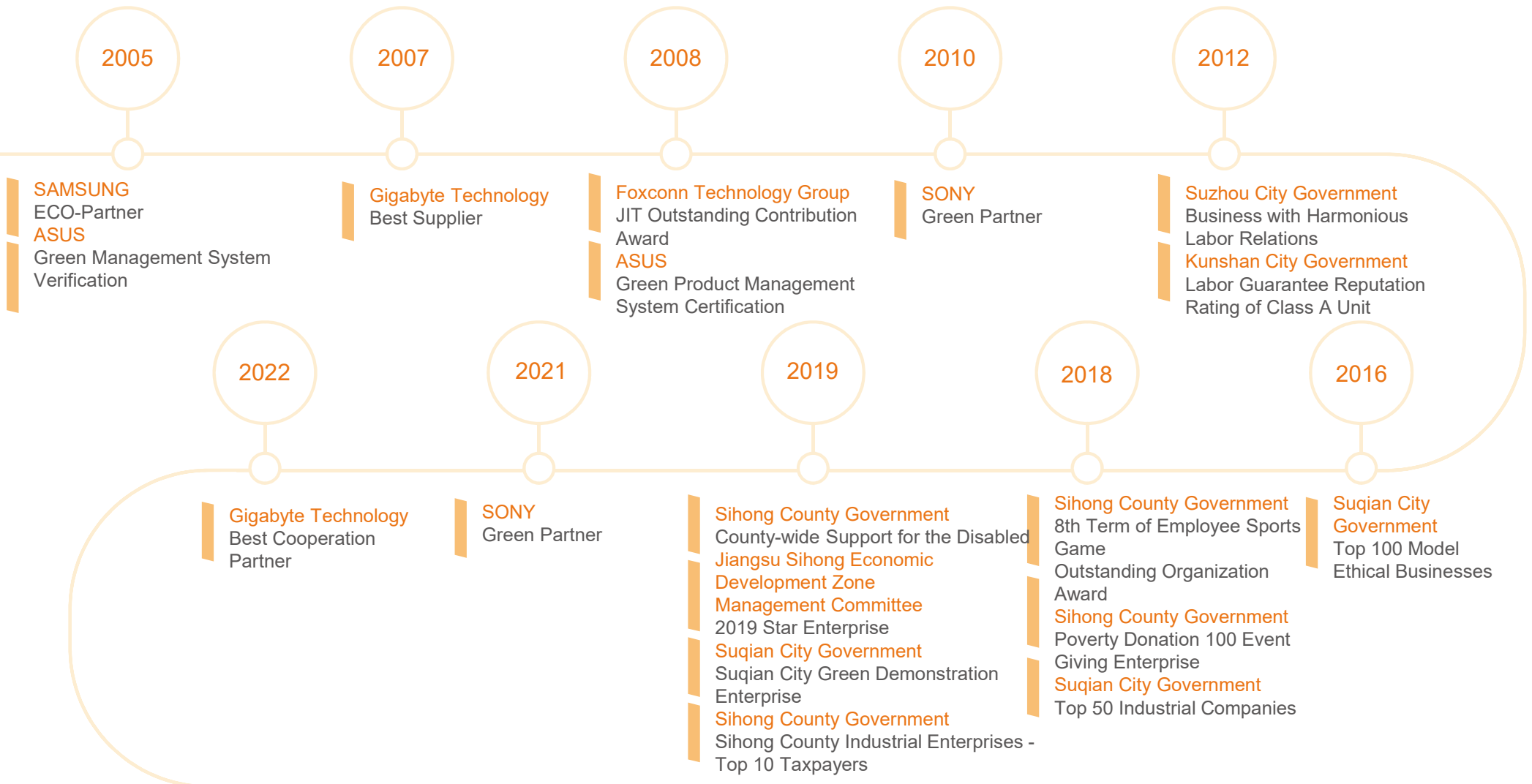


Tai-Tech intends to increase its efforts in 2022 to gradually construct a machine network environment and collect and manage various production data under the full automation principle. The goal is to ensure that higher production quality and better traceability standards are used to comprehensively improve the automated production line environment. The relevant data is combined with the Business Intelligence tools analysis to provide an operational reference. We aim to meet high-quality product demands for items such as automotive electronics.

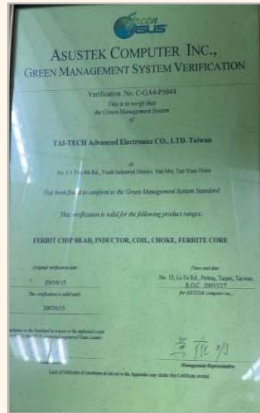
2.3.5 Relationship Management and Recognition

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

Recognition Gained in Past Years



Photos of relevant
certifications



2005 Green Management System Verification



2008
JIT Outstanding Contribution Award



2005 ECO-Partner



2019 Star Enterprise



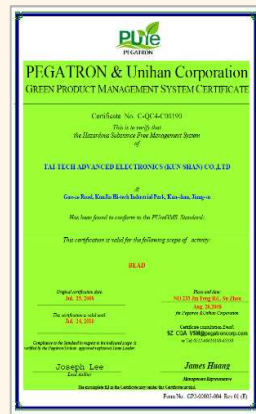
2010 Green Partner



2019 Suqian City Green Demonstration Enterprise



2007 Best Supplier



2008 Green Product Management System Certification



2021 Green Partner



2019 Sihong County Industrial Enterprises - Top 10 Taxpayers

Strengthening Online Services and Building Application Simulations

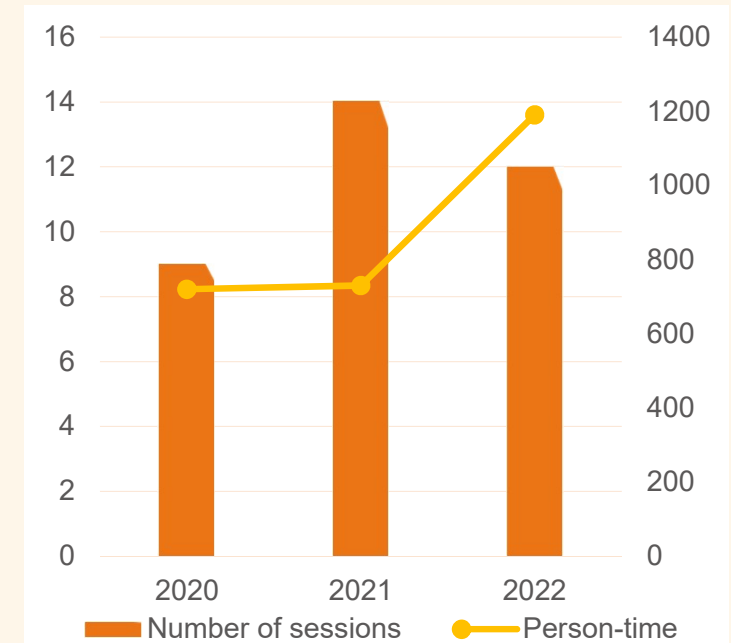
Conduct webinars, provide application simulations, and interact closely with business partners

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

2022 Webinar with external participants

Date	Technical Exchange Course	Participants	Number of people
01/25	Power Inductor for Buck Circuit Application	Agents, clients, and internal personnel	252
02/22	Power inductor with buck frequency compensation design	Agents, clients, and internal personnel	252
03/29	Power inductor for Boost circuit application	Agents, clients, and internal personnel	147
04/26	Ferrite bead for DC power filter circuit application	Agents, clients, and internal personnel	111
05/24	LAN transformer introduction	Agents, clients, and internal personnel	155
06/28	EMI management for circuits and components	Agents, clients, and internal personnel	158
07/26	EMI management for high speed signal	Agents, clients, and internal personnel	148
08/30	Flayback concept	Agents, clients, and internal personnel	112
09/27	Magnetic parts concept	Agents, clients, and internal personnel	134
10/18	Buck inductor application	Agents, clients, and internal personnel	130
11/29	Buck frequency compensation	Agents, clients, and internal personnel	96
12/27	Boost	Agents, clients, and internal personnel	138

Status of seminars organized in last three years



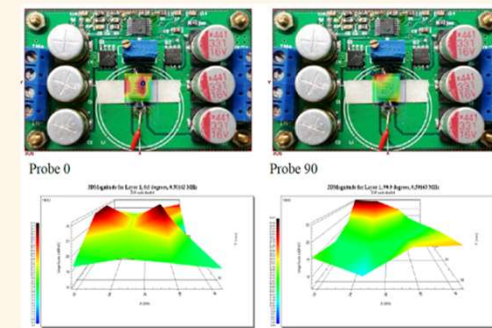
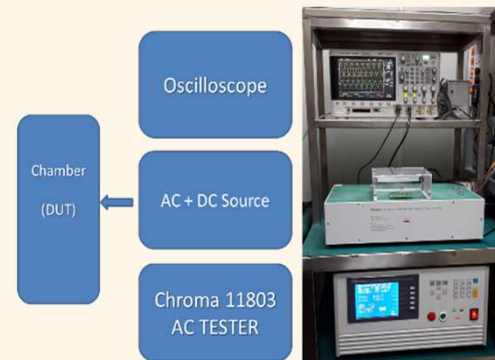
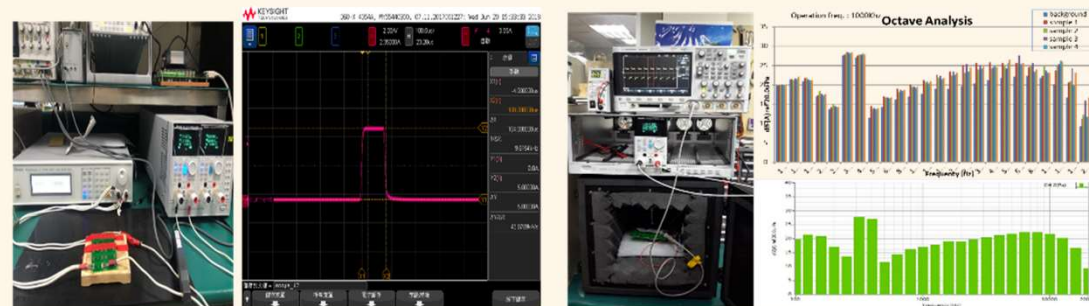
Product Application Online Program

Active online functions that are known to use the product name to estimate the magnetic loss and the appropriate product recommended under application conditions. In 2022, additional product functions were provided.



Product Application Simulation Test

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



Based on Regulation of IEC-61967-6 Near Field EMI Measurement.

/03

Green Environment

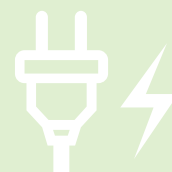
- 3.1 Energy Management
- 3.2 Water Resource Management
- 3.3 Waste Management
- 3.4 Pollution Prevention

2022 Key Performances



NT\$50 million

Tai-Tech entrusts Bank Sinopac to prepare the green deposit investment proposal according to the green security principle announced by the International Capital Market Association, and invests NT\$50 million of green fund (corporate account for green time deposit) for investments in green buildings, renewable energies and pollution control industries, etc.



1.62 %

Annual electricity saving rate of 1.62%, electricity saving of 398,437.5 kWh; the average annual electricity saving rate from 2015 to 2022 was 1.73%



85.49 %

Overall waste reuse and recycle rate is 85.49%, an increase of 8.71% from last year



18.66 %

Water recovery and reuse rate is 18.66%; core process water consumption ration decreases by 7.23%, accounting for 72.77% of the total water consumption, and tap water of 16,165 tons is reduced

3.1 Energy Management

Material Topic - Energy Saving and Carbon Reduction

Meaning to the Company	<p>As energy saving and carbon reduction under the impact of climate change is the future trend and the impact on the ecology becomes more prominent, Tai-Tech is committed to energy saving and carbon reduction in daily practices, and also continues to complete government's promotion on the average annual electricity reduction of 1% for users of large energy consumption.</p>	
Policy / Commitment	<p>We adhere to the concepts of maintaining the natural environment and implementing green activities. We aim to fulfill our corporate social responsibility and sustainable management concepts by implementing an environmental management system.</p> <ul style="list-style-type: none"> ● Establish, implement and maintain an environmental management system ● Commit to industrial waste reduction, pollution prevention, and continuous improvement work ● Comply with relevant environmental laws and regulations and customer requirements ● Promote the concept of green design, implementing waste classification and removal management to improve environmental performance ● Through communication, advocacy and education training, make all employees aware of the importance of environmental management ● Communicate environmental protection information to relevant parties 	
Goals	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● In 2023, established public equipment - air compressor electrical load analysis, in order to assess its actual energy consumption status ● Perform feasibility assessment on parts replacement for high performance equipment during internal operation 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Complete average annual electricity saving rate of 1% for 2015 to 2024 specified by the Bureau of Energy of the government. ● Introduce ISO 50001 energy management system and obtain certification ● Review renewable energy construction plan to effectively reduce energy consumption
Annual investment resources / Actual outcome	<ul style="list-style-type: none"> ● In 2022, energy-saving type of public equipment expense paid was NT\$2,200,000 	
Responsible department / Complaint filing mechanism	<ul style="list-style-type: none"> ● Management Department 	<ul style="list-style-type: none"> ● Production Department
Assessment mechanism / Outcome	<ul style="list-style-type: none"> ● In 2022, the annual electricity saving rate was 1.62% and the electricity saving was 398,437.5 kWh ● Average annual electricity savings rate for 2015-2022 was 1.73% 	

Group energy consumption

Taiwan Headquarters	Unit: Gigajoules (GJ)	2020	2021	2022
	Gasoline (external)	156.76	186.17	236.02
	Diesel (external)	386.81	363.57	316.54
	Liquefied petroleum gas (internal)	5,277.34	6,923.36	4,622.94
	Purchased electricity (internal)	75,608.64	93,682.08	110,230.38
	Total	81,429.55	101,155.18	115,405.88
	Revenue intensity (NT\$ million)	24.57	21.03	27.62

TAIPAO Plant	Unit: Gigajoules (GJ)	2020	2021	2022
	Gasoline (external)	320.95	257.75	191.31
	Purchased electricity (internal)	106,715.54	137,057.18	119,152.67
	Total	107,036.49	137,314.93	119,343.98
	Revenue intensity (NT\$ million)	36.56	34.89	34.16

Kunshan Plant	Unit: Gigajoules (GJ)	2020	2021	2022
	Gasoline (external)	122.75	117.9	116.29
	Purchased electricity (internal)	24,027.47	24,685.10	23,590.07
	Total	24,150.22	24,803.00	23,706.36
	Revenue intensity (NT\$ million)	17.76	15.61	18.55

Note 1: Tai-Tech Advanced Electronics does not use purchased coal or purchased steam and renewable energy in Taiwan

Note 2: Calorific value of purchased electricity calorific value: Headquarters of 3,600 GJ/million kWh, subsidiaries in China of 3,596KJ/kWh

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

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

Energy Conservation Measures and Benefit Analysis

As climate change has become a global concern with an increasingly significant impact on life, Tai-Tech has striven to save energy in day-to-day operations, such as organizing green office activities.

Tai-Tech's energy consumption mainly refers to the purchased electricity, gasoline/diesel and liquified petroleum gas, and also cooperates with the government's policy on promotion of energy saving for users of large energy consumption. In 2020, the Company recognized three-month air system pipeline integration to save 200HP air compressor and new installation of 3 units of 100HP energy-saving air compressors, such that the electricity saving of the that year was 426,425 kWh. In 2021, the Company expanded the production capacity with the purchase of 7 units of 100HP new energy-saving air compressors, and the electricity saving of that year was 278,906.25 kWh. In 2022, the Company recognized six-month newly purchased 7 units of 100HP air compressors and newly purchased 2 units of 100HP energy-saving air compressors, and the electricity saving of that year was 398,437.50 kWh.

2020		2021		2022	
Energy consumption reduced (kWh)	Greenhouse gas emissions reduced (Tonnes of CO2e)	Energy consumption reduced (kWh)	Greenhouse gas emissions reduced (Tonnes of CO2e)	Energy consumption reduced (kWh)	Greenhouse gas emissions reduced (Tonnes of CO2e)
426,425.00	239.17	278,906.25	141.96	398,437.50	202.80

Reduce product and service energy demands

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

In 2022, V2 power inductor for DDR5 was developed. The comparison between the new low-loss material and the power inductor of the best performance in 2021 indicates that based on the estimation of the (load) during use, it is able to further increase 0.5% of performance, and each power inductor is able to save 0.61mW/pcs ^{Note 1}. For the calculation of 10 million units of computers, and each computer being used for 8 hours per day, when 2 DDR5 modules are installed per computer with each module installed with two power inductors, then it is able to save approximately 70,272K joules/8hrs ^{Note 2}

2021	2022
Energy consumption reduced (KJ/8hrs)	Energy consumption reduced (KJ/8hrs)
282,240	70,272

Note 1: 0.61mW/pcs = 3.5A²*0.01X0.5%

Note 2: 70,272K = 10,000,000 computers*8HRS*2DDR5*2*0.61mW/1,000*3,600

3.1.1 Greenhouse Gas Inventory

Tai-Tech also calculated and revealed the direct (Scope 1, including gasoline, diesel, and liquified petroleum gas) and indirect (Scope 2, i.e. purchased electricity) greenhouse gas emissions from energy consumption. The emissions data for the last three years are shown in the figure below:

Greenhouse gas emissions

Taiwan Headquarters	Unit: CO ₂ e metric tonnes	2020	2021	2022
	Petrol (Scope 1)	10.91	13.47	17.08
	Diesel fuel (Scope 1)	28.78	27.42	23.86
	Liquefied petroleum gas (Scope 1)	313.12	322.56	215.37
	Outsourced electricity (Scope 2)	10,690.22	13,063.45	15,585.35
	Total	11,043.03	13,426.90	15,841.66
	Revenue intensity (NT\$ million)	3.33	2.79	3.79

TAIPAO Plant	Unit: CO ₂ e metric tonnes	2020	2021	2022
	Petrol (Scope 1)	21.80	17.50	12.99
	Outsourced electricity (Scope 2)	23,506.50	30,189.93	26,246.06
	Total	23,528.30	30,207.43	26,259.05
	Revenue intensity (NT\$ million)	8.04	7.67	7.52

Kunshan Plant	Unit: CO ₂ e metric tonnes	2020	2021	2022
	Petrol (Scope 1)	8.34	8.01	7.90
	Outsourced electricity (Scope 2)	5,292.59	5,437.45	5,196.24
	Total	5,300.93	5,445.46	5,204.14
	Revenue intensity (NT\$ million)	3.90	3.43	4.07

Note 1: Scope 1 includes greenhouse gases directly generated by gasoline, diesel, and liquefied natural gas.

Note 2: Scope 2 refers to greenhouse gases generated indirectly from purchased electricity.

Note 3: For the electricity carbon emissions coefficient in 2020, the unit was 0.502 kg of CO₂e/kWh, which needs to be converted into tonnes of CO₂e/kWh (0.502kg/1,000); for the electricity carbon emissions coefficient in 2021, the unit was 0.509 kg of CO₂e/kWh, which needs to be converted into tonnes of CO₂e/kWh (0.509kg/1,000). The electricity carbon emissions coefficient in 2022 was not yet announced during the preparation of this report; therefore, electricity carbon emissions coefficient in 2021 was used, and the unit was 0.509kg of CO₂e/kWh. For the subsidiaries at the Eastern China region, the electricity grid emissions coefficient is 0.7921 t CO₂e/MWh, and the gasoline emissions coefficient is 18.9*10⁻³*0.98*44/12 tCO₂e/GJ

3.2 Water Resource Management

Material Topic - Water Resource Management

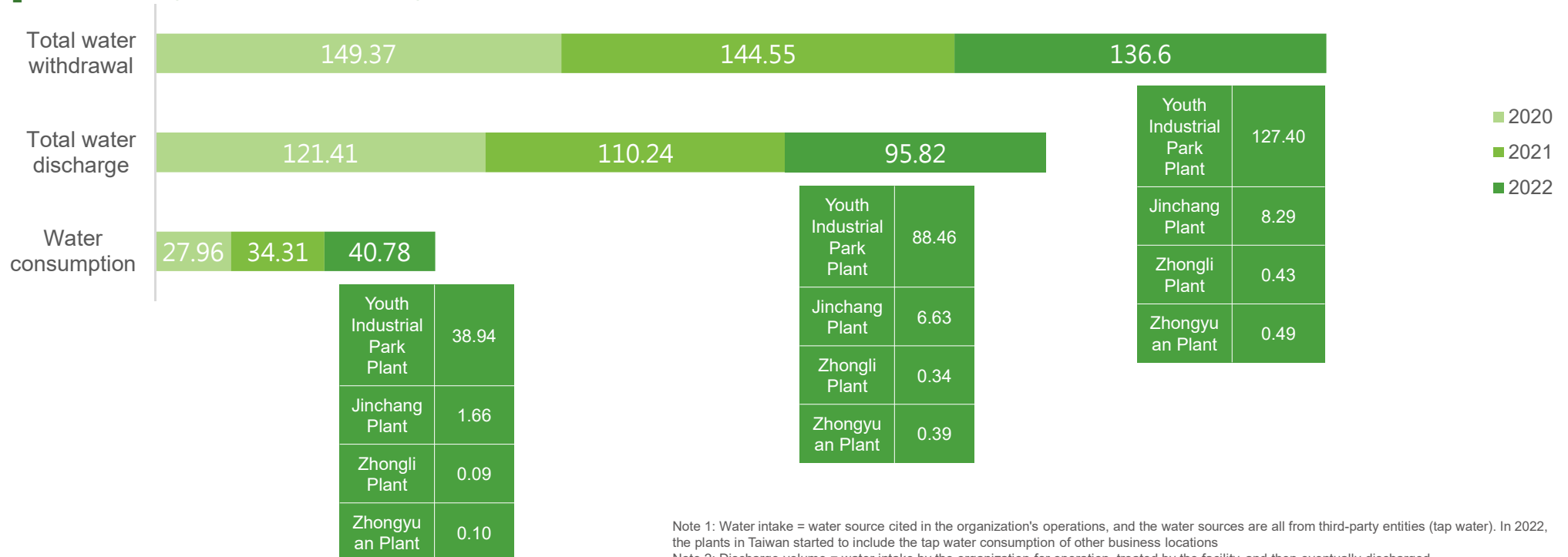
<p>Meaning to the Company</p>	<p>Although Tai-Tech's geographical location faces no immediate risk of water shortage, we are well aware that water resources are hard to come by, and are committed to water conservation and water recycling measures.</p>	
<p>Policy / Commitment</p>	<p>We adhere to the concepts of maintaining the natural environment and implementing green activities. We aim to fulfill our corporate social responsibility and sustainable management concepts by implementing an environmental management system.</p> <ul style="list-style-type: none"> ● Establish, implement and maintain an environmental management system ● Commit to industrial waste reduction, pollution prevention, and continuous improvement work ● Comply with relevant environmental laws and regulations and customer requirements ● Promote the concept of green design, implementing waste classification and removal management to improve environmental performance ● Through communication, advocacy and education training, make all employees aware of the importance of environmental management ● Communicate environmental protection information to relevant parties 	
<p>Goals</p>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● In 2023, reduced the ratio of core process water consumption to 72% ● In 2023, maintained the water recycling rate above 15% ● Verify goal achievement outcome with ISO14001 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Review wastewater recycle system and rainwater recycle plan in order to cope with the risk of water shortage during drought ● Participate in water saving related topic meetings, and effectively assess applicable internal measures
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● In 2022, the wastewater facility maintenance expense paid was NT\$142,225 ● In 2022, the service fee for the wastewater operation paid was NT\$2,970,000, and the wastewater operation chemical expense was NT\$1,696,635 	
<p>Responsible department / Complaint filing mechanism</p>	<ul style="list-style-type: none"> ● Environmental Protection Office of Factory Affairs Section 	
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● Achieved the reduction of the proportion of core process water consumption from 80% to 75%. In 2022, the core process water consumption ratio reduced by 7.23%, accounted for 72.77% of the total water consumption, with the reduction of tap water of 16,165 tons. ● Achieved the improvement of water recycling rate above 15%, and the water recycle and reuse rate in 2022 was 18.66% 	

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

In addition, due to the significant operational growth of the organization in 2022, the tap water withdrawal volume by all plants in Taiwan was 136.60 million liters, a decrease of 5.5% of total water withdrawal in comparison to the total tap water withdrawal volume of 144.55 million liters by all plants in Taiwan in 2021, i.e. a decrease of nearly 8 million liters of tap water. The internal of the plants will continue to promote water saving measures, in order to achieve the goal of improving water recycle and reuse rate by more than 15%. The water recycle and reuse rate in 2022 was 18.66%. In 2022, the total tap water withdrawal volume by TAIPAQ Plant was 45,307 million liters, a decrease of 37% of total water withdrawal in comparison to the total tap water withdrawal volume of 71,747 million liters in 2021, i.e. a decrease of 26,440 million liters of tap water withdrawal. In 2022, the total tap water withdrawal volume by Kunshan Plant was 15,707 million liters, a decrease of 41% of total water withdrawal in comparison to the total tap water withdrawal volume of 26,596 million liters in 2021, i.e. a decrease of 10,889 million liters of tap water withdrawal.

Unit: millions of liters

Taiwan Headquarters Water Consumption Statistics



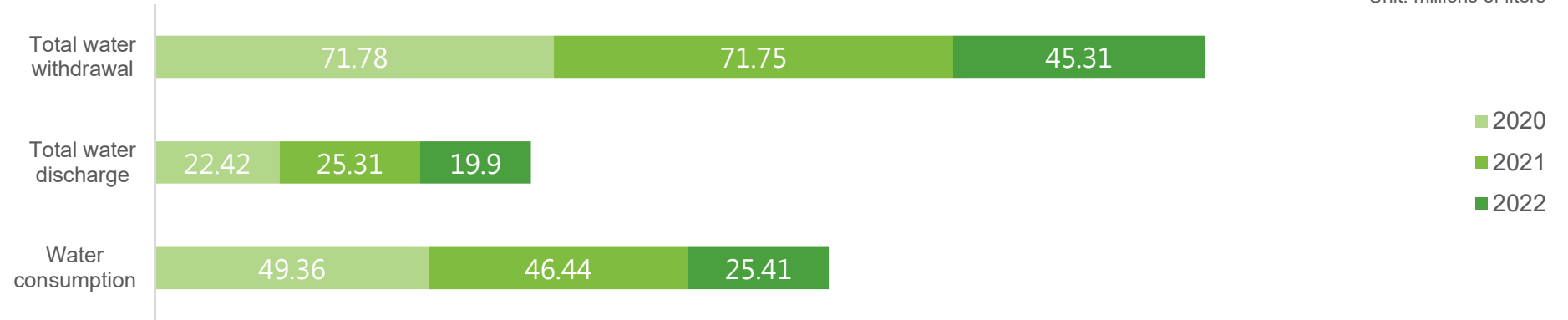
Note 1: Water intake = water source cited in the organization's operations, and the water sources are all from third-party entities (tap water). In 2022, the plants in Taiwan started to include the tap water consumption of other business locations

Note 2: Discharge volume = water intake by the organization for operation, treated by the facility, and then eventually discharged

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

TAIPAQ Plant Water Consumption Statistics

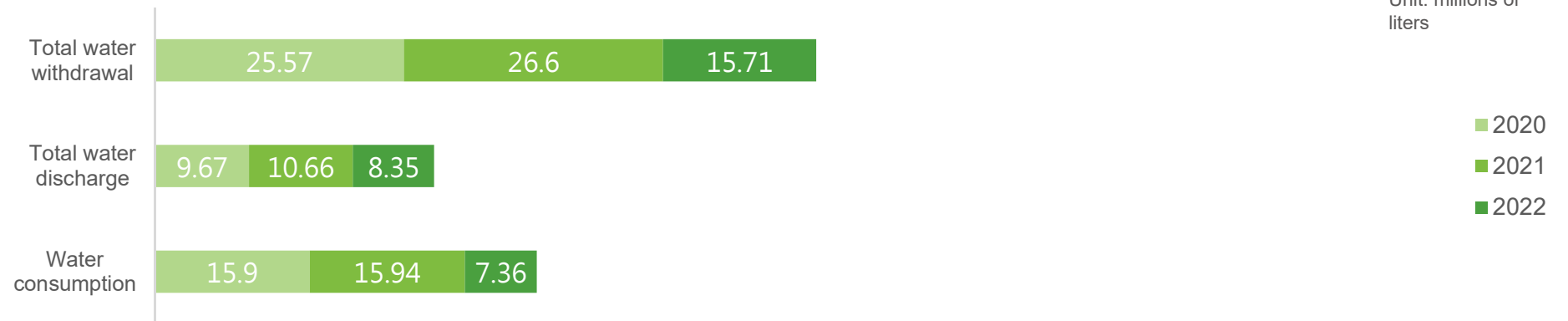
Unit: millions of liters



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

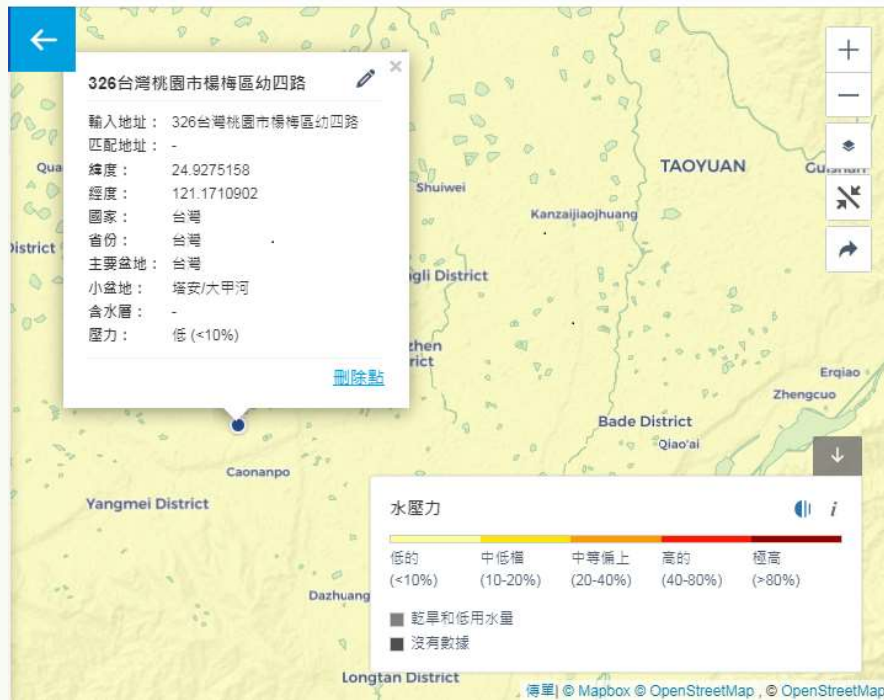
Kunshan Plant Water Consumption Statistics

Unit: millions of liters



Water Resource Observatory

The sources of water withdrawal of Taiwan Headquarters are all freshwater and based on the WRI Aqueduct water stress data analysis. Tai-Tech's operational sites in Taiwan are in an area with no water stress.



Tai-Tech's wastewater discharge operation is located within the jurisdiction of the industrial area. There is a wastewater treatment facility in the factory, and its treatment process is operated according to the Wastewater Treatment Procedure, and the content of the water measures permit. We have also complied with the relevant provisions of the Industrial Zone Sewer System and the Water Pollution Prevention and Control Law. The goal is to ensure that the discharge water quality meets the discharge water standards set by the industrial zone discharge water testing standard and to develop pollution prevention measures to reduce operational impact risks. With the proper implementation of the water resource saving measures, the overall business locations water discharge volume in 2022 was 197.62 million liters, a decrease of 37,337 million liters of water discharge volume in comparison to the water discharge volume of 242.9 million liters in 2021.



Wastewater treatment facilities

Emission/discharge substance statistics

Taiwan Headquarters	Unit: mg/L	SS	COD	Ni
	Effluents standard	480	640	0.70
	2020	8.05	24.23	0.26
	2021	12.82	35.00	0.24
	2022	18.38	31.82	0.22

Note: According to the effluents standard of Youth Industrial Park

TAIPAQ Plant	Unit: mg/L	SS	BOD	COD	PH value	Ammonia nitrogen	Total iron	Total phosphorus	Total zinc	Total copper	Total tin	Total nickel
	Effluents standard	400	300	500	6~9 (without unit)	45	3	8	1.5	2	2	0.5
	2020	6	-	36	7.43	0.486	0.14	0.03	0.036	ND	0.08	0.030
	2021	18	2.60	14	7.51	0.534	0.17	0.01	0.011	ND	0.05	0.081
	2022	7	9.50	32	7.40	0.064	0.28	0.10	ND	0.009	ND	0.114

Note: Due to the implementation of new standard "Discharge Standard of Water Pollutants for Electronics Industry" in October 2022, the COD standard has been changed from the original $\leq 80\text{mg/L}$ to $\leq 50\text{mg/L}$

Kunshan Plant	Unit: mg/L	SS	COD
	Effluents standard	400	500
	2020	0.45	18.20
	2021	0.56	19.90
	2022	0.36	17.60

3.3 Waste Management

Material Topic - Waste Management

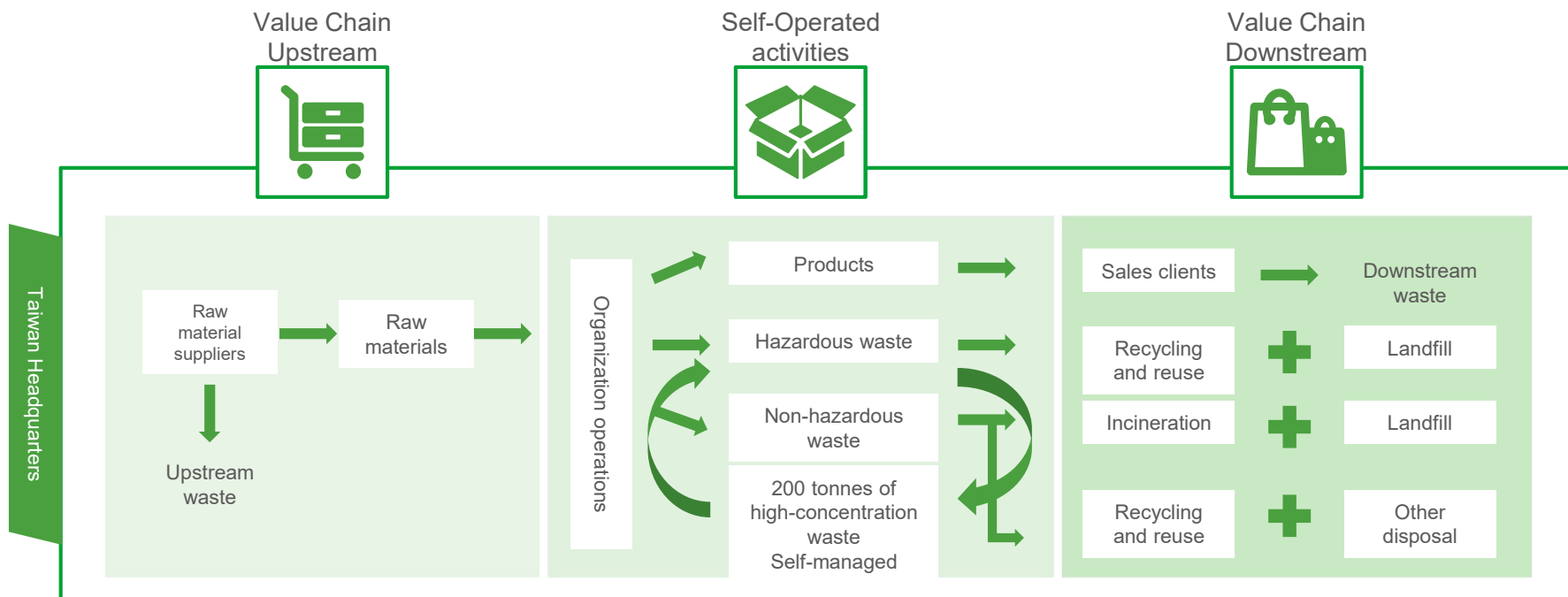
<p>Meaning to the Company</p>	<p>Tai-Tech is committed to maintaining the safety and health of personnel and protecting the environment and ecology. Accordingly, we will continue to follow relevant environmental protection and occupational safety and health laws and regulations, implement continuous improvement, practice surplus material recycling and regeneration, prevent pollution, implement resource saving and regeneration, reduce industrial waste and promote friendly neighborhood and community, in order to establish indicators for environmental protection and sustainable operation.</p>		
<p>Policy / Commitment</p>	<p>We adhere to the concepts of maintaining the natural environment and implementing green activities. We aim to fulfill our corporate social responsibility and sustainable management concepts by implementing an environmental management system.</p> <ul style="list-style-type: none"> ● Establish, implement and maintain an environmental management system ● Commit to industrial waste reduction, pollution prevention, and continuous improvement work ● Comply with relevant environmental laws and regulations and customer requirements ● Promote the concept of green design, implementing waste classification and removal management to improve environmental performance ● Through communication, advocacy and education training, make all employees aware of the importance of environmental management ● Communicate environmental protection information to relevant parties 		
<p>Goals</p>	<table border="1"> <tr> <td data-bbox="474 849 1541 1104"> <p>Short-term Goal:</p> <ul style="list-style-type: none"> ● In 2023, the overall waste reuse and recycle rate increased by 1% ● In 2023, maintained the introduction of 100% of harmful electroplating waste liquids into the factory for treatment to achieve zero pollution to the environment. ● Participate in waste reduction related topics, and assess internal application feasibility timely ● In 2023, the ratio of remaining material powder re-fed into manufacturing process accounted for 1% of the process total output reuse and recycle rate </td> <td data-bbox="1550 849 2051 1104"> <p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Waste total weight reduction reaches above 3% </td> </tr> </table>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● In 2023, the overall waste reuse and recycle rate increased by 1% ● In 2023, maintained the introduction of 100% of harmful electroplating waste liquids into the factory for treatment to achieve zero pollution to the environment. ● Participate in waste reduction related topics, and assess internal application feasibility timely ● In 2023, the ratio of remaining material powder re-fed into manufacturing process accounted for 1% of the process total output reuse and recycle rate 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Waste total weight reduction reaches above 3%
<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● In 2023, the overall waste reuse and recycle rate increased by 1% ● In 2023, maintained the introduction of 100% of harmful electroplating waste liquids into the factory for treatment to achieve zero pollution to the environment. ● Participate in waste reduction related topics, and assess internal application feasibility timely ● In 2023, the ratio of remaining material powder re-fed into manufacturing process accounted for 1% of the process total output reuse and recycle rate 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Waste total weight reduction reaches above 3% 		
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● In 2022, the expenses for waste removal and disposal was NT\$4,832,256 		
<p>Responsible department / Complaint filing mechanism</p>	<ul style="list-style-type: none"> ● Environmental Protection Office of Factory Affairs Section 		
<p>Assessment mechanism / Outcome</p>	<ul style="list-style-type: none"> ● In 2022, the overall waste reuse and recycle rate increased by 8.71%, and the overall waste reuse and recycle rate reached 85.49%, complying with the goal ● In 2022, the hazardous electroplating waste liquid with the introduction of internal treatment reached 99.85%, which has not yet complied with the goal zero disposal, and the Company will continue to improve 		

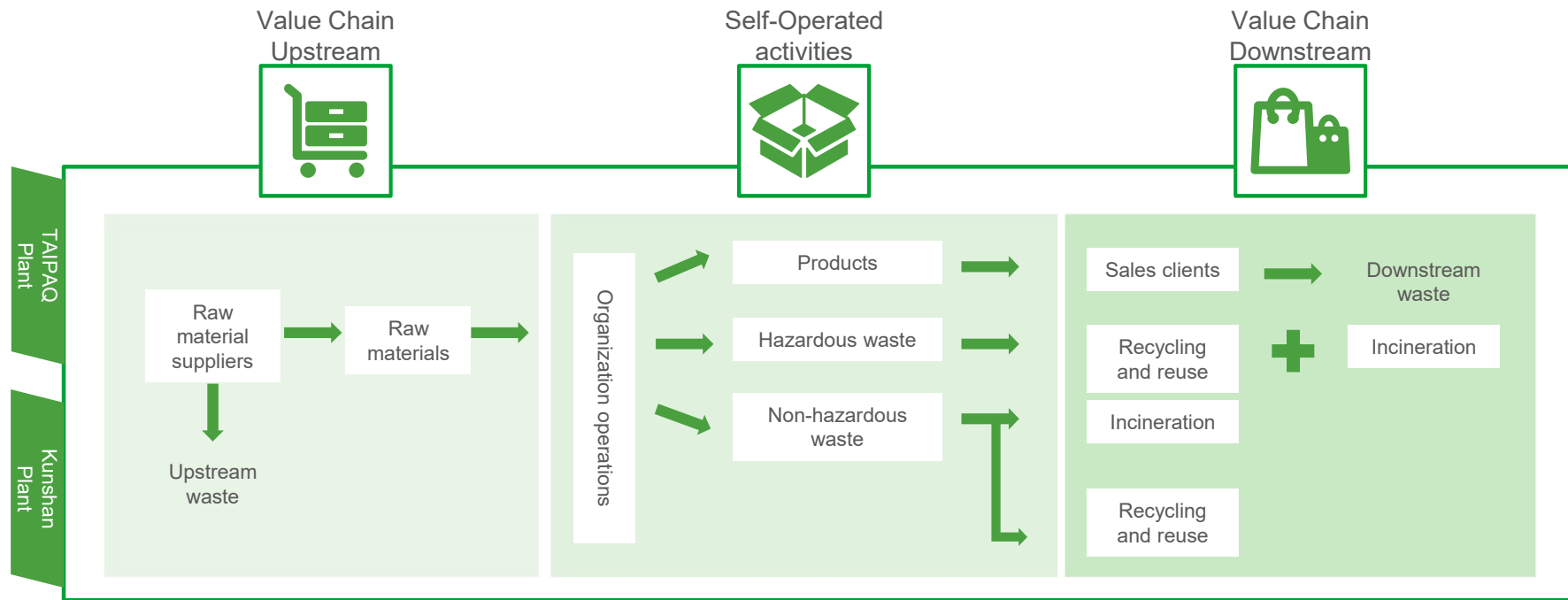
Tai-Tech is part of the electronic components industry and is committed to the R&D and manufacturing of magnetic materials and inductive components-related products. We strictly comply with environmental laws and regulations, from raw material input and manufacturing processes to product output and waste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

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

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

Waste Generation Flow Chart

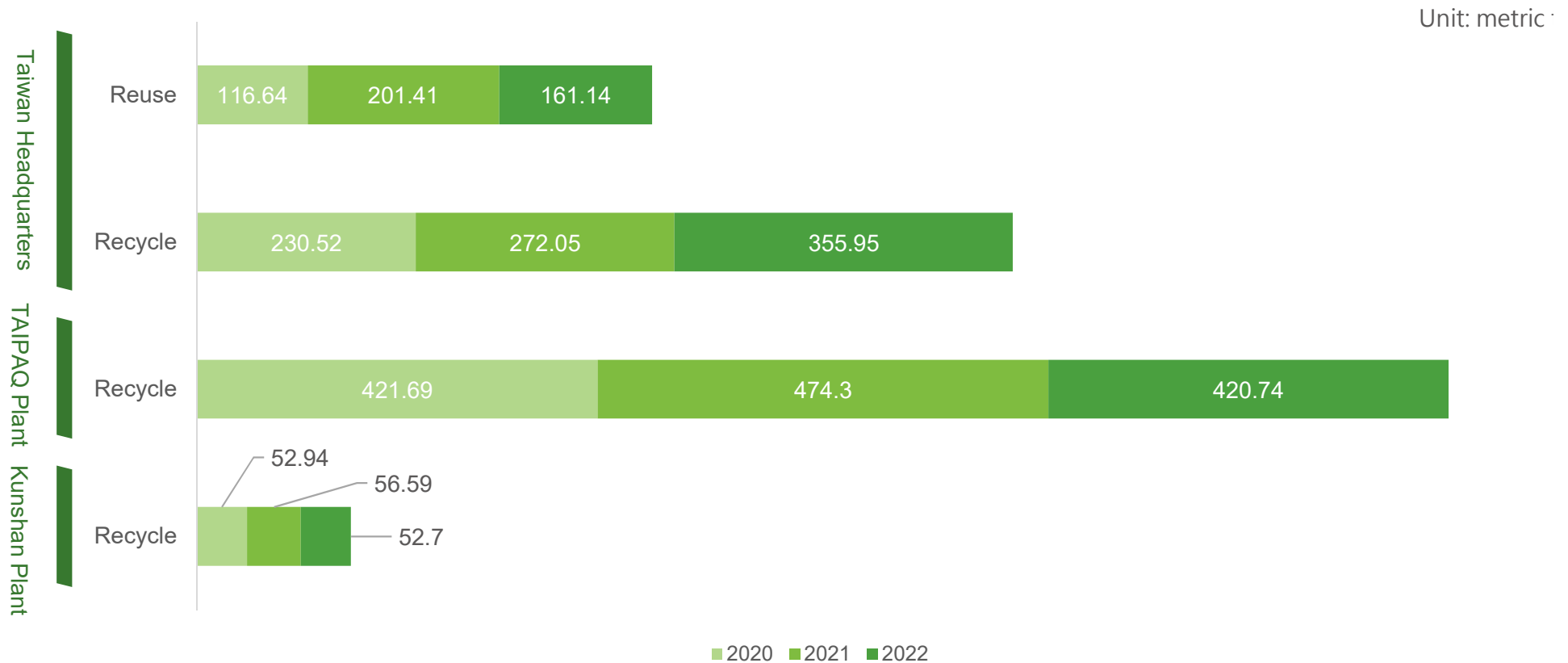




The Company strictly complies with the “Waste Disposal Act” for overall waste disposal. The organization’s waste disposal plan requires cooperation and signed contracts with specialists approved by the competent authority to ensure legal waste disposal. The Company has implemented waste classification management in accordance with the “Waste Management Procedure”, and scheduled regular industrial waste treatment inspection and evaluation in accordance with the “Annual Industrial Waste Audit Plan” to effectively prevent improper waste disposal. The goal is to reduce the risk of operating impacts and environmental harm. There were no incidents of leakage throughout the Company’s operations in 2022.

3.3.1 Waste-Related Statistics

Waste transferred from disposal in recycling operations



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

Taiwan Headquarters Waste Statistics Summary Table

Unit: metric tonnes	Waste item	2020	2021	2022	Treatment method	Offsite/onsite treatment
Hazardous industrial waste	Electroplating sludge	98.40	187.63	144.27	Reuse	Offsite
		56.72	4.36	0.00	Curing	Offsite
	Dust collected	20.00	42.35	19.21	Curing	Offsite
	Waste electroplating filter elements	9.91	13.27	9.04	Curing	Offsite
	Plastic empty chemical buckets	1.40	2.09	1.28	Cleaning	Offsite
	Electroplating waste liquid	160.00	200.00	305.00	Recycle	Onsite
	Waste solvent	0.50	0.00	0.00	Physical	Offsite
	Waste electronic components, scraps, and defective products	10.46	8.62	8.92	Reuse	Offsite
	3.04	0.00	4.02	Physical	Offsite	
	Subtotal	360.43	458.32	491.73	-	-
General industrial waste	Waste paper	26.51	34.56	30.14	Recycle	Offsite
	Scrap iron cans, scrap aluminum cans, waste PET bottles	1.90	1.40	0.79	Recycle	Offsite
	Waste plastic	4.45	4.21	4.81	Recycle	Offsite
		0.99	1.09	5.36	Incineration	Offsite
	Scrap iron (iron scrap and scrapped equipment)	30.04	20.01	6.11	Recycle	Offsite
	Scrap copper wire	7.52	11.77	9.00	Recycle	Offsite
	Waste light tubes	0.10	0.10	0.10	Recycle	Offsite
	Kitchen waste	2.40	2.40	2.40	-	Offsite
	Domestic waste	4.66	3.42	19.96	Incineration	Offsite
	Waste timber	7.78	5.16	7.95	Reuse	Offsite
	Waste sagger and workstation plates	7.00	21.28	0.00	Landfill	Offsite
	Non-hazardous single scrap metal-core	1.72	2.90	0.00	Landfill	Offsite
	Waste lubricant oils	0.40	3.62	0.00	Physical	Offsite
	Night soil	39.21	51.11	25.93	-	Offsite
	Subtotal	134.69	163.03	112.55	-	-
Total		495.12	621.34	604.28	-	-

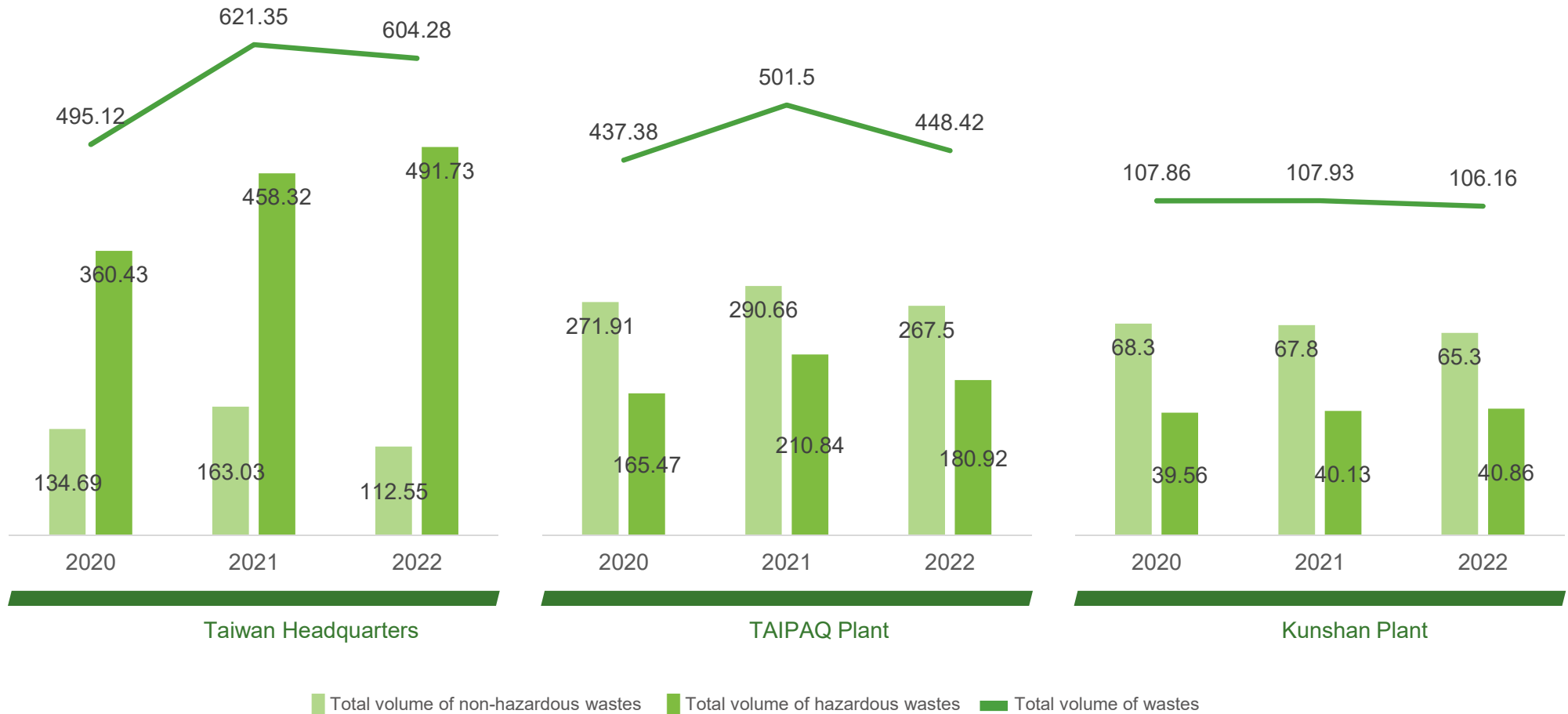
TAIPAQ Plant Waste Statistics Summary Table

Unit: metric tonnes	Waste item	2020	2021	2022	Treatment method	Offsite/onsite treatment
Hazardous industrial waste	Tin-containing sludge	8.42	12.90	11.98	Recycle	Offsite
	Electroplating sludge	133.04	153.96	128.62	Recycle	Offsite
	Nickel-containing sludge	7.47	15.64	11.87	Recycle	Offsite
	Waste oil	0.85	1.14	0.76	Recycle	Offsite
	Rag	1.91	1.87	1.89	Incineration	Offsite
	Waste packaging containers	2.09	3.81	3.56	Incineration	Offsite
	Waste filters	2.84	3.96	4.18	Incineration	Offsite
	Waste activated charcoal	8.86	13.00	15.77	Incineration	Offsite
	Testing waste liquid	0.00	0.26	0.24	Incineration	Offsite
	Waste glue	0.00	1.55	1.10	Incineration	Offsite
	Cleaning waste liquid	0.00	2.76	0.00	Incineration	Offsite
	Waste anode bags	0.00	0.00	0.97	Incineration	Offsite
	Subtotal	165.47	210.84	180.92	-	-
General industrial waste	Cartons	130.26	158.49	134.03	Recycle	Offsite
	Scrolls	8.64	7.58	2.81	Recycle	Offsite
	Waste iron powder	23.19	41.50	16.23	Recycle	Offsite
	Waste iron and accessories	29.98	6.83	21.00	Recycle	Offsite
	Iron barrel	9.23	20.26	12.06	Recycle	Offsite
	Scrap copper wire	6.18	0.00	0.00	Recycle	Offsite
	Waste saggars	6.00	0.00	7.43	Recycle	Offsite
	Waste electronic components, scraps, and defective products	58.43	56.00	73.95	Recycle	Offsite
	Subtotal	271.91	290.66	267.51	-	-
Total		437.38	501.49	448.42	-	-

Kunshan Plant Waste Statistics Summary Table

Unit: metric tonnes	Waste item	2020	2021	2022	Treatment method	Offsite/onsite treatment
Hazardous industrial waste	Electroplating sludge	29.00	29.00	24.00	Recycle	Offsite
	Waste electroplating filter elements	2.00	1.20	0.99	Incineration	Offsite
	Waste rag	0.28	0.48	0.48	Incineration	Offsite
	Plastic empty chemical buckets	1.74	2.99	4.00	Recycle	Offsite
	Waste activated charcoal	3.55	5.47	3.49	Incineration	Offsite
	Electroplating waste liquid	3.00	1.00	7.90	Recycle	Offsite
	Subtotal	39.56	40.13	40.86	-	-
General industrial waste	Waste paper	12.00	15.00	10.00	Recycle	Offsite
	Waste plastic	2.50	3.50	2.00	Recycle	Offsite
	Scrap iron (iron scrap and scrapped equipment)	4.00	5.00	4.00	Recycle	Offsite
	Waste light tubes	0.30	0.20	0.50	Incineration	Offsite
	Domestic waste	12.80	12.00	10.00	Incineration	Offsite
	Industrial waste	36.00	32.00	38.00	Incineration	Offsite
	Waste lubricant oils	0.70	0.10	0.80	Recycle	Offsite
Subtotal	68.30	67.80	65.30	-	-	
Total		107.86	107.93	106.16	-	-

Group Waste Statistics Summary Table



As shown in the table above, the overall total waste was 1,158.86 metric tonnes, the reusable and recyclable waste through disposal was 990.53 metric tonnes, the waste of direct disposal was 168.33 metric tonnes, and the overall waste recycling and reuse rate was 85.47%, among which the total hazardous waste recycled and reused was 647.32 metric tonnes, and the hazardous waste recycling and reuse rate was 90.72%. In addition, the recycling rate of hazardous wastes from electroplating sludge and electroplating waste liquid was the most significant, with a recycling and reuse rate of 94.20%. We do our best to improve the utilization of various resources. For example, we implement waste classification management to increase resource recycling rates, actively develop various wastes that can be reused, and continue to recycle and reuse raw materials from processes to reduce costs and alleviate the impact on the environment.

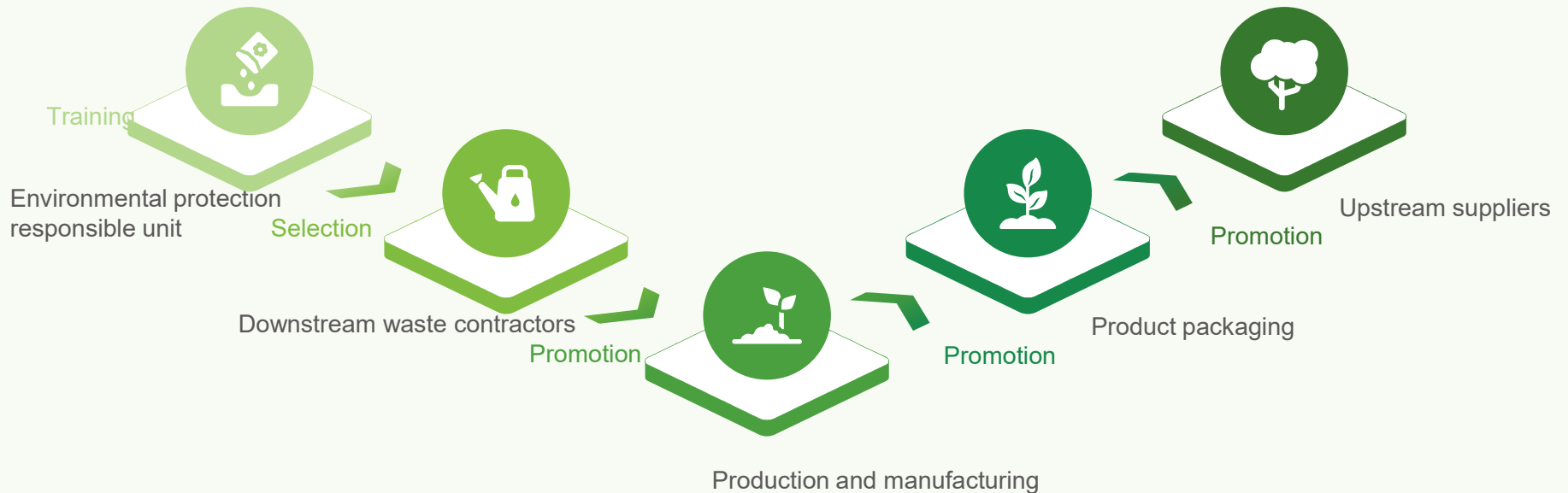
**Recycling and Reuse
Column**

Improve Overall Waste Recycling via the Circular Economy Concept

Tai-Tech promotes the circular economy, which the special Environmental Protection Unit first implements within the organization. The goal is to select and create downstream waste manufacturers and introduce business waste into feasible recycling and reuse programs. The overall waste recycling rate in 2022 was 95.16%, an increase of 18.38% in comparison to the overall waste recycling rate in 2021. In addition, the recycling rate for electroplating sludge and electroplating waste liquid was particularly high, at 94.20%.

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

Cross-department communication on circular economy strategy



3.4 Pollution Prevention

3.4.1 Environmental Management System

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

In addition, the Company also complies with all environment-related laws and regulations. In 2022, there was no occurrence of violation related to hazardous waste storage. The improvement strategy is: Increase control items using ISO14001 environmental management system and use ISO14001 and internal control audit for mutual verification. Require each department to report the storage days for various wastes during monthly meetings to prevent the violation from recurring.

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

ISO 14001 : 2015

Environmental stewardship commitment

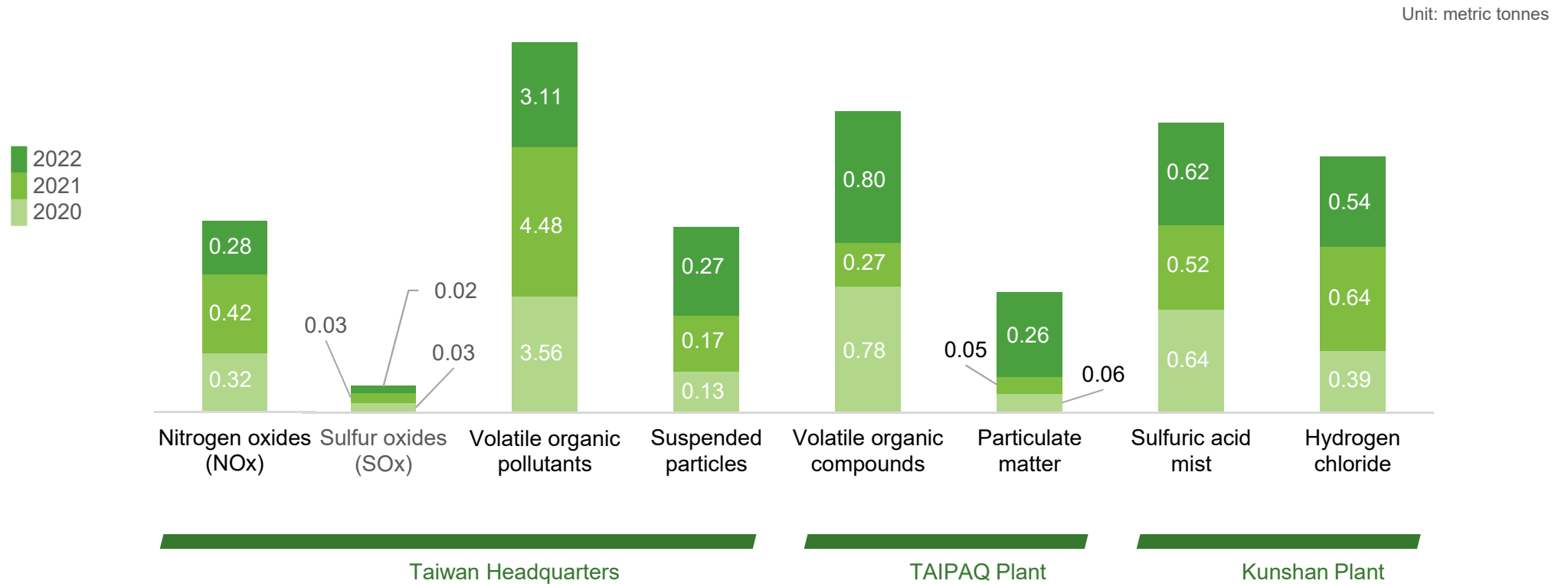


3.4.2 Air Pollution Management

Tai-Tech factory discharges volatile gas, organic solvent gas, and granular pollution source waste gas. We have obtained a fixed pollution source operation permit issued by the competent authority and operate air pollution control equipment in accordance with its content and operating parameters. Inspections for the pollutants generated by the Company's operations at the discharge outlets were conducted during our permit extension in accordance with regulations. The Company's exhaust gases have met local environmental protection regulations, and there were no air pollution violations in 2022.

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

Air Pollution Emissions Table



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

Harmonious Communities

- 4.1 Overview of the Team
- 4.2 Remuneration and Benefits
- 4.3 Human Capital
- 4.4 Friendly Workplace
- 4.5 Care for Society

2022 Key Performances



78.2 %

Employee satisfaction target is to reach above 70%. The actual result was 78.2% reaching the target. The questionnaire recovery rate target is 95%, and the actual recovery rate was 95.4% reaching the target.



96.7 %

Education and training program implementation rate target $\geq 94\%$: Actual result was 96.7% reaching the target



4.6 points

Average overall training satisfaction reaching 4.6 points (out of 5 points) and above: Actual result was 4.6 points reaching the target



97.68 %

The local manpower ratio of the business location employed by Taiwan Headquarters is 97.68%. 506 employees with their residence located in Taoyuan City, and the total is 518 employees (TAIPAQ Plant and Kunshan Plant are subsidiaries in China)

4.1 Overview of the Team

4.1.1 Employee Composition and Diversity

Tai-Tech abides by International Bill of Human Rights, including those regarding issues such as gender equality, freedom of association, the right to collective bargaining, care for disadvantaged groups, prohibition of child labor, elimination of all forms of forced labor, and elimination of employment discrimination, and affirms that our human resources policy does not discriminate against employees based on gender, race, socioeconomic status, age, marriage, or family conditions, in order to ensure equality and fairness in employment, conditions of employment, remuneration and benefits, training, evaluation, and promotion opportunities.

With that said, the Company pays attention to the employees' diverse backgrounds. In addition to recruiting people with disabilities in accordance with the laws to ensure their employment opportunities, we employ people from other disadvantaged groups, such as indigenous people and new immigrants. The total number of employees of all plant sites of Tai-Tech in 2022 was 2,054. Please refer to the table below for the employees classified according to the type of employment, age, gender, and other diversified employment indicators.

Employee and Job Type Statistics

Unit: persons		2020		2021		2022	
Total number of employees		2,361		2,656		2,054	
Employment contract		Non-fixed term	Fixed term	Non-fixed term	Fixed term	Non-fixed term	Fixed term
Taiwan Headquarters	Male	210	9	248	2	227	3
	Female	240	6	292	1	287	1
TAIPAQ Plant	Male	54	447	112	496	1	405
	Female	178	1,034	211	1,095	43	929
Kunshan Plant	Male	0	41	0	50	0	38
	Female	0	142	0	149	0	120
Total	Taiwan Headquarters	450	15	540	3	514	4
	Kunshan Plant	0	183	0	199	0	158
	TAIPAQ Plant	232	1,481	323	1,591	44	1,334

Unit: persons		2020		2021		2022	
Type of employment		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Taiwan Headquarters	Male	218	1	248	2	228	2
	Female	246	0	293	0	288	0
TAIPAQ Plant	Male	447	54	496	112	405	1
	Female	1,034	178	1,095	211	929	43
Kunshan Plant	Male	41	0	50	0	38	0
	Female	142	0	149	0	120	0
Total	Taiwan Headquarters	464	1	541	2	516	2
	Kunshan Plant	183	0	199	0	158	0
	TAIPAQ Plant	1,481	232	1,591	323	1,334	44

Note 1: For plants in China, due to the regulatory requirements, employees with the number of years of service less 10 years sign fixed-term labor contract (contract renewed every 3 years, and continuous employment is evaluated upon maturity of employment period), and for employees with the number of years of service reaching 10 years and above, employees perform self-evaluation on whether they are to be changed to non-fixed term contract

Note 2: The change in the number of employees for plants in China was mainly due to the decrease of orders and increase of personnel turnover

Employee Diversity Statistics

Taiwan Headquarters			2020		2021		2022	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Direct employees	Gender	Male	129	27.7%	161	29.7%	137	26.4%
		Female	162	34.8%	208	38.3%	203	39.2%
	Age	Under 30 years old	89	19.1%	130	23.9%	112	21.6%
		30 years old and above but less than 50 years old	173	37.2%	201	37.0%	186	35.9%
		50 years old and above	29	6.2%	38	7.0%	42	8.1%
	Educational background	Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university	29	6.2%	39	7.2%	39	7.5%
		Others	262	56.3%	330	60.8%	301	58.1%
	Indirect employees	Gender	Male	90	19.4%	89	16.4%	93
Female			84	18.1%	85	15.7%	85	16.4%
Age		Under 30 years old	20	4.3%	16	2.9%	21	4.1%
		30 years old and above but less than 50 years old	128	27.5%	133	24.5%	129	24.9%
		50 years old and above	26	5.6%	25	4.6%	28	5.4%
Educational background		Graduate school	9	1.9%	10	1.8%	9	1.7%
		Junior college/college/university	132	28.4%	134	24.7%	142	27.4%
		Others	33	7.1%	30	5.5%	27	5.2%

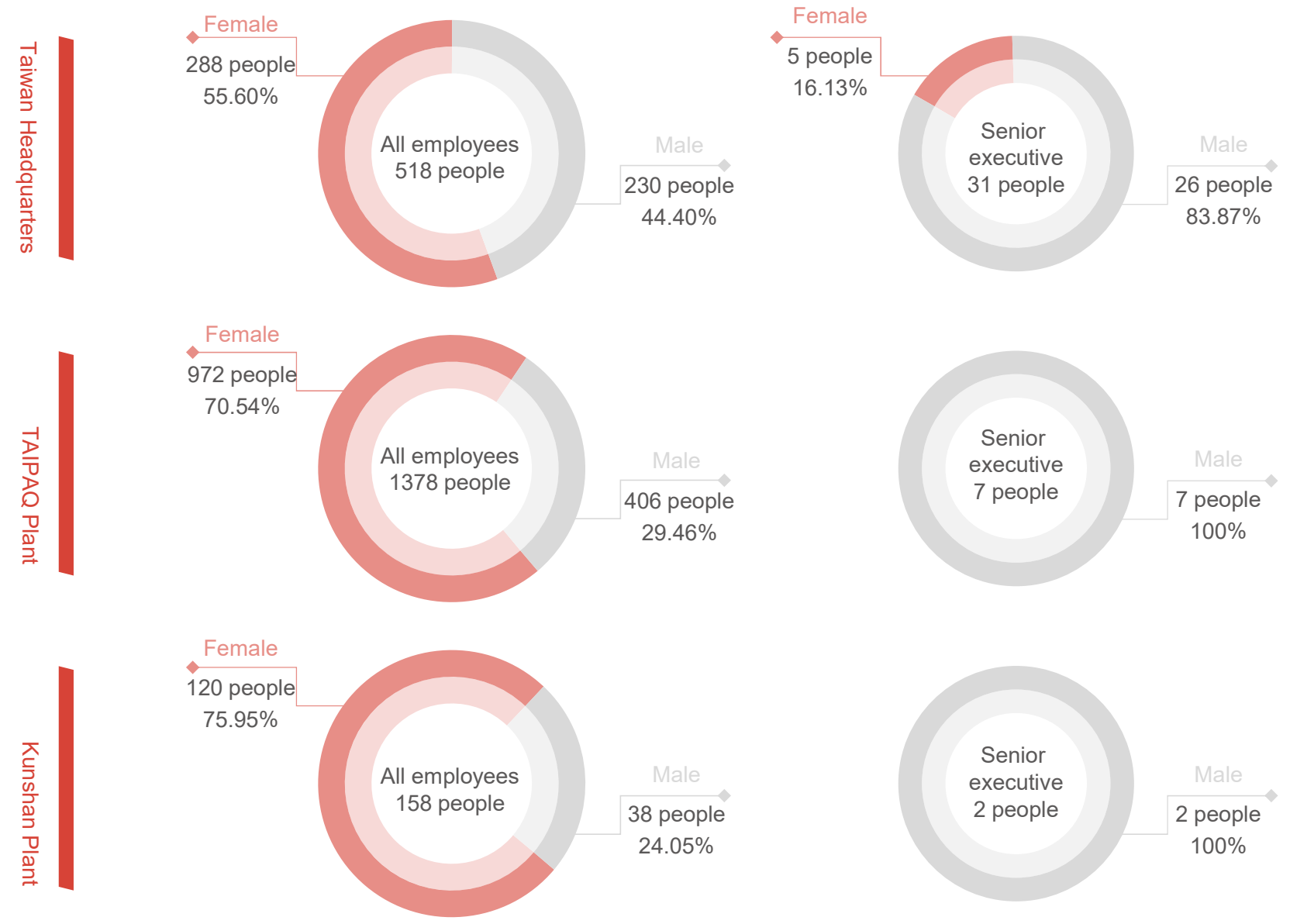
TAIPAQ Plant			2020		2021		2022	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Direct employees	Gender	Male	402	23.5%	511	26.7%	311	22.6%
		Female	931	54.3%	987	51.6%	669	48.5%
	Age	Under 30 years old	486	28.4%	566	29.6%	144	10.4%
		30 years old and above but less than 50 years old	807	47.1%	891	46.6%	767	55.7%
		50 years old and above	40	2.3%	41	2.1%	69	5.0%
	Educational background	Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university	122	7.1%	245	12.8%	34	2.4%
		Others	1,211	70.7%	1,253	65.5%	946	68.7%
	Indirect employees	Gender	Male	99	5.8%	97	5.1%	95
Female			281	16.4%	319	16.7%	303	22.0%
Age		Under 30 years old	97	5.7%	122	6.4%	75	5.4%
		30 years old and above but less than 50 years old	267	15.6%	276	14.4%	296	21.5%
		50 years old and above	16	0.9%	18	0.9%	27	2.0%
Educational background		Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university	54	3.2%	63	3.3%	73	5.3%
		Others	326	19.0%	353	18.4%	325	23.6%

Kunshan Plant			2020		2021		2022	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Direct employees	Gender	Male	25	13.7%	34	17.1%	26	16.5%
		Female	80	43.7%	86	43.2%	73	46.2%
	Age	Under 30 years old	34	18.6%	26	13.1%	13	8.2%
		30 years old and above but less than 50 years old	69	37.7%	93	46.7%	75	47.5%
		50 years old and above	2	1.1%	1	0.5%	11	6.9%
	Educational background	Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university	3	1.6%	3	1.5%	3	1.9%
		Others	102	55.7%	117	58.8%	96	60.8%
	Indirect employees	Gender	Male	16	8.7%	16	8.0%	12
Female			62	33.9%	63	31.7%	47	29.7%
Age		Under 30 years old	17	9.3%	16	8.0%	9	5.7%
		30 years old and above but less than 50 years old	59	32.2%	61	30.7%	48	30.4%
		50 years old and above	2	1.1%	2	1.0%	2	1.3%
Educational background		Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university	24	13.1%	22	11.1%	18	11.4%
		Others	54	29.5%	57	28.6%	41	25.9%

Non-employee workers

Unit: persons		2020		2021		2022	
Total number of workers		303		393		99	
Contract type		Dispatch	Other type	Dispatch	Other type	Dispatch	Other type
Job type		Operators	Other personnel	Operators	Other personnel	Operators	Other personnel
Taiwan Headquarters	Male	21	6	17	6	7	6
	Female	8	0	11	0	3	1
TAIPAQ Plant	Male	0	8	0	8	0	8
	Female	0	0	0	0	0	0
Kunshan Plant	Male	54	20	112	20	1	22
	Female	178	8	211	8	43	8
Total	Taiwan Headquarters	29	6	28	6	10	7
	Kunshan Plant	0	8	0	8	0	8
	TAIPAQ Plant	232	28	323	28	44	30

2022 Ratio of Female Employees and Senior Officers



4.1.2 Data on New and Resigned Employees

With the growth of the Company's business and scale, we continue to recruit talent in various fields through job banks, internal recommendations, dispatch work agencies, and government's employment service stations. In 2022, for all plant sites of Tai-Tech, there were a total of 1,250 new employees, and a total of 1,854 employees resigned. The detailed distribution by age and gender is shown in the table below.

New and Resigned Employees Statistics Table

Taiwan Headquarters			2020		2021		2022	
			Total number of people	Ratio ^{Note}	Total number of people	Ratio ^{Note}	Total number of people	Ratio ^{Note}
New employees	Age	Under 30 years old	68	50.7%	107	57.2%	49	57.6%
		30 years old and above but less than 50 years old	66	49.3%	78	41.7%	35	41.2%
		50 years old and above	0	0.0%	2	1.1%	1	1.2%
	Gender	Male	59	44.0%	96	51.3%	31	36.5%
		Female	75	56.0%	91	48.7%	54	63.5%
	Educational background	Graduate school	1	0.8%	4	2.2%	1	1.2%
		Junior college/college/university and above	27	20.1%	32	17.1%	24	28.2%
		Others	106	79.1%	151	80.7%	60	70.6%
	Total			134	100.0%	187	100.0%	85
Resigned employees	Age	Under 30 years old	55	53.4%	58	53.2%	48	43.6%
		30 years old and above but less than 50 years old	45	43.7%	48	44.0%	58	52.7%
		50 years old and above	3	2.9%	3	2.8%	4	3.7%
	Gender	Male	51	49.5%	65	59.6%	51	46.4%
		Female	52	50.5%	44	40.4%	59	53.6%
	Educational background	Graduate school	0	0.0%	3	2.8%	2	1.8%
		Junior college/college/university	23	22.3%	20	18.3%	18	16.4%
		Others	80	77.7%	86	78.9%	90	81.8%
	Total			103	100.0%	109	100.0%	110

TAIPAQ Plant			2020		2021		2022	
			Total number of people	Ratio <small>Note</small>	Total number of people	Ratio <small>Note</small>	Total number of people	Ratio <small>Note</small>
New employees	Age	Under 30 years old	1,046	59.5%	2,143	69.8%	690	62.8%
		30 years old and above but less than 50 years old	712	40.5%	919	29.9%	402	36.6%
		50 years old and above	0	0.0%	7	0.3%	6	0.6%
	Gender	Male	495	28.2%	1,165	38.0%	292	26.6%
		Female	1,263	71.8%	1,904	62.0%	806	73.4%
	Educational background	Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university and above	206	11.7%	408	13.3%	86	7.8%
		Others	1,552	88.3%	2,661	86.7%	1,012	92.2%
	Total			1,758	100.0%	3,069	100.0%	1,098
Resigned employees	Age	Under 30 years old	913	66.5%	1,995	70.0%	982	60.0%
		30 years old and above but less than 50 years old	458	33.4%	840	29.5%	637	38.9%
		50 years old and above	2	0.1%	17	0.5%	17	1.1%
	Gender	Male	377	27.5%	1,056	37.0%	496	30.3%
		Female	996	72.5%	1,796	63.0%	1,140	69.7%
	Educational background	Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university	178	13.0%	275	9.6%	189	11.6%
		Others	1,195	87.0%	2,577	90.4%	1,447	88.4%
	Total			1,373	100.0%	2,852	100.0%	1,636

Kunshan Plant			2020		2021		2022	
			Total number of people	Ratio <small>Note</small>	Total number of people	Ratio <small>Note</small>	Total number of people	Ratio <small>Note</small>
New employees	Age	Under 30 years old	45	47.9%	44	34.3%	20	29.9%
		30 years old and above but less than 50 years old	49	52.1%	82	64.1%	37	55.2%
		50 years old and above	0	0.0%	2	1.6%	10	14.9%
	Gender	Male	24	25.5%	43	33.6%	30	44.8%
		Female	70	74.5%	85	66.4%	37	55.2%
	Educational background	Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university and above	9	9.6%	11	8.6%	7	10.4%
		Others	85	90.4%	117	91.4%	60	89.6%
	Total			94	100.0%	128	100.0%	67
Resigned employees	Age	Under 30 years old	31	38.3%	56	50.0%	31	28.7%
		30 years old and above but less than 50 years old	49	60.5%	55	49.1%	63	58.3%
		50 years old and above	1	1.2%	1	0.9%	14	13.0%
	Gender	Male	18	22.2%	50	44.6%	43	39.8%
		Female	63	77.8%	62	55.4%	65	60.2%
	Educational background	Graduate school	0	0.0%	0	0.0%	0	0.0%
		Junior college/college/university	8	9.9%	5	4.5%	7	6.5%
		Others	73	90.1%	107	95.5%	101	93.5%
	Total			81	100.0%	112	100.0%	108

Note: New employment rate = (Total number of new employees of its specific employment type in that year / Total number of employees of the specific employment type at the end of that year) *100%
 Note: Turnover rate = (Total number of resigned employees of its specific employment type in that year / Total number of employees of the specific employment type at the end of that year) *100%

4.2 Remuneration and Benefits

Material Topic - Remuneration and B

<p>Meaning to the Company</p>	<p>All employees are partners. They respect others, trust each other, work together to exert the strength of teamwork, inspire a pioneering spirit, and pursue higher goals. These are the keys to corporate sustainability. With sound remuneration and benefit system, retention of outstanding personnel can be achieved, and greater outstanding talents can also be attracted to join the team of Tai-Tech.</p>		
<p>Policy / Commitment</p>	<p>Establish competitive and fair remuneration and evaluation system, and provide diverse employee welfare and retirement benefits, in order to achieve the business philosophy of mutual respect, cohesion and joint growth.</p>		
<p>Goals</p>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● In 2022, increase employee satisfaction rate to 70%, and questionnaire recovery rate to 95%. ● No work reduction or unpaid leave in 2022. ● Promote at least one new/optimized employee benefits policy each year 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Become a company that employees are proud of, and continue to attract and retain outstanding talents 	
<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● In 2022, all employees received a salary raise of 3% ● In 2022, optimization of proposal system and revision application were completed 		
<p>Responsible department / Complaint filing mechanism</p>	<ul style="list-style-type: none"> ● Management Department/Management Department Manager's mailbox, extension 	<ul style="list-style-type: none"> ● President's mailbox, extension 	<ul style="list-style-type: none"> ● Employee suggestion mailbox
<p>Assessment mechanism / Outcome</p>	<p>Annual review performance indicator</p> <ul style="list-style-type: none"> ● In 2022, the employee satisfaction target was to reach above 70%. The actual result was 78.2% - reaching the target. The questionnaire recovery rate target was to reach 95%, and the actual recovery rate was 95.4% - reaching the target. ● In 2022, the target was set to achieve no reduction of work shifts and no unpaid leaves: There were no reduction of work shift and unpaid leaves → reaching the target ● Promote at least one new/optimized employee welfare policy annually: Actual performance with optimization of proposal system and salary increase policy for all employees → reaching the target 		

4.2.1 Remuneration System

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

We distribute employee compensation at a fixed percentage of the year's pre-tax earnings (paid in the middle of the following year) as per the Company Act and the Articles of Incorporation. We also distribute year-end bonuses at a fixed percentage of the year's earnings after tax. Business performance and results are appropriately reflected in employee compensation. Tai-Tech was officially listed on the Taipei Exchange on April 27, 2021, and has disclosed salary information for full-time non-managerial positions in accordance with regulations. Please refer to the table below for relevant data on employee salaries and performance evaluations.

Information on full-time non-managerial employees' salaries

Taiwan Headquarters	Number of employees	Average annual salary (NT\$ thousand)	Median annual salary (NT\$ thousand)
2021	445	918	788
2022	503	783	657
Difference	+58	-135	-131

TAIPAQ Plant	Number of employees	Average annual salary (RMB)	Median annual salary (RMB)
2021	1,607	5,528	4,544
2022	1,297	4,282	3,936
Difference	-312	-311	-310

Kunshan Plant	Number of employees	Average annual salary (RMB)	Median annual salary (RMB)
2021	189	7,432	7,761
2022	148	7,045	7,265
Difference	-41	-387	-496

Note: Due to the significant growth of revenue of the Company during the pandemic period in 2021, it indicated an increase of the base period from the time before the pandemic. Accordingly, in comparison to 2022, it returned to normal, and the actual result still indicated an increase from the time before the pandemic.

Ratio of basic salary and remuneration of women to men

Ratio of basic salary and remuneration			2020		2021		2022	
Main site of operation	Employee type	Item	Male	Female	Male	Female	Male	Female
Taiwan Headquarters	Managerial positions <small>Note1</small>	Basic salary <small>Note2</small>	1.39	1	1.4	1	1.32	1
		Remuneration <small>Note3</small>	1.31	1	1.34	1	1.29	1
	Non-managerial positions	Basic salary ratio	1.11	1	1.11	1	1.09	1
		Remuneration	1.19	1	1.15	1	1.13	1
TAIPAQ Plant	Executives	Basic salary ratio	1	1	1	1	1	1
		Remuneration	1.15	1	1.16	1	1.25	1
	Non-managerial positions	Basic salary ratio	1	1	1	1	1	1
		Remuneration	1.12	1	1.10	1	0.86	1
Kunshan Plant	Executives	Basic salary ratio	1.2	1	1.1	1	1.1	1
		Remuneration	1.2	1	1.1	1	1.1	1
	Non-managerial positions	Basic salary ratio	1.2	1	1.2	1	1.2	1
		Remuneration	1.2	1	1.2	1	1.2	1

Note 1: Managerial positions are defined to be personnel of the job rank above deputy section chief (definition of managerial positions is the same as last year)

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

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

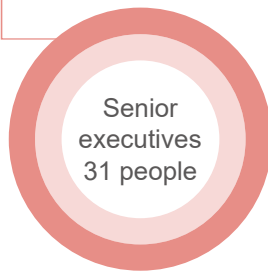
Ratio of standard salary and local basic wage in 2022

Direct personnel	Taiwan Headquarters		TAIPAQ Plant		Kunshan Plant	
Gender	Male	Female	Male	Female	Male	Female
Ratio of standard salary and local basic wage	1.11	1.05	1	1	1	1

Ratio of employment of local residents as senior officers in 2022

Employment of local residents

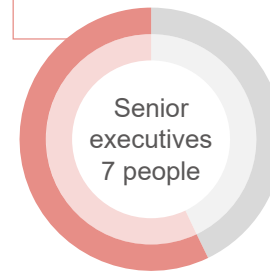
31 people
100%



Taiwan Headquarters

Employment of local residents

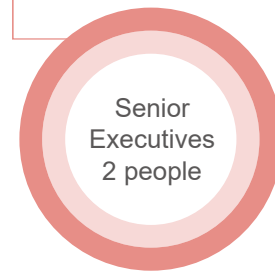
4 people
57.14%



TAIPAQ Plant

Employment of local residents

2 people
100%



Kunshan Plant

4.2.2 Pension Qualifications

According to the Labor Standards Act and the Labor Pension Act, employees in Taiwan who joined before June 30, 2005 (inclusive) are entitled to the old retirement pension system. The Company had already allocated the funds in full in 2017, which was approved by the Taoyuan City Government Department of Labor Starting on March 31, 2022, for employees reporting to work before July 1, 2005, the pension for employees under the old system has been settled and issued in full amount early.

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

Pension system

Pension Plan	Tai-Tech's Method
Defined benefits plan	<ol style="list-style-type: none"> By adhering to the requirements set forth in the "Labor Standards Act," the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the "Labor Pension Act" on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the "Labor Pension Act." According to the "Labor Standards Act," pension benefits are calculated based on the employee's length of service and the average salary for the 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee
Defined contribution plan	The Company has established the Employee Retirement Regulations according to the provisions of the "Labor Pension Act" and pension is appropriated for depositing in the individual account at the Bureau of Labor Insurance.

4.2.3 Welfare Policy

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

As for our work environment, we have set up electric scooter charging stations in the plants in line with the government's policy, while working with 7-11 to set up smart vendor machines in the plants for employees to buy beverages, desserts, bread, and rice balls during breaks to reward their hard work.

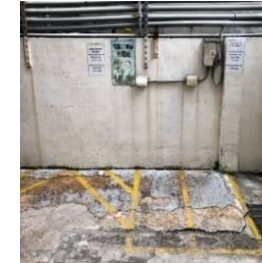
Furthermore, to encourage and commend senior employees, the Company has set up a system to present a gold medal to an employees' service for five (and multiples of five) years, to recognize their contribution. In recent years, due to the COVID-19 pandemic, many industries were affected, also impacting workers' employment and livelihood. However, we take good care of our employees and their families, and did not adjust our salary and benefit system due to the pandemic. Tai-Tech's welfare policies are described in the table below.

Benefits provided to full-time employees

Benefit item	Full-time employee		
Group Insurance	✓ Taiwan Headquarters	✓ TAIPAQ Plant	✓ Kunshan Plant
Marriage/funeral subsidy	✓ Taiwan Headquarters	✓ TAIPAQ Plant	
Holiday bonuses/gift vouchers	✓ Taiwan Headquarters	✓ TAIPAQ Plant	
Year-end bonus	✓ Taiwan Headquarters	✓ TAIPAQ Plant	✓ Kunshan Plant
Periodic health examination <small>Note</small>	✓ Taiwan Headquarters	✓ TAIPAQ Plant	✓ Kunshan Plant
Employee stock option	✓ Taiwan Headquarters		
Employee and relative scholarship	✓ Taiwan Headquarters		
Birthday gift money/gift	✓ Taiwan Headquarters	✓ TAIPAQ Plant	✓ Kunshan Plant
Year-end dinner party and lottery	✓ Taiwan Headquarters	✓ TAIPAQ Plant	
Employee bonus	✓ Taiwan Headquarters		
Gold medal for five-year (or multiples of five years) of services	✓ Taiwan Headquarters		



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



Electric scooter charging stations



Smoking area



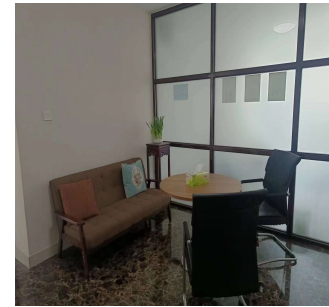
Smart vending machines



Smart coffee vending machines

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

Benefit item	Full-time employee	
Retention Bonuses	☑ Taiwan Headquarters	
Employee introduction bonus	☑ Taiwan Headquarters	
Mentorship bonus	☑ Taiwan Headquarters	
Hospitalization consolation money	☑ Taiwan Headquarters	
Medical rooms, breastfeeding rooms	☑ Taiwan Headquarters	☑ TAIPAQ Plant
Childbirth allowance	☑ Taiwan Headquarters	
Employee travel	☑ Taiwan Headquarters	
Employee club subsidy	☑ Taiwan Headquarters	☑ TAIPAQ Plant
On-the-job training subsidy	☑ Taiwan Headquarters	
Employee dorm	☑ Taiwan Headquarters	☑ TAIPAQ Plant
Employee gatherings for each unit	☑ Taiwan Headquarters	



Breastfeeding rooms



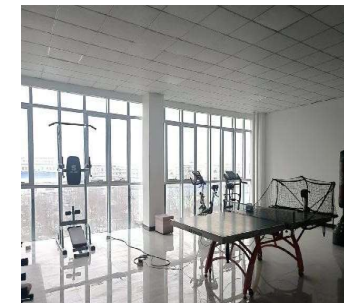
Parking permit for parking space dedicated to pregnant employees



Employee dormitory



Basketball court



Gym

4.2.4 Parental Leave Data

In 2022, there were 35 employees of the Company entitled to parental leave, of whom 8 employees applied for parental leave. The percentage of individuals who requested for reinstatement after parental leave and had worked for one full year after reinstatement in 2020 was 100%, while the reinstatement rate after parental leave in 2021 was 100%. Please refer to the table below for more detailed data.

Employee Parental Leave Statistics Table

Taiwan Headquarters	Gender	2020	2021	2022
Number of employees qualified for parental leave without pay	Male	18	23	17
	Female	21	22	18
Number of employees applying for parental leave without pay	Male	0	0	0
	Female	5	5	8
Number of employees required for reinstatement after maturity of parental leave without pay (A)	Male	0	0	0
	Female	3	2	4
Number of employees actually reinstated after parental leave without pay (including early reinstatement) (B)	Male	0	0	0
	Female	3	2	4
Reinstatement rate (B/A)	Male	0	0%	0%
	Female	100%	100%	100%
Number of employees continue to be employed after the maturity of parental leave without pay of last year and 12 months after the reinstatement (C)	Male	0	0	0
	Female	7	3	2
Retention rate (C/B of last year)	Male	0	0	0
	Female	88%	100%	100%

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

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

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

4.2.6 Employee Satisfaction Survey

The Company performs an anonymous employee satisfaction survey every year to determine their level of satisfaction regarding the Company's environment, supervisors, colleagues, salary, remuneration, job content and personal development. The Company has set up the employee suggestion box and occupational safety and health regulations as well as management procedures requested by stakeholders, in order to ensure smooth feedback channels for stakeholders. Furthermore, Safety and Health Committee meetings are held quarterly and labor representatives also act as the committee members, in order to collect employee feedbacks and to handle matters timely. The Occupational Safety and Health Committee consists of a total of five labor representatives acting as the committee members, accounted for 50% of the total number of committee members.

The purpose of the employee satisfaction survey is to communicate more intimately with each employee and understand their true thoughts. The survey is conducted anonymously, and colleagues are free to express their ideas or suggestions. After the colleagues fill in the information, the Company will compile it and send it to the appropriate corresponding units for response and feedback. The goal is to improve colleagues' willingness to participate in the survey by making it clear that their opinions are appreciated. In 2022, the employee satisfaction target was to reach above 70%. The actual result was 78.2% → reaching the target. The questionnaire recovery rate target was to reach 95%, and the actual recovery rate was 95.4% → reaching the target.

Employee Satisfaction Survey



4.3 Human Capital

Additional Disclosure of Material Topic - Talent Cultivation

<p>Meaning to the Company</p>	<p>Talent development and cultivation are factors critical to the sustainability of an enterprise. The company pays attention to employee function development and is committed to systematic talent cultivation to strengthen organizational capabilities and competitiveness.</p>		
<p>Policy / Commitment</p>	<p>In addition to providing the mandatory training required by law, the Company's units have also proposed training for development based on the Company's business directions, annual goals, feedback from other stakeholders, and employee functional gaps. The Company will also continue to encourage and support employees' diversified learning, build employee education and training programs, in order to improve the organization's competitiveness and competency.</p>		
<p>Goals</p>	<table border="1"> <tr> <td data-bbox="472 659 1319 914"> <p>Short-term Goal:</p> <ul style="list-style-type: none"> ● The number of major deficiencies or related penalties from various audits in 2023 is set to be 0 cases ● Implementation rate of the education and training plan in 2023 $\geq 94.5\%$ ● Complete construction of training e-system in 2023 </td> <td data-bbox="1323 659 2051 914"> <p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● In 2022, Tai-Tech received the Bronze Medal for the Talent Quality-management System (TTQS) presented by the Workforce Development Agency, Ministry of Labor. According to the fundamental of various indicators of TTQS, the Company will continue to optimize all aspects, and it is expected to receive the Silver Medal certification within 5 years. </td> </tr> </table>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● The number of major deficiencies or related penalties from various audits in 2023 is set to be 0 cases ● Implementation rate of the education and training plan in 2023 $\geq 94.5\%$ ● Complete construction of training e-system in 2023 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● In 2022, Tai-Tech received the Bronze Medal for the Talent Quality-management System (TTQS) presented by the Workforce Development Agency, Ministry of Labor. According to the fundamental of various indicators of TTQS, the Company will continue to optimize all aspects, and it is expected to receive the Silver Medal certification within 5 years.
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<p>Annual investment resources / Actual outcome</p>	<ul style="list-style-type: none"> ● In 2022, the total investment for training NT\$3,099,579 (4 times greater than the investment made in last year) ● In 2022, the Company received the Bronze Medal for the Talent Quality-management System (TTQS) presented by the Workforce Development Agency, Ministry of Labor (received award for the Company's first participation in the evaluation) 		
<p>Responsible department / Complaint filing mechanism</p>	<ul style="list-style-type: none"> ● Management Department - Administration Division 		
<p>Assessment mechanism / Outcome</p>	<p>2022 KPI</p> <ul style="list-style-type: none"> ● The number of major deficiencies or related penalties from various audits in 2022 is set to be 0 cases: Actual result of 0 cases → reaching the target ● In 2022, the education and training program implementation rate target $\geq 94\%$: Actual result was 96.7% → reaching the target ● Average overall training satisfaction in 2022 reaching 4.6 points (out of 5 points) and above: Actual result was 4.6 points → reaching the target 		

4.3.1 Talent Cultivation

The Company prioritizes employee career development and is committed to talent growth by establishing training programs. After each unit submits its training needs every year, the management department's administrative division will compile and formulate the education and training plan for the next year. In addition to the existing training programs, the unit or employee may apply for additional training courses based on job requirements, external course status, and training operation processes. The goal is to continuously improve the ability of employees and drive the overall competitiveness of the Company.

Statistics on average training hours of plant sites

Taiwan Headquarters		2020	2021	2022
Average training hours of each employee <small>Note 1</small>		6.5	9.31	14.46
Employees' training classified according to gender Average training hours <small>Note 2</small>	Female	-	6.37	11.01
	Male	-	12.75	18.77
Employees' training classified according to employee type Average training hours <small>Note 3</small>	Executives	-	23.45	34.60
	General employees	-	7.25	11.31

TAIPAQ Plant		2020	2021	2022
Average training hours of each employee <small>Note 1</small>		16.5	17.5	21.3
Employees' training classified according to gender Average training hours <small>Note 2</small>	Female	18.2	19.5	20.4
	Male	14.3	16.8	17.6
Employees' training classified according to employee type Average training hours <small>Note 3</small>	Executives	20	22.1	23.5
	General employees	18.2	18.5	19.5

Kunshan Plant		2020	2021	2022
Average training hours of each employee <small>Note 1</small>		16	15	15
Employees' training classified according to gender Average training hours <small>Note 2</small>	Female	16	15	15
	Male	16	15	15
Employees' training classified according to employee type Average training hours <small>Note 3</small>	Executives	20	18	18
	General employees	16	15	15

Note 1: The average number of training hours per employee refers to the total number of training hours of all employees in that year / total number of employees at the end of that year

Note 2: The average number of training hours per female employee refers to the total number of training hours of female employees in that year / total number of female employees at the end of that year

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

Note 4: For the information of Taiwan Headquarters, the information for 2021~2022 has been disclosed only, and the data collection mechanism was not yet established in 2020.

Note 5: In 2022, due to the opening of the online language reading courses by Taiwan Headquarters, the hours were calculated based on the actual reading hours of trainees, such that numbers presented with decimal places occurred more frequently.

4.3.2 Education & Training Satisfaction Rate

Besides student assessment during training, the students' opinions and suggestions on the training process are also an indispensable part of optimizing the education and training system. Therefore, we have conducted Education and Training Opinion Questionnaire surveys on 4 aspects: course content, lecturers, personal gains, and other suggestions. A five-point Likert scale was used for the first 3 aspects (extremely dissatisfied to extremely satisfied), and then the students filled in their suggestions. In 2022, the education and training program target implementation rate $\geq 94\%$, and the actual result was 96.7% \rightarrow reaching the target. In 2022, the overall average training target satisfaction was set to reach above 4.6 points (full score of 5 points), and the actual result was 4.6 \rightarrow reaching the target.

4.3.3 Periodic Performance Evaluation

The Company has established the Employee Performance Evaluation Management Measures to ensure that the Company's employee performance evaluation is objective and fair and is able to motivate employees to improve work efficiency. The percentages of employees who received regular performance evaluation and career development review in 2022 were as follows:

Employees receiving periodic performance evaluation and career development review in 2022

Taiwan Headquarters		Number of employees evaluated	Total number of employees	Percentage
Gender	Male	230	230	100%
	Female	288	288	100%
Employee type	Direct	341	341	100%
	Indirect	177	177	100%

TAIPAQ Plant		Number of employees evaluated	Total number of employees	Percentage
Gender	Male	406	406	100%
	Female	972	972	100%
Employee type	Direct	980	980	100%
	Indirect	398	398	100%

Kunshan Plant		Number of employees evaluated	Total number of employees	Percentage
Gender	Male	38	38	100%
	Female	120	120	100%
Employee type	Direct	99	99	100%
	Indirect	59	59	100%

4.4 Friendly Workplace

Material Topic - Occupational Safety and Health

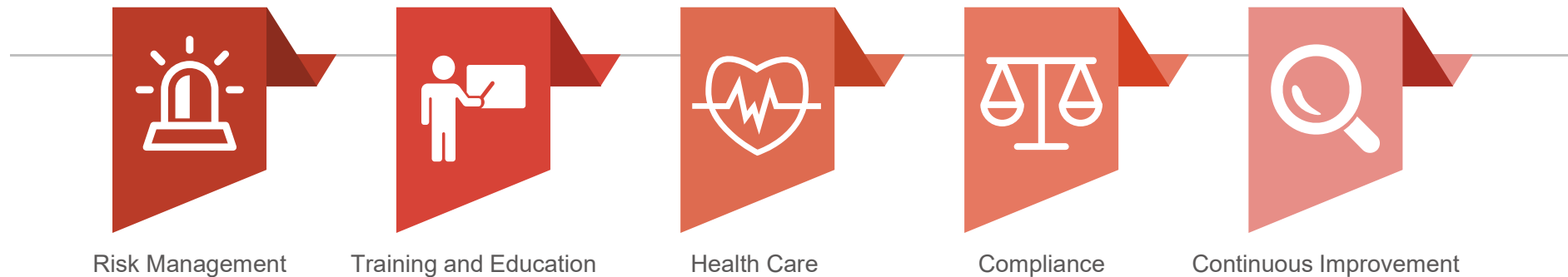
<p>Meaning to the Company</p>	<p>Workplace accidents can be devastating to people. Insufficient occupational safety and health management can result in operational disruption and productivity loss, have significant and long-term impacts on the organization, and may result in serious damage to reputation or related legal actions.</p>	
<p>Policy / Commitment</p>	<p>The Company has established the Occupational Safety and Health Policy and the Occupational Safety and Health Risk Assessment Procedures, and upholds the spirit of full participation, education and communication, and injury prevention. We are committed to the 5 major objectives: risk management, education and training, health care, legal compliance, and continuous improvement. The goal is to eliminate hazards and reduce occupational safety and health risks by allowing all employees to participate in the occupational safety and health management system.</p>	
<p>Goals</p>	<p>Short-term Goal:</p> <ul style="list-style-type: none"> ● Continue to maintain ISO 45001 system certification ● Perform inspection periodically with all department heads once monthly ● Report safety and health matters and internal compliance assessment monthly ● Modify one semi-automated electroplating line to full-automated line ● Modify the procedure of one unit of spray granulator ● Improve 314 units of machine safety protection 	<p>Mid- and Long-term Goal:</p> <ul style="list-style-type: none"> ● Number of accident-free working hours reaches 600 thousand hours ● Implement safety observation on internal operations, and perform safety improvement
<p>Annual investment resources/ Actual outcome</p>	<ul style="list-style-type: none"> ● Electroplating automation improvement of NT\$4,200,000 ● Due to old exterior wall tiles and occurrence of false-alarm accident of breakage of tiles subject to thermal expansion and cold contraction effect, an amount of NT\$21,600,000 was invested to improve the exterior wall 	
<p>Responsible department/ Complaint filing mechanism</p>	<ul style="list-style-type: none"> ● Occupational Health and Safety Office / Occupational safety and health regulations and management procedures requested by stakeholders 	
<p>Assessment mechanism/ Outcome</p>	<ul style="list-style-type: none"> ● No major deficiencies from the audit results in 2022 ● Qualified the ISO 45001 certificate renewal audit ● Completed 300 cases of improvement for valve universal labeling 	<ul style="list-style-type: none"> ● Completed the elevation of workplace ground lines ● Completed the electroplating station automation for 1 line and completed the line improvement and reinforcement for all 7 lines ● Completed 2 units of oven exhaust improvement for formation station

4.4.1 Occupational Safety and Health Management System

We attach great importance to industrial safety, health, and hygiene. The ISO45001 occupational safety and health management system was implemented in 2019 in accordance with the law, and a third party was commissioned for audit verification. The audit result in 2022 indicated no major deficiencies.

The Company adheres to the spirit of full participation, advocacy, communication, and injury prevention. Regardless of Taiwan Headquarters and plant sites in China, the scope of ISO45001 covers all workers, including the Company’s employees and contractors, sub-contractors and suppliers, etc., and they are all stakeholders valued by the Company. To fulfill and improve our commitment to occupational safety and health, we have developed occupational safety and health policies, implemented occupational safety and health protection measures in the Company's working environment, and formulated employee personal safety protection measures. The Company provides the following specific measures:

Occupational safety and health policies



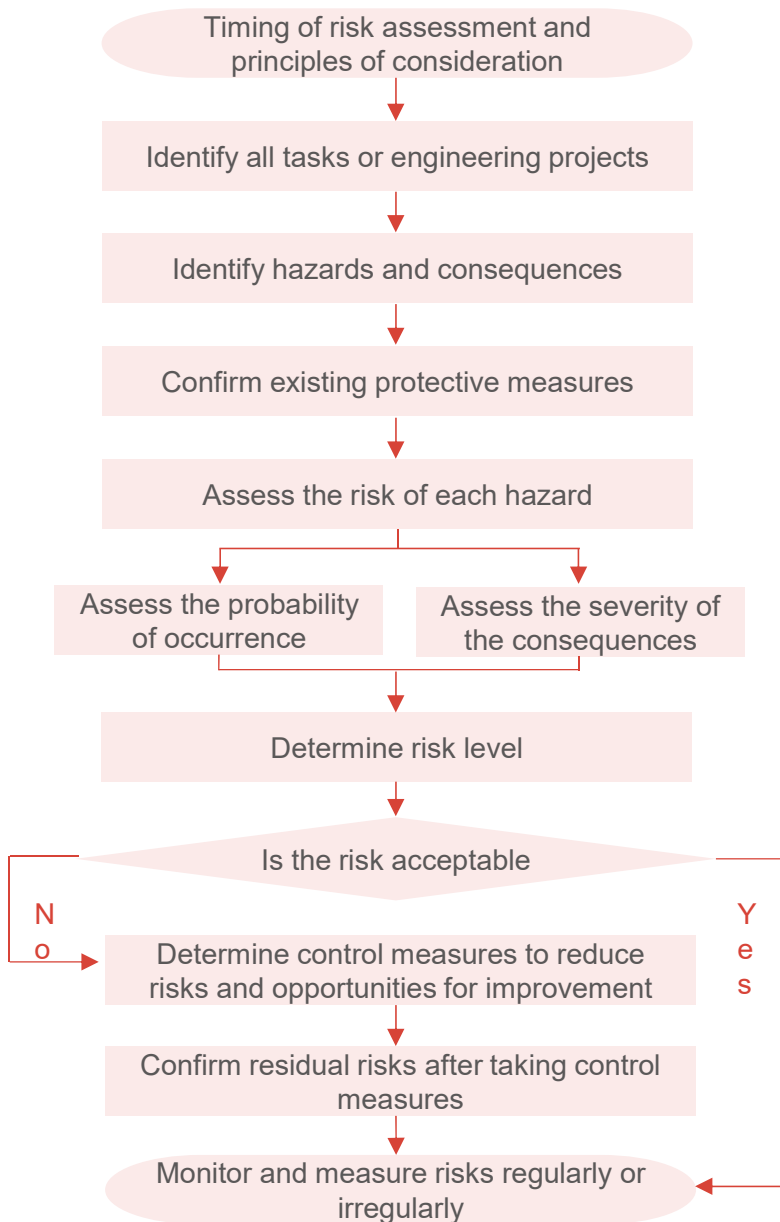
4.4.2 Risk Assessment and Control

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

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

The risk assessment operation flow chart and risk level determination table are illustrated in the following, and the two main criteria of the risk determination table refer to the “Probability of occurrence” and “Severity of consequences” of the hazard. Routine or non-routine operations must follow this process to divide all in-plant tasks into 5 risk levels. Corresponding control measures must be taken according to different risk levels to eliminate hazards and minimize risks.

Occupational Health and Safety Risk Assessment Process



Risk Level Determination Table

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

2022 Special operation classification management

Taiwan Headquarters	Noise	Dust	Nickel	Ionizing radiation
Level 1 control	74	36	11	5
Level 2 control ^{Note}	8	8	15	2
Level 3 control	0	0	0	0
Level 4 control	0	0	0	0
Total number of people	82	44	26	7

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

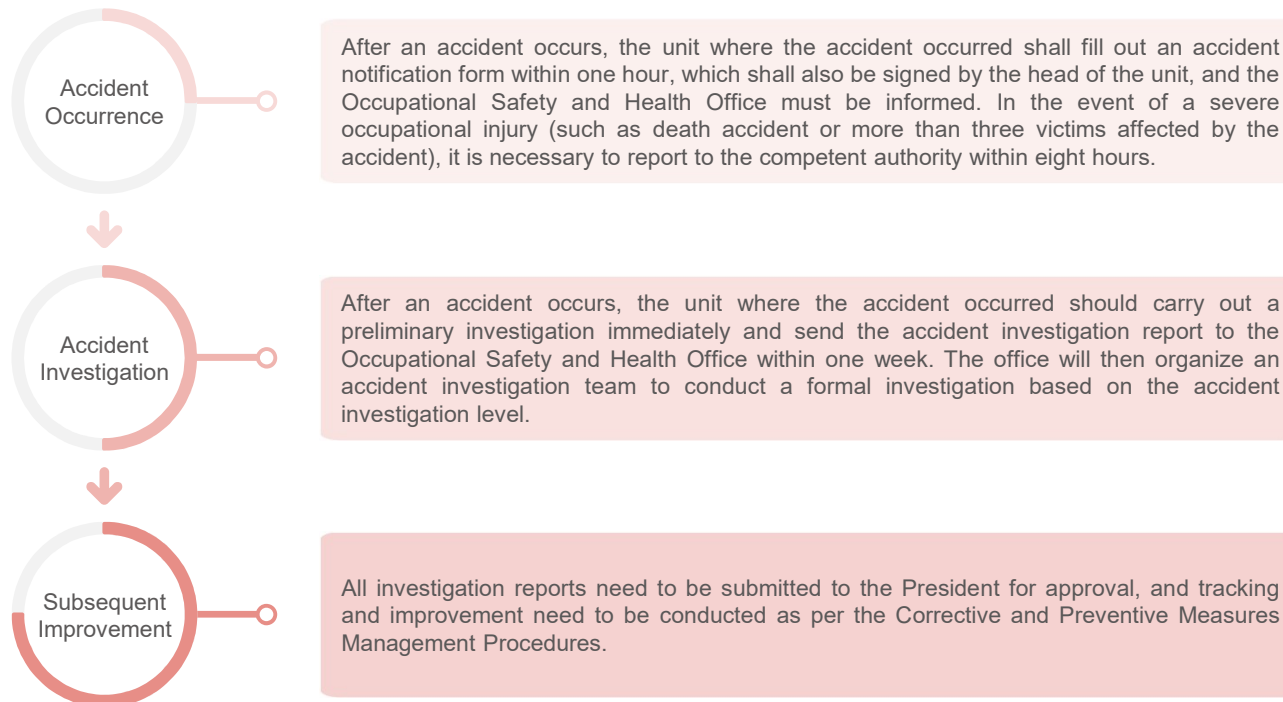
4.4.3 Accident Investigation Process and Subsequent Improvement

To actively reduce the probability of accidents, Tai-Tech has established relevant handling procedures and investigation mechanisms for after an accident so employees can report in accordance with the Emergency Response Procedures when an accident occurs. Please refer to the flowchart below for the detailed notification process. After the incident, the accident unit conducts a preliminary investigation according to the “Accident Investigation Procedures”, and an investigation team is established according to the level of accident in order to conduct a formal investigation, such that the cause of the accident is investigated in detail.

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

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

Accident Investigation Process



Employee/non-employee occupational injury statistics table

Taiwan Headquarters	2020		2021		2022	
Total number of working hours lapsed	905,248		1,148,602		1,246,920	
(ratio calculated according to every 200 thousand working hours ^{Note 2})	Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Death accident due to occupational injury	0	0	0	0	0	0
Severe occupational injury	0	0	0	0	0	0
Recordable occupational injury	10	2.21	9	1.57	7	1.12
Occupational disease	0	0	0	0	0	0
Recordable occupational disease	0	0	0	0	0	0

TAIPAQ Plant	2020		2021		2022	
Total number of working hours lapsed	6,098,768.5		6,977,859.23		5,231,121.63	
(ratio calculated according to every one million working hours ^{Note 3})	Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Death accident due to occupational injury	0	0	0	0	0	0
Severe occupational injury	0	0	0	0	0	0
Recordable occupational injury	2	0.33	7	1.00	2	0.38
Occupational disease	0	0	0	0	0	0
Recordable occupational disease	0	0	0	0	0	0

Kunshan Plant	2020		2021		2022	
Total number of working hours lapsed	611,644.5		683,886		478,728	
(ratio calculated according to every 200 thousand working hours ^{Note 2})	Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Death accident due to occupational injury	0	0	0	0	0	0
Severe occupational injury	0	0	0	0	0	0
Recordable occupational injury	0	0	0	0	0	0
Occupational disease	0	0	0	0	0	0
Recordable occupational disease	0	0	0	0	0	0

Note 1: Traffic accidents during commute to/from work of Taiwan Headquarters, TAIPAQ Plant and Kunshan Plant are not included in the statistics

Note 2: Occupational injury ratio calculation equation for Taiwan Headquarters and Kunshan Plant: Number of employees subject to occupational injuries / Total number of working hours lapsed * 200 thousand working hours

Note 3: Occupational injury ratio calculation equation for TAIPAQ Plant: Number of employees subject to occupational injuries / Total number of working hours lapsed * 1 million working hours

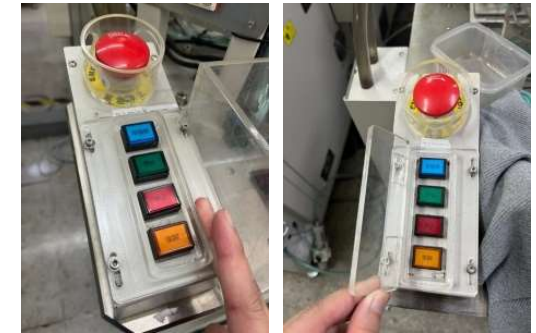
Note 4: The occupational accidents of Taiwan Headquarters are determined by the local Ministry of Labor, and the local occupational injuries of TAIPAQ Plant and Kunshan Plant are determined by the local Occupational Injury Determination Center

Employee/non-employee occupational injury and occupational disease type statistics

Taiwan Headquarters		2020	2021	2022	Hazard and improvement explanation
Occupational injury type	Jamming	6	6	5	Button is likely to be accidentally pressed by personnel during machine shutdown, and operation switch zone is installed with protective cover
	Human factor	2	2	1	Enhance human factor hazard knowledge during on-job education and training
	High and low temperature contact	0	0	1	Modify equipment procedure and provide insulation gloves
	Biological	0	1	0	-
	Falling	2	0	0	Adjust machine spacing
Occupational disease type	Overwork	0	0	0	

TAIPAQ Plant		2020	2021	2022	Hazard and improvement explanation
Occupational injury type	Fall injury	0	1	0	Due to personnel fall injury caused by slippery ground, the improvement strategy is: re-mop the floor again after mopping to ensure that the ground is dry without any wetness
	Cutting injury	0	0	1	Manual angle cutter without installation of protective device, and the improvement strategy is: install additional protective device
	Crush injury	2	6	1	Equipment protective device failure, improper operation, and the improvement strategy is: perform inspection periodically, replace parts periodically, and enhance personnel education and training
Occupational disease type	Overwork	0	0	0	

Kunshan Plant		2020	2021	2022
Occupational injury type	Fall injury	0	0	0
	Cutting injury	0	0	0
	Burn injury	0	0	0
Occupational disease type	Overwork	0	0	0



Taiwan Headquarters operation switch zone before/after improvement



TAIPAQ Plant baking station socket damage before/after improvement



TAIPAQ Plant tunnel oven replacement of windshield strip before/after improvement



TAIPAQ Plant fire facility blocking before/after improvement

4.4.4 Occupational Health Services

To provide proper care of physical and mental health of employees, the Company implements measures superior to the regulatory requirements and hires occupational medicine physician and internal full-time labor health service nurses as well as occupational safety and health personnel to protect the health of employees jointly.

The Company has established the Labor Health Service Handbook and Four Main Programs according to the Occupational Safety and Health Act and the Labor Health Protection Rules, in order to ensure the physical and mental health of employees.

Relevant records of employees are managed by full-time labor health service nurses and are preserved according to the provisions of the Labor Health Protection Rules. With regard to the health promotion, relevant health seminars and propaganda promotion are organized according to the employee health promotion demand survey result.

Four Main Programs

Maternal health protection program: This program is established to protect the physical and mental health as well as work safety of female employees during pregnancy, after giving birth and during breastfeeding stages. The Company promotes that female employees shall actively inform the Company her pregnancy, and the job scope is also adjusted according to the maternal health protection program. In addition, the Company signs contract with nearby obstetrics and gynecology clinic, provides parking space for pregnant women, and sets up breastfeeding room, in order to ensure protection of physical and mental health of female employees during pregnancy, after giving birth and during breastfeeding stages, thereby achieving the objective of maternal protection.

Program for preventing disease triggered by abnormal workloads: Arrange health education care and factory doctor to provide health guidance to employees according to the abnormal workload and cardiovascular disease risk classification, in order to ensure the physical and mental health of relevant workers.

Ergonomic hazard prevention program: To protect the health benefits of employees of the Company, to prevent ergonomic hazards and to prevent repetitive musculoskeletal injuries and diseases, the Company arranges factory doctor to inspect the field environment and to provide recommendations. Guidance on work posture and health education promotional propaganda are posted at working areas, in order to prevent ergonomic hazards caused by repetitive operations. Accordingly, the safety and health of employees are protected.

Program for preventing illegal infringement in the course of job duties: To protect the interests of employees of the Company at work, and to provide a working environment without workplace violence, the Company has posted the “Internal Prohibition on Workspace Violence Written Statement” for announcement to all employees, and each unit also identifies and assess workplace hazards. In addition, education and training on prevention of workplace illegal infringement are also organized, in order to allow employees to understand the Company’s management policy and complaint and reporting channels.



Physician field service



Physician factory inspection



Health Exam

In terms of general health tests, in addition to abiding by the labor health protection regulations, we also offer annual health checks that go beyond the requirements of the law and include additional items with colleagues' consent. We deeply understand the importance of historical health examination value changes; therefore, in terms of the selection of cooperating hospitals, we choose medical institution qualifying for the labor physical and health examination rather than selecting medical institution based on price consideration. We particularly request medical institution to output historical comparison report for employees under examination, and the physical examination data for the last three years is also listed, in order to understand changes of each test item during the three-year period, thereby allowing employees to understand their own body health condition swiftly and to also allow the contracted occupational physician and labor health service nurses to perform health management classification effectively and to implement personalized health education and guidance.

The particularly hazardous process operations of the Company's products include noise, dust, nickel, and ionizing radiation. We have implemented regular environmental monitoring as required by the law and provided health exams, hierarchical management, and related education and training courses for personnel involved in particularly hazardous work. For level 2 employees, health guidance will be provided. However, for the examination result in 2022, there were no personnel above Level 3 control.

2022 Annual Health Examination

Taiwan Headquarters	Number of employees specified by the law			Examination superior to legal requirements			Percentage of total employees ^{Note 3}	Total subsidies
	Number of employees required for examination	Number of employees receiving examination	Examination rate	Number of employees required for examination	Number of employees receiving examination	Examination rate		
General health examination <small>Note 1</small>	15	14 <small>Note 5</small>	93.3%	330	329	99.6%	64.2%	263,200
Special health examination <small>Note 2</small>	117	117 people	100%		-		22.7%	4,000 <small>Note 4</small>
		Noise operation 82 people						
		Ionizing radiation 6 people						
		Nickel 26 people						
		Dust 44 people						



Note 1: In addition to the items required by law, the Company further provides abdominal ultrasound examination
 Note 2: According to the provisions of the Labor Health Protection Rules
 Note 3: The percentage of total employees is calculated based on total number of employees of 514 people in 2022/October
 Note 4: Some people did not meet the requirements of the Labor Insurance Bureau-Labor Insurance Health Inspection Subsidy for Occupational Diseases Prevention due to their seniority during the inspection (7 people total). To facilitate colleagues to receive exams, the Company has included the annual health exam cost in its unified subsidy fee, so there is no need to go to the hospital for an examination
 Note 5: Employees not receiving examination were Taiwanese staff assigned to station in China, and they did not return to Taiwan for health examination

Health Promotion

Employees are the most important assets of the Company, and employees' health is the foundation to the corporate sustainable development. We believe that only healthy employees are able to achieve great productivity. The Company values physical and mental health of employees. In addition to distribution of health promotional letters and mails irregularly, the Company is committed to the implementation of health promotion activities. To encourage employees to participate in health promotion activities, the Company's senior officers lead staff to participate in such activities in person, such that employees are able to improve their personal health awareness through health education and health promotion activities, thereby cultivating good healthy living habits.

Health Promotion Activities

Health promotion and educational activities	Activity Content Description	Frequency	Number of participants
Health Related Advocacy	Mail promotion, bulletin board posting and propaganda	From time to time	All Colleagues in the Factory
Health seminar	Weight loss and diet	5 sessions	11 people
	Choice of eating out		14 people
	Healthy exercise for office workers		17 people + online of 2 people
	Long-haul COVID-19 psychological symptoms		15 people
	Long-haul COVID-19 physical symptoms - Insomnia topic		17 people



Health Promotion Bulletin Board



Health Promotion Propaganda and Poster



Health promotion and educational activities	Activity Content Description	Frequency	Number of participants
Promotion activity: AED Application education training	Replace with new models, and implement education and training on relevant personnel in order to effectively handle accidental emergency conditions.	2 sessions	August 24: 15 people August 30: 12 people
Promotion activity: Education and training on workplace illegal infringement prevention and sexual harassment prevention	Proper working environment is beneficial to the physical and mental health of employees. The Company implements the program for preventing illegal infringement in the course of job duties, and factory doctor is invited to provide lectures on our employees in order to understand the meaning of workplace illegal infringement. Trainees are workplace illegal infringement promotion seed members assigned by each unit for the training, and also promotes the knowledge at the workplace widely, thereby achieving the objective of promoting zero violence at workplace.	1 session	32 people



AED education and training

Weight loss seminar

Company provides business trip supplies

In 2022, the total number of employees participating in the health promotion and educational activities was 135 people.



Health promotion activity photos: Managers actively participated in the Company's health promotion activities and led the atmosphere of health promotion for the workplace

Protective Measures Related to the COVID-19 Outbreak

The COVID-19 pandemic started in 2019 had caused severe global impact and such pandemic impact continued in 2022. Due to the industrial characteristic of the manufacturing industry, the Company must consider both epidemic control and production capacity while preventing the fast spread of COVID-19 virus causing occupational safety hazard. Accordingly, epidemic control is still an important subject to the Company. To cope with the “continuous operation guidance” implemented by the Central Epidemic Command Center, Nation Health Command Center, the Company has established the Biological Pathogen Disaster Response Team in order to reduce the impact of the pandemic on the corporate operation, and epidemic control health measures and management are also implemented in order to care the health of employees at the workplace.

Epidemic Prevention Measures

Biological Pathogen Disaster Response Team	Established a biological pathogen disaster response team and a clear division of work to ensure that the Company can maintain normal operations during the epidemic
Dining with separation	Widen the distance between seats, prohibit face-to-face or talking during meals, and add partitions
Dormitory management	<ol style="list-style-type: none"> 1. Workplace shifts for migrant workers are arranged to be at the same post, in the same class, and meals are arranged to be together 2. Workplace management (such as flexible commuting and temperature checks) 3. Access control at migrant workers' dormitory (such as temperature measurement and visitor management) 4. Promote safety in the native language of
Epidemic control management	<ol style="list-style-type: none"> 1. Implement shift and zone divisions, work at home, access control, and epidemic prevention-related publicity in accordance with changes in COVID-19 status and rolling adjustment of government policies 2. Establishment of epidemic control measures: To cope with the expansion of the local pandemic in April 2022, the Company established new epidemic control guidance and measures, and also followed the epidemic control policy of the Central Epidemic Command Center, Nation Health Command Center to flexibly adjust its content 3. Personnel health monitoring is performed daily, and unit promote are requested to promote the active reporting of confirmed cases. In addition, corresponding attendance and health management measures are implemented, in order to timely understand the health condition of employees and to provide care
Provision of epidemic control goods and supplies	<ol style="list-style-type: none"> 1. Ensure alcohol and bleach are available for disinfection, cleaning, and disinfecting the entire factory in accordance with the status of the epidemic 2. To cope with the government policy on mass testing, when there was shortage of test kits in the market due to government's collection, the Company had prepared test kits for home use, in order to provide such test kits to employees having concern of close contact with confirmed cases
Disease screening	<ol style="list-style-type: none"> 1. During the 2022 Chinese New Year holiday, as the pandemic became worse, all plants distributed home-use test kits and agreements before the holiday in order to allow employees to perform tests at home before the holiday, thereby ensuring employees were able to work safely with security 2. During the pandemic outbreak and shortage of test kits, the Company provided test kits to employees of high risk for use. In addition, migrant workers who live in close proximity are given a rapid testing once a week, and once every two weeks at the ease of the pandemic, until November when the pandemic gradually subsided
Vaccination survey	The Company cooperates with government policies to encourage colleagues to vaccinate against COVID-19 and provide relevant health and education resources. We also respect each individual's choices and do not require mandatory immunization
Employee Care	<ol style="list-style-type: none"> 1. The Company monitored the information from the command center and informed all employees via mails. In addition, the Company also provided care to individuals of confirmed cases via telephone and communication, in order to provide necessary information to employees. 2. Anonymous Long-haul COVID-19 survey questionnaires are also distributed to employees for filling, in order to understand the Long-haul COVID-19 symptoms of employees and to provide relevant health education information. The survey result is also used as reference for future organization of seminars.
External visitors	External personnel entering the plant must fill out the “Visitor Health Declaration and Health Management Agreement”, and must also cooperate with the internal epidemic control regulations to wear masks at all time
Epidemic control for business trips	<ol style="list-style-type: none"> 1. The Company allowed employees to apply for overseas business trips due to business needs when the epidemic subsided. In addition, the Company also planned overseas business trips during the epidemic period, and required the factory doctor to evaluate staff health status, provide health education, and provided necessary protective equipment for business travelers. Furthermore, the Company cooperated with the government's epidemic prevention policies after returning to Taiwan, and arranged colleagues to stay in anti-epidemic hotels at public expense 2. Provide subsidies for airport transportation (anti-epidemic taxi) expenses for the Company's colleagues returning to Taiwan on business

4.4.5 Occupational Safety and Health Worker Participation and Training

The Company has established an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act. Its purpose is to ensure workers' work safety and health-related measures and to regularly review the factory's safety environment and operation models.

We offer all new employees three hours of orientation training on their first day of work, including occupational safety and health information as well as emergency response training. At least 4 sessions of safety and health related education and trainings are organized annually according to the annual plan, past accident cases and employee demands, etc. The Company generally holds regular emergency response and fire drills every 6 months. The goal is to enable employees to quickly organize, mobilize, and take corrective actions in the event of an accident to effectively control the disaster.

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

2022 Education and Training Records

Course	Number of trainees	Number of hours arranged	Total number of hours
Safety and health education and training for new employees	144	3	432
Safety and health education and training for on-job employees	288	3	864
Safety and health education and training for foreign on-job employees	157	3	471
ISO45001 system	6	3	18
ISO45001 Internal audit education and training	23	3	69
Education and training for Safety and Health Committee members	10	3	30
Machinery equipment jamming hazard prevention	31	3	93
Electricity safety and electrical fire hazard prevention	28	3	84
Chemical labeling	28	3	84
Breathing protection education and training	13	1	13
Respiratory protection equipment qualitative sealing test education	4	2	8
Road traffic safety promotion	31	2	62

4.5 Care for Society

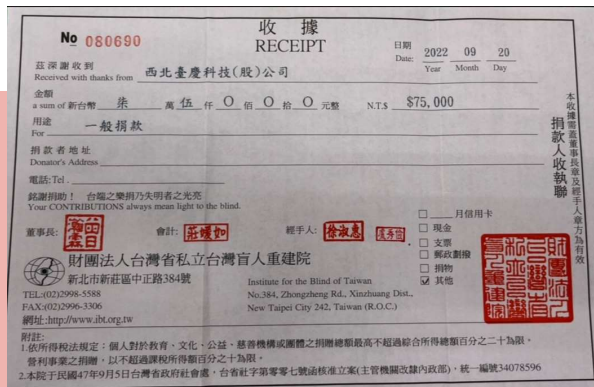
Taiwan Headquarters Campus Sports Development Funds

Business operations do impact the community. We have participated in community developments through donations, corporate volunteer services, or other public welfare professional services. Regarding social welfare and care activities in 2022, Tai-Tech sponsored the Taitung National Chenggong Commercial Fisheries Vocational School Youth Baseball Team for a total amount of NT\$600 thousand. We also sponsored the Taipei University of Technology's swimming team for a total amount of NT\$240 thousand.



Taiwan Headquarters

In 2022, the Company ordered 500 customized desk calendars from the Institute for the Blind of Taiwan for a total amount of NT\$75 thousand.



Taiwan Headquarters

In 2022, the Company ordered 500 customized handmade cream soap from Syin-Lu Social Welfare Foundation for a total amount of NT\$122.5 thousand



4.5 Care for Society



TAIPAQ Plant public welfare event - Chonggang community geracomium charity donation

1. Date: 2022/1/15
2. Donation of scarf, shoes and socks
3. Haircut, blood pressure measurement, and entertainment performance for elderly
4. Purchased the food ingredients of flour, cooking oil and pork, etc. for making of dumplings
5. Fee: RMB 3,558

TAIPAQ Plant public welfare event - Chonggang community tree planting and seedling donation for planting voluntarily

On 2022/3/11, the Company organized more than 20 staff and employees to participate in the government-enterprise alliance voluntary tree planting event together with numerous government officials of Chonggang Street, in order to jointly construct beautiful and green home, as well as to contribute TAIPAQ Plant's effort in environmental protection and charity.

On 2022/4/2, TAIPAQ Plant donated 300 goldenrain tree seedlings to Chonggang Street Fruit and Garden Committee in order to participate in the planting of trees with tree planting personnel of Chonggang Street, as well as to contribute TAIPAQ Plant's effort in charity and tree planing.



TAIPAQ Plant public welfare event - Sihong Fire Squad charity donation

On 2022/7/22, the Company purchased more than 100 boxes of supplies of drinks, milk, instant noodles and mixed congee to Sihong County Fire Squad as the Company's sincere gratitude to the fire squad members performing duties at the front line and to provide consolation goods for the summer at an amount of: RMB 5,510.

4.5 Care for Society

TAIPAQ Plant public welfare event - Consolidation goods for environmental health personnel during the season of fall

During August 2022, considering the hot weather, the Management Department organized personnel to proceed to the development zone several times in order to deliver green bean soup and consolidation goods of towel and soap, etc. to the environmental health and cleaning personnel working at the front line on the road as relief from the hot weather.



TAIPAQ Plant public welfare event - Response to government's donation

On 2022/9/1, the Company actively responded to the public welfare event of "Fortune Citizen 100 with Charity Donation to Sihong" proposed by Sihong County Government, and donated RMB 20 thousand to provide assistance to children of poverty families for school and to poverty families due to traffic accidents. On 2022/11/1, an employee at Sihong development zone suffered from major disease, and the Company immediately donated RMB 10 thousand for the employee's treatment expense during the hospitalization period.

TAIPAQ Plant public welfare event - Charity blood donation

In October 2022, the Management Department organized more than 200 staff and employees to participate in charity blood donation event, in order to contribute care and effort to the society with passion and action, thereby providing new hopes to lives.



Appendix 1 GRI Content Index

Statement of Use		Tai-Tech's report content for the period from January 1 to December 31, 2022 has been disclosed according to the GRI Standards				
GRI 1 adopted		GRI 1: Foundation 2021				
Applicable GRI Standards		Non-applicable GRI Standards				
Topic	Disclose ure Item	Item Description	Chapter (★ refers to Material Topic)	Page	Reason of Omission/Necessary Explanation	Item Reference No. in GRI Standards
GRI 2: General Disclosures 2021						
The organization and its reporting practices	2-1	Organizational details	About Tai-Tech Advanced Electronics	7		
	2-2	Entities included in the organization's sustainability reporting	About Tai-Tech Advanced Electronics	7		
	2-3	Reporting period, frequency and contact point	About this Report	3		
	2-4	Restatements of information	About this Report	3		
	2-5	External assurance	About this Report	4		
Activities and workers	2-6	Activities, value chain and other business relationships	About Tai-Tech Advanced Electronics	7		
	2-7	Employees	4.1.1 Employee Composition and Diversity	94		
	2-8	Workers who are not employees	4.1.1 Employee Composition and Diversity	94		
Governance	2-9	Governance structure and composition	1.1.1 Corporate Governance	26		
	2-10	Nomination and selection of the highest governance body	1.1.1 Corporate Governance	26		
	2-11	Chair of the highest governance body	1.1.1 Corporate Governance	26		
	2-12	Role of the highest governance body in overseeing the management of impacts	1.1.1 Corporate Governance	26		
	2-13	Delegation of responsibility for managing impacts	1.1.1 Corporate Governance	26		
	2-14	Role of the highest governance body in sustainability reporting	1.1.1 Corporate Governance	26		
	2-15	Conflicts of interest	1.1.1 Corporate Governance	26		
	2-16	Communication of critical concerns	1.1.2 Ethical Management and Important Management Regulations	29		
	2-17	Collective knowledge of the highest governance body	1.1.1 Corporate Governance	26		
	2-18	Evaluation of the performance of the highest governance body	1.1.1 Corporate Governance	26		
	2-19	Remuneration policies	1.1.1 Corporate Governance	26		
	2-20	Process to determine remuneration	1.1.1 Corporate Governance	26		
	2-21	Annual total compensation ratio	-	-	-	Confidential rules/ Since this is a confidential item of the Company, it is not disclosed

Topic		Disclosure Item	Item Description	Chapter (★ refers to Material Topic)	Page	Reason of Omission/Necessary Explanation	Item Reference No. in GRI Standards
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Statement from the Management Team	5			
	2-23	Policy commitments	2.2.1 Supply Chain Strategy	52			
	2-24	Embedding policy commitments	2.2.5 Supplier Management and Regulation	55			
	2-25	Processes to remediate negative impacts	1.2.1 Risk Identification and Management	34			
	2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement	18			
	2-27	Compliance	★1.2.6 Legal Compliance (additional disclosure of material topic)	44			
	2-28	Membership in associations	Relevant Associations	10			
Stakeholder engagement	2-29	Approach to stakeholder engagement	Stakeholder Engagement	18			
	2-30	Collective bargaining agreements	-	-	Not applicable/No relevant issues		
GRI 3: Material Topics 2021							
Material Topics	3-1	Process to determine material topics	Materiality Analysis Process	20			
	3-2	List of material topics	List of Material Topics in 2022	21			
Economic aspect							
Economy Performance	GRI 3 Material Topics 2021	3-3	Management of material topics	★Operational performance	31		
	GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	1.1.3 Operational Performance	31		
		201-2	Financial implications and other risks and opportunities due to climate change	1.2.4 TCFD Framework	41		
		201-3	Defined benefit plan obligations and other retirement plans	4.2.2 Pension Qualifications	108		
	201-4	Financial assistance received from government	-	-	Not applicable/No relevant issues		
Market Presence	GRI 202 Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.2.1 Remuneration System	105		
		202-2	Proportion of senior management hired from the local community	4.2.1 Remuneration System	105		
Procurement Practices	GRI 3 Material Topics 2021	3-3	Management of material topics	★Sustainable Supply Chain	51		
	GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.2.4 Raw Materials Management	54		
Anti-corruption	GRI 3 Material Topics 2021	3-3	Management of material topics	★Ethics and Integrity	29		

Topic		Disclosure Item	Item Description	Chapter (★ refers to Material Topic)	Page	Reason of Omission/Necessary Explanation	Item Reference No. in GRI Standards
Anti-corruption	GRI 205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	1.1.2 Ethical Management and Important Management Regulations	29		
		205-2	Communication and training about anti-corruption policies and procedures	1.1.2 Ethical Management and Important Management Regulations	29		
		205-3	Confirmed incidents of corruption and actions taken	-	-	Not applicable/No relevant issues	
Environmental aspect							
Energy	GRI 3 Material Topics 2021	3-3	Management of material topics	★Energy Saving and Carbon Reduction	73		
	GRI 302 Energy 2016	302-1	Energy consumption within the organization	3.1 Energy Management	73		
		302-2	Energy consumption outside of the organization	3.1 Energy Management	73		
		302-3	Energy Intensity	3.1 Energy Management	73		
		302-4	Reduction of energy consumption	3.1 Energy Management	73		
		302-5	Reduce product and service energy demands	3.1 Energy Management	73		
Water and effluents	GRI 3 Material Topics 2021	3-3	Management of material topics	★Water Resources Management	77		
	GRI 303 Water and Effluents 2018	303-1	Interactions with water as a shared resource	3.2 Water Resource Management	77		
		303-2	Management of water discharge-related impacts	3.2 Water Resource Management	77		
	GRI 303 Water and Effluents 2018	303-3	Water withdrawal	3.2 Water Resource Management	77		
		303-4	Water discharge	3.2 Water Resource Management	77		
		303-5	Water consumption	3.2 Water Resource Management	77		
Emissions	GRI 3 Material Topics 2021	3-3	Management of material topics	★Energy Saving and Carbon Reduction	73		
	GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.1.1 Greenhouse Gas Inventory	76		
		305-2	Energy indirect (Scope 2) GHG emissions	3.1.1 Greenhouse Gas Inventory	76		
		305-3	Other indirect (Scope 3) GHG emissions	-	-	Not applicable/No relevant issues	
		305-4	GHG emissions intensity	3.1.1 Greenhouse Gas Inventory	76		
		305-5	Reduction of GHG emissions	3.1.1 Greenhouse Gas Inventory	76		
		305-6	Emissions of ozone-depleting substances (ODS)	-	-	Not applicable/No relevant issues	
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	-	Not applicable/No relevant issues	

Topic		Disclosure Item	Item Description	Chapter (★ refers to Material Topic)	Page	Reason of Omission/Necessary Explanation	Item Reference No. in GRI Standards
Waste	GRI 3 Material Topics 2021	3-3	Management of material topics	★Waste Management	82		
	GRI 306 Waste 2020	306-1	Waste generation and significant waste-related impacts	3.3 Waste Management	82		
		306-2	Management of significant waste-related impacts	3.3 Waste Management	82		
	GRI 306 Waste 2020	306-3	Waste generated	3.3 Waste Management	82		
		306-4	Waste diverted from disposal	3.3.1 Waste-Related Statistics	85		
		306-5	Waste directed to disposal	3.3.1 Waste-Related Statistics	85		
Supplier environmental assessment	GRI 3 Material Topics 2021	3-3	Management of material topics	★Sustainable Supply Chain	51		
	GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.2.4 Raw Materials Management	54		
		308-2	Negative environmental impacts in the supply chain and actions taken	2.2.5 Supplier Management and Regulation	55		
Social aspect							
Employment	GRI 3 Material Topics 2021	3-3	Management of material topics	★Remuneration and Benefits	104		
	GRI 401 Employment 2016	401-1	New employee hires and employee turnover	4.1.2 Data on New and Resigned Employees	101		
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.3 Welfare Policy	108		
		401-3	Parental leave	4.2.4 Parental Leave Data	111		
		Salary	The number of full-time employees of non-supervisory positions, the average and median salary of full-time employees of non-supervisory positions, and the difference between the aforementioned three values with the values of last year shall be disclosed	4.2.1 Remuneration System	105		
Labor/management relations	GRI 402 Labor-Management Communication 2016	402-1	Minimum notice periods regarding operational changes	4.2.5 Labor Communication and Human Rights Policy	112		
Occupational Safety and Health	GRI 3 Material Topics 2021	3-3	Management of material topics	★Occupational Safety and Health	117		
	GRI 403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.4.1 Occupational Safety and Health Management System	118		
		403-2	Hazard identification, risk assessment, and incident investigation	4.4.2 Risk Assessment and Control	118		
		403-3	Occupational health services	4.4.4 Occupational Health Services	124		

Topic		Disclosure Item	Item Description	Chapter (★ refers to Material Topic)	Page	Reason of Omission/Necessary Explanation	Item Reference No. in GRI Standards
Occupational Safety and Health	GRI 403 Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.4 Occupational Health Services	124		
		403-5	Worker training on occupational health and safety	4.4.5 Occupational Safety and Health Worker Participation and Training	130		
		403-6	Promotion of worker health	4.4.4 Occupational Health Services	124		
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4.3 Accident Investigation Process and Subsequent Improvement	120		
	GRI 403 Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	4.4.1 Occupational Safety and Health Management System	118		
		403-9	Work-related injuries	4.4.3 Accident Investigation Process and Subsequent Improvement	120		
		403-10	Occupational disease	4.4.3 Accident Investigation Process and Subsequent Improvement	120		
Training and education	GRI 3 Material Topics 2021	3-3	Management of material topics	★Talent Cultivation	114		
	GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	4.3.1 Talent Cultivation	115		
		404-2	Programs for upgrading employee skills and transition assistance programs	4.3.1 Talent Cultivation	115		
		404-3	Percentage of employees receiving regular performance and career development reviews	4.3.3 Periodic Performance Evaluation	116		
Diversity and Equal Opportunity	GRI 3 Material Topics 2021	3-3	Management of material topics	★Remuneration and Benefits	104		
	GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.1.1 Employee Composition and Diversity	94		
		405-2	Ratio of basic salary and remuneration of women to men	4.2.1 Remuneration System	105		
Supplier Social Assessment	GRI 3 Material Topics 2021	3-3	Management of material topics	★Sustainable Supply Chain	51		
	GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2.2.4 Raw Materials Management	54		
		414-2	Negative social impacts in the supply chain and actions taken	2.2.5 Supplier Management and Regulation	55		
Additional Disclosure of Material Topic	GRI 3 Material Topics 2021	3-3	Management of material topics	★Innovation and R&D	46		
		3-3	Management of material topics	★Customer Service	58		
		3-3	Management of material topics	★Product Quality and Safety	62		
		3-3	Management of material topics	★Information Security Protection	37		

Appendix 2 Assurance Statement



會計師有限確信報告

資會綜字第 22011529 號

西北臺慶科技股份有限公司 公鑒：

本事務所受西北臺慶股份有限公司（以下稱「貴公司」）之委任，對 貴公司選定民國 111 年度永續報告書所報導之關鍵績效指標（以下稱「所選定之關鍵績效指標」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

標的資訊與適用基準

本確信案件之標的資訊係 貴公司上開所選定之關鍵績效指標，有關所選定之關鍵績效指標及其適用基準詳列於 貴公司民國 111 年度永續報告書第 140 頁之「確信項目彙總表」。前述所選定之關鍵績效指標之報導範圍業於永續報告書第 3 頁之「報告書範疇與邊界」段落說明。

管理階層之責任

貴公司管理階層之責任係依照適當基準編製永續報告書所選定之關鍵績效指標，且維持與所選定之關鍵績效指標編製有關之必要內部控制，以確保所選定之關鍵績效指標未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」，對所選定之關鍵績效指標執行確信工作，以發現前述資訊在所有重大方面是否有未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認所選定之關鍵績效指標可能發生重大不實表達之領域，以及針對前述領域設計及執行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有有限確信案件所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所辨認之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況設計及執行下列確信程序：

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

此報告不對民國 111 年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

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會計師之獨立性及品質管理規範

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

本事務所適用品質管理準則 1 號「會計師事務所之品質管理」，因此維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

先天限制

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

有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現所選定之關鍵績效指標在所有重大方面有未依適用基準編製而須作修正之情事。

其它事項

貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何所選定之關鍵績效指標或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資誠聯合會計師事務所

會計師 李燕瑛



中華民國 112 年 8 月 10 日

Appendix 2 Assurance Statement Summary Table

No.	Assurance subject	Applicable benchmarks	Page
1	<p>According to the ESG survey and evaluation result of the current year, there were 28 suppliers of Taiwan Headquarters and 37 suppliers of TAIPAQ Plant under written review. 20 suppliers of Taiwan Headquarters qualified the review, and 8 suppliers with incomplete written documents such that supplemental documents were to be provided, and they were temporarily not listed in the list of qualified suppliers. All 37 suppliers of TAIPAQ Plant qualified the review in 2022.</p>	<p>Taiwan Headquarters issued the “Supplier ESG Survey Form” according to the ESG survey form review details. Suppliers performed self-evaluation, followed by scores evaluated by relevant units, and the total score reaching above 60% and above was considered to be qualified. The evaluation items included five main aspects of labor rights and interests, health and safety, environmental protection, management system, and code of ethics for review.</p> <p>TAIPAQ Plant issued the “Supplier/Contractor/Service Provider RBA Social Responsibility Operation System Survey Form” according to the supplier annual audit plan, in order to allow suppliers to perform self-evaluation. When the total score exceeded 60 points, and the “Contractor/Supplier RBA Performance Code of Conduct Undertaking” was issued, then it was considered to be qualified.</p>	Page 56
2	<p>In 2022, total tap water withdrawal by Taiwan Headquarters was 136.60 million liters; In 2022, total tap water withdrawal by TAIPAQ Plant was 45,307 million liters; In 2022, total tap water withdrawal by Kunshan Plant was 15,707 million liters</p>	<p>The total tap water withdrawal in 2022 was calculated according to the water fee payment certificates from the water company of each location.</p>	Page 78
3	<p>Tai-Tech Group’s relevant occupational injury definitions and calculation methods 2022 statistical result: Taiwan Headquarters (Note 1 was used for calculation): 1.12 % TAIPAQ Plant (Note 2 was used for calculation): 0.38 % Kunshan Plant (Note 1 was used for calculation): 0 %</p> <p><small>Note 1: Occupational injury rate = Number of people of occupational injuries / Total number of working hours X 200,000 Note 2: Occupational injury rate = Number of people of occupational injuries / Total number of working hours X 1,000,000</small></p>	<ul style="list-style-type: none"> ● Statistical basis for number of people of occupational injuries Taiwan Headquarters: The number of people of occupational accidents was calculated according to the internal “Occupational Safety Incident Report Table” of “Incident Handling and Investigation Management Procedure”. TAIPAQ Plant, Kunshan Plant: Number of people was calculated according to the data provided by the local Occupational Injury Determination Center of local Social Insurance Department. ● Total number of working hours: It includes the working hours of official employees and dispatch personnel as well as the overtime hours, which was calculated by the Human Resource Department. ● Ratio was calculated according to the 200,000 and 1,000,000 working hours specified in GRI403-9 	Pages 121-122

Note: The scope of assurance body listed in this table refers to
 Taiwan Headquarters: Tai-Tech Advanced Electronics Co., Ltd.
 TAIPAQ Plant - Sub-subsidiary Tai-Tech Electronics (Sihong) Co., Ltd. of Tai-Tech Advanced Electronics
 Kunshan Plant - Sub-subsidiary Tai-Tech Precision Electronics (Kunshan) Co., Ltd. of Tai-Tech Advanced Electronics

Appendix 3 Sustainability Accounting Standards

SASB Industry Classification		Resource transformation / appliance and electronic equipment		
Topic	Standard No.	Disclosure Item	2022 Disclosure Contents	Corresponding Chapter
Energy Management	RT-EE-130a.1	Total energy consumed (GJ) Percentage grid electricity (%) Percentage renewable (%)	<ul style="list-style-type: none"> Taiwan Headquarters total energy consumption 115,405.88 GJ TAIPAQ Plant total energy consumption 119,703.58 GJ Kunshan Plant total energy consumption 23706.33 GJ Parent Company Taiwan Headquarters purchased electricity of 110,230.38 GJ, accounted for 95.52 % of energy consumption Subsidiary TAIPAQ Plant purchased electricity of 119,512.27 GJ, accounted for 99.84 % of energy consumption Subsidiary Kunshan Plant purchased electricity of 23,590.07 GJ, accounted for 99.51 % of energy consumption Proportion of renewable energy use of each of three plants 0% 	3.1 Energy Management
Hazardous industrial waste	RT-EE-150a.1	Amount of hazardous waste generated (metric tons) Percentage recycled (%)	Taiwan Headquarters total waste of 604.277 tons, hazardous waste of 491.732 tons, hazardous waste recycle ratio of 75.75 % TAIPAQ Plant total waste of 448.421 tons, hazardous waste of 180.915 tons, hazardous waste recycle ratio of 34.17 % Kunshan Plant total waste of 106.155 tons, hazardous waste of 40.855 tons, hazardous waste recycle ratio of 33.82 %	3.3 Waste Management
	RT-EE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered, kilograms quantity recovered, (KG)	None	
Product safety	RT-EE-250a.1	Number of recalls issued; total units recalled	18,997,796	-
	RT-EE-250a.2	Total amount of monetary losses because of legal proceedings associated with product safety	None	1.2.6 Legal Compliance

Topic	Standard No.	Disclosure Item	2022 Disclosure Contents	Corresponding Chapter
Product lifecycle management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances (%)	0 %	-
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet Energy Star® criteria declarable substances (%)	0 %	-
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	0	-
Raw material source	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	Due to the impact of international metal raw material price fluctuation, place long-term order to secure the supply source and price, and actively seek second supplier or alternative material	2.2.2 Identify Key Raw Materials and their Risk Management Strategies
Business ethics	RT-EE-510a.1	Description of policies and practices for prevention of corruption, bribery and anti-competitive behavior	The Company has established the Anti-corruption Management Regulations and the Anti-corruption Incident Investigation and Management Operation Procedures	1.1.2 Ethical Management and Important Management Regulations
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	None	1.1.2 Ethical Management and Important Management Regulations
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations associated with bribery or corruption	None	-
Activity Indicator	RT-EE-000.A	Number of units produced by product category	Wire-wound products: 1,025,606 K PCS LAN transformers: 1,513,688 K PCS Iron core: 2,327,845K PCS (excluding self-use of 2,350,585K) Multilayer products: 124 tons	Company Profile
			Multilayer products: 21,650,370 K PCS Wire-wound products: 4,109,984 K PCS LAN transformers: 3,757,841 K PCS	Company Profile
	RT-EE-000.B	Number of employees	Taiwan Headquarters: 518 people TAIPAQ Plant: 1,378 people Kunshan Plant: 158 people	4.1.1 Employee Composition and Diversity

Appendix 4 Sustainability Disclosure Indicator - Electronic Component Industry

Indicator	Indicator Type	2022 Disclosure Status	Unit
I. Total energy consumption, purchased electricity percentage and renewable energy usage	Quantification	<ul style="list-style-type: none"> Taiwan Headquarters total energy consumption 115,405.88 GJ TAIPAQ Plant total energy consumption 119,703.58 GJ Kunshan Plant total energy consumption 23,706.33 GJ Parent Company Taiwan Headquarters purchased electricity of 110,230.38 GJ, accounted for 95.52 % of energy consumption Subsidiary TAIPAQ Plant purchased electricity of 119,512.27 GJ, accounted for 99.84 % of energy consumption Subsidiary Kunshan Plant purchased electricity of 23,590.07 GJ, accounted for 99.51 % of energy consumption Proportion of renewable energy use of each of three plants 0% 	1,000,000,000 (GJ) Percentage (%)
II. Total water withdrawal and water consumption	Quantification	<p>Taiwan Headquarters total water withdrawal of 136,596 m³, total water discharge of 95,824.8 m³, and total water consumption of 40,771.2 m³</p> <p>TAIPAQ Plant total water withdrawal of 45,307 m³, total water discharge of 19,898 m³, and total water consumption of 25,409 m³</p> <p>Kunshan Plant total water withdrawal of 15,707 m³, total water discharge of 8,350 m³, and total water consumption of 7,357 m³</p>	Thousand cubic meters (m ³)
III. Weight of hazardous waste generated and percentage recycled	Quantification	<p>Taiwan Headquarters total waste of 604.277 tons, hazardous waste of 491.732 tons, hazardous waste recycle ratio of 75.75 %</p> <p>TAIPAQ Plant total waste of 448.421 tons, hazardous waste of 180.915 tons, hazardous waste recycle ratio of 34.17 %</p> <p>Kunshan Plant total waste of 106.155 tons, hazardous waste of 40.855 tons, hazardous waste recycle ratio of 33.82 %</p>	Tons (t) Percentage (%)
IV. Occupational accident type, number of people and ratio	Quantification	<p>With the deduction of the traffic accident for commute to/from work, the Taiwan Headquarters' total number of occupational accidents for workers with disability of more than one day was 7 cases, with 7 injured people, and the ratio was 1.35%</p>	Ratio (%) Quantity

Indicator	Indicator Type	2022 Disclosure Status	Unit
V. Disclosure of product lifecycle management: Weight of scraped products and electronic waste and recycle percentage	Quantification	Taiwan Headquarters' electronic waste weight of 12.937 tons, recycled waste of 8.917 tons, and recycle percentage of 68.93 % TAIPAQ Plant' electronic waste weight of 73.949 tons, recycled waste of 73.949 tons, and recycle percentage of 100 % (Kunshan Plant's relevant wastes were transferred to TAIPAQ Plant for treatment uniformly)	Tons (t) Percentage (%)
VI. Relevant risk associated with use of key materials Management description	Qualification description	Due to the impact of international metal raw material price fluctuation, place long-term order to secure the supply source and price, and actively seek second supplier or alternative material	N/A
VII. Monetary loss caused by legal proceedings associated with anti-competitive behavior clauses Total amount	Quantification	None	Reporting currency
VIII. Production volume of main products according to product type	Quantification	Wire-wound products: 1,025,606 K PCS LAN transformers: 1,513,688 K PCS Iron core: 2,327,845 K PCS (excluding self-use of 2,350,585 K) Multilayer products: 124 tons	Difference according to product type (Taiwan Headquarters)
	Quantification	Multilayer products: 21,650,370 K PCS Wire-wound products: 4,109,984 K PCS LAN transformers: 3,757,841 K PCS	Difference according to product type (Group)

Appendix 5 Climate-Related Information of Publicly Listed Company

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

Item	Report disclosure chapter
1. Describe the supervision and governance of Board of Directors and the management on climate-related risks and opportunities	1.2.3 Climate Change Risks and Opportunities 1.2.4 TCFD Framework
2. Describe how the climate risks and opportunities identified affect the business, strategy and finance of the company (short, medium and long term)	
3. Describe the impact of extreme climate events and transformation action on finance	
4. Describe how to integrate the climate risk identification, assessment and management processes in the risk management system	
5. If the scenario analysis is used to assess the resilience against the climate change risk faced, it is necessary to explain the scenario, parameters, assumptions, analysis factors used and main financial impacts	
6. If there is a transformation plan for management of climate-related risks, explain the plan content, and the indicators and targets used for identifying and managing physical risks and transformation risks	
7. If the internal carbon pricing is uses as a planning tool, it is necessary to explain the price establishment basis	
8. If climate-related target is set, it is necessary to explain the information of activities, greenhouse gas emissions scope, schedule plan and annual achievement progress covered. If carbon offset or renewable energy certificates (RECs) are used to achieve relevant goals, it is necessary to explain the source or quantity of the carbon reduction offset or the quantity of renewable energy certificates (RECs)	
9. Greenhouse gas inventory inspection and assurance status	

Plant site	Scope 1		Scope 2	
	Total emissions (tonnes of CO ₂ e)	Intensity (tonnes of CO ₂ e/NT\$ thousand)	Total emissions (tonnes of CO ₂ e)	Intensity (tonnes of CO ₂ e/NT\$ thousand)
Taiwan Headquarters	256.31	0.000061336	15,585.35	0.003729370
TAIPAQ Plant	12.99	0.000003719	26,246.06	0.007512547
Kunshan Plant	7.90	0.000006181	5,196.24	0.004066803