



2023

SUSTAINABILITY REPORT

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Message from the Chairman

2023 was a challenging year for us. Although the global economy is affected by multiple factors such as inflation and supply chain inventory adjustment, the market environment is not very optimistic. However, the management team of Nishoku is not afraid of difficulties and insists on promoting the automation and smart production of various manufacturing processes. The revenue reached NTD 3.508 billion in 2023. Although it decreased by 10.67% compared to the previous year, the gross profit margin was successfully increased to 26%.

As a major manufacturer of professional injection molding parts, Nishoku continues to develop new process technologies and improve its process capabilities to provide customers with a variety of and refined product choices. We are committed to saving costs and improving profitability through technological innovation to maximized operational performance.

Nishoku emphasizes financial performance and strictly abides by corporate governance regulations. We are committed to providing employees with a diverse, equal, and safe workplace, shouldering our corporate responsibility to society, and making long-term donations to rural groups and disadvantaged groups. In 2023, Nishoku incorporated sustainability into the Company's business strategy and established a Sustainable Development Promotion Team to disclose sustainable information in accordance with the GRI Standards, integrate internal resources and strengths, and implement various sustainable policies. We are committed to helping formulate long-term goals and constantly review the results of implementation at each stage to accelerate the pace of corporate sustainable development.

The Sustainable Development Promotion Team was just established in 2023, and Nishoku has actively invested considerable resources for the environment aspects. In addition to improving processes, purchasing energy-saving equipment, and working with customers to use environmentally friendly materials, we aim to reduce raw material consumption and energy consumption. At the same time, we promote the water-based spraying process to reduce the emissions of volatile substances, and purchase green electricity for use. In the future, we will replace old machines with automated machines and conduct greenhouse gas inventory and assurance under the premise of meeting customer needs. Based on this, we hope to achieve the goal of reducing carbon emissions year by year and moving towards net zero emissions.

Piao-Fu Chen, Chairman of Nishoku

Piao-Fu Chen



About This Report

Reporting Boundary and Scope

This report presents the promotion and performance of social sustainable development of the Company covering corporate governance and ethical management, customer service and product quality, occupational health and safety, operational strategy and economic performance, employee care and labor protection, talent capital, resource management, climate strategy, and other aspects for the period from January 1, 2023 to December 31, 2023.

This report covers the Company and four subsidiaries, including NISHOKU BOUEKI CO.,LTD., NISHOKU TECHNOLOGY VIETNAM Co., Ltd., NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. and KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.. The economic performance indicators are disclosed for the entities in the consolidated financial statements. If there is any inconsistency in the scope of the indicator disclosure, it will be explained in the report.

The statistical data disclosed in this report are the results of the Company's own statistics and surveys, and are presented using internationally accepted indicators. If there are estimates, it will be noted in the relevant chapters.

The sources of the financial data are all prepared in accordance with the International Financial Reporting Standards (IFRSs) and the Regulations Governing the Preparation of Financial Reports by Securities Issuers approved by the Financial Supervisory Commission and have been audited and attested by KPMG Taiwan. The financial report information published is calculated in New Taiwan Dollar (NTD). In addition, all management systems are regularly internally audited, namely, ISO 9001 quality management system, ISO14000 environmental management system, ISO 45001 occupational health and safety management system and IATF 16949 automotive industry quality management system, which have been verified by third-party verification agencies.

Reporting Period and Cycle

Reporting period	The information disclosure period in this report is from January 1, 2023 to December 31, 2023, which is the same as the reporting period of the financial statements. The report was released on August 26, 2024.
Reporting cycle	This report is the Company's first sustainability report. Nishoku expects to issue a sustainability report on a regular basis every year.

Restatements of Information

This is the Company's first sustainability report, and restatement of information is not applicable.

External Guarantee or Assurance

The contents of this report have been approved by the Board of Directors without external guarantee or assurance.

Opinion Feedback and Responsible Unit

Responsible unit	Financial and Accounting Division
Email	ir@nishoku.com.tw
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About Nishoku

Operational Overview

Operation Overview

On June 27, 1980, Nishoku Technology Inc. was incorporated (hereinafter referred to as "Nishoku" or "the Company"). The Taiwan Headquarters was established in Xinzhuang District, New Taipei City. The Company is mainly engaged in the design and development of precision plastic molds and single and dual-material plastic injection parts. The application fields include NB-use components, computer peripheral equipment components, tablet computer accessories, headphones and their components, audio, video equipment, POS card readers, barcode scanners, GPS device components, home appliance components, automotive lamp housing, dashboards components, and so on export products. Nishoku has 4 operating locations in Taiwan, China, and Vietnam, with a total of 2,442 employees. The consolidated operating revenue in 2023 reached NTD 3,508,729 thousand. For more information on financial performance, please refer to the Company's 2023 annual report.



NISHOKU TECHNOLOGY INC.



KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.



NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.



NISHOKU TECHNOLOGY VIETNAM CO., LTD.

Operating Revenue

In 2023, the Company's consolidated revenue was NTD 3,508,729 thousand, and the net profit after tax was NTD 487,097 thousand. Plastic injection components accounted for the highest proportion of the Company's business for 94.3%; of which information products accounted for 50.27%; consumer products for 5.78%, other products for 26.87%, and communication and automotive products for 3.9% and 7.5%.

Main Product Categories	Applied products
IT Products	Application products for mouse, NB/PC/Tablet
Auto Products	Automotive interior and exterior parts, grips, lamp housings, console bezel center control panel
Consumer products	Headphones, stereo
Other products	Video equipment, POS card swipe machines, barcode scanners, home appliance appearance parts, etc.
Communication Products	Rugged mobile phones and GPS devices

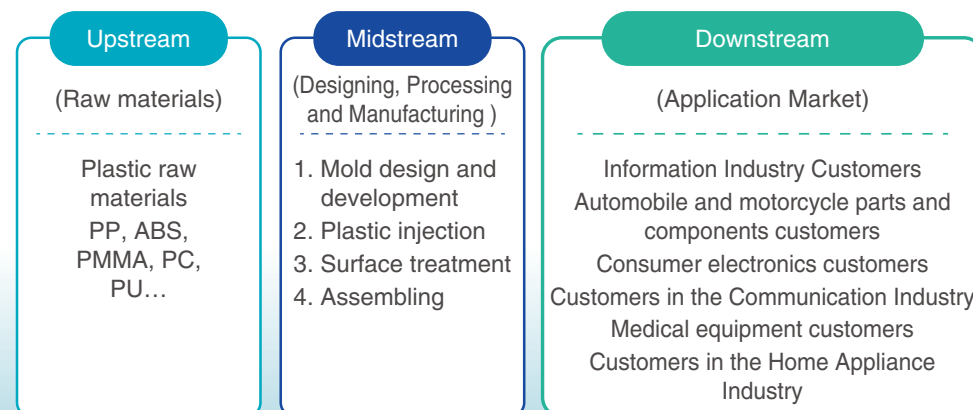
2023 Sales Amount by Region (City/Country)

Unit: NTD thousand

Region/Country	Product/Service	Operating Revenue
North America	Molds and plastic components	1,632,293
Asia		468,934
Europe		1,407,502
Total		3,508,729

Value Chain Overview

The Company is mainly engaged in the design and development of precision molds and the production of plastic injection components. In the plastic injection parts industry, it is a midstream manufacturer. The upstream raw materials are high temperature resistant plastic raw materials including PP (polypropylene), ABS (propylene-butadiene-styrene copolymer), PMMA (polymethyl methacrylate), PC (polycarbonate) and PU (Polyurethane). The raw material suppliers are mainly well-known domestic and foreign manufacturers and given by the long-term well-maintained supply relationship the Company has built with its suppliers over the years, the situation of material shortages is unlikely to happen. In addition, the application of the Company's plastic components products is wide including information, communications, consumer electronics, household appliance industry, medical equipment and automotive components industry, etc. The connection between upstream and downstream industries is shown as follows:



Suppliers

In 2023, Nishoku worked with more than 607 suppliers. The main categories of procurement are raw materials, assemblers, expense suppliers, contractors, and others. Key suppliers are then identified based on the procurement amount and criticality of each category. "Key suppliers" are the suppliers with annual procurement of raw materials and assembly parts at greater than NTD 50 million. There are 3 suppliers under this category, accounting for about 0.5% of all suppliers. In 2023, the total procurement amount was approximately NTD 1,180,184 thousand, and the item with the highest procurement expenditure was raw materials. The plastic parts and components of Nishoku have a wide range of applications. In 2023, the Company's downstream customers mainly include the information, communication, consumer electronics, home appliance industries, medical equipment, and auto parts and components industries.

Supplier Category	Location of suppliers	Number of suppliers	Purchase amount (NTD thousand)	Procurement ratio (%)
Raw materials	Taiwan	31	77,017	7%
	Others	172	586,190	50%
Assembly parts	Taiwan	7	78,904	7%
	Others	136	262,942	22%
Expense	Taiwan	49	22,692	2%
	Others	162	125,625	11%
Outsourced	Taiwan	3	14,813	1%
	Others	21	7,087	0%
Others	Taiwan	6	717	0%
	Others	20	4,197	0%
Total		607	1,180,184	100%

Supplier Category	Number of key suppliers	Number of non-key suppliers	Total
Raw materials	2	201	203
Assembly parts	1	142	143
Expense	0	211	211
Outsourced	0	24	24
Others	0	26	26
Total	3	604	607

Membership Associations

Nishoku actively participates in industry-related public organizations, associations, and non-profit organizations at home and abroad. In addition to promoting industrial exchange and development, we also pay attention to important issues such as technological innovation, corporate governance, environmental sustainability, human rights, and supply chain management. In 2023, we participated in 5 relevant domestic and foreign public organizations, associations, and non-profit organizations, with an expenditure of about NTD 40,000.

List of Participating Associations			
Name of industry association	Major activities	Position held	Amount
The Council of Taiwanese Chambers of Commerce in Viet Nam	World Taiwanese Chambers of Commerce	Membership	9,346
Kunshan Taiwanese Chambers of Commerce	Policy promotion	Membership	8,791
Zhangpu Township Safety Production Association, Kunshan City	Activities related to safety production	Vice Chairman Unit	0
Taiwan Mold & Die Industry Association	Domestic and foreign exhibitions/business opportunities information exchange	Membership	6,000
TAIWAN STOCK AFFAIRS ASSOCIATION (TWSAA)	Exchange of information on policies, regulations, and current affairs	Membership	13,000

01

Sustainable Future

- 1.1 Sustainability Strategy and Objectives
- 1.2 Stakeholders and Communication and Engagement
- 1.3 Materiality Analysis



1.1 Sustainability Strategy and Objectives

Commitment and Significance of Sustainable Development

Corporate Social Responsibility and Sustainable Development Processes and Strategies




Regarding the corporate social responsibility and sustainable development of Nishoku, we incorporate the concept of sustainability into the operation of all company mechanisms and promote key issues that are in line with global sustainability trends. We review the overall environment and stakeholders' expectations, and integrate corporate operational development goals, planning the Company's corporate social responsibility strategies, hoping to deepen the integration of the organization and value chain, improve ESG performance, and gradually achieve the goals of strengthening governance, development and innovation, and setting an example.

To actively support the United Nations Sustainable Development Goals (SDGs), the Company refers to the spirit of related initiatives, adheres to the four principles of "implementing and promoting corporate governance, developing a sustainable environment, maintaining social welfare, and strengthening corporate social responsibility information disclosure" and proposes guidelines as a reference in daily operations. We believe that through effective management and execution, we will be able to integrate ESG actions into our business strategies and internalize them as the foundation of our development and business strategies, so that we can continue to contribute to the sustainable development of society together with our employees.

Policies and Regulations Related to Responsible Business Conduct

We strictly abide by responsible business conduct. In order to implement a corporate culture of integrity and meet the expectations of investors and other stakeholders, the Board of Directors will approve and promulgate ethical and integrity-related charters, formulate policy regulations, standards, procedures, guidelines for conduct, and related grievance systems to require the employees of the Company and of subsidiaries, and business partners to abide by the regulations to prevent unethical behavior, hoping to shape the Company's culture of integrity and accountability. Our commitment to ethical standards is reflected in all business activities. The Company conducts operations based on the principles of fairness, honesty, trustworthiness and transparency. In order to implement the ethical corporate management policy, and actively prevent unethical conducts, suppliers or contractors are required to sign the "Commitment of Ethics and Integrity," with a current signing rate of 84.62%.

Nishoku complies with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing, or other laws and regulations related to commercial activities. On the premise of ethical corporate management, we continue to track changes in domestic and foreign laws and regulations to assess the potential risks and impacts to the Company, and examine whether there are corresponding regulations within the Company based on the results of legal identification to ensure that the Company's policies and regulations are appropriate.

Code of Responsible Business Conduct		
Ethical Corporate Management	To establish a corporate culture of ethical management and sound development, we have established a good corporate governance and risk control mechanism to create a sustainable business environment. The Company has established important internal regulations such as the "Ethical Corporate Management Best Practice Principles," "Ethical Corporate Management Procedures and Code of Conduct," "Code of Ethics," and "Code of Ethics and Conduct" to regulate the behavior of corporate governance officers and employees. Provisions on recusal due to conflicts of interests, supervision and checks and balances mechanisms, the whistleblowing system, and disciplinary actions serve as an important basis for the Company to implement ethical corporate management and implement ethical governance management and strategies.	 <p>The Articles of Incorporation of Nishoku</p>
Human Rights Commitments and Policies	Nishoku strictly abides by the labor-related laws and regulations of the locations of its operations to protect the legal rights of employees and abide by various international human rights conventions such as the "United Nations Global Compact," the "United Nations Universal Declaration of Human Rights," and the "International Labor Organization Declaration of Fundamental Principles and Rights at Work." The spirit and basic principles of human rights protection disclosed in the Covenant fully reflect the responsibility to respect and protect human rights, and to treat all employees with dignity and respect, including contractors and interns.	 <p>Nishoku "Respect for Human Rights and Labor Rights."</p>
Sustainable Development Best Practice Principles	To fulfill corporate social responsibility and promote economic, environmental, and social progress to achieve the goal of sustainable development, the Company formulates its Sustainable Development Best Practice Principles with reference to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" jointly developed by the Taiwan Stock Exchange and the Taipei Exchange (TPEX), incorporating sustainable ESG into the Company's business activities. The Company also pays attention to the development of domestic and foreign sustainable development-related standards and changes in the corporate environment at all times and reviews and improves the sustainable development of the Company accordingly. It is a goal to enhance the effectiveness of promoting sustainable development.	 <p>Nishoku "Sustainable Development Best Practice Principles"</p>

Embedding Policy Commitments

In 2023, Nishoku established a Sustainable Development Promotion Team chaired by the Chairman of the Board of Directors and the CFO as the executive secretary. The Team is mainly responsible for formulating the policies and implementation of various ESG projects. It has established five major promotion teams, and the convener of each team is filled by the top management of the corresponding department. Currently, the five major teams are: Corporate Governance Team, Environmental Sustainability Team, Operations Management Team, Social Engagement Team, and Employee Care Team. The Sustainable Development Promotion Team holds at least 4 meetings a year. Regular meetings are held to formulate the annual sustainable development policy and the commitment policy related to responsible business conduct, and review the implementation of various sustainable development issues and guidelines.

Advocacy and Promotion of Responsible Business Behavior

To ensure that the employees of Nishoku understand and implement the Company's policy commitments, ethical management and professional ethics, the Company requires employees to participate in regular education and training courses every year. Irregular promotion is also made through posters placed within the office and factory areas, the Company's internal website and internal e-mail to raise employees' awareness of professional ethics and legal compliance.

At the same time, Nishoku also requires business partners to abide by the Supplier Code of Conduct. When introducing new suppliers, they are asked to sign the Letter of Commitment of Integrity. The Company also communicates with the suppliers every time they participate in the Company's business activities and communicates the Company's code of conduct requirements to suppliers through supplier rating.

Nishoku abides by the laws and regulations of the competent authorities on corporate governance and ethical management, environmental protection, and labor rights. To ensure the correctness and completeness of legal compliance, we regularly educate our employees and promote the concept of ethical management to all employees as a way of incorporating these concepts into the employees' daily duties. The Company regularly utilizes the cycle of the Board of Directors meeting to promote the "Ethical Corporate Management Best Practice" and "Ethical Code of Conduct" to the Board of Directors and the management to let them understand the importance. In 2023, the Company organized education and training on ethical management and professional ethics for employees. A total of 123 people participated in the training, with a training completion rate of 100%, and a total of 372 hours.



1.2 Stakeholders and Communication and Engagement



To fulfill corporate social responsibility, we should pay attention to the rights and interests of stakeholders, pay attention to environmental, social and corporate governance issues while pursuing sustainable operation and profitability, and incorporate them into the Company's management guidelines and operating activities to achieve sustainable operations objectives. The Group uses the following platforms to communicate with stakeholders to understand the reasonable expectations and needs of stakeholders. Whether it is internal or external issues such as economic, social, or environmental questions, complaints, or suggestions, the Group will uphold the principle of integrity for appropriate handling and providing feedback or improvement plans to achieve effective communication.



Identification of Stakeholders

With reference to the five aspects (dependency, responsibility, influence, diverse perspectives, and attention) of the AA1000 Stakeholder Engagement Standard (SES), all new employees (including management) of the Company were given the stakeholder survey. We have identified 6 categories of major stakeholders through the survey, and have established diverse and smooth communication channels according to the attributes of each group to obtain their concerns and feedback, which will be used as an important reference for the Company to formulate sustainable development strategies and goals in the future. Information on the channel, frequency, and focus of communication with stakeholders.

Stakeholder Communication Channels

Stakeholders	Significance to the Company	Issues of Concern	Communication Channels and Response Methods	Frequency of communication	Communication Outcome and Response
<div></div> <div>Customers</div>	Customers are important partners of Nishoku and are considered are top priority. We listen to their needs, provide professional services, and provide high-quality, trustworthy, and safe products. Through constant innovation and grasping industry trends, we work together to achieve customer goals and enhance the Company's competitiveness.	<ul style="list-style-type: none">Business strategy and economic performanceCustomer service qualityProduct Quality and SafetyGreen Products and Innovative ServicesWhether the price and technical capabilities meet customer needsThe client engages a third party to investigate ESG-related requirementsInformation security and privacy protectionCustomer Relationship ManagementSupply Chain Management	<ul style="list-style-type: none">Official website, phone interview, face-to-face interview, video conference, official correspondence, communication software, telephoneAfter-sales service trackingCustomer satisfaction surveyCustomers request third-party investigation (annual review)	<div>Immediately</div> <div>Quarterly</div> <div>Every year</div>	<ul style="list-style-type: none">Customers filled out the "Customer Satisfaction" questionnaire, with 87 valid questionnaires returned. The overall customer satisfaction rate from January to December was 99.9 points.Cooperate with and satisfy customers' control requirements for heavy metals and prohibited chemical substances in products.Contact information is provided on the Company's website to establish a smooth communication channel between customers and the Company.
Customer consultation contact: Manager Lynn Kuo (sales@nishoku.com.tw)					
<div></div> <div>Employee</div>	Employees are an important asset of Nishoku. To actively attract and cultivate outstanding talents, in addition to providing a competitive salary and welfare system, we also create a work environment where employees can feel respected, safe, and stable, and to be able to forge ahead and grow together.	<ul style="list-style-type: none">Talent appointment and retentionOccupational health and safetyEmployee Care and Labor Protection	<ul style="list-style-type: none">Education and trainingEmployee Welfare CommitteeLegal compliance promotion or administrative announcements on the intranet or e-mail.Departmental meetingLabor-management meetingHealth Seminar and Consultation	<div>Irregularly</div> <div>Immediately</div> <div>Every year</div> <div>Monthly</div>	<ul style="list-style-type: none">Group-wide training totaled 20,680 persons in 2023, and the cumulative training hours totaled 26,044 hours in 2023.To protect the work safety and health of employees, we cooperate with hospitals in nearby areas to hire contracted medical nurses to provide on-site services every month. Contracted medical staff to provide on-site services for 3 hours each month, and employees are arranged to take turns for health assessment and advice.Each plant conducts annual employee health checkups. To take care of the health of the Company's officers and senior employees, an advanced health checkup plan has been formulated for 19 people, totaling NTD 393,802.The Employee Welfare Committee arranges various employee activities, such as gatherings for dinner and employee trips. In 2023, the Employee Welfare Committee meeting was held at the Taiwan location eight times.Employees may communicate with the Company through labor-management meetings regarding various operations and working environments so as to maintain healthy interaction between the labor and management. A total of two labor-management meetings were held (one domestically and one overseas).Taiwan Headquarters distributed birthday gifts to 98 people, with a total amount of NTD 274,400.We provided incentive plans for full-time employees to get married and have children and the marriage and childbirth welfare program subsidized one person.
Employee relations consultation contact: Associate Manager Leon Kao (nsk_hr@nishoku.com.tw)					

Stakeholders	Significance to the Company	Issues of Concern	Communication Channels and Response Methods	Frequency of communication	Communication Outcome and Response
 Shareholders and investors	Shareholders and investors are the driving force behind the growth and sustainable value enhancement of Nishoku. While actively developing, the Company also takes into account the rights and interests of shareholders, including transparently disclosing the Company's business management strategies and financial policy information to investors, in order to gain support from shareholders and investors, and to effectively achieve the goals of investors.	<ul style="list-style-type: none">Corporate Governance and Ethical ManagementBusiness strategy and economic performanceLegal ComplianceCorporate imageInformation transparency	<ul style="list-style-type: none">Investor conferenceAnnual General Meeting of Shareholders	Every year	<ul style="list-style-type: none">The Company holds a shareholders' meeting in June each year, and is invited to participate in an investor conference once a year, where the Company explains the Company's annual operating results to investors and responds to their concerns. In addition, video files of the shareholders' meeting and the investor conference were provided for investors who did not attend the meeting for viewing.Shareholders' unscheduled phone calls and emails about material issues were responded to.On September 20, 2023, the Company participated in the "Institutional Seminar held by SinoPac Securities" on disclosing financial performance and corporate prospects.Regularly disclose the Company's financial performance through the MOPS, annual reports, and the Investors section of the Company's website. Monthly and quarterly disclosures of the Company's revenue, quarterly reports, and annual reports.Announce material information on the MOPS from time to time to inform investors of material decisions of the Company in a timely manner. In 2023, a total of 41 material information disclosures were made.Held 6 meetings of the Board of Directors.
			<ul style="list-style-type: none">Telephone, email	Immediately	
			<ul style="list-style-type: none">Release material real-time information through the MOPS.Investor section on the Company's website.	Immediately	
Investor relations consultation contact: Associate Vice President Sammi Lin (ir@nishoku.com.tw)					
 Suppliers and Contractors	Suppliers and contractors are new and important strategic partners of Nishoku. By trusting each other with our suppliers and partners, we have established a good relationship of cooperation and mutual trust in a fair and transparent way of cooperation.	<ul style="list-style-type: none">Legal ComplianceSupply Chain ManagementInformation security and privacy protection	<ul style="list-style-type: none">Email communication	Irregularly	<ul style="list-style-type: none">Regular supplier evaluations are conducted every year. Through open and transparent evaluations and investigations by relevant units, better cooperation plans are determined based on the evaluation results. In 2023, we completed the evaluation of 219 suppliers, and classified suppliers into four levels: A, B, C, and D according to the evaluation management procedures.From time to time, we request relevant environmental testing data such as RoHS, halogen, and non-use of hazardous substances to ensure that raw materials comply with relevant regulations. Provision of test reports for various substances.Sign relevant cooperation agreements immediately before cooperation to ensure that cooperation is based on mutual trust and mutual assistance, and establish a confidentiality mechanism. In 2023, 84.62% of new suppliers signed the Letter of Commitment.
			<ul style="list-style-type: none">On-site audits of new suppliers		
			<ul style="list-style-type: none">Supplier Evaluation	Every year	
<ul style="list-style-type: none">Signing of the Confidentiality Agreement and the Integrity Commitment	Immediate signing				
Contact window for suppliers and contractors: Associate Manager Carrie Wu (supplier@nishoku.com.tw)					

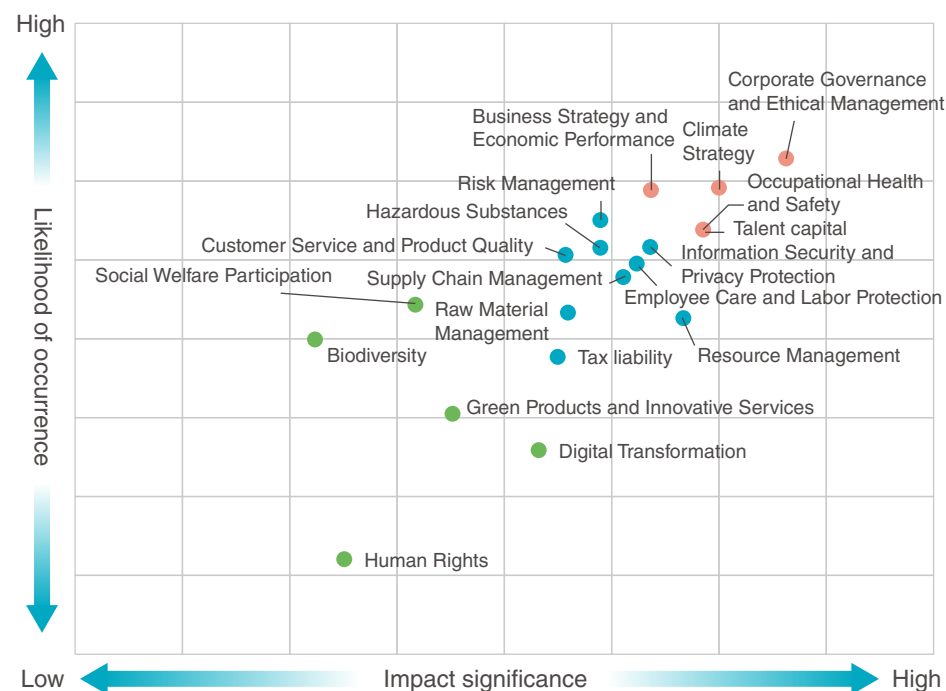
Stakeholders	Significance to the Company	Issues of Concern	Communication Channels and Response Methods	Frequency of communication	Communication Outcome and Response
 Government department	We maintain smooth and effective communication channels with relevant government units. In addition to complying with the relevant regulations of government agencies and actively cooperating with policy implementation, we also keep abreast of the latest regulatory trends through two-way communication to promote the positive development of the Company and the industry.	<ul style="list-style-type: none">Legal ComplianceTalent developmentPolicy advocacyCorporate Governance and Ethical Management	<ul style="list-style-type: none">Email or phone communication	Irregularly	<ul style="list-style-type: none">Every year, the Taiwan office participates in the talent training and development project, the Corporate Human Resource Enhancement Program proposed by the government, and receives subsidies for meeting the standard of training occupancy rate every year.The Company complies with the Company Act, the Securities and Exchange Act and relevant regulations for listing and TWSE/TPEX listing to implement the Company's ethical corporate management. We also pay attention to the development of relevant regulations at home and abroad, and review and improve the Company's ethical corporate management policies and promotion measures.Comply with the regulations or laws of the competent authority regarding insider trading, and the Company educates directors, managers, and employees at least once a year.Participate in promotional meetings held by the Stock Exchange from time to time.Ranked between 21% and 35% of listed companies in the 9th Corporate Governance Evaluation of Taiwan Stock Exchange.
			<ul style="list-style-type: none">Public hearings, seminars, or briefings	Every year	
Government consultation contact: Associate Vice President Sammi Lin (ir@nishoku.com.tw)					
 Communities, local groups, and non-profit organizations	To maintain the sustainability of the earth, Nishoku has assembled various resources, maintained good communication with neighboring residents and local groups, and developed and implemented improvement plans. At the same time, we have been supporting disadvantaged groups on a long-term basis, actively participating in community development, and implementing diversified concrete actions giving back to society and enhance its positive influence on society.	<ul style="list-style-type: none">Social Welfare ParticipationCommunity engagement and communicationArts and cultural activitiesVolunteer promotionPublic welfare promotion	<ul style="list-style-type: none">Email or phone communication	Monthly	<ul style="list-style-type: none">Regular donations are made to public welfare organizations, including official donation channels, such as the Genesis Social Welfare Foundation, the Mennonite Social Welfare Foundation, scholarships for the district office, and donations to the earthquake relief in Turkey. The cumulative amount of donations in 2023 was NTD 1.23 million.The Taiwan Headquarters visited the representatives of the vicinity areas near the plants to understand local needs. We also visited the fire brigade once to understand the matters that must be coordinated with fire safety and assist in fire safety promotion at the plants.We have sponsored the Xinzhuang District Joint Scholarships for outstanding local students for many years to encourage the cultivation of local talents. We have sponsored the Xinzhuang District Talent Development Program for 12 years.Long-term support for disadvantaged groups in rural areas to enhance digital learning opportunities in rural areas. The Company has participated in KPMG's used notebook donation campaign for 16 consecutive years. In 2023, the Company joined forces with 12 other companies to donate 214 units of used computers to 45 Digital Opportunity Learning Centers (DOCs) and social welfare organizations, hoping to reduce the learning gap between urban and rural areas.
				Every year	
Consultation contact for communities, local groups, and non-profit organizations: Associate Manager Leon Kao (nsk_hr@nishoku.com.tw)					

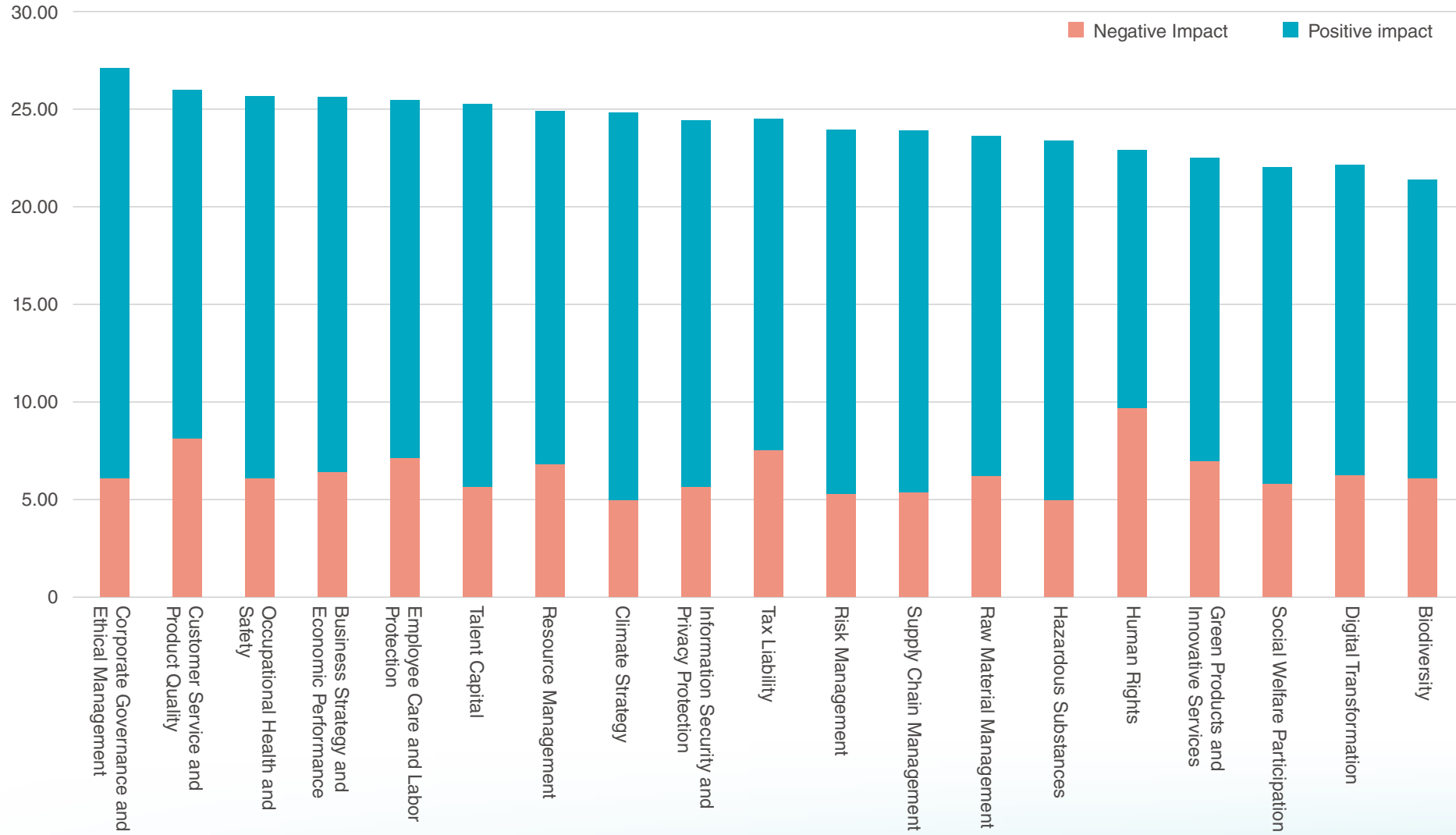
1.3 Materiality Analysis

Material Topic Identification Process

To understand the impact of stakeholders' assessment of Nishoku on the sustainability issues, and to review the results of the organization of corporate sustainable management, the following five steps are taken to communicate with the stakeholders and identify the material topics:










Note: The materiality threshold refers to the top 8 positive and negative impact scores of identified as material topics.

Table of Material Topics and Value Chain Boundaries

● Direct Impact ● Indirect Impact

Orientation	Corresponding SDG sustainability goals	Material Topics	Value Chain Boundary Impact			Corresponding GRI Standards	
			Upstream	Nishoku operations	Downstream		
Governance/ Economy		Business Strategy and Economic Performance	●	●	●	201-1 Direct economic value generated and distributed by the organization 201-3 Defined benefit plan obligations and other retirement plans 201-4 Financial subsidies received from the government	207-1 Approach to tax 207-2 Tax governance, control, and risk management 207-3 Stakeholder engagement and management of concerns related to tax
			●	●	●	205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices 405-1 Diversity of governance bodies and employees 415-1 Political contributions
			●	●	●	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	417-1 Requirements for product and service information and labeling 417-2 Incidents of non-compliance concerning product and service information and labeling 417-3 Incidents of non-compliance concerning marketing communications
		Corporate Governance and Ethical Management	●	●	●		
			●	●	●		
			●	●	●		
Environment		Climate Strategy	●	●	●	201-2 Financial implications and other risks and opportunities due to climate change 302-1 Energy consumption within the organization 302-3 Energy intensity 302-4 Reduction of energy consumption	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-4 GHG emission intensity 305-5 Reduction of GHG emissions
			●	●	●		
			●	●	●		
		Resource Management	●	●	●	303-1 Interactions with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal
			●	●	●		
			●	●	●		

Orientation	Corresponding SDG sustainability goals	Material Topics	Value Chain Boundary Impact			Corresponding GRI Standards	
			Upstream	Nishoku operations	Downstream		
Society		Talent Capital	●	●	●	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews	
		Employee Care and Labor Protection	●	●	●	202-2 Proportion of senior management hired from the local community 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave 402-1 Minimum notice periods regarding operational changes 405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men 406-1 Incidents of discrimination and corrective actions taken 411-1 Incidents of violations involving rights of indigenous peoples	
		Occupational Health and Safety		●		403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, incident investigation 403-3 Occupational Health Services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries 403-10 Work-related ill health	

02

Sustainable Management

- 2.1 Business Strategy and Economic Performance
- 2.2 Corporate Governance and Ethical Management
- 2.3 Information Security and Privacy Protection



2.1 Business Strategy and Economic Performance

Management of Material Topics - Business Strategy and Economic Performance

Material Topics	Business strategy and economic performance		
Impact Description	By expanding the customer market through high-quality products and services, we can increase stakeholders' trust in the Company and their willingness to invest in the Company.		
Policy/Commitment	We aim to pursue the best interests of all shareholders and employees and continue to generate stable profits and sustainable operations.		
Take Action	Set strategic goals every year based on industry changes, and cooperate with budget control to regularly monitor the budget achievement rate to keep abreast of the company's operations.		
Tracking and Evaluation Mechanism	Monthly business management meetings are held to track, analyze, and review the achievement of the business plan and performance.		
Management Objectives	Short-term goals (2026)	Medium-term goals (2028)	Long-term goals (2030)
	Steady Profits and Sustainable Operations	Expand new markets and create profits	Promote global deployment Promote the Group's new business expansion
Annual Performance	1. Due to the weakening end demand and continuous inventory adjustments made by the industry chain, the Company's 2023 consolidated operating revenue totaled NT\$3.508 billion, a year-on-year decrease of 10.67%, but our annual gross margin increased to 26%; our earnings per share after tax were NT\$7.77. 2. The Company was rated as one of the Top 2000 enterprises by CommonWealth Magazine and one of the Top 100 Computer Peripherals and Components Enterprises.		
Stakeholder Engagement	Stakeholders such as shareholders/employees/customers/suppliers: 1. The Company's operational performance can be understood through the annual report and instant information on the MOPS. 2. Shareholders/employees/customers/suppliers can provide feedback and suggestions through the annual shareholders' meeting and corporate briefing.		

2.1.1 Direct Economic Value Generated and Distributed

Direct Economic Value Generated and Distributed by the Organization

Unit: NTD thousand

Item	2021	2022	2023
Operating Revenue	4,829,110	3,927,929	3,508,729
Non-operating income (expense)	(64,788)	503,684	199,541
Direct economic value generated (A)	4,764,322	4,431,613	3,708,270
Operating cost	3,464,092	2,996,260	2,592,872
Expenditures on salaries and benefits of employees (employment expenses)	257,206	270,274	251,172
Payments to capital contributors	564,086	630,242	472,802
Payments to the government	218,106	250,559	183,704
Community investment ^(Note 3)	1,373	1,071	1,233
Direct economic value distributed (B)	4,504,863	4,148,406	3,501,783
Economic value retained (A-B)	259,459	283,207	206,487
Profit before tax	824,794	960,202	670,801
Earnings after tax	606,688	709,643	487,097
Earnings (loss) per share (NTD)	9.70	11.32	7.77

Note 1: These are the consolidated financial statements of Nishoku, which have been audited by KPMG Taiwan.

Note 2: In case the company has yearly profit, at least 1% shall be appropriated as staff reward and no more than 5% as rewards for directors and supervisors in accordance to the Articles of Incorporation. In 2023, NTD 24,300 thousand and NTD 9,156 thousand were appropriated, respectively, and the remuneration distributed accounted for 3.62% and 1.30% of the net profit before tax, respectively.

Note 3: See the donation amount disclosed in the annual report.

Defined Benefit Plan Obligations and Other Retirement Plans

Retirement System and Implementation

The Company has established the Employee Retirement Management Measures in accordance with provisions stipulated in the Labor Standards Act and Labor Pension Act. The Measures regulate the retirement terms for employees and pension distribution standard as a means to implement the retirement system and at the same time looking after our employees after they retire. In accordance with the Labor Pension Act, the Company contributes 6% of the labor pension to the employee's individual labor pension account with the Bureau of Labor Insurance, which meets the requirements of the government's laws and regulations. In addition to the 6% contribution to the pension fund, employees may choose to contribute any amount from 0% - 6% as contribution to their personal pension account according. In addition, for other foreign subsidiaries included in the main body of the consolidated financial statements, pension contributions shall be made according to the labor laws and regulations of the respective countries of incorporation and shall be recognized based on the pension amount that should be contributed in the current period. Annuity insurance and retirement incentives are in the recent plans to provide employees with more diversified and better long-term retirement plans. The pension expenses of the consolidated company under the pension allocation policy for 2022 and 2023 are NTD 47,171 thousand and NTD 42,055 thousand, respectively.

Financial Subsidies Received from the Government

In 2023, the new company, Nishoku Kunshan Plant, received a government subsidy of NTD 48,866 thousand. Among them, the explanation for the main subsidy is that a high-tech enterprise refers to an enterprise in the "High-Tech Field with Key Support of the State" that continues to conduct research and development and transforms technological achievements to form the enterprise's core independent intellectual property rights. The government provides high-quality enterprises with preferential income tax reduction and exemption policy.

After obtaining the qualification of a high-tech enterprise of Jiangsu Province in 2012, the Company was entitled to the corporate income tax rate reduction from 25% to 15% for three years. Since then, the Company has obtained such exemption every three years, most recently in November 2021. The amount of income tax reduction in 2022 and 2023 was NTD 39,534 thousand and NTD 41,532 thousand, respectively.

In 2023, the government will provide more job opportunities for key groups. These groups include registered households that have been lifted out of poverty, the unemployed, and people with disabilities, as well as companies recruiting veterans to help disadvantaged groups integrate into society and improving their quality of life. Tax refunds and credits are available for companies hiring key groups of people or veterans. The Company's Kunshan Plant fulfills its corporate social responsibility and responds to government policies. In 2023, the Company was entitled to a tax credit of NTD 4,874 thousand for hiring key population groups and a tax credit of NTD 1,212 thousand for hiring retired military personnel.

2.1.3 Tax Management

Approach to Tax

The Company's tax management organizational structure has the Accounting Department as the tax management unit, which performs tax declaration and payment in accordance with the relevant laws and regulations of each country, and reports the tax-related implementation status to the Chief Financial Officer on a quarterly basis. Tax policies are reviewed by the CFO and adjusted in a timely manner in accordance with changes in tax laws and regulations, taking into account the impact on various stakeholders, and formulating tax governance policies and transfer pricing policies to ensure the Company's overall tax burden is optimized.

All major transactions and decisions are subject to tax risk assessment, taking into account risk control and the impact of sustainable value. We seek a cooperative relationship with the tax authorities that is respectful, transparent, and trustworthy, as well as a corporate structure that is in line with commercial substance. We do not abuse tax structures.

The Company's Board of Directors is the highest governing body for tax risk management. The Audit Committee is responsible for supervising tax risk management. The Audit Office also arranges annual audits based on risk assessments of unfavorable factors. The results are reported to the Audit Committee and the Board of Directors regularly each year. The Company ensures compliance with tax laws and regulations through the internal control mechanism, and fulfills the corporate governance responsibility of the Board of Directors in overseeing tax management.

Through the professional services provided by external tax consulting agencies, we strengthen professional knowledge and effectively supervise and control the risks arising from changes in tax laws and regulations that affect the Company's operations. Moreover, each year, we regularly review the compliance of each operating base at home and abroad with the tax laws and regulations of the respective countries and the tax payments.

The Company's Tax Policies:



The financial report information is transparent, and the tax disclosure is handled in accordance with the relevant regulations and standards.



Transactions between affiliated companies are disclosed according to the arm's length principle, and the Company is committed to complying with the transfer pricing regulations of the tax laws and regulations of the regions where it operates.



Comply with the tax laws and regulations of all locations where we operate, correctly declare and pay taxes, and prepare supporting documents.



Use legal and transparent tax incentives, and do not use methods that violate the spirit of the law to save tax.



Assess the relevant risks and adopt appropriate strategies when making and implementing tax decisions.

Tax Governance, Control, and Risk Management

To protect the rights and interests of all stakeholders, the Company has formulated codes of conduct, including the Code of Ethical Conduct, Ethical Management Procedures and Guidelines, Ethical Corporate Management Best Practice Principles, and Corporate Governance Best Practice Principles. There is a whistleblowing system and procedures to report illegal taxation or unethical matters. Every year, the Company appoints professional and independent CPAs approved by the Board of Directors to audit, certify, and declare the profit-seeking enterprise income tax of each operating site at home and abroad.

Stakeholder Communication and Management of Concerns Related to Tax

To maintain a cooperative relationship of mutual respect, transparency, and trust with the tax authorities, the tax concerns of stakeholders are disclosed timely and transparently in the stakeholders' section, the shareholders' section, and the financial information page of the Company's official website.

2.2 Corporate Governance and Ethical Management

Management of Material Topics - Corporate Governance and Ethical Management

Material Topics	Corporate Governance and Ethical Management		
Impact Description	Implement legal compliance, strengthen corporate governance, and adhere to ethical management to prevent derivative litigation and disputes that impact the company's image and reputation, increase operating costs due to fines and compensation, cause customer loss, and impact the company's operations.		
Policy/Commitment	Formulate the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Ethical Management Procedures and Conduct Guidelines, Code of Ethics, and Human Rights Policy, implement quarterly insider trading prevention awareness sessions, propose a Human Rights Statement, and require suppliers to sign an Integrity Commitment.		
Take Action	In addition to formulating various management codes of conduct for relevant units to follow in accordance with the laws and regulations and internal management needs, the risk management policies and procedures were revised in 2023 to strengthen the Audit Committee's supervisory powers and responsibilities for risk management, and to identify possible future risks. By optimizing the governance structure and risk handling process, the Company is better able to respond to the impact and have the ability to continue operations when risks occur.		
Tracking and Evaluation Mechanism	Evaluation Items	Internal Evaluation Mechanism	External Evaluation Mechanism
	<ol style="list-style-type: none"> 1. Compliance/Insider Trading 2. Operation of the Board of Directors and functional committees 3. Ethical Corporate Management/ Anti-corruption 4. Disclosure of financial information 5. Follow the Corporate Governance 3.0 policy 	<ol style="list-style-type: none"> 1. To protect the rights and interests of all stakeholders, the Company has formulated codes of conduct such as the Code of Ethical Conduct, Ethical Corporate Management Procedures, and Guidelines for Conduct. A reporting system and a suggestion box have been established for reporting illegal tax or unethical matters. We have established the "Reward and Disciplinary Management Regulations" to incorporate ethical corporate management into employee performance evaluations and built a clear and effective disciplinary system. 2. Twice a year to review the systematic performance evaluation of employees using multiple indicators. 3. The person in charge of corporate governance reviews the release of material information of important resolutions of the Board of Directors to ensure the legitimacy and accuracy of the content of material information to protect the trading information of investors. 4. The Internal Audit Office has incorporated the risk considerations of corporate governance and ethical management when preparing the annual audit plan and implemented relevant internal control audits according to the audit plan to ensure the implementation of anti-corruption. 5. Functional committees such as the Audit Committee and the Remuneration Committee shall exercise professional and independent supervisory functions. 	<ol style="list-style-type: none"> 1. Judicial system. 2. Evaluation report of the institutional investor. 3. Evaluation of the performance of executive directors by an external independent institution. 4. Regularly audit, certify, and report through professional and independent CPAs approved by the Board of Directors. 5. Every year, the Corporate Governance Evaluation Center considers the corporate governance evaluation indicators that are adjusted according to the material topics that investors are concerned about.
Management Objectives	Short-term goals (2026)	Medium-term goals (2028)	Long-term goals (2030)
	<ul style="list-style-type: none"> • Strictly abide by laws and regulations related to ethical corporate management; there have been no violations such as corruption or political donations. • The Company proactively prepared the Chinese and English versions of the Sustainability Report and approved it by the Board of Directors before it was mandatory by law. • Establish the Sustainable Development and Risk Management Committee as a functional committee to strengthen the board's supervision of sustainable development and risk management. 	<ul style="list-style-type: none"> • Women shall make up at least 25% of the board of directors. • The Sustainability Report has been certified by a third party. 	<ul style="list-style-type: none"> • Raise the ranking range of listed companies in the corporate governance evaluation to over 6% - 20%. • For material issues of concern to stakeholders, risk management is used to reduce opportunity costs or increase economic performance.

Annual Performance	1. 2023 Corporate Governance Evaluation_Ranking Range of Listed Companies: 21% - 35%. 2. Female directors shall hold at least two seats on the board of nine directors to account for at least 22.22% of the director seats. 3. All directors and managers have completed the number of hours of annual continuing education in accordance with the regulations, and all 9 directors attended the 2023 shareholders' meeting. 4. Suppliers or third-party contractors signed the Letter of Commitment to Honesty and Integrity, reaching 84.62%. 5. In 2023, one case of violation of integrity by an employee was reported through the reporting channel, and the case was closed. 6. Revise the "Risk Management Policy and Procedures" to strengthen the risk management and supervision function of the Audit Committee.		
Stakeholder Engagement	Government department: The Company attaches great importance to legal compliance and regularly communicates with government agencies through participation in public hearings or briefings. In addition, we participate in the government's talent training and development project: Corporate Human Resources Enhancement Program (Taiwan) every year. We meet the standard of training occupancy rate every year to help the government continue to improve the quality of human resources and accumulate national human capital.	Shareholders and investors: The Company communicates with investors through the annual shareholders' meeting and investor conference, and publishes material information in real-time on the MOPS, and cooperates with the participation in the seminars of the competent authorities to achieve two-way smooth and positive communications with stakeholders.	Suppliers: When new suppliers are added, they are required to sign a non-disclosure agreement and a letter of commitment to integrity. The Company conducts supplier evaluations every year, and evaluates better cooperation plans based on the results of an open and transparent evaluation survey by relevant units. In 2023, supplier evaluation was completed for 219 suppliers and the suppliers were classified into four grades: A, B, C, and D according to the evaluation management procedures.

2.2.1 Organization of Corporate Governance

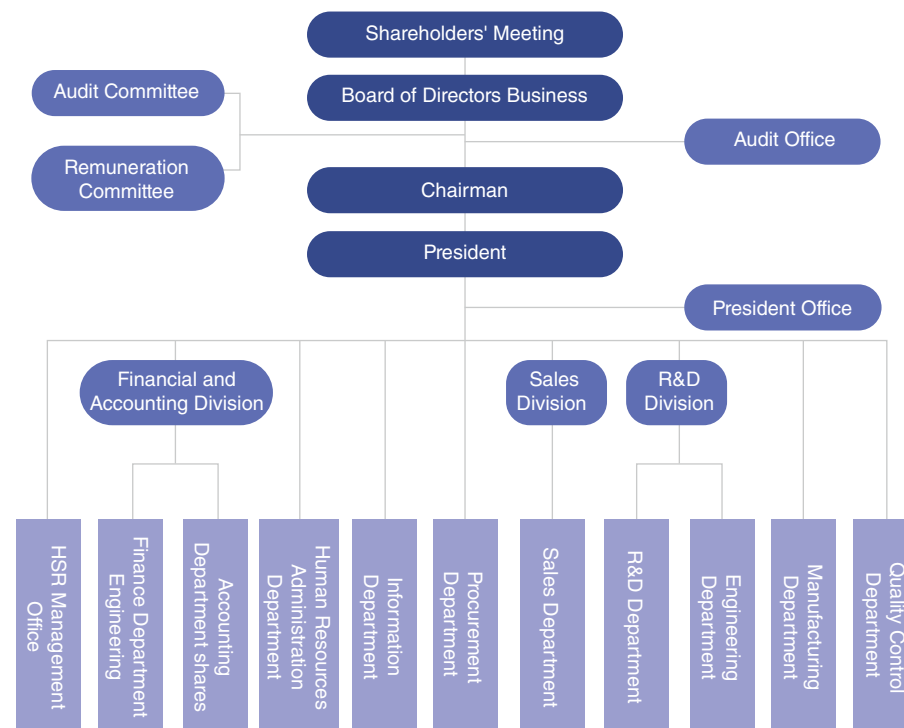
Governance Structure and Composition

As the Company's highest governance body, the Board of Directors of Nishoku has established the Audit Committee and the Remuneration Committee to assist the Board of Directors in supervising and reporting their activities, proposals, and related resolutions to the Board of Directors on a quarterly basis. In terms of sustainable strategic management, the Board of Directors is also the highest management organization for decision-making and supervision of economic, environmental, and social issues. When deciding important issues, it will consider economic, environmental, and social issues and their impacts, risks, and opportunities, and opinions from stakeholders.

Board of Directors

The main duties of the Board of Directors of Nishoku include guiding the company's strategies, supervising the management, and being accountable to the company and shareholders. The Board of Directors exercises its powers in various operations and arrangements of the corporate governance system in accordance with the relevant laws and regulations, the Company's Articles of Incorporation, and the resolutions of the shareholders' meeting to maintain independence and to be accountable to the shareholders' meeting. According to Article 13 of the Company's Articles of Incorporation, the Board of Directors has a total of 9 directors, of which 3 are independent directors with a term of 3 years, and they are eligible for re-election. The 3 independent directors account for 33.3% of the board. There are 6 non-independent directors, accounting for 66.7% of the board. Please refer to the 2023 Annual Report P.9-17 for the names, gender, term of office, major education and experience of board members and positions held in other companies. The Board of Directors meeting is convened at least once a quarter, and a total of six meetings were held in 2023.

Corporate Governance Structure Chart



Diversity and Operation of the Board of Directors

The candidate nomination system is adopted for the election of directors. According to Paragraph 3, Article 20 of the Company's "Corporate Governance Best Practice Principles", the composition of the Board of Directors shall consider diversity and formulate an appropriate diversity ratio based on its own operations, business models and development needs. The policy should include but not be limited to the following two aspects: I. Basic requirements and values: gender, age, nationality, and culture. II. Professional backgrounds: Experience in different industries such as law, accounting, industry, finance, marketing or technology, professional skills and industry experience, academic professional backgrounds, and taking into account gender, age, nationality and other cultural diversity, including 2 female directors for the diversity of the Board of Directors. For information on the main experiences of the members of the Board of Directors and other important positions, please refer to pp. 14-17 of the Company's 2023 Annual Report.

Title	Name	Nationality	Gender	Age	Board meeting attendance rate in 2023 (%)
Chairman	Jin Hong Investment Limited Rep.: Chen, Piao-Fu	Republic of China (Taiwan)	Male	Above 51 years old	100%
Director	Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng	Republic of China (Taiwan)	Male	Above 51 years old	100%
Director	Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien	Republic of China (Taiwan)	Male	Above 51 years old	100%
Director	Ji Teng Investment Limited Rep.: Wu, Ying-Lan	Republic of China (Taiwan)	Female	Above 51 years old	100%
Director	Jhan Yu Investment Limited Rep.: Hsieh, Hsin-I	Republic of China (Taiwan)	Male	Aged 30-50	100%
Director	Chang Shun Investment Limited Rep.: Fan, Chia-Wen	Republic of China (Taiwan)	Female	Aged 30-50	100%
Independent Director	Lin, Horng-Chang	Republic of China (Taiwan)	Male	Above 51 years old	100%
Independent Director	Wang, Chih-Cheng	Republic of China (Taiwan)	Male	Above 51 years old	83.3%
Independent Director	Tsai, Chih-Chieh	Republic of China (Taiwan)	Male	Above 51 years old	83.3%

Note:

22% of directors are aged 30-50, and 78% are aged 50 and above.

22% of directors are female and 78% are male.

Audit Committee

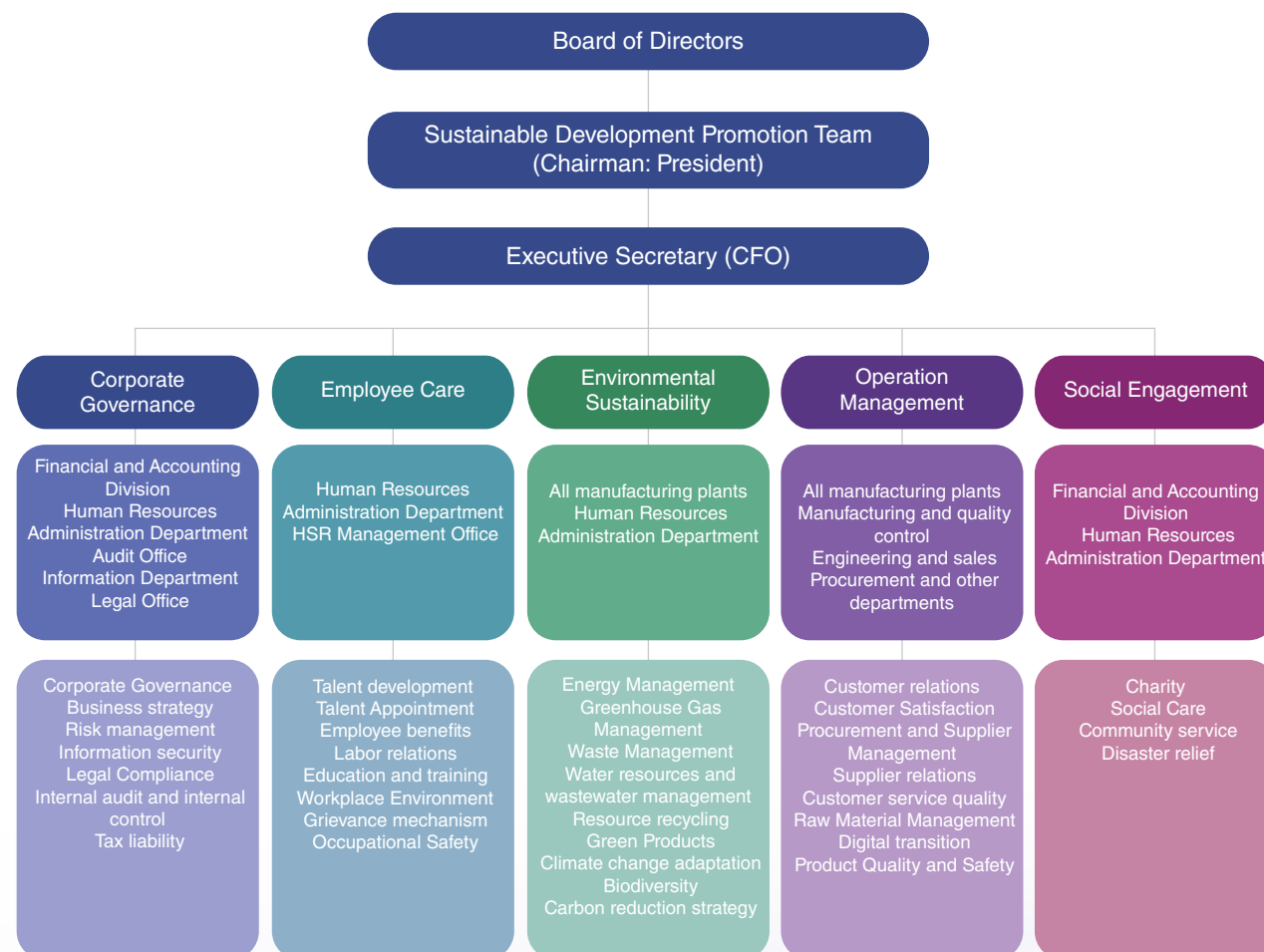
To improve organizational values, strengthen supervision and management functions, and implement financial review and control to help the company achieve strategic goals, Nishoku has established an "Audit Committee" with three independent directors as members of the Audit Committee. In 2023, the Audit Committee convened a total of six meetings. The average attendance of the committee members was 94.4%. Please refer to pp. 26-29 of the 2023 Annual Report of the Company for the information and operation status of relevant members of the Audit Committee.

Remuneration Committee

To create a fair and benefit-sharing organizational environment where the remuneration and performance are linked for all employees, the Company's Remuneration Committee is committed to assisting the management department in establishing a fair remuneration and performance system. The Company aims to create higher value by balancing the value with the experience of the experts and committee members. Directors and managers are required to refrain from engaging in behaviors that exceed the Company's risk appetite in pursuit of remuneration and implement a competitive incentivized remuneration system. Only in this way can we attract and retain the best talent, continuously improve business performance, and further enhance our long-term competitiveness and sustainable management capabilities. Nishoku has established a "Remuneration Committee" with 3 independent directors serving as members of the Remuneration Committee. In 2023, the Remuneration Committee convened twice, with an average attendance rate of 100%. Please refer to pp. 44-46 of the Company's 2023 annual report for the information and operation status of the relevant members of the Remuneration Committee.

Sustainable Development Promotion Team

To realize the goals of sustainable development, the Company has established the Nishoku Sustainable Development Promotion Team to manage and make decisions on sustainability issues. The Chairman acts as the Committee Chair, and the Chief Financial Officer acts as the Director-General of the team. Each year, the Director-General will report the decision-making and implementation results to the Board of Directors.



Chair of the Highest Governance Body

The Board of Directors is currently in its 15th term, and Biao-Fu Chen serves as the Chairman of the Board of Directors. As a member of the management team and concurrently acting as the Chief Strategy Officer, Mr. Chen ensures strong and consistent leadership for the Company and plans and executes long-term business strategies more efficiently. To ensure the independence of corporate operations, directors or the legal entity they represent must regularly declare conflicts of interests and accept the supervision of independent directors if they have an interest in the matters of the meeting.

2.2.2 Operations of the Board of Directors

Nomination and Selection of the Highest Governance Body

The candidate nomination system is adopted for the election of the directors of Nishoku in accordance with Article 192-1 of the Company Act, and shareholders who hold 1% or more of the Company's total number of issued shares may submit a list of candidates to the Company by law. The directors are then elected by shareholders at the annual general meeting. In the nomination and selection of director candidates, the diversity of the composition of the directors is taken into consideration, including basic criteria such as gender, age, nationality, and culture, as well as professional knowledge, background, and industry experience, so that the Company's elected directors have the necessary knowledge, skills and accomplishments, as well as extensive management experience in economic, environmental, and social issues and related impacts. To maintain the independence of the Board of Directors, independent directors are appointed and selected in accordance with the "Company Act" and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

Role of the Highest Governance Body in Overseeing the Management of Impacts

As the Company's highest governance body, the Board of Directors of Nishoku is directly involved in the supervision and management of the Company's performance and risk management on economic, environmental, and social topics, and makes the final decision. The Board of Directors will consider economic, environmental, and social topics and their impacts, risks, and opportunities, as well as the opinions of stakeholders when resolving important matters. For the details of stakeholder engagement, please refer to the section on Stakeholders and Communication and Engagement in this report.

Board of Directors Training

To enhance the professional knowledge and skills of directors, Nishoku arranges annual professional courses on corporate governance, economic, environmental, and social issues for directors based on the characteristics of the industry, the Company's development strategy, and the directors' educational backgrounds. For the information on the continuing education of the Board of Directors (including participating directors, training dates, course information, organizer, and hours), please refer to P.42 of the Company's 2023 Annual Report.

Continuing Education for Directors

Title	Name	Date of continuing education	Organizer	Name of class	Training hours
Chairman	Chen, Piao-Fu	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3
Chairman	Chen, Piao-Fu	2023/10/27	Securities and Futures Institute	How Directors Supervise the Company's Corporate Risk Management and Crisis Handling	3
Director	Tsai, Chien-Sheng	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3
Director	Tsai, Chien-Sheng	2023/10/27	Securities and Futures Institute	How Directors Supervise the Company's Corporate Risk Management and Crisis Handling	3
Director	Chang, Wen-Hsien	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3
Director	Chang, Wen-Hsien	2023/10/27	Securities and Futures Institute	How Directors Supervise the Company's Corporate Risk Management and Crisis Handling	3
Director	Wu, Ying-Lan	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3

Delegation of Responsibility for Managing Impacts

The Board of Directors has appointed the President to manage the impacts (Risk Management Team). The President shall report on the management of the Company's economic, environmental, and crowd impacts at the annual board meeting.

Role of the Highest Governance Body in Sustainability Reporting

The Company's sustainability report is reviewed by the Chairman to ensure that it covers all material topics. The 2023 sustainability report was approved by the board of directors on July 31, 2024.

Title	Name	Date of continuing education	Organizer	Name of class	Training hours
Director	Wu, Ying-Lan	2023/10/27	Securities and Futures Institute	How Directors Supervise the Company's Corporate Risk Management and Crisis Handling	3
Director	Fan, Chia-Wen	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3
Director	Fan, Chia-Wen	2023/10/27	Securities and Futures Institute	How Directors Supervise the Company's Corporate Risk Management and Crisis Handling	3
Director	Hsieh, Hsin-I	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3
Director	Hsieh, Hsin-I	2023/10/27	Securities and Futures Institute	How Directors Supervise the Company's Corporate Risk Management and Crisis Handling	3
Independent Director	Lin, Horng-Chang	2023/04/20	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3
Independent Director	Lin, Horng-Chang	2023/05/09	Taiwan Corporate Operating and Sustainable Development Association	Understanding of senior management of TWSE/TPEX listed companies on supervision by the competent authorities	3
Independent Director	Lin, Horng-Chang	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3
Independent Director	Lin, Horng-Chang	2023/08/10	Taiwan Corporate Operating and Sustainable Development Association	Analysis of Legal Regulations and Practical Cases of Insider Trading	3
Independent Director	Lin, Horng-Chang	2023/10/27	Securities and Futures Institute	How Directors Supervise the Company's Corporate Risk Management and Crisis Handling	3
Independent Director	Wang, Chih-Cheng	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3
Independent Director	Wang, Chih-Cheng	2023/09/28	Securities and Futures Institute	Transformation Opportunities and Challenges of Taiwan's Industries under Geopolitics - PMI/NMI Exclusive Analysis	3
Independent Director	Tsai, Chih-Chieh	2023/05/26	Taiwan Corporate Governance Association	Risks are omnipresent, how to effectively manage them	3
Independent Director	Tsai, Chih-Chieh	2023/05/26	Taiwan Corporate Governance Association	Risk Management and Crisis Handling	3
Independent Director	Tsai, Chih-Chieh	2023/06/29	Taiwan Corporate Governance Association	Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of ESG Corporate Sustainable Development	3

Remuneration Policy for the Board of Directors and Senior Management

In accordance to the Articles of Incorporation of Nishoku, in circumstances where the Company has an annual profit, the Company shall appropriate remuneration of no less than 1% and no higher than 5% to the employees and directors, respectively. However, the company's accumulated losses shall first have been covered.

The amount of remuneration depends on the degree of participation and contribution value of each director, and is determined according to the relevant results of the performance of directors which is regularly evaluated pursuant to the "Procedures for the Board of Directors Performance Evaluation" and the current industry standards, while taking into account the Company's overall operating performance, future risks in the industry and development, to give reasonable remuneration. The Chairman's performance is measured based on the results of annual operating indicators of the Company's operations, corporate governance and financial results of the Company, including but not limited to pre-tax net income, corporate governance evaluation, etc. All of the above remuneration amounts are approved by the Board of Directors after deliberation by the Remuneration Committee, and shall not exceed the limit specified in the Company's Articles of Incorporation.

The policies for the payment of remuneration to managers, namely, the "Management Regulations Governing Appointment and Remunerations of Managerial Officers," and "Regulations for Wage Management" clearly stipulate various work allowances and bonuses to show compassion and reward employees for their efforts at work. The remuneration is mainly divided into two major components, (I) The financial indicators are based on the Company's annual operating performance, financial position, and operating status, as well as the manager's target achievement status; and, (II) The non-financial indicators are based on the time invested by individuals and the responsibilities undertaken and individual performance approval for the practice of core management functions and performance in other positions.

Where the Company has an annual profit, pursuant to Article 20 of the Company's Articles of Incorporation, at least 1% shall be appropriated as employee remuneration". The performance evaluation is conducted pursuant to the "Management Regulations for Employee's Performance Management and Appraisal;" the results of which are used as a reference for issuing managerial officers' remunerations. The appraisal includes the results of project or task target execution (or including the achievement of KPI), core functions, and management performance (management functions), to calculate the remunerations for managerial officers' performance. The said payments are determined after deliberated by the Remuneration Committee and resolved by the board of directors.

The performance evaluation of directors and managers and the reasonableness of their remuneration are reviewed and evaluated by the Remuneration Committee and the Board of Directors every year. Remuneration to senior managers takes into consideration their individual performance achievements and contributions, the overall operational performance of the Company and the commitment to promoting sustainable development through ESG initiatives when setting annual targets relevant to their duties. Such targets include, but are not limited to, achieving key ESG indicators such as greenhouse gas emissions reduction, energy conservation, talent recruitment and retention rates, product quality and safety, and customer service satisfaction. Additionally, the remuneration system is periodically reviewed in accordance with relevant regulations, and evaluation is made for the performance achievement rate as the basis for remuneration evaluation.

The retirement benefit system is the same as that of other employees, and they are handled in accordance with the laws and regulations. For information on the remuneration, bonuses, severance pay, and pensions of directors and managers, please refer to pp. 18-23 of the 2023 Annual Report of Nishoku.

Process to Determine Remuneration

For the remuneration procedures, besides referring to the overall operational performance of the company, reasonable remuneration is given based on the individual's performance achievement rate and contribution to the company's performance. The relevant remuneration is submitted to the Remuneration Committee for review and the Board of Directors for resolution. The Company constantly reviews the changes in the global economy, international financial environment, and industrial economy, estimates the Company's future operational development, profitability, operational risks, and changes in relevant laws and regulations, and reviews the remuneration system in a timely manner to ensure balance in the Company's sustainable operation and risk control. Currently, only internal stakeholders are involved in the design and decision-making of the remuneration policy. Please refer to P.23 of the 2023 Annual Report for the Company's remuneration resolutions.

The Company's remuneration is paid in accordance with the "Articles of Incorporation". The Company's Articles of Incorporation are subject to the approval of the annual general meeting of shareholders, and the distribution of remuneration to employees and directors for the previous year must be reported at the annual general meeting of shareholders. The remuneration proposal for 2023 was approved by the shareholders' meeting held on June 13, 2024. The Company has established a Remuneration Committee under the Board of Directors. It is of the same rank as the Audit Committee and is composed of three independent directors. It reviews and adjudicates the remuneration of the highest governance unit and senior management in a fair and reasonable manner.

Annual Total Compensation Ratio

2023 Annual total compensation ratio	
Indicator	Ratio
Ratio of the annual total compensation of the highest paid individual to the median annual total compensation of other employees	5:1
The annual total compensation percentage increase of the highest paid individual to the median annual total compensation percentage increase of other employees	2:1

Note: Total compensation includes salary, bonuses, stock awards, option awards, non-equity incentive plan compensation, and pensions.
1 for other employees.

Conflicts of Interest

In accordance with Article 206 of the "Company Act," Nishoku has explicitly stipulated in the Rules of Procedures for Board of Directors Meetings that if a director or the legal entity they represent in the meeting has interests in the matter, they shall explain relevant important contents at the next board meeting. They shall not participate in the discussions and shall recuse themselves from the decision-making process, and shall not exercise voting rights on behalf of other directors. Please refer to P.24 of the 2023 Annual Report of the Company for the details of the members of the Board of Directors and their recusal situation (including the dates of the Board meetings, directors needing to recuse themselves, the content of the proposal, the reasons for recusal, and their participation in voting).

Communication of Critical Concerns

In addition to the regular meetings of the committees and reports to the Board of Directors, the Company's management regularly provides the Company's important reports and information to the directors (explained below), and communicates any key material events at any time.

Accounting Department	Monthly financial information and quarterly financial reports
Internal Audit Department	Quarterly internal audit report

During the reporting period, for the nature and total number of key material events, please refer to the Company's material information published on the MOPS.

Evaluation of the performance of the Board of Directors

To enhance the operational efficiency of the Board of Directors, the Company has established the Board of Directors Performance Evaluation Policy in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and incorporated sustainability indicators including corporate governance, economic, environmental, and social indicators to ensure fulfilling the responsibilities in the sustainability events. According to the "Board of Directors Performance Evaluation Regulations," the performance of the Board of Directors is evaluated once a year. The self-evaluation is conducted through questionnaires, and it is specified that "the evaluation shall be carried out by an external professional independent institution or external expert team at least once every three years." The results of the performance evaluation of the

Board of Directors shall be completed before the end of the first quarter of the following year. For the performance evaluation results, please refer to P.25 of the Company's 2023 Annual Report.

2.2.3 Legal Compliance

We have established the Ethical Corporate Management Best Practice Principles to regulate the Company's employees who shall not directly or indirectly offer, promise, request, or accept any illegitimate benefits when engaging in business activities. In 2023, the Company did not have any material violations of social and economic-related laws ^(Note) and regulations. The Company and its employees have not been penalized against antitrust, conflicts of interest, money laundering or insider trading, product safety, environmental protection, labor, etc., nor have the Company been involved in any litigation related to corporate governance, anti-competitive behavior, or antitrust and monopoly laws and regulations and losses. Furthermore, the Group-wide legal education and training was conducted by the Legal Office each year, focusing on ethical management, integrity commitment, commercial bribery, and intellectual property. The training has been held 32 times in 2023, with 70 hours of promotion.

Note: Major violations refer to cases where the amount of fines imposed is over NTD 1 million.

2.2.4 Ethical Corporate Management

Ethical Corporate Management

In 2023, risk assessments were conducted in accordance with the risk management policies and procedures approved by the Board of Directors, including corporate governance and ethical management. The assessment was conducted in writing based on the principle of materiality. The coverage bases include: Taiwan Headquarters, Kunshan and Shenzhen in China, and Vietnam. The coverage rate was 100%, and no major anomalies were found.

The Human Resources and Administration Department, Legal Affairs Office and Finance Department jointly formed the "Task Force for Promoting Ethical Management" with Vice President Wu, Ying-Lan as the convener assisting the Board of Directors in overseeing the implementation, conducting business pursuant to relevant management regulations, to ensure the implementation of the Ethical Corporate Management Best Practice Principles. Regular reporting is made to the board of directors on a regular basis for at least once a year.

Key Points for Implementing Ethical Corporate Management

(1)	<p>The board of directors has approved the "Ethical Corporate Management Best Practice Principles" in 2011, and the "Procedures for Ethical Management and Guidelines for Conduct" in 2021, to clearly specify the policies and conduct regulations for ethical management.</p> <ul style="list-style-type: none"> No providing or acceptance of bribes. No providing illegal political contributions. No improper charitable donations or sponsorship. No offering or acceptance of unreasonable presents or hospitality, or other improper benefits. No misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. No engaging in unfair competitive practices. No damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.
(2)	<p>For the Company's directors and senior management to understand and practice the principle of ethical corporate management, the "Ethical Statement" has been included in the document that new directors and senior management of the Company should sign.</p>
(3)	<p>The Company's Audit Office has incorporated the risk considerations of corporate governance and ethical management when preparing the annual audit plan, implemented relevant internal control audits according to the audit plan, and reported the audit results to the Audit Committee and the Board of Directors on a regular basis.</p>
(4)	<p>Set up suggestion box</p> <p>The Company has established and announced the internal independent reporting mailbox on the Company's website or intranet for the use of internal and external personnel. Bonuses will be distributed to internal and external personnel who report dishonest conduct or misconduct based on the severity of the report. Rewards are given as encouragement. The manager of the unit accepting the report will keep the identity of the whistleblower and the content of the report confidential, and the whistleblower shall not be improperly punished due to the reporting.</p>
(5)	<p>Compliance with laws and regulations</p> <p>The Company adheres to the principle of fair trade and competition, conducts fair competition in the competitive evaluation process, and does not discriminate against or deceive suppliers and customers. It does not exclude its competitors from fair competition and legitimate business using improper methods, does not fabricate and spread false facts to damage competitors' reputation. The Company evaluates the legitimacy and integrity policies of agents, suppliers, customers, or other business partners before establishing business relationships with others, and whether they have any record of unethical conduct to ensure fair and transparent business practices; and we do not ask for or accept bribes abiding by the principles of relevant laws and regulations of including but not limited to securities, labor and employment, bribery, copyright, trademark, business secret, employment harassment, occupational health and safety, erroneous or ambiguous financial information, or misuse of company property, and so on. Anyone can report any violations discovered to the company under the "whistleblowing system and procedures." In addition, the Company's Audit Office incorporates the risk considerations of corporate governance and ethical management when preparing the annual audit plan, and implements relevant internal control audits according to the audit plan to ensure the implementation of anti-corruption.</p> <p>In 2019, the EU passed the Whistleblower Protection Act, which represents an important indicator of anti-corruption. In addition to the aforementioned "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Guidelines for Conduct," the Company has also formulated relevant regulations to follow, including the "Procedures for the Prevention of Insider Trading," "Code of Ethical Conduct," "Corporate Governance Best Practice Principles," "Code of Professional Ethics and Conduct," and "Rules and Procedures of Board of Director Meetings" are disclosed on the Company's website and the MOPS, and on the Company's intranet. The Company continues to communicate with all employees over the Company's determination, policies, preventive plans and the consequences of violating the principles of "integrity and trustworthiness, incorruptible management, and fair trade", as well as the consequences of violating unethical conduct. The procurement unit is requested to constantly promote these principles to the suppliers and contractors, and at the same time the company regularly educates its directors, managers, and employees on the prevention of insider trading.</p>
(6)	<p>Whistleblowing system</p> <p>(1) Establish and announce the internal independent reporting mailbox for the use of internal and external personnel.</p> <p>(2) Designate personnel or units responsible for handling reports. Reports involving directors or senior management shall be reported to the independent directors, and standard operating procedures for investigations shall be established.</p> <p>(3) After the investigation of the reported case is completed, the follow-up measures should be taken according to the severity of the case, and if necessary, the report should be reported to the competent authority or transferred to the judicial authority for investigation.</p> <p>(4) Records and retention of the acceptance of the whistleblowing case, the investigation process, the investigation results, and the preparation of related documents.</p> <p>(5) The identity of the whistleblower and the content of the report will be handled in a confidential and responsible manner, and measures to protect the whistleblower from being improperly handled due to the reporting situation.</p>
	<p>Whistleblower Protection System</p> <p>The Company has established regulations prohibiting any reported person from retaliation against other whistleblowers (the Company's employees/suppliers). Relevant personnel handling the report shall declare in writing that the identity of the whistleblower and the content of the report are kept confidential in accordance with the relevant regulations, and promises to protect whistleblowers from being improperly punished due to reporting.</p>

Communication and Training about Anti-corruption Policies and Procedures

To embed ethical management in the Company's culture, the Company hopes to prevent operational risks arising from unethical behavior through continuous promotion and education and training. In 2023, the locations covered include: Taiwan Headquarters, Kunshan, Shenzhen, China, and Vietnam. The implementation status of ethical corporate management promotion, training, and communication is as follows:

A. Education, Training, and Promotion of Directors and Employees

In addition to participating in external education and training related to ethical corporate management topics (including courses on fraud risk practice and management, corporate governance, professional ethics and legal responsibility, accounting system and internal control, etc.). The Group's Legal Office provides legal education and training on course contents relating to ethical management, integrity commitment, business bribery, intellectual property rights and so on. At the same time, ethical corporate management promotion training is also provided for new employees. The total number and percentage of participants are as follows depending on the region and the type of employee: In 2023, 1,974 employees of the Group participated in the ethical management-related education and training with a completion rate of 81%.

Region		Members of the Board of Directors	Employee Category	
			Management level	Non-management level
Taiwan	Number of Participants	9	18	15
	Total number of members	9	20	48
	Participation percentage	100%	90%	31%
Kunshan	Number of Participants	3	4	960
	Total number of members	3	71	1,319
	Participation percentage	100%	6%	73%
Vietnam	Number of Participants	3	38	820
	Total number of members	3	38	820
	Participation percentage	100%	100%	100%

Region		Members of the Board of Directors	Employee Category	
			Management level	Non-management level
Shenzhen	Number of Participants	3	8	111
	Total number of members	3	15	111
	Participation percentage	100%	53%	100%
Total	Number of Participants	18	68	1,906
	Total number of members	18	144	2,298
	Participation percentage	100%	47%	83%

In 2023, 1,974 employees of the Group participated in ethical management education and training, with a training completion rate of 81%.

B. Supplier Integrity Commitment

Based on the principles of fairness, honesty, trustworthiness and transparency, the Company conducts the business. In order to implement the ethical corporate management policy, and actively prevent unethical conducts, suppliers or contractors are required to sign the "Commitment of Ethics and Integrity," as many as 84.62%.

The total number and percentage of suppliers participating by region are as follows:

Region		Suppliers/third-party suppliers
Taiwan	Number of participating companies	9
	Total number of new suppliers	10
	Participation percentage	90%
Kunshan	Number of participating companies	18
	Total number of new suppliers	23
	Participation percentage	78.26%

Region		Suppliers/third-party suppliers
Vietnam	Number of participating companies	16
	Total number of new suppliers	18
	Participation percentage	88.89%
Shenzhen	Number of participating companies	1
	Total number of new suppliers	1
	Participation percentage	100%
Total	Number of participating companies	44
	Total number of new suppliers	52
	Participation percentage	84.62%

C. Regular Inspection

The Company has established the "Reward and Punishment Management Regulations," incorporating ethical management into employee performance appraisal and human resources policies, to establish a clear and effective discipline system.

Incidents of Corruption and Actions Taken

In 2021 and 2022, there were no lawsuits or losses caused by violating corporate governance, anti-corruption/bribery, and competition laws for the company. In October 2023, a collusion incident involving the deliveryman of the packaging material manufacturer and the Company's warehouse management occurred in the Vietnam factory of the Company, in which they contrived to sell off cartons. After receiving a report from the police in November of the same year, the relevant personnel were dismissed and compensation was sought from the manufacturer. The case was negotiated and concluded on April 10, 2024.

In order to prevent similar incidents from happening again, the Company has adopted the following measures in addition to the internal review of warehouse management operations and the coordination of internal management and discretion:

1	Packaging material warehouse area division and labeling - including clear division and labeling of new and recycled packaging materials.
2	Shortage of incoming packaging materials - implement incoming inspection and account reconciliation
3	Monthly financial lottery - Add bonded packaging material warehouse to lottery items
4	Optimization of the management of recycled packaging materials - the use of seals to enhance the integrity of the packaging materials returned from the customer end to our factory and confirm receipt with the customer release form.

Mechanisms for Seeking Advice and Raising Concerns

We have established the Audit Office, which is responsible for coordinating the formulation, supervision, and implementation of the Company's responsible business conduct policies and regulations, as well as the investigation and punishment of reported cases. The Audit Office reports to the Board of Directors and the Audit Committee at least once a year on the business ethics, legal compliance, reported events and so on matters. To improve the supervisory function of corporate governance, the Company has established internal and external consultation and reporting channels. Employees and other stakeholders are informed of the consultation and reporting channels through annual education and training, internal emails, and publicity on the Company's official website.

Consultation and reporting channels		
External Channels	An anonymous reporting mailbox is available on the official website	ethical@nishoku.com.tw
	Whistleblower Mailbox	ethical@nishoku.com.tw
	Employee complaint mailbox	nsk_hr@nishoku.comt.tw



Upon receiving a report, the Company immediately arranges for the responsible unit to investigate the case according to the nature of the case, and properly records and follows up on the handling. The identity of the whistleblower, the content of the report, and the investigation participant shall be kept confidential to prevent unfair treatment or retaliation. For confirmed cases, the Company will take the necessary legal actions, including terminating the employment contract or business relationship and taking necessary legal actions, depending on the circumstances. At the same time, publicity measures for ethical corporate management (including insider trading) and the Company's internal e-mail publicity will be adopted to provide employees with awareness and prevent similar incidents from happening again.

If there is any violation of ethical corporate management or responsible business practices, employees can also report and submit their opinions to the management immediately through the Company's internal physical suggestion box, email, or the stakeholder section on the official website. External stakeholders who are aware of violations of ethical corporate management or business ethics may report the violation through the hotline set up by the Company or the Stakeholders section on the official website.

When stakeholders submit their opinions through the exclusive email of the stakeholder section, the information will be sent to the corresponding dedicated contact point through the system, and the dedicated contact point must report the processing progress within the specified time. The Company regularly conducts compilation, statistics and tracking of processing progress each month.

2.3 Information Security and Privacy Protection

Information Security and Privacy Protection Management

To ensure the information security of Nishoku, the Company has established the "Information Security Policy and Regulations" to protect the information security of employees, customers, and suppliers. In 2023, there was no violation of customer privacy or loss of customer data, and no information security-related complaints were received.

Cyber Security Policy Objectives





Cyber Security Risk Framework

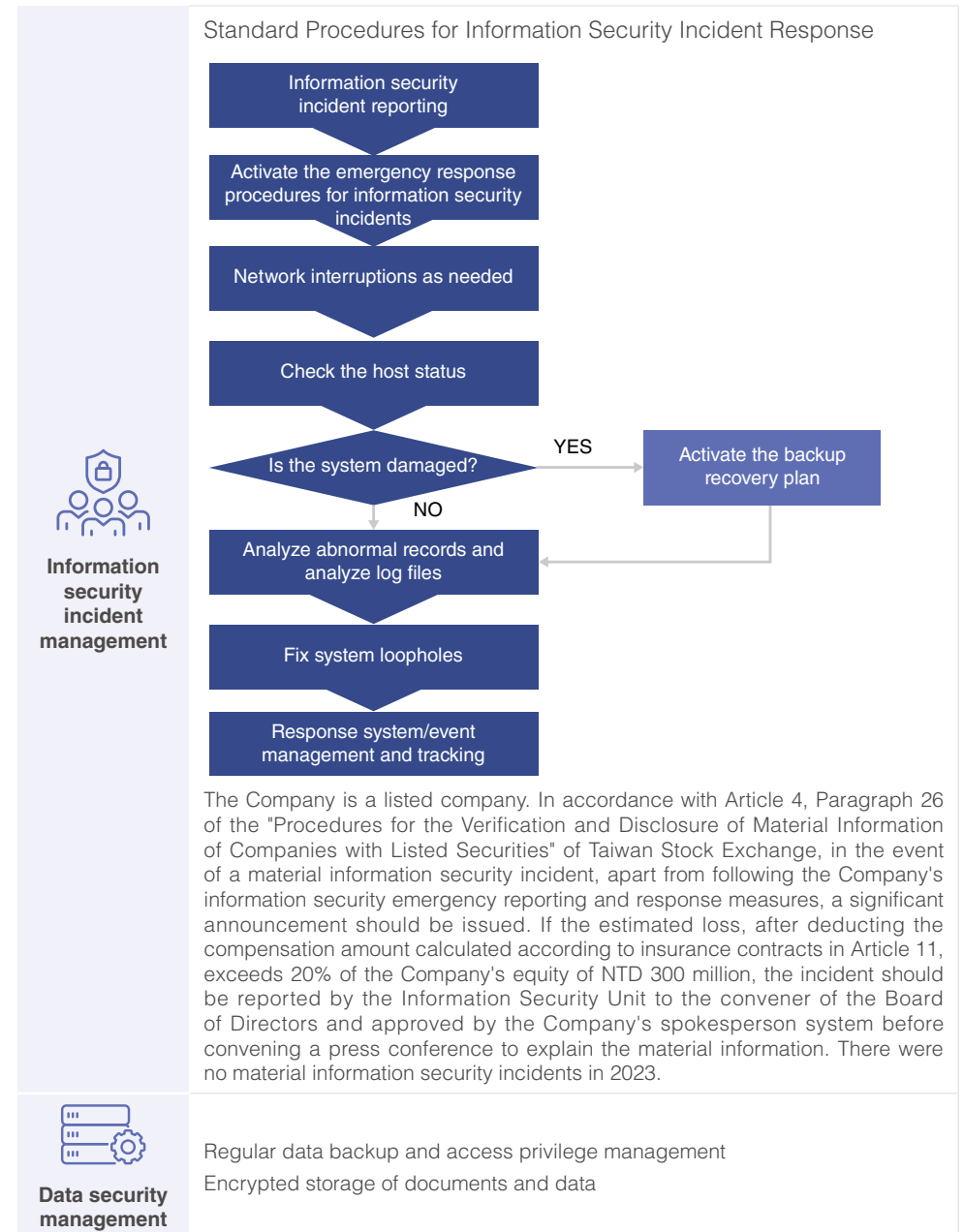
To strengthen the information security management of Nishoku, and ensure data, system, and network security, the Company established a dedicated cyber security unit in 2023, and appointed a dedicated information security officer and information security personnel to formulate the company's information security policy, plan information security measures and execute related information security operations. In addition, the auditors of the Audit Office (with ISO 27001 information security auditor certification) also regularly audit the control operations of information security.

Nishoku has established a dedicated unit for cyber security, with the dedicated information security officer as the main person in charge and has appointed dedicated information security personnel to be responsible for managing the overall operation and management unit, management system and core system of the company's information security. The Company comprehensively promotes information security policies from its information security architecture, internal management process, audit and control, confidential information management, and more aspects. The dedicated unit ensures that the Company can grasp information security risks in advance, implement information security maintenance and operation, establish a rapid response team, and continue to establish and promote the establishment, implementation and improvement of the information security management system. The information security dedicated unit regularly reports to the Board of Directors every year on the Company's information security governance, the implementation performance of the information security management system, and the matters to be improved. The most recent report was submitted to the Board of Directors on December 27, 2023.

Cyber Security Control Measures and Management Plans

To ensure the confidentiality, integrity, and availability of information assets, we have formulated strategies to prevent, detect, and respond to information security risks. The specific information security management solutions are as follows:

 <p>Computer device security management</p>	<p>The Company's computer mainframes and various application servers, as well as other equipment are installed in the dedicated data centers. The access control of the data centers adopts the induction card for entrance and exit, and the access are logged for reference.</p> <p>The air conditioners in the data centers have backup mechanisms to keep the computer equipment running in a stable environment with appropriate temperature and humidity; the HFC-23 environmental gas automatic fire extinguishing system is employed and it is to be applied to fires caused by general factors or appliances.</p> <p>The mainframes in data centers are equipped with uninterruptible power supply and voltage stabilization equipment, and are connected to the power supply system of generators provided by the Company's building, to avoid crashes caused by sudden power failure from Taipower, or to ensure that the operation of the computer application systems will not be interrupted during a temporary power failure.</p>
 <p>Network and System Security</p>	<p>Company data room security control (access control, CCTV)</p> <p>Use and management of firewalls (the entrance to connect the external network is installed with the enterprise-level firewalls to prevent illegal intrusion by hackers)</p> <p>Installation and update of anti-virus software (Endpoint protection software is installed in the server and the terminal computer devices, and the virus codes are automatically updated to ensure that the latest viruses would be blocked, while detecting and preventing the installation of potentially threatening system execution files)</p> <p>Network security measures (When logging into the Company's intranet remotely to access the ERP system, an SSLVPN account must be applied for. Login is only valid for use through the secure method of SSLVPN, and the use records are left for audit)</p> <p>Internet access and email security filtering mechanism (The email server is equipped with email anti-virus and spam filtering mechanisms, to prevent viruses or spam from entering the user's PC)</p> <p>Employee ID, password, and privilege management</p> <p>Taipei Group Headquarters and overseas plants: the connection operation of Kunshan, Shenzhen and Vietnam plants uses the Multi-Level Protection Scheme (MLPS) to prevent illegal capture during data transmission.</p> <p>The internet conduct management and filtering equipment are configured to control the internet access, block access to harmful or network addresses and content prohibited by policy, to strengthen network security and prevent bandwidth resources from being improperly occupied.</p>





Information security training and promotion

Regularly implement information security publicity operations
Conduct information security education and training and social engineering drills every year.

Strengthening Employees' Awareness of Information Security

To raise employees' awareness of information security, the Company has implemented employee information security education and training. In 2023, a total of 481 people participated and a total of 962 hours of training were delivered. In addition, information security education and promotion is conducted on a monthly basis, the content includes: cyberattacks, phishing, commercial e-mail monitoring, ransomware, etc., and employees are required to change system passwords regularly on a quarterly basis to maintain account security. Information security promotion and training are as follows:

Month	Topic of advocacy
January	90% of Cyber Attacks Are "Successful"! More Than 7 Information Security Incidents Occurred at One-Third of Global Companies in 2022
February	ASRC 2022 Email Security Trends in Review
March	Fake HR Online Questionnaire, Phishing Attack Using Microsoft Excel and Forms
April	Four Types of Information Security Risks of Re-evolving Ransomware
May	ASRC 2023 Q1 Email Security Observation
June	A More Serious Threat Than Ransomware in the Opinion of FBI: Bec Fraud
July	ASRC 2023 Q2 Email Security Observation
August	CISO of SlowMist: WinRAR Has Security Vulnerabilities, and the WinRAR Vulnerability Detection Tool Is Also a Malicious Phishing Program
September	Phishing Tops the First Among Three Major Threats to Mobile Device Information Security in the First Half of 2023
October	Corporate Users Should Be Vigilant About QR Code Phishing Attacks
November	ASRC 2023 Q3 Email Security Observation
December	I Received an Abnormal Microsoft Account Login Activity. Is It Hacked or Is It Phishing? Or is it phishing?

Education and training	Implementation Outcome
Education and training for dedicated personnel of dedicated units	The dedicated personnel of the Information Security Unit participate in relevant education and training courses from time to time to continuously improve their professional knowledge and timely adjust information security prevention measures and hardware upgrade plans in response to the advancement of information technology. The external training courses attended by the dedicated personnel in 2023 included two "Fortigate Fundamental Course" and "Digital Transformation: The Essential Digital Transformation for Small and Medium Enterprises!", as well as other information security education and training courses, with a total of 7 hours of training and a total of 4 participants.
Internal education and training	In 2023, a total of 6 conferences were held: "Work-from-Home Information Security and Personal Data Protection," "AI Artificial Intelligence Every SME Should Know," "Corporate Information Security Risk Assessment and Management," and "Spam Filtering Software and Mail System Operation Training," "Corporate Information Security - Software Development Security Concepts," and "Social Engineering Education and Training." The total training hours were 30 and the number of participants was 28.
New employee training	All new employees shall complete an information security and protection training course.
Regular drills	In 2023, we held one email social engineering drill and one disaster recovery drill.



03

Innovation Value

- 3.1 Customer Service and Product Quality
- 3.2 Sustainable Innovation Services
- 3.3 Intelligent Production Management



3.1 Customer Service and Product Quality

Management of Material Topics - Customer Service and Product Quality

Material Topics	Customer Service and Product Quality		
Impact Description	Poor customer service and product quality, failure to integrate with the current sustainable trends and deepening environmental protection processes or materials will affect customers' willingness to cooperate and bring operational risks to the Company.		
Policy/Commitment	Quality First, Satisfaction Guarantee, Customer First, Prompt Service, Improvement First, Continuous Transcendence		
Take Action	Regular education and training to improve overall service quality. Accelerate the introduction of production line automation to improve production efficiency. Regular meetings are held to discuss improvement plans for production defects and efficiency improvement.		
Tracking and Evaluation Mechanism	Annual customer satisfaction survey		
Management Objectives	Short-term goals (2026)	Medium-term goals (2028)	Long-term goals (2030)
	1. Maintain the overall customer service satisfaction score of ≥ 95 . 2. Increase the utilization rate of the water-based spray painting process to 50% of the total spray paint.	1. Maintain the overall customer service satisfaction score of ≥ 95 . 2. Increase the use of environmentally friendly materials (PCR) to account for 30% of the overall material consumption.	1. Maintain the overall customer service satisfaction score of ≥ 95 . 2. Sustained and steady growth of 5% in annual performance.
Annual Performance	The 2023 customer satisfaction survey reached a score of 99.8 points. In 2023, 40% of the Group's spray paint body is made of water-based paint. The Kunshan plant will account for 11.3% of PCR material consumption in 2023, while the Taipei plant will account for 23% of the total consumption in 2023.		

Stakeholder Engagement

Customers:

1. The internal production efficiency and quality improvement of the factory can not only improve its own production efficiency, but also provide more competitive products to customers. Promote the benefits of cooperation between both parties, thereby making customers more willing to cooperate.
2. Responding to all problems reported by customers in a timely manner and making corresponding improvements can increase customer trust and satisfaction, thereby enhancing customers' willingness to cooperate in transactions. Quarterly customer satisfaction surveys are conducted via telephone, in-person visits, teleconference, formal writing and so on methods to communicate with customers. The average satisfaction score was 99 points.

Suppliers:

1. Collaborate with suppliers to provide products that meet current environmental requirements and customer quality requirements, so as to achieve the quality of products shipped, increase customer satisfaction scores, and thereby enhance customers' willingness to cooperate.

3.1.1 Product Quality and Safety

The Nishoku Group has always been involved in customers' early stage development operations, grasps excellent technology development in a timely manner, and uses advanced computer analysis systems to reduce the number of mold trials and improve mold accuracy to win customers' trust with high quality. Furthermore, automated equipment is used for rigorous production operations, combined with high-speed plastic injection molding equipment to enhance production efficiency and competitiveness. At the same time, to encourage employees to invent and innovate, we also apply for patents for related innovative processes to secure intellectual property, win and increase potential markets in the future, and increase economic benefits. In every step of the production process, the Nishoku Group upholds the importance that customers place on product quality. From product R&D to the production process, professional quality personnel strictly control the entire production process to maintain stable and high-quality products to meet customer needs.

Due to the increasing importance of environmental protection issues, the raw materials used in all products of the Nishoku Group are selected after discussion with customers. They must comply with the latest environmental protection and health requirements of laws and regulations, such as: ISO14001 environmental management system, ISO9001 quality management system certification, TS 16949 Quality management system certification, ISO13485 medical equipment quality management system certification, and many other international certifications, and also comply with the requirements of the EU Restriction of Hazardous Substances Directive and REACH regulations. In addition, since the selection of product materials is required to comply with the requirements of current environmental protection laws and regulations, 100% of the products of Nishoku will post relevant environmental protection labels, such as RoHS, HF, etc according to customer requirements.

In 2023, there were no incidents of non-compliance concerning the health and safety impacts of products and services, product and service information and labeling regulations, nor marketing communication-related regulations for Nishoku.

3.1.2 Customer Service

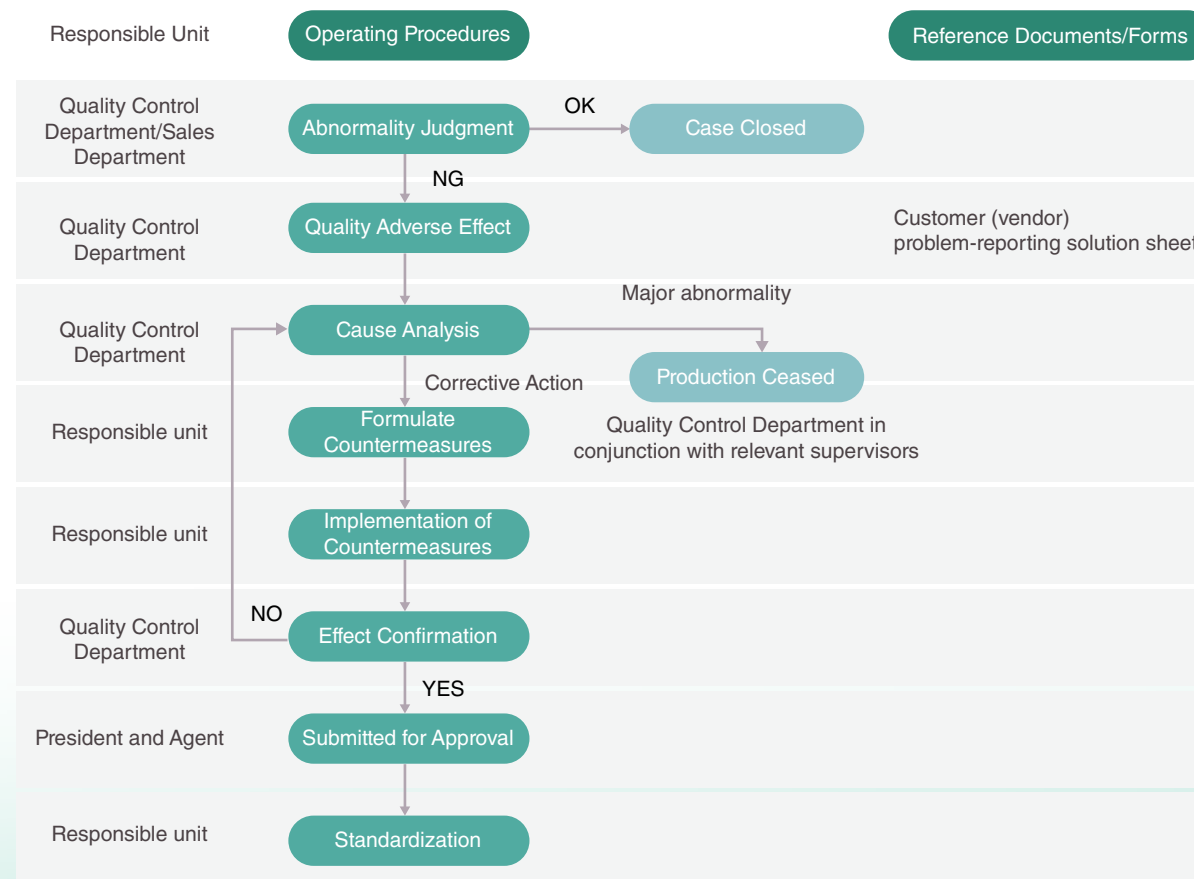
Nishoku conducts regular quarterly customer satisfaction surveys on topics such as delivery quality, price, delivery punctuality, problem-solving ability, efficiency of feedback on related issues, and personnel courtesy and professionalism. At the same time, in order to ensure the quality of customer service, between 30 minutes to 1 hour of comprehensive education and training are conducted for the company's service items per month to ensure that overall customer service satisfaction reaches the set target. In the past five years, the Company's total customer satisfaction survey score has been in the range of 91-99 points (2023 customer service total satisfaction target value: 99.9 points).

In addition, we follow the customer management and service procedures to understand the needs of our customers and make

internal adjustments, reviews, and improvements. These management and service procedures include the handling of customer complaints. At the same time, all internal units follow the "Correction, Prevention, and Continuous Improvement Procedures" to ensure that when significant quality abnormalities occur, they can be corrected and improved. Potential problems found through analysis and statistics can also be prevented and continuously improved.

Customer Complaint Handling Procedures are as Follows:

Quality Abnormality Correction Process



3.2 Sustainable Innovation Services

In terms of environmental protection, Nishoku has always adhered to its business philosophy. In recent years, in response to issues such as environmental protection, energy conservation and carbon reduction, we have also worked with customers to achieve the goal of using environmentally friendly raw materials while producing plastics. If possible, the Company will strive to use environmentally friendly water-based paints in the production process and continue to expand the scope of PCR raw materials.

The Nishoku Group collaborates with customers and manufacturers to develop the water-based spray coating process to reduce carbon emissions and the production of environmentally harmful substances. At the same time, this process must meet the customers' requirements for product specifications and quality. In addition, the Nishoku Group works with customers and manufacturers to select PCR materials to reduce carbon emissions and the generation of environmentally harmful substances. At the same time, suitable materials are found for different product categories to meet customers' requirements for product strength and quality. At present, 40% of the spray paint of the Nishoku Group is made of water-based paint.

The Kunshan Plant in China, the main operating area of the Nishoku Group, accounts for more than 60% of the group's annual plastic consumption. The Kunshan Plant's consumption of PCR raw materials has increased year by year since 2021. In 2023, the PCR material consumption accounted for 11.27% of the total consumption of the plant, and they mainly used in the production of camera series and notebook computer peripheral accessories. The Nishoku Group will continue to research the use of environmentally friendly materials with customers to jointly promote energy conservation, carbon reduction, and environmental protection.

Percentage of PCR Raw Materials Used in Kunshan Plant

Unit: Kg

Item	2021	2022	2023	Remarks
Raw material consumption	4,855,666	3,334,208	2,863,237	
PCR raw material consumption	260,547	365,802	322,806	Camera series Laptop accessories
PCR raw material consumption ratio	5.37%	10.97%	11.27%	

3.3 Intelligent Production Management

In addition to satisfying customer needs with excellent quality, it is the Company's consistent goal to continuously optimize production lines and processes and upgrade industrial technology. Kunshan Plant began to gradually introduce automated mold production lines in 2018. In 2021, the construction of the mold smart workshop was completed, and the lights-off production was successfully achieved, saving manpower by 16%. Through the I-Quicker intelligent system, the total efficiency of CNC electrode processing is increased by 17.7%, the total efficiency of CMM electrode measurement by 16.7%, the total efficiency of EDM electrode discharge by 38.3%, and the total efficiency of various mold processes increased by 35.6% improving mold precision.

In 2023, the Vietnam factory also started the evaluation of smart mold production to replicate the successful model in Kunshan and accelerate the implementation. Intelligent production management not only helps to effectively optimize the cost structure, but also improves the production quality to meet the high-quality requirements of customers.

In addition to the intelligent production of molds, the production lines of various plastic processes are also highly automated. The overall number of employees decreased by 53% from 4,534 persons at the peak to 2,442 persons, and the level of revenue did not drop but increased instead. The company adopts the MES system to monitor and adjust the production process in real time to reduce the time waste caused by information asymmetry and manual operation errors. The automated data collection and processing increase the controllability of the process, shorten the production cycle, and improve management efficiency.



04

Green Operations

4.1 Climate Strategy

4.2 Resource Management



4.1 Climate Strategy

Management of Material Topics - Climate Strategy

Material Topics	Climate Strategy		
Impact Description	<p>Negative Impact</p> <p>In the face of global climate anomalies, extreme weather events such as typhoons, floods, and flooding (heavy rainfall) cause the Company's production capacity to decrease (such as production suspension, transportation difficulties, supply chain interruption), etc.</p> <p>Positive impact</p> <p>Faced with the rising awareness of environmental protection around the world, the Company evaluates the replacement of high energy consumption or high carbon emission equipment or processes, and invests in technology to develop low-carbon products or services to win the favor of customers.</p>		
Policy/Commitment	We are committed to continuing to pay attention to international climate change issues for a long time, promoting energy conservation and carbon reduction, and implementing energy conservation in all operating plants.		
Take Action	Promote various energy-saving measures and management plans to reduce energy consumption and impact on the environment.		
Tracking and Evaluation Mechanism	Review and analyze the electricity consumption of each plant every year, evaluate the effectiveness of energy management to confirm whether energy-saving actions have been implemented, and propose a review, change, and reduction strategy for items with poor performance improvement.		
Management Objectives	Short-term goals (2026)	Medium-term goals (2028)	Long-term goals (2030)
	1. Reduce greenhouse gas emissions by 5% yearly. 2. The reduction target is a 5% reduction in emissions per million revenue (NTD).	1. Reduce greenhouse gas emissions by 5% yearly. 2. The reduction target is a 10% reduction in emissions per million revenue (NTD) compared to the base year 2023. 3. Completed the verification of ISO 14064 greenhouse gas emissions for the parent company	1. Reduce greenhouse gas emissions by 5% yearly. 2. The reduction target is a 15% reduction in emissions per million revenue (NTD) compared to the base year 2023. 3. Completed the ISO 14064 greenhouse gas emissions verification for the consolidated company.

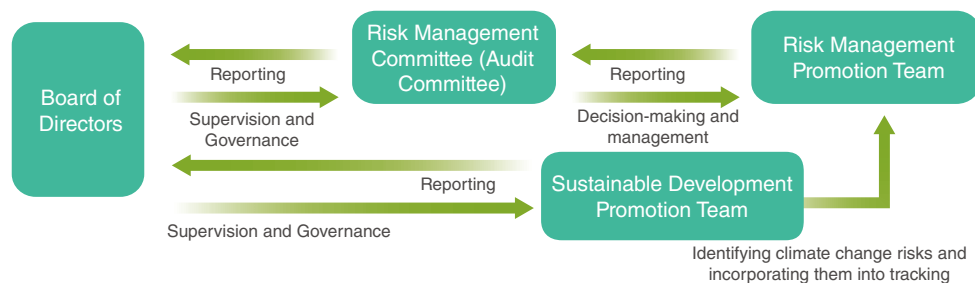
Annual Performance	1. According to the government's schedule, the greenhouse gas inventory of all the Group's operating sites is implemented and completed ahead of schedule. 2. The Kunshan Plant purchased a total of 11 energy-saving electric injection molding machines made in Japan in 2023 for an amount of approximately RMB 5,589 thousand. Each injection molding machine can reduce the process power consumption by 5 kwh/hour. According to the total benefit in 2023: The use of process power can save 46,400 kwh, carbon reduction of 22.9 tons per year, or the equivalent of planting 42 camphor trees. 3. Kunshan plant purchased green power for 9 262.000000 (MWh).	
Stakeholder Engagement	Suppliers: Promote greenhouse gas management-related matters with suppliers, and work with supplier partners to implement energy conservation and carbon reduction.	Customers: Promote various energy-saving measures and greenhouse gas management plans in accordance with the requirements of the international supply chain and customers.

4.1.1 Climate Governance

In order to strengthen monitoring related to enterprise risk management and prevent major losses, the Company established the Risk Management Committee directly under the Board of Directors in 2023, with the Audit Committee taking on a concurrent role serving as the supervision and guidance unit for risk management operations. The Committee, consisting of three independent directors from the Board of Directors, is responsible for formulating and overseeing the objectives of enterprise risk management of corporate governance, the environment, and society. Moreover, a risk management promotion team has been set up to identify, monitor, and propose response strategies and reports the status of risk management implementation to the Risk Management Committee to further formulate various short-, medium- and long-term goals. The Risk Management Committee convenes a meeting at least once a year in accordance with the "Risk Management Committee Charter" and reports the implementation plan and results to the Board of Directors on a regular basis.

Possible financial impact of climate change risks has become one of the major issues of concern to stakeholders. Therefore, the Company has established a Sustainable Development Promotion Team under the Board of Directors, with the Chairman as the chairman and the Chief Financial Officer as the director general. The promotion team is responsible for the proposal of sustainable development-related policies and implementation of relevant policies, systems, or relevant management guidelines and concrete promotion plans. The team also regularly reports to the Board of Directors at least once a year on economic, environmental, and social issues arising from operating

activities. The Board of Directors has authorized the Sustainable Development Promotion Team to identify issues of concern to the Company's operations and stakeholders, and to invest in climate adaptation and mitigation actions to build a low-carbon value chain, focusing on the four major issues: corporate governance, sustainable environment development, social welfare maintenance, and corporate social responsibility information disclosure enhancement. Also, a member of the risk management team, the Financial and Accounting Division works together with the risk management promotion team to evaluate and discuss the risks and strategies related to climate change identified by the risk management team for evaluation and discussion. Through a cycle of regular reporting to the Risk Management Committee by the risk management promotion team and resolution of strategy deployment of the Board of Directors, we ensure that climate-related risks are fully assessed and controlled, moving towards the goal of net zero.



Risk Management Operations

Status of operation	
1	The identified climate change risks and the response strategies are provided by the Sustainable Development Promotion Team to the risk management team for tracking.
2	The Risk Management Promotion Team reports the identified risks and their implementation to the Risk Management Committee (Audit Committee); The Risk Management Committee (Audit Committee) communicates to the Risk Management Promotion Team and supervises the implementation of the selected strategies.
3	The Risk Management Committee (Audit Committee) reports the decision-making management to the Board of Directors.
4	The Sustainable Development Promotion Team reports to the Board of Directors on the implementation of sustainable development and response strategies.
5	The Board of Directors decides the strategy and supervises and governance.

4.1 Climate Strategy 4.2 Resource Management

4.1.2 Climate Risk Opportunity Identification, Assessment, and Strategies

In terms of the identification of climate-related risks and opportunities, impact lengths relating to the strategy and operation of Nishoku were defined as: short-term as 1-3 years, medium-term as 3-5 years, and long-term as 5-10 years. After discussion by the Sustainable Development Promotion Team and the Risk Management Committee, the key climate risks and opportunities were identified as follows:

Key Climate Risks and Opportunities Identified

Types of risks and opportunities	Risk items	Possible time of occurrence	Impact on the Company's strategy, operation and finance	Response strategies of the Company	Potential financial impact of the response plan
Transformation risks	Policies and regulations	Short-term	In response to GHG reduction and management regulations, it is necessary to improve the energy efficiency of business locations and increase the cost of green electricity certificate subscription	Phase out high-energy-consuming production, air-conditioning, and office equipment, and promote in-plant carbon reduction; increase operational efficiency through routine operational improvements to achieve energy conservation.	Increase in capital expenditure, increase or disposals of assets, increase in liabilities
	Technology	Medium-term	Increased capital expenditures for technology development	Introduce the Manufacturing Execution System (MES) into the manufacturing process to automate and manual labor reporting, precisely control the processing time and scheduling, and effectively improve production efficiency.	Increase in capital expenditure
	Market	Short-term	Products and services currently provided do not meet market demand and are phased out if energy-intensive or carbon-emissions are high, resulting in loss of customers.	Expand low-carbon procurement sources and seek renewable energy suppliers; integrate upstream and downstream industries, formulate process emission reduction plans, and develop green processes.	Increase in capital expenditure

Types of risks and opportunities		Risk items	Possible time of occurrence	Impact on the Company's strategy, operation and finance	Response strategies of the Company	Potential financial impact of the response plan
Physical risk	Immediacy	Power interruption caused by extreme weather events such as typhoons, floods, and flooding (heavy rainfalls)	Long-term	Production capacity decline (such as production suspension, extension of planning consent, transportation difficulties, supply chain interruption)	Review plans to install solar power generation equipment and purchase energy storage cabinets; or moderately increase the inventory	Increase in capital expenditure
	Resource efficiency	Use more efficient production and distribution processes	Medium-term	Reduce operating costs (e.g. through efficiency improvement and cost reduction)	Replace energy-consuming forklifts and automobiles, introduce low-carbon manufacturing process equipment, and select low-carbon emission transportation products.	Decrease in operating costs, increase in capital expenditure, increase in or scrapping of assets, increase in liabilities
Opportunities	Products and services	R&D and innovation for developing new products and services	Short-term	Increase revenue through demand for low-carbon products and services	Reduce carbon emissions and energy costs through the application, investment or development of new energy technologies	Increase in capital expenditure and revenue
	Market	Entrance into new markets	Short-term	Entering new and emerging markets (e.g. working with the government and development banks) to increase revenue	Expand new markets and industrial transformation through the innovation of products or services; develop low-carbon sustainable products with suppliers and customers.	Increase in operating revenue

Climate Risk Management System

To implement climate risk management, the Sustainable Development Promotion Team conducts regular risk identification and evaluation and relevant response measures and plans based on the timeline of the possible impacts of climate change, the possibility of risk occurrence, and the impact on the Company's operations and finances to ensure sustainable development. The Sustainable Development Promotion Team provides the identification of climate change, promotion and tracking progress to the Risk Management Committee. The Committee in turn reports the matters to the board of directors for decision-making.

Identification and Assessment Process for Climate Change-Related Risks and Opportunities

With reference to the TCFD framework, based on the external environment like the current international attitudes toward climate change, local government regulations, and the impact of climate change on internal company strategic goals, products and services, and the supply chain, we have compiled a list of relevant risks/opportunities. In the medium and long term, the likelihood of risk occurrence and its impact on the Company's strategy, operation and finances will be assessed and the key risks/opportunities determined after internal discussions.

 Risk Collection/identification	 Risk Assessment	 Risk Response
Sustainable Development Promotion Team	Sustainable Development Promotion Team and Risk Management Committee	Sustainable Development Promotion Team and Risk Management Committee
List/screen climate risks and opportunities	Identify key risks and opportunities	Response plans for key risks and opportunities
Based on the Company's industrial characteristics and current operation status, the Sustainable Development Promotion Team collected climate risk and opportunity issues. After internal discussions, various departments screened out the Company's risks and opportunities.	Based on the content of the research and analysis and the significance of the impact assessment, the Sustainable Development Promotion Team and the Risk Management Committee summarized the key climate risks and opportunities of the Company.	The Sustainable Development Promotion Team and the Risk Management Committee examine the impacts of climate-related risks and opportunities on the Company's strategy, operations, and finance, and formulate corresponding strategic plans after internal discussions.

4.1.3 Climate-Related Indicators and Targets

The Company has set a reduction target for GHG emissions, and planned to reduce GHG emissions by 5% year by year in the future.

GHG Reduction Targets, Strategies and Specific Action Plans Are Described As Follows:

(I) Corporate Strategies in Response to Climate Change or GHG Management

In addition to the Company, the overseas production locations of Nishoku Group - Kunshan, Shenzhen and Vietnam all uphold the notion of co-existence with the Earth by continuing to promote energy-saving and GHG emission reduction measures, actively reducing carbon emissions, focusing on power consumption measures and reviewing internal energy consumption status periodically. The Company has established relevant provisions for polices on the energy saving and carbon reduction, greenhouse gas emission reduction, reduction of water usage or other waste management in the "Corporate Sustainable Development Best Practice Principles", and also implements such polices thoroughly.

(II) Corporate GHG Emission Reduction Targets

Plan to reduce GHG by 5% year by year in the future as the management goal.

(III) Budgets and Plans for the Reduction of Corporate GHG Emissions

Energy Conservation and Carbon Reduction Solutions



Production and energy-saving measures

In 2023, the Nishoku's Taipei Plant completely eliminated outdated air compressors and introduced two permanent magnet inverter air compressors with Grade 1 efficiency. The old air compressor consumed an average of 30.18 kWh of electricity per hour, and the efficiency class 1 permanent magnet variable frequency air compressor consumed an average of 13 kWh of electricity per hour. It was in operation from August 10, 2023 to December 25, 2023 for 424 hours, saving a total of 7,284 kWh of electricity and about NTD 24,000 in electricity bills in 2023.

Nishoku's Kunshan Plant purchased a total of 11 energy-saving electric injection molding machines made in Japan in 2023 for an amount of approximately RMB 5,589 thousand. Each injection molding machine can reduce the process power consumption by 5 kwh/hour. According to the total benefit in 2023: The use of process power can save 46,400 kwh and has a carbon reduction by 22.9 tons per year, or the equivalent of planting about 42 camphor trees. The annual total benefit is expected to reduce process energy use by 105,600 kwh, reducing carbon by 52.27 tons, or the equivalent of planting approximately 95 camphor trees each year.



Office energy saving measures

1. In June 2013, the new Nishoku Group headquarters building obtained the U.S. Green Building Council's LEED Gold certification. Through the design, construction and operation of buildings, we aim to create an environmentally friendly, responsible and healthy environment.
2. Office environment adjusts the air conditioning depending upon the season and the temperature is set at 26 degree Celsius constantly in order to reduce the power load.
3. Office lighting uses energy-saving and high-performance lighting fixtures in order to reduce the heat generated by the light source and to achieve the objective of energy saving.
4. Encourage employees to use stairs instead of elevators to reduce the electricity load.
5. Use document electronic signing and approval system to perform electronic signing approval, thereby reducing the paper usage amount; and promote the use of recycled papers.
6. Properly execute recycle management and resource classification of wastes, such kitchen wastes, metal/aluminum/glass bottles, waste papers and plastic bottles, etc., and appoint professional personnel to be responsible for the treatment and classification of wastes.



U.S. Green Building Council LEED Gold Certification

4.1.4 Energy Consumption

Nishoku will continue to seek ways to increase energy consumption and actively respond to the requirements of stakeholders such as suppliers by reducing energy consumption and purchasing green power certificates. In 2023, the Kunshan Plant purchased 9 262.000000 MWh of green power certificates.

Category		Unit	2021			2022			2023		
			Annual consumption	Energy consumption (GJ)	Energy intensity (GJ/NTD million)	Annual consumption	Energy consumption (GJ)	Energy intensity (GJ/NTD million)	Annual consumption	Energy consumption (GJ)	Energy intensity (GJ/NTD million)
Non-renewable fuels	Gasoline (covering both 92/95)	Liters (L)	31,710.00	1,035.60	0.21	26,760.00	873.94	0.22	38,435.00	1,255.23	0.36
	Diesel	Liters (L)	30,553.00	1,074.57	0.22	27,540.00	968.60	0.25	52,602.10	1,850.06	0.53
	Liquefied Petroleum Gas (LPG)	Liters (L)	-	-	-	-	-	-	2,247.00	62.42	0.02
	Coal	Kilogram (KG)	-	-	-	-	-	-	13.20	0.34	0.00
Purchase and use	Electricity	Kilowatt hour (kWh)	50,626,910.00	182,298.39	37.75	44,074,571.00	158,704.60	40.40	41,616,560.00	149,853.74	42.71
Total				184,408.57	38.18		160,547.14	40.87		153,021.79	43.61

Note:

1. The scope of inventory in 2021 included Kunshan (self-inventory) and Shenzhen (verified by a third party).
2. The scope of inventory in 2022 included Kunshan (self-inventory) and Shenzhen (verified by a third party).
3. The scope of the 2023 inventory covered the parent company in Taipei, the Vietnam subsidiary, the China subsidiary Kunshan, and the China subsidiary Shenzhen, all of which conducted self-inventory.
4. The data are based on electricity consumption from local power companies, gasoline, diesel, liquefied petroleum gas, and coal procurement documents. Items include internal energy consumption, such as purchased electricity, official vehicles, and generators/diesel used in forklifts.
5. The energy consumption calculation coefficient (calorific value) is based on the "Energy Product Calorific Value Table" published by the Bureau of Energy, Ministry of Economic Affairs. Electricity 860 kcal/kWh, gasoline 7,800 kcal/L, diesel 8,400 kcal/L, liquefied petroleum gas 6,635 kcal/L, coal 6,080 kcal/KG; 1 (kcal) is calculated at 4.187 (kJ) 6; 1,00,000 kilojoules (kJ) = 1 gigajoule (GJ).
6. The figures are rounded to the second decimal place.
7. The intensity in 2021, 2022 and 2023 is calculated based on the consolidated revenue of NTD 4,829 million, NTD 3,927 million and NTD 3,508 million, respectively.
8. The Company does not use renewable energy as fuel and does not sell energy.

4.1.5 Greenhouse Gas Emissions

Unit: Ton CO₂e

Greenhouse gas emissions	2021	2022	2023
Scope 1 emissions	132.700	115.944	265.702
Scope 1 intensity (tCO₂e/NTD million)	0.027	0.030	0.076
Scope 2 emissions	36,228.000	31,354.070	28,586.862
Scope 2 intensity (tCO₂e/NTD million)	7.502	7.982	8.147
Sum of Scope 1 and Scope 2 emissions	36,360.700	31,470.014	28,852.564
Sum of Scope 1 and Scope 2 emissions intensity (tCO₂e/NTD million)	7.529	8.012	8.223

Note:

- Scope 1 Statistical scope: gasoline (official vehicle), diesel, types of greenhouse gases included: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O).
- Scope 2 Statistical scope: Mainly the electricity consumption from the Taiwan Electric Power Company/China Electric Power Company/Vietnam Electric Power Company, and the type of gas included: CO₂.
- The scope of statistics in 2023 is: the parent company, the Kunshan/Shenzhen subsidiaries in China, and the subsidiaries in Vietnam.
- 2023 is the first year that the Company publishes its ESG report. Hence, it is set as the base year.
- IPCC Sixth Assessment Report published in 2021 was used to select the applicable GWP value for each greenhouse gas.
- The sources of the conversion factors for Scope 1 and Scope 2 are:
 Parent company: Greenhouse gas emission factor management table version 6.0.4 announced by the Environmental Protection Administration and the electricity carbon emission factor announced by the Energy Administration, Ministry of Economic Affairs.
 Kunshan, a subsidiary in China: "Guidelines for Accounting and Reporting Greenhouse Gas Emissions by Chinese Chemical Manufacturers (Trial)" issued by the National Development and Reform Commission
 Subsidiary in China: Shenzhen Municipal Standardization Technical Document SZDB/Z 69 "Organizational Guidelines for Quantifying and Reporting Greenhouse Gas Emissions"
 • Shenzhen Standardization Technical Guidance Document SZDB/Z 70 "Organizational Greenhouse Gas Emissions Verification Guidelines"
 • "Technical Guidelines for Greenhouse Gas Emissions Verification of Organizations"
 Vietnam Subsidiary: "Greenhouse Gas Protocol"
- GHG emissions are compiled based on operational control.
- The figures are rounded to the third decimal place.
- In response to the "Roadmap for the Sustainable Development of Listed Companies" that regulates the inventory check schedule of each company, the greenhouse gas emissions data in 2023 was collected independently, and the inventory information is planned to be disclosed in 2026 which does not surpass the 2026 base year. Disclosure will also be made for the 2027 annual reduction targets, strategies, and specific action plans.
- The data is systematically derived from the oil purchase records and Taiwan Power Company's electricity consumption data, and then calculated based on the global warming potential (GWP) ratio, the emission factor method, and the mass balance method.
- The intensity in 2021, 2022 and 2023 is calculated based on the consolidated revenue of NTD 4,829 million, NTD 3,927 million and NTD 3,508 million, respectively.



4.2 Resource Management

Management of Material Topics - Resource Management

Material Topics	Resource Management		
Impact Description	Reduce the impact of business operations on the environment, promote resource conservation, and achieve sustainable operations.		
Policy/Commitment	We will continue to strengthen operational management and set goals for water resource management to actively understand and respond to local social and environmental impacts.		
Take Action	Resource management planning, strategy execution, and effectiveness review to reduce resource consumption.		
Tracking and Evaluation Mechanism	Set the goal of reducing resource consumption, mainly for water/electricity bill control, and set the goal setting principle to reduce its proportion in the revenue.		
Management Objectives	Short-term goals (2026)	Medium-term goals (2028)	Long-term goals (2030)
	1. The proportion of water/electricity costs in relation to revenue will be less than 95% of the proportion in 2024. 2. The annual tap water consumption is 2% less than the previous year and 3.96% less than the base year (2024). 3. Formulate the regulations for the management of water resources at the Taipei Plant.	1. The proportion of water/electricity costs in relation to revenue will be less than 95% of the proportion in 2026. 2. The annual tap water consumption is 2% less than the previous year and 7.76% less than the base year (2024).	1. The proportion of water/electricity costs in relation to revenue will be less than 95% of the proportion in 2028. 2. The annual tap water consumption is 2% less than the previous year and 11.41% less than the base year (2024).
Annual Performance	1. In 2023, the ratio of water/electricity expenses to revenue will be 7.79% on average for the Taipei Factory. 2. In 2023, the annual tap water consumption of the Taipei Plant will be reduced by 7.5% compared to 2022.		
Stakeholder Engagement	Suppliers/Customers: 1. Coordinate and cooperate with the supply chain and customers, try our best to adopt a manufacturing process model with the least impact on the environment, and promote various energy-saving management plans. 2. Sign contracts with waste removal and transportation contractors, and pay close attention to the operation and management of the contractors.		

4.2.1 Water Resource Management

Water Resource Management

The scope of new water management currently includes Taipei Factory, Kunshan Factory, and Vietnam Factory. The Company regards water resources as an important environmental and operational issue. Although water resources are not used in direct manufacturing processes, products still require indirect use of water resources. For example, cooling water towers are used for heat dissipation of air conditioners and production equipment, and water for people's livelihood. The reliance on water is still quite high. The water resources of the Company's Taipei Factory, Kunshan, and Vietnam are mainly obtained from third-party water (tap water) and a small amount of rainwater (rainwater harvesting equipment in the factory) even though some factories are located in locations where water resources are not scarce, such as: in Taiwan where there is sufficient rainfall.

However, the uneven distribution of water resources, coupled with the frequent torrential rains and water shortages caused by climate change in recent years, have also invisibly exacerbated the complexity of water resource management. Therefore, we are committed to improving the resilience and adaptation capabilities of water resource management, and will formulate water resource management measures in the future.

Water Conservation Measures:

1	Regular inspection	Strengthen daily inspections of relevant water facilities and record the relevant water consumption values. If there is an abnormality, it will be analyzed and dealt with immediately to avoid wasting water resources.
2	Collaborate with the value chain	Coordinate with customers and try to use the process mode that has the least impact on the environment (which can save water for production), such as raw material adjustment, etc.
3	Promotion of water-saving equipment	To save water resources, we have started with our own actions within the plants, such as installing aerators at faucets and promoting the use of water-free urinals, and gradually expanding the evaluation of sewage recycling and reuse.
4	Immediate response	Emergency response to the source of water leakage to reduce the invisible loss of water resources.

In 2023, the Taipei Factory newly adopted internationally recognized World Resources Institute (WRI) Aqueduct Water Risk Atlas, to identify the water risk index level of the area where the Taipei Factory is located as low-medium (1-2) risk level. Although the Taipei Factory is located in the low-medium water risk index, due to the uneven rainfall in the region, the water resource goal is to reduce the annual tap water consumption by 2% compared to the previous year. Due to the cooperation of relevant measures, the 2023 annual tap water consumption of the Taipei Plant decreased by 7.5% compared to 2022. Furthermore, in the event of a drought causing a water emergency, the factory area will reduce the production capacity (reducing the air conditioning load) according to the relevant government policies and actual conditions to facilitate the common crisis together.

The water risk indicator level of the Kunshan plant is extremely high. Although the products do not use water directly in the manufacturing process, they still need to use water indirectly. Therefore, water resources are reused in the factory. For example, water used in toilets and equipment is reused as equipment water to reduce water consumption. Additionally, the plant has specific water equipment for equipment cooling circulation and air conditioning system chiller water.

The water risk indicator level of the Vietnam plant is medium to high. Although the products do not use water directly in the manufacturing process, they still need to use water indirectly. Therefore, we regularly strengthen the inspection of relevant water facilities and record the relevant water consumption values. If there are any abnormalities, we can analyze and deal with them to avoid wasting water resources.

In 2023, Nishoku used the water risk assessment tool (Aqueduct) developed by the World Resources Institute (WRI) to conduct water risk analysis for Nishoku's offices and plants, and have identified the Taipei Plant's water stress index (low to medium level) for water withdrawal to be 3.919 million liters. The water stress index (medium to high level) for water withdrawal of the Vietnam Plant was 51.394 million liters, and the water stress index (extremely high level) for water withdrawal of the Kunshan Plant was 137.479 million liters. The total water withdrawal of the three regions was 192.792 million liters.

Taipei Factory's Effluent Management Approach and Implementation Plan are Divided into Three Aspects:

1	Reduce effluent discharge through process adjustment and optimization
2	Treatment efficiency management: Replacing outdated appliances gradually to prevent abnormal emissions
3	Increase the concentration ratio of cooling circulating water to reduce water consumption

After effluent treatment in the Taipei Plant, the treated effluent is discharged into the New Taipei City Municipal Sewerage Pipeline in accordance with the effluent standards for public sewage systems ^(Note), where it is treated in a centralized manner at the Bali Sewage Treatment Plant, and finally discharged into the ocean through a 6.6-kilometer discharge pipe with a marine discharge machine.

Note: The discharge water standard of the public sewage sewer system:

Item	PH	SS	BOD5	COD	Coliform bacteria
Unit	None	mg/L	mg/L	mg/L	CFU/100 ml
Limit value	6~9	50	50	150	300,000

Water Resource Use

The water resources of the Taipei Plant are mainly used for cooling and recycling water for air conditioners and production equipment, and domestic water for employees. The water discharged is mainly through employee domestic sewage. The water resource usage of Kunshan Plant and the Vietnam Plant are the same as the Taipei Plant.

Water Withdrawal in the last 3 Years

Unit: Million liters

Region	Source of water withdrawal	Water withdrawal quality index (Note)	Water stress index	2021	2022	2023
Taipei Plant	Third-party water withdrawals	Fresh water	Low to Moderate	4.648	4.307	3.919
Vietnam Plant (Note 5)	Third-party water withdrawals	Fresh water	Moderate to high	-	-	51.394
Kunshan Plant (Note 5)	Third-party water withdrawals	Fresh water	Extremely high	-	-	137.479
Total water withdrawal				4.648	4.307	192.792

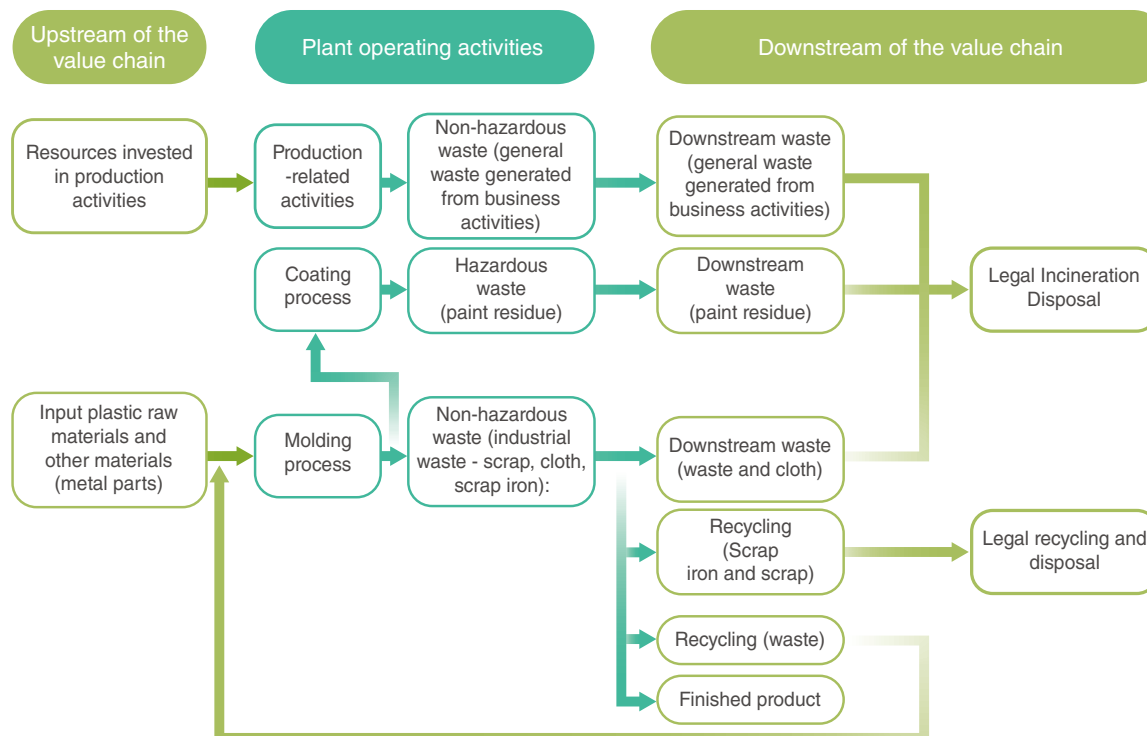
Note:

- The scope of statistics in 2021 and 2022 includes Taipei Plant; in 2023, it includes Taipei Plant, Kunshan Plant, and Vietnam Plant. The water resources of the Taipei Plant are mainly used as cooling and recycling water for air conditioners and production equipment, and employees' domestic water, while the water resource usage of Kunshan Plant and Vietnam Plant are the same as the Taipei Plant.
- The data is derived from the tap water bills, and the statistics are converted based on the water consumption metrics of the Taiwan Water Corporation (e.g.: One unit of water = 1000 liters = 1 metric ton of water). The Kunshan Plant and Vietnam Plant's tap water is provided by the local water company, which is also freshwater according to the classification standard.
- Fresh water (< 1,000 mg/L total dissolved solids); other water (> 1,000 mg/L total dissolved solids); Taipei Plant: According to government regulations, the total dissolved solids in tap water: 800 mg/L, so it is attributed as freshwater.
- There is no effective statistical method for water discharge and water consumption, so only water withdrawal is disclosed.
- There is no complete statistics for the Kunshan Plant and Vietnam Plant in 2021 and 2022.

4.2.2 Waste Management

Waste Management

The current waste management scope boundary of Nishoku includes Taipei Factory, Kunshan Factory, and Vietnam Factory. Regarding Taipei Factory operations, in 2023 a total of 43.236 metric tons of upstream input in the value chain and 4.093 metric tons of recycling and reuse was recorded, a total of 47.329 metric tons, were recycled through internal activities, including production-related activities and processes; the output for downstream value chains was a total of 30.522 metric tons of finished products and 16.807 metric tons of non-hazardous waste, of which 16.807 metric tons of non-hazardous waste included 4.093 metric tons of recycling and 12.714 metric tons of downstream waste that were legally cleared and transported for incineration. The waste recycling rate was 24%.



Kunshan Plant's operating activities, production-related activities and processes in 2023 produced 869.837 metric tons of waste downstream of the value chain, including 771.107 metric tons of non-hazardous waste, 628.477 metric tons of recycled and reused waste and downstream waste that was legally cleared and transported for incineration, of which non-hazardous waste was 158.83 metric tons and hazardous waste was 82.53 metric tons. As a result, the waste recycling rate was 72.25%.

Vietnam Plant's operating activities. In 2023, production-related activities and processes produced 226.742 metric tons of waste downstream in the value chain, of which 142.842 metric tons were non-hazardous waste (all of which was recycled and reused waste) and downstream waste that was legally cleared and transported for incineration, of which the hazardous waste to be disposed of was 83.900 metric tons. As a result, the waste recycling rate was 63.00%.

When non-hazardous waste is generated, it is sorted according to the waste management procedures and the regulations for the sale of waste products and scraps by the responsible personnel into recycled and non-recyclable waste (downstream waste). The recyclable waste is recycled directly into the production process or retained in stock after physical treatment. In the past 3 years, the recycling rate has reached more than 24%. The part that cannot be recycled (downstream waste) is declared according to the government's regulations, and then physically shredded and stored in a designated location in the plant, and subsequent disposal according to the law. Downstream waste (cloth, waste) that cannot be recycled and reused is cleared and transported by contractors that are approved by the government to qualified processors for treatment (incineration). The relevant government forms and GPS are available for the disposal and incineration process to avoid environmental impact caused by illegal incidents. The monthly waste volume is classified and counted by the responsible personnel, and a unified contact window made reports to the government website. Currently, the relevant data collection does not exceed the waste generated by the company's own business activities.

When hazardous waste is generated, it is managed according to the waste management procedures by dedicated personnel in a specific area. When sorting, collecting, clearing, and disposing of hazardous waste, the personnel wears appropriate protective equipment to avoid causing harm to human bodies. The waste clearance and transportation is carried out by qualified companies approved by the government to transport the wastes to qualified waste treatment operators (for incineration) for disposal. The relevant clearance, transportation, and incineration processes are all documented with relevant government forms and GPS vehicle tracking to prevent illegal incidents from causing environmental impact. The monthly waste volume is classified and counted by the responsible personnel according to the hazardous industrial waste recognition standards, and then reported to the government website through a unified contact window.

Waste Generated

Total amount of waste	Type	Unit	2021	2022	2023			
			Taipei Plant	Taipei Plant	Taipei Plant	Kunshan Plant	Vietnam Plant	Total
Industrial waste - scrap - disposal and transfer	Non hazardous	Ton (t)	8.740	6.460	4.093	612.277	142.842	759.212
Industrial Waste - scrap - direct disposal	Non hazardous	Ton (t)	7.555	6.174	2.564	158.830	0.000	161.394
Industrial waste - waste cloth - direct disposal	Non hazardous	Ton (t)	0.062	0.058	0.040	0.000	0.000	0.040
General waste generated from business activities - direct disposal	Non hazardous	Ton (t)	13.940	10.150	10.110	0	0	10.110
Industrial waste - scrap iron - disposal and transfer	Hazardous	Ton (t)	0	0	0	16.200	0	16.200
Industrial waste - paint residue - direct disposal	Hazardous	Ton (t)	0	0	0	82.530	83.900	166.430
Total amount of waste								
Total weight of waste (A)		Ton (t)	30.297	22.842	16.807	869.837	226.742	1,113.386
Waste diverted from disposal (B)		Ton (t)	8.740	6.460	4.093	628.477	142.842	775.412
Waste directed to disposal		Ton (t)	21.557	16.382	12.714	241.360	83.900	337.974
Percentage of waste recycling (B/A)		Percentage %	28.85%	28.28%	24.35%	72.25%	63.00%	69.64%

Note:

- The scope of statistics in 2021 and 2022 includes Taipei Plant; 2023 includes Taipei Plant, Kunshan Plant, and Vietnam Plant. The total weight of waste in the above table includes industrial waste - waste - waste diverted from disposal (recycling and reuse).
- Percentage of waste recycling = weight of recycled waste in the waste generated by the production/total weight of the waste generated during the production process, rounded off to two decimal places.

Waste Diverted from Disposal

Environmental Indicators		Unit	2021	2022	2023			
			Taipei Plant	Taipei Plant	Taipei Plant	Kunshan Plant	Vietnam Plant	Total
Non-hazardous waste								
Preparation for reuse	On-site (A)	Ton (t)	0	0	0	0	0	0
Recycling and reuse			8.740	6.460	4.093	612.277	0	616.370
Other recycling operations			0	0	0	0	0	0
Preparation for reuse	Off-site (B)		0	0	0	0	0	0
Recycling and reuse			0	0	0	0	0	0
Other recycling operations			0	0	0	16.200	142.842	159.042
Preparation for reuse	On-site and off-site (A) + (B)		0	0	0	0	0	0
Recycling and reuse			8.740	6.460	4.093	612.277	0	616.370
Other recycling operations			0	0	0	16.200	142.842	159.042
Total amount			8.740	6.460	4.093	628.477	142.842	775.412

Note:

- "Recycling" refers to the diversion and reuse of waste handled by the waste collection companies contracted by the Company.
- The scope of statistics in 2021 and 2022 includes Taipei Plant; 2023 includes Taipei Plant, Kunshan Plant, and Vietnam Plant.
- The data of Taipei Plant is derived from the Company's internal statistics and from the "Industrial Waste Reporting and Management Information System" of the Resource Circulation Administration, Ministry of Environment.

Waste Directed to Disposal

Environmental Indicators		Unit	2021	2022	2023			
			Taipei Plant	Taipei Plant	Taipei Plant	Kunshan Plant	Vietnam Plant	Total
Hazardous waste								
Incineration (including energy recovery)	On-site (A)	Ton (t)	0	0	0	0	0	0
Incineration (excluding energy recovery)			0	0	0	0	0	0
Landfill			0	0	0	0	0	0
Other disposal operations (such as dumping, open burning or deep well injection)			0	0	0	0	0	0
Incineration (including energy recovery)	Off-site (B)		0	0	0	0	0	0
Incineration (excluding energy recovery)			0	0	0	82.530	83.900	166.430
Landfill			0	0	0	0	0	0
Other disposal operations (such as dumping, open burning or deep well injection)			0	0	0	0	0	0
Incineration (including energy recovery)	On-site and off-site (A) + (B)		0	0	0	0	0	0
Incineration (excluding energy recovery)			0	0	0	82.530	83.900	166.430
Landfill			0	0	0	0	0	0
Other disposal operations (such as dumping, open burning or deep well injection)			0	0	0	0	0	0
Subtotal			0	0	0	82.530	83.900	166.430

Environmental Indicators		Unit	2021	2022	2023				
			Taipei Plant	Taipei Plant	Taipei Plant	Kunshan Plant	Vietnam Plant	Total	
Non-hazardous waste									
Incineration (including energy recovery)	On-site (A)	Ton (t)	0	0	0	0	0	0	
Incineration (excluding energy recovery)			0	0	0	0	0	0	
Landfill			0	0	0	0	0	0	
Other disposal operations (such as dumping, open burning or deep well injection)			0	0	0	0	0	0	
Incineration (including energy recovery)	Off-site (B)		0	0	0	0	0	0	
Incineration (excluding energy recovery)			21.557	16.382	12.714	158.830	0	171.544	
Landfill			0	0	0	0	0	0	
Other disposal operations (such as dumping, open burning or deep well injection)			0	0	0	0	0	0	
Incineration (including energy recovery)	On-site and off-site (A) + (B)		0	0	0	0	0	0	
Incineration (excluding energy recovery)			21.557	16.382	12.714	158.830	0	171.544	
Landfill			0	0	0	0	0	0	
Other disposal operations (such as dumping, open burning or deep well injection)			0	0	0	0	0	0	
Subtotal			21.557	16.382	12.714	158.830	0	171.544	
Total amount			21.557	16.382	12.714	241.360	83.900	337.974	

Note:

1. All non-hazardous waste disposed of by the Company is directly disposed of by waste collection companies contracted by the Company.
2. The scope of statistics in 2021 and 2022 includes Taipei Plant; 2023 includes Taipei Plant, Kunshan Plant, and Vietnam Plant.

05

People Orientation

5.1 Talent Capital

5.2 Human Rights

5.3 Employee Care and
Labor Protection

5.4 Occupational Health
and Safety



5.1 Talent Capital

Management of Material Topics - Talent Capital

Material Topics	Talent Capital		
Impact Description	With the rapid development of materials related to electronic products, human capital will be impacted in the future. Whether all employees can continuously improve their professional knowledge and management capabilities to promote cooperation between customers and original manufacturers and suppliers, and whether the company's work environment and management system are sufficient to attract and retain competitive employees, will become a key factor.		
Policy/Commitment	Continue to grow, create excellence, and create the best environment to attract and retain talents.		
Take Action	Train employees with diverse competencies, and regularly organize internal and external professional training courses to ensure that employees can continuously update their professional knowledge. Formulate a clear career development path for employees and provide opportunities for promotion and horizontal development.		
Tracking and Evaluation Mechanism	The Education and Training Committee reviews the annual training results and makes adjustments and improvements through feedback.		
Management Objectives	Short-term goals (2026)	Medium-term goals (2028)	Long-term goals (2030)
	<ol style="list-style-type: none"> 1. The average number of training hours per employee per year has increased by 10% compared to 2024. 2. Maintain a 100% participation rate in all education and training. 3. Employees are encouraged to apply for external training courses and relevant continuing education. The Company will provide subsidies after review. 	<ol style="list-style-type: none"> 1. The average number of training hours per employee per year has increased by 10% compared to 2026. 2. Education and training satisfaction above 90%. 3. Continue to improve talent cultivation through diversified learning platforms such as physical and online courses. 	<ol style="list-style-type: none"> 1. The average number of training hours per employee per year has increased by 10% compared to 2028. 2. Obtained the bronze medal or above in the Talent Development Quality Management System (TTQS). 3. Continue to revise the performance evaluation process, establish a fair and comprehensive talent cultivation system, and achieve the goal of corporate sustainable management. 4. Establish industry-academia collaboration projects.
Annual Performance	<ol style="list-style-type: none"> 1. In 2023, the average training hours will be 9 hours (Taipei Factory). 2. 100% participation rate in education and training. 3. Group-wide training in 2023: 20,680 persons. 		
Stakeholder Engagement	<p>Employees:</p> <ol style="list-style-type: none"> 1. Regularly organize education and training for employees to provide feedback, so that the work environment and welfare system can be improved through direct communication and exchange. Health seminars and consultations are held every month. Contracted medical staff to provide on-site services for 3 hours each month, and employees are arranged to take turns for health assessment and advice. 2. The management is responsible for formulating and implementing employee training, motivation and development plans, and evaluating and improving the effectiveness of action plans. 3. The HR Department is responsible for employee recruitment, employee care, career development plans, and performance evaluation. 4. The labor, safety and health departments ensure the health and safety of our employees' work environment. 		

5.1.1 Talent Development

Education and Training

Nishoku is committed to providing employees with a comfortable working environment, adequate education and training, and diverse career development opportunities. The stable development of employees is also an important indicator of the Company's efforts. In 2023, employees of the Taipei Factory received an average of 9 hours of training. Internal and external training courses cover diverse courses on occupational safety, law, and business. The courses are provided to employees to enhance their core or professional abilities for their work functions. The Company's core values are to enable its employees to demonstrate their strengths in an appropriate environment and to engage in continuous improvement.

Employee Training Hours Statistics	2021			2022			2023		
	Male	Female	Overall	Male	Female	Overall	Male	Female	Overall
Average class hours at different levels									
Management level	5	11	7	5	12	8	6	12	9
Non-management level	8	9	8	7	8	8	8	9	9
Average class hours for different employee categories									
Indirect	6	11	9	6	11	8	7	12	10
Direct	3	5	5	7	4	5	4	3	3

For Taipei Plant and Kunshan Plant, various internal and external training courses were arranged to enhance employee competency in 2023. Please refer to the table below for details.

Employee Training Program	Program Description	Quantitative Results (Example: Number of sessions and study hours in the current year)	Employee participation rate
Taipei Plant - Occupational Safety Training	The training content includes occupational safety and health business executive refresher training, crane refresher training, firefighting training and self-defense formation drills, radiation protection training, and the safety of using knives and fire.	Number of sessions: 8, Study hours: 69.5 hours	100%
Taipei Factory - Legal Training	The training content includes lawyer education and training, legal education and training, sales contract management dispute case practice, and the 50th anniversary seminar of Chien Yeh Law Offices.	Number of sessions: 7, study hours: 56 hours	100%
Taipei Factory - Information Security Training	Training contents include work-from-home information security and personal data protection, enterprise information security "risk assessment and management", spam filtering software and email system operation training, enterprise information security "software development security concepts", malicious email social engineering protection and information security promotion.	Number of sessions: 6, study hours: 28 hours	100%
Taipei Plant - Business Training	The training included 3 hours to build the brand attraction, innovative economic thinking: big data marketing, workplace communication: 19 precise presentation courses for efficient dialogue, and innovative economic thinking: Unscaling resource integration.	Number of sessions: 5, study hours: 38 hours	100%

Employee Training Program	Program Description	Quantitative Results (Example: Number of sessions and study hours in the current year)	Employee participation rate
Taipei Factory - Accounting Training	The training contents include: the 2023 CTBC Bank Stock Services Act explanatory meeting; the 2023 corporate governance evaluation course; the implications of sustainability reporting and the introduction of report preparation/the impact of climate change on financial statements; viewing information security governance strategies of TWSE/TPEX listed companies from ESG corporate sustainability; 2023 continuing education for chief accounting officers and agents; Introduction to ESG disclosure and SASB Standards; Corporate Governance Blueprint 3.0 ESG - Greenhouse Gas Inventory; How Directors Supervise the Company's Effective Corporate Risk Management and Crisis Management; Understanding the Company's operating performance through financial analysis indicators.	Number of sessions: 18, study hours: 156 hours	100%
Kunshan Plant - Safety Training	Enhance employees' safety awareness and safety precautions.	Number of sessions: 48, Study hours: 54.5 hours	100%
Kunshan Plant - Quality and Quantity Training	Enhance employees' quality awareness and ensure that shipments meet customer requirements.	Number of sessions: 29, Study hours: 34.5 hours	100%
Kunshan Plant - System Training	To promote the development of the Company, we aim to strengthen the organizational structure, improve the management level, and achieve efficient operation and sustainable development. It will involve multiple aspects such as organizational structure optimization, process reengineering, and talent cultivation, in order to achieve the goal of enhancing the overall competitiveness of the enterprise.	Number of sessions: 4, Study hours: 18 hours	100%
Kunshan Plant - RBA Training	Through training, employees can understand, ensure the Company's environmental safety, and protect the rights and basic interests of the Company's employees.	Number of sessions: 3, learning hours: 3 hours	100%

Transition and Assistance Programs

Nishoku's severance pay is calculated according to the standards of the Labor Standards Act for severed employees, and severance pay is reported according to regulations, so that the relevant departments of the Labor Bureau can provide official employment assistance plans based on the reported data. In addition, based on the "Survey on the Intention to Continue to Work at Retirement Age", employees who wish to continue working after retirement will be given suitable jobs, with jobs that are highly relevant to their original jobs being considered first. For the employees who are willing to continue to work after retirement, a decision will be made whether to renew their engagement based on the manpower gap at the time and their personal wishes.

Performance Evaluation

New employees of Nishoku are evaluated on their performance and career development after completion of service for three months. They will be included in the regular annual evaluation mechanism after passing the aforementioned evaluation. 100% of all employees undergo the regular annual evaluation.

5.1.2 Talent Appointment and Retention

Proportion of Senior Management Hired from the Local Community

The senior management of Nishoku is responsible for making decisions regarding the development of the organization's operational strategies. The percentage of local residents employed as senior management at each important business location is 100% in Taiwan, 73% in Kunshan, and 13% in Vietnam.

"Senior management" in Taiwan refers to managers, and it refers to employees and representatives of department heads and above level for overseas bases. Key operating locations of Nishoku include Nishoku Technology Inc. and NISHOKU BOUEKI CO.,LTD. in Taiwan; KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. in Kunshan, China; and NISHOKU TECHNOLOGY VIETNAM Co., Ltd. in Vietnam.

Percentage of Local Residents Hired as Senior Management in 2023 (Region)

Item	Taiwan	Kunshan	Vietnam
Number of local senior management	6	8	1
Number of senior management	6	11	8
Percentage	100%	73%	13%

Note: Definition of Senior management: In Taiwan, it refers to managers, and it refers to employees and representatives of department heads and above level for overseas bases.



New Employee Hires and Employee Turnover

		2021								2022								2023							
Region	Age	Newly recruits				Resigned employees				Newly recruits				Resigned employees				Newly recruits				Resigned employees			
		Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
Taiwan	<30 years old	2	0.19	0	0.00	2	0.15	1	0.07	1	0.11	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.09
	Aged 30 - 50	4	0.38	12	1.13	4	0.30	8	0.59	3	0.34	3	0.34	8	0.81	6	0.61	2	0.16	2	0.16	4	0.37	5	0.46
	>50 years old	1	0.09	1	0.09	0	0.00	2	0.15	1	0.11	1	0.11	2	0.20	0	0.00	0	0.00	1	0.08	1	0.09	4	0.37
Kunshan	<30 years old	232	21.87	171	16.12	258	19.07	195	14.41	171	19.15	102	11.42	156	15.84	100	10.15	29	2.27	22	1.72	43	3.94	37	3.39
	Aged 30 - 50	196	18.47	242	22.81	259	19.14	310	22.91	172	19.26	223	24.97	179	18.17	242	24.57	74	5.78	59	4.61	116	10.62	124	11.36
	>50 years old	4	0.38	0	0.00	5	0.37	12	0.89	1	0.11	0	0.00	4	0.41	13	1.32	0	0.00	0	0.00	1	0.09	9	0.82
Vietnam	<30 years old	0	0.00	1	0.09	0	0.00	1	0.07	0	0.00	2	0.22	0	0.00	2	0.20	0	0.00	0	0.00	0	0.00	2	0.18
	Aged 30 - 50	6	0.57	3	0.28	43	3.18	31	2.29	2	0.22	3	0.34	13	1.32	10	1.02	0	0.00	0	0.00	12	1.10	11	1.01
	>50 years old	1	0.09	0	0.00	3	0.22	4	0.30	0	0.00	0	0.00	3	0.30	4	0.41	0	0.00	0	0.00	3	0.27	3	0.27
Total number of employees		2,597								2,019								2,442							
Total number of new employees		1,061								893								1,280							
Rate of new recruits (%)		41%								44%								52%							
Total number of employees resigned		1,353								985								1,092							
Total turnover rate (%)		52%								49%								45%							

5.1.3 Talent Overview and Management

Manpower Structure

As of the end of 2023, the Company has 2,442 employees, including 1,916 full-time employees, accounting for 78% of the overall headcount, and 526 non-regular employees (fixed-term contract workers), accounting for 22% of the overall headcount. During the reporting period, there has been no significant fluctuation in the number of employees and non-employees.

With business locations in Taiwan, China, and Vietnam, the Company employs more than 95% of its employees locally. We have complied with the labor-related laws and regulations of the competent government agencies and have never employed child labor. If foreigners are hired, they will be handled according to the relevant regulations of local laws and regulations.

We value diversity and tolerance in the workplace. We recruit employees and determine their salaries and benefits regardless of gender, age, nationality, race, religion, or position. The male to female ratio is 48:52. In addition to the 2,442 employees, in 2023, there were a total of 27,896 non-employees and outsourced workers in the factory performing work based on hourly wages. During the reporting period and compared with the previous period, there were no significant fluctuation in the number of non-employees.

Structure of the Global Workforce (by Gender and Work Area)

Category	Group	Male		Female		Subtotal by group		Taiwan		China		Vietnam		Subtotal by group	
		Number of People	Percentage in this group	Number of People	Percentage in this group	Number of People	Percentage in this group	Number of People	Percentage in this group	Number of People	Percentage in this group	Number of People	Percentage in this group	Number of People	Percentage in this group
Employment contract	Permanent Employees	920	79%	996	78%	1916	78%	68	100%	990	65%	858	100%	1,916	78%
	Temporary employees	246	21%	280	22%	526	22%	0	0%	526	35%	0	0%	526	22%
	Employees without guaranteed hours	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Type of employment	Full-time	1,166	100%	1,276	100%	2,442	100%	68	100%	1,516	100%	858	100%	2,442	100%
	Part-time job	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

Note: The number of people is the actual number of employees.

5.2 Human Rights

5.2.1 Human Rights Policy

To implement the corporate philosophy of respecting human rights, the Company complies with domestic labor and related laws and regulations, and has formulated the Group Human Rights and Employee Policy, which was approved by the Board of Directors and announced as the highest guiding principle for the human rights governance at Nishoku. The Company supports and adheres to the principles and spirit disclosed in international human rights conventions such as the United Nations Universal Declaration of Human Rights, the Global Compact, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work to implement the ESG policy and mission. The scope of application covers all members of the Company and their suppliers and partners.

Each policy commitment is proposed and drafted by the relevant affairs department. After optimization and discussion by the Sustainable Development Promotion Team, it is submitted to the Board of Directors for review and approval. The Company will announce the policy commitment in a timely manner. The policy commitments apply to the overall operating activities of the Company, its subsidiaries, and business partners (including suppliers).



Group Human Rights and Employee Policy

5.2.2 Human Rights Due Diligence

To fulfill our commitment to human rights, the Company has established the Human Rights Due Diligence Procedures for Nishoku. Every year, we review our operations, value chain, new business activities (e.g. mergers and acquisitions, joint ventures) and other related activities by paying attention to social trends and questionnaire surveys, followed by identifying and evaluating groups at risk and potential human rights issues to better implement human rights policies.

Five Steps of Human Rights Due Diligence:

1	Formulate human rights policies	To fulfill corporate social responsibility and implement human rights protection, the Company has formulated applicable human rights policies to eliminate human rights violations.
2	Human Rights Risk Identification	Members of the Sustainable Development Promotion Team identify and confirm human rights-related issues such as work-related injuries, occupational safety and health, and discrimination.
3	Risk Assessment and Result Analysis	Assess the risk level of various human rights issues through the use of risk assessment tools.
4	Formulation of relevant management measures	Inventory relevant human rights items in the value chain and formulate mitigation and remedial measures.
5	Tracking and Deficiency Improvement	Track the results and evaluate the effectiveness of corrections to effectively manage human rights.

5.2.3 Communication Channels for Implementation of Human Rights Issues

 Compliance promotion	The Company conducts legal compliance advocacy via the intranet or announcements on a quarterly basis. The Company conducts anti-discrimination, anti-sexual harassment, and anti-bullying education and training campaigns to provide a quality workplace that upholds human rights.
 Suggestion box and online mailbox	According to the Company's "Group Human Rights and Employee Policy", a suggestion box has been set up within the Company so that employees can have a channel through which to express their opinions (or complaints) to senior supervisors or the Company's senior management.
 Labor-management meeting	Establish good communication channels and hold labor-management meetings regularly to ensure the rights and interests of both parties.

5.3 Employee Care and Labor Protection

Management of Material Topics - Employee Care and Labor Protection

Material Topics	Employee Care and Labor Protection		
Impact Description	Provide high-quality employee benefits and work environment, improve employee satisfaction, attract and retain outstanding talents, and increase productivity.		
Policy/Commitment	Employees are important partners in the Company's sustainable development. The Company is committed to creating an equal, diverse, and healthy work environment.		
Take Action	Adhering to the principle of fairness and non-discrimination, we provide equal employment and development opportunities, industry-competitive remuneration, and diverse welfare measures.		
Tracking and Evaluation Mechanism	Employees' feedback is understood through relevant channels such as the employee suggestion box and labor-management meetings.		
Management Objectives	Short-term goals (2026)	Medium-term goals (2028)	Long-term goals (2030)
	1. Number of employee complaints = 0 2. Number of labor law violations = 0 3. Formulate a human rights due diligence policy	1. Number of employee complaints = 0 2. Number of labor law violations = 0 3. Promote the establishment of preventive remedial measures and adaptation plans for human rights risks	1. Number of employee complaints = 0 2. Number of labor law violations = 0 3. Continue to strengthen human rights risk identification
Annual Performance	1. In 2023, there were no cases of discrimination, no violations of laws involving the use of child labor, no violations of laws involving forced or compulsory labor, and no incidents of violations involving rights of indigenous peoples. 2. In 2023, we held two domestic and overseas employee labor-management meetings and held eight employee welfare committee meetings. 3. In 2023, all plants have conducted annual employee health examinations.		
Stakeholder Engagement	Employee: 1. Hold labor-management meetings to listen to employees' needs so that they can receive comprehensive attention and care and fully express their opinions. 2. According to the "Labor Management Policy and Code of Practice", anyone can report any unfair behavior to the Company's senior management through the reporting system. 3. The Company is committed to improving the facilities at the workplace and encouraging employees to participate in sexual harassment prevention education seminars.		

5.3.1 Employee Diversity and Inclusion

Employee Diversity

The Company upholds the core values of being "people-oriented", hoping to create an equal workplace. The salary difference between men and women in non-management positions, and the total salary difference between men and women are all within 10%, and the difference in the ratio of basic salaries and remuneration of women to men in management positions is relatively large, mainly due to the difference in the content of the powers, responsibilities and duties of the work. The ratio of male and female employees is gradually becoming equal, with male employees accounting for 47.75% and female employees accounting for 52.25% of all employees. In terms of cultivating management talents, we attach importance to management characteristics and skills. Regardless of gender or group, we actively promote outstanding employees with outstanding performance and actively support employees to improve. In 2023, the number of new female supervisors (deputy chief) or higher will reach 62 persons, accounting for 43% of all supervisors. For our commitment to social corporate responsibility, in terms of talent recruitment, we recruit employees with disabilities. In 2023, there is one employee with disabilities at the supervisor (deputy) director level or above, accounting for 0.7% of all supervisors.

Employee type (number of people)			2023	Percentage of employees (%)
Supervisor	Male	<30 years old	0	0%
		Aged 30 - 50	71	3%
		>50 years old	11	0%
	Female	<30 years old	0	0%
		Aged 30 - 50	51	2%
		>50 years old	11	0%
Non- managerial officers	Male	<30 years old	345	14%
		Aged 30 - 50	682	28%
		>50 years old	57	2%
	Female	<30 years old	283	12%
		Aged 30 - 50	868	36%
		>50 years old	63	3%
Total			2,442	100%
People with disabilities	Male	<30 years old	0	0
		Aged 30 - 50	1	0.04%
		>50 years old	0	0
	Female	<30 years old	0	0
		Aged 30 - 50	0	0
		>50 years old	1	0.04%

Ratio of Basic Salary and Remuneration of Women to Men

Operating Location: Taiwan	2021			2022			2023		
	Salary	Wage	Total compensation	Salary	Wage	Total compensation	Salary	Wage	Total compensation
Managerial position	1.44:1	2.12:1	1.76:1	1.35:1	1.62:1	1.48:1	1.2:1	1.23:1	1.21:1
Non- management positions	0.93:1	0.87:1	0.91:1	1.1:1	0.97:1	1.07:1	1.02:1	0.74:1	0.94:1

Note:

1. Total compensation = salary + remuneration
2. In the above compensation ratio, the remuneration for women is all 1.
3. Statistical scope is Taiwan (includes Nishoku Technology Inc. and Hsin Chi Ming Co., Ltd.)

Employee Benefits

Nishoku Taipei has established the Staff Welfare Committee with welfare funds set aside each month. Representatives are selected by both labor and management to be in charge of matters in connection to employee welfare so as to reach the goal of a harmonious working environment as well as bringing all employees together. The protection and benefits provided by the Company and the Welfare Committee include:

1	The purchase of labor insurance, National Health Insurance and Group Insurance.	6	Free car and motorbike parking spaces for colleagues.
2	Holds employee health examinations performance by qualified hospitals, ensuring the health of employees.	7	Periodical employee trips.
3	Established the employee canteen, providing meals for employees.	8	Holds education and training inside and outside the plant from time to time.
4	Employees are given wedding, childbirth, holiday and birthday cash gifts, plus wedding cash gifts and childbirth incentives for NTD 12,000 for each child.	9	Year-end parties and lucky draws.
5	Funeral and hospital subsidies.	10	Advanced health check for senior employees and managers.
11	<p>In addition to the menstruation leave that women are entitled to under the Labor Standards Act, the Company also provides the following support programs for female employees;</p> <p>Pregnancy and childbirth: 56 days of maternity leave in accordance with the law, 7 days of maternity examination leave, and the leave of rest in accordance with the doctor's orders.</p> <p>Parenting: In addition to 7 days of family care leave per year, female employees are entitled to breastfeeding rooms, breastfeeding breaks, and parental leave systems in accordance with the "Act of Gender Equality in Employment." We also provide female employees with measures to assist in reinstatement after childbirth, and offer them suitable work as needed.</p>		

Parental Leave

In accordance with the "Act of Gender Equality in Employment," the "Regulations for Implementing Unpaid Parental Leave for Raising Children," and the newly updated "Factory Rules and Work Rules," for employees who have completed six months of service with the company, they may apply for unpaid parental leave for a maximum period of two years until the child reaches the age of three. The company assists them with reinstatement and offers suitable work based on needs.

Parental leave statistics	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Number of employees qualified for parental leave in the current year (A)	3	0	0	3	1	0
Number of applications for parental leave actually taken in the current year (B)	0	0	0	2	1	0
Application Rate (B/A)	0%	0%	0%	67%	100%	0%
Number of employees on parental leave requiring reinstatement in the current year (C)	0	0	0	2	0	0
Number of employees who applied for reinstatement in the year (D)	0	0	0	1	0	0
Reinstatement rate (D/C) ^(Note)	0%	0%	0%	50%	0%	0%
Number of employees reinstated in the previous year (E)	0	0	0	0	0	1
Number of employees reinstated for one year in the previous year (F)	0	0	0	0	0	1
Retention rate (F/E)	0%	0%	0%	0%	0%	100%

Note: Statistical scope includes Nishoku Technology Inc. and Hsin Chi Ming Co., Ltd.

5.3.2 Labor Relations

Minimum Notice Periods for Operational Changes

If the labor contract is terminated in accordance with the Labor Standards Act and the "Factory Rules and Work Rules," its notice period shall be as specified in the following subparagraphs:

- (I) If the employee has worked continuously for more than 3 months but less than 1 year, he/she shall be given a notice of 10 days in advance.
- (II) If the employee has worked continuously for more than 1 year but less than 3 years, he/she shall be given a notice of 20 days in advance.
- (III) If the employee has worked continuously for more than 3 years, he/she shall be given a notice of 30 days in advance.

If there are major operational changes or countermeasures that affect employees' rights and interests, they will be fully communicated through labor-management meetings before implementation, and employees will be informed through announcements or notified in advance according to laws and regulations.

Collective Bargaining Agreements

We have not established a labor union or collective bargaining agreement. We communicate with employees through labor-management meetings and diverse methods on a regular basis. In the future, the Company will continue to maintain good interactions with labor unions, abide by local labor laws and regulations, and continue to communicate with employees to create a win-win environment for labor and management harmony.

5.4 Occupational Health and Safety

Management of Material Topics - Occupational Health and Safety

Material Topics	Occupational Health and Safety		
Impact Description	Ensure the provision of a safe and healthy work environment for employees, strengthen employee health management, and reflect the importance of Occupational Health and Safety to maintain the Company's competitiveness.		
Policy/Commitment	Ensure a safe and healthy working environment and care for the health of employees so that they are treated with respect and dignity.		
Take Action	Worker health examination/health management, safety and health education and training, and work environment monitoring.		
Tracking and Evaluation Mechanism	1. Monthly management report to track the status of industrial safety incidents. 2. Regular internal audits are conducted to ensure compliance with laws and regulations.		
Management Objectives	Short-term goals (2026)	Medium-term goals (2028)	Long-term goals (2030)
	1. Maintain zero casualties from industrial safety incidents. 2. Occupational safety and health education and training completion rate of 100%. 3. Continue to revise Factory Rules and Work Rules, replace equipment that may endanger labor safety, and improve workplace facilities. 4. Continue to obtain ISO 45001 Occupational Health and Safety Management System certification.	1. Maintain zero casualties from industrial safety incidents. 2. Occupational safety and health education and training completion rate of 100%. 3. Continue to promote health consultation and care activities, hire health instructors, promote workplace health, and enhance workplace health and safety culture. 4. Continue to obtain ISO 45001 Occupational Health and Safety Management System certification.	1. Maintain zero casualties from industrial safety incidents. 2. Occupational safety and health education and training completion rate of 100%. 3. Continue to promote health consultation and care activities, promote workplace health, and enhance workplace health and safety culture. 4. Continue to obtain ISO 45001 Occupational Health and Safety Management System certification, and improve occupational health and safety management system.
Annual Performance	1. No employee suffered from work-related ill health in 2023. 2. In 2023, we provided health consultation and care for 842 people, advanced health examination for 19 people, and on-site health consultation and care for 38 people. 3. In 2023, 18,498 employees completed occupational safety and health education and training.		
Stakeholder Engagement	Employee: 1. Occupational safety-related regulations are communicated through the Occupational Safety Committee and labor-management meetings to ensure workplace safety and provide a channel for employees to express their opinions. 2. Organize relevant health and safety education and training to promote the establishment of occupational health and safety culture and awareness among employees. Government agencies: 1. Participate in government agencies' briefings to identify and understand the latest relevant laws and regulations. Other stakeholders: 1. Stakeholders can review the relevant laws and regulations and compliance operations on the website and the annual report, and can contact them through the communication channel on the website.		

5.4.1 Healthy and Safe Workplace

Occupational Health and Safety Management System

According to Article 12-2 of the "Occupational Health and Safety Management Regulations," the number of workers in Taipei Factory has not reached more than 200 employees in Category I business, and the occupational health and safety management system has not yet been implemented. In addition, the operating bases that have obtained the ISO 45001 Occupational health and safety management system certification include the Kunshan Plant, the Shenzhen Plant, and the Vietnam Plant.

Taipei Factory implements occupational health and safety management. In accordance with the Ministry of Labor's "Occupational Safety and Health Act" and "Occupational Health and Safety Management Regulations," the "Labor Health and Safety Work Rules" have been formulated, which apply to all operating activities, products, services, and all tasks. Workers who are not employees are contractors who have signed a contract with the Company, including security and cleaning. The Kunshan Plant and the Vietnam Plant have formulated relevant work rules in accordance with the relevant local laws and regulations.

Hazard Identification, Risk Assessment, Incident Investigation

The Taipei Plant in reference to the Technical Guidelines for Risk Assessment published by the Occupational Health and Safety Administration, Ministry of Labor, a 2023 hazard identification was conducted by the Human Resources Administration Department/Class A occupational health and safety sales manager, and a total of 7 hazard risks were identified, including: occupational diseases, noisy operations, UV operations, molding operations, alcohol lamps, shredders, and chemicals. The Company conducts risk management and control, promotion and education training for different risks, and fire safety drills and industrial safety training at least once every six months. Currently, there are countermeasures for the identified disaster risks. Through the discussions of the Occupational Health and Safety Committee, improvements are carried out for high-risk activities in the workplace to protect the health of employees.

The Number of Safety and Health Training Sessions Held at Each Plant and the Number of Participants in 2023 are as Follows:

Plant	Name of class	Number of promotions	Number of Participants
Kunshan Plant	Emergency rescue drills, fire drills, work-related ill health prevention training,	5	6,500
Shenzhen Plant	Occupational Health Training	4	60
Vietnam Plant	Labor health and safety training	1	1,194
Taipei Plant	How to use an alcohol-based utility knife, firefighting training and self-defense drills, newcomer training - health and safety education and training	6	56

Note: The above "number of participants" refers to the total number of participants in each training session.

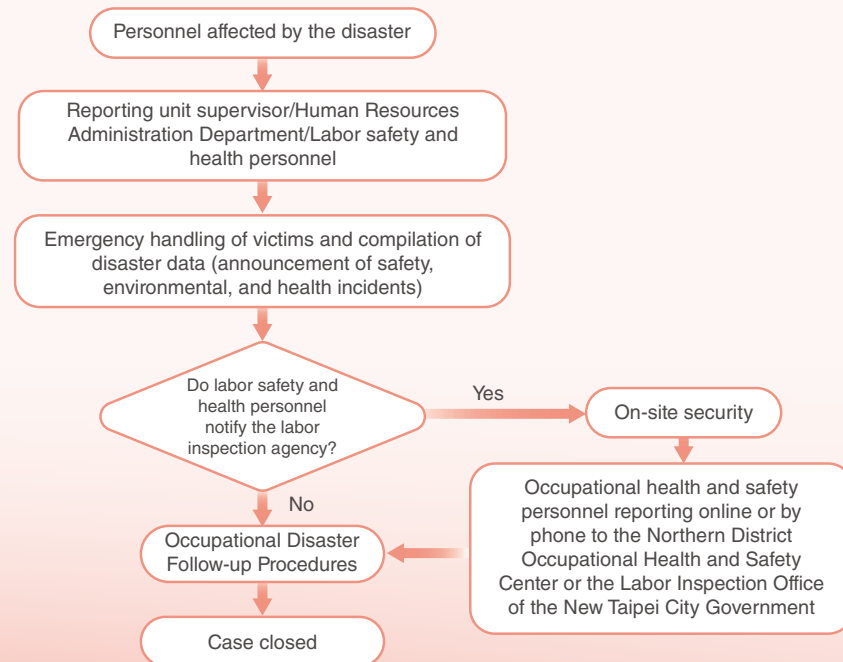
The Taipei Factory, Kunshan Factory, Shenzhen Factory, and Vietnam Factory conduct fire safety drills according to local laws and regulations every year. In addition, we hold an internal audit for the occupational health and safety management system (ISO 45001) once a year. Auditors must complete at least 16 hours of internal training before they can audit each other's auditors of other departments. In accordance with local regulations, annual occupational hazard identification is implemented in accordance with local regulations, risk assessments are conducted and submitted to the local government for approval. The audit scope includes the Kunshan, Shenzhen, and Vietnam factories. The audit is to ensure the quality of the occupational hazard identification and risk assessment procedures, and the adequacy of the competence of the personnel. In 2023, the drills and audit results of the Kunshan Plant, Shenzhen Plant, and Vietnam Plant were in compliance with laws and regulations, and we are committed to maintaining a good operating environment and conducting regular inspections to ensure the health and safety of employees.

In accordance with Article 18 of the "Occupational Safety and Health Act," the Taipei Factory gives employees the right to report and withdraw from work when there is an immediate danger. The employer must not dismiss, adjust the position of, or stop paying the wages to the employee for the period of work done or other improper punishment.

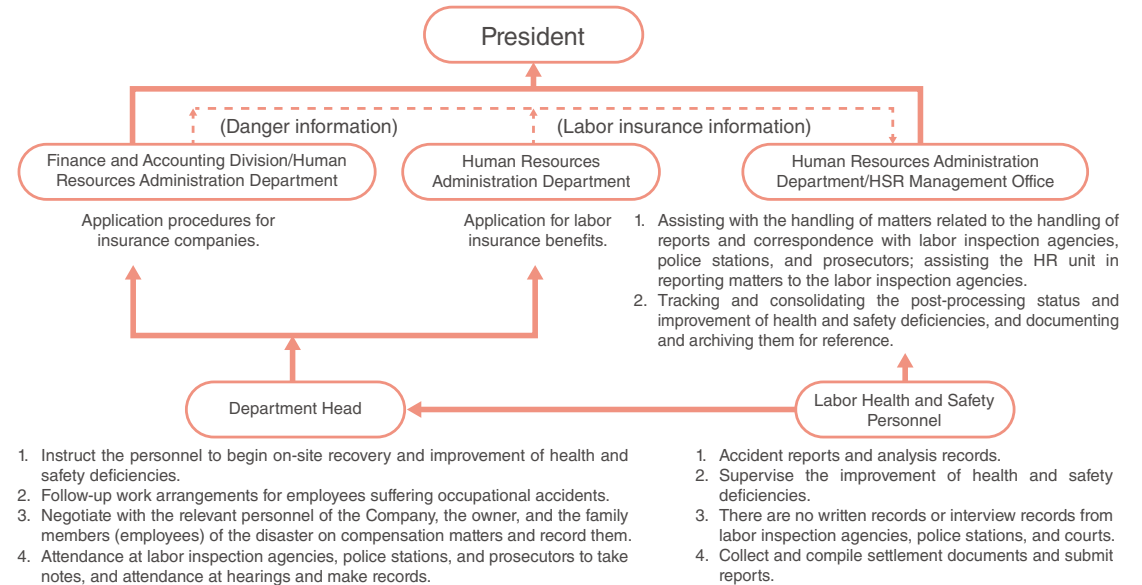
In accordance with the "Written Statement on the Prevention of Illegal Harm Prevention in the Workplace" announced by each plant to prevent the employees from suffering the following illegal workplace abuse, and provide relevant grievance channels according to the statement.

- (I) Illegal physical injury (e.g. beating, scratching, punching, kicking, etc.).
- (II) Psychological abuse (e.g. threats, bullying, harassment, verbal abuse, etc.).
- (III) Illegal language abuse (e.g., intimidation, interference, discrimination, etc.).
- (IV) Sexual harassment (e.g., inappropriate sexual implication and behavior).
- (V) Stalking and harassment.

Taipei Factory Internal Reporting Process:



Taipei Factory Occupational Disaster Follow-up Procedures



Occupational Health Services

The physical and mental health of employees is one of the most important indicators of corporate sustainability. The Taipei Plant arranges general labor health examinations once every two years, which is better than the current legal requirements. For the employees who are engaged in especially harmful work, the company provides health examinations for such work (such as, noise, dust, ionizing radiation, etc.). The Company will provide sufficient information on medical treatment if the need for follow-up management is found after the physician's examination and determination. The Company employs qualified on-site nurses to provide health-related activities once a month for at least 2 hours. The activities include health examination result analysis and health guidance, health education, health consultation and evaluation, health promotion, and workplace environment evaluation and improvement suggestions to maintain the health of employees. In 2023, employees with workplaces of special health hazards were provided with annual special occupational health examinations (such as noise, dust, ionizing radiation, etc.). There were examinations conducted for four persons, and the achievement rate was 100%.

In response to the new occupational disease prevention regulations of the Occupational Safety and Health Act, the Company implements maternal health protection in accordance with the Occupational Safety and Health Act, the prevention of physical or mental abuse of others due to illegal harm while performing duties, and the abnormal workload such as shift, night work, long-hour work, etc. In 2023, there were no occurrences of occupational diseases in the Taipei Plant.

Worker Participation, Consultation, and Communication on Occupational Health and Safety

The Taipei Plant has established an occupational health and safety management unit and personnel in accordance with the law. There are eight members in total, including the General Manager, the Human Resources Administration Department, the Audit Office, the Manufacturing Department, the Engineering Department, the Quality Control Department, occupational health and safety personnel, and the medical staff of labor health service. The Chairman of the Board of Directors serves as the Chairman of the Committee, including 3 labor representatives on the committee, with the labor participation ratio reaching one-third, and meetings are held at least once a quarter.

The meeting mainly focuses on making recommendations, reviewing and coordinating health and safety policies, including how to reduce workplace hazards and providing employees with a safe and healthy environment to maintain workplace safety and health.

The Kunshan Plant has established the Safety, Environment, and Occupational Health Management Committee in 2017 to communicate and consult on issues related to employee health and safety. In 2023, the number of communication incidents at Kunshan Plant was 2 cases.

Occupational Health and Safety Management Unit

Plant items	Taipei Plant	Vietnam Plant	Shenzhen Plant	Kunshan Plant
Number of members	8	10	8	11
Number of labor representatives	3	5	1	1
Proportion of labor representatives	37.5%	50%	12.5%	9%

Matters related to the review, coordination, and recommendations include:

1. Suggestions on the occupational health and safety policies formulated by the employer.
2. Coordinate and recommend occupational health and safety management plans.
3. Review the health and safety education and training implementation plan.
4. Review the operating environment monitoring plan, monitoring results and measures to be taken.
5. Review health management, work-related ill health prevention, and health promotion matters.
6. Review various health and safety proposals.
7. Review the self-inspection and health and safety audit matters of business units.
8. Review the preventive measures for mechanical, equipment, or raw material/material hazards.
9. Review the occupational disaster investigation report.
10. Assess the performance of on-site health and safety management.
11. Review the health and safety management matters of the contractors.
12. Other matters related to occupational health and safety management.

Worker Training on Occupational Health and Safety

To prevent occupational disasters and protect the health and safety of workers, the Company enhances workers' awareness of occupational hazards through education and training, and strengthens the management and inspection of risks in the workplace. For employees whose work involves the use of fire, knives, cranes, corresponding training courses are provided to the employees so that they are equipped with the relevant safety awareness and expertise.





The Company also provides paid free training during working hours, including occupational hazard prevention and inspection practices, fire safety education and training, and general labor on-the-job education and training. We organize fire safety education and training twice a year. Lecturers from external associations provide lively lectures and drills to let employees fully understand how to respond to disasters.

	Number of worker training on occupational health and safety			
	Number of employees	Number of non-employees	Training hours	Completion rate
Taipei Plant	59	0	69.5	100%
Shenzhen Plant	64	53	153.5	100%
Kunshan Plant	9,884	4,236	1,539,080	100%
Vietnam Plant	4,202	0	3,575	100%

Note: The above statistics refer to the number of employees, including employees who have left the Company and are expatriates.

Promotion of Worker Health

To create a healthy and friendly workplace environment, the company has launched a comprehensive employee care program with 4 major aspects, including testing, care, health education, and promotion. The goal is to encourage employees to cultivate health awareness and inspire family members to get involved.

 <p>Testing</p>	<p>At Nishoku, we believe that the physical and mental health of our employees is the company's long-term value. We provide advanced health checkup plans for employees based on their seniority and relevant regulations, allowing employees to focus on their family, physical, mental, and spiritual health outside of work. The goal is to substantially enhance employees' well-being and work performance to enhance employee cohesion, enhance corporate competitiveness, create a healthy workplace, and drive the Company's economic development. In 2023, to take care of the health of the Company's officers and senior employees, the Taipei Factory specially formulated an advanced health examination plan. 19 people were examined at a cost of approximately NTD 393,802.</p>
 <p>Care</p>	<p>Nishoku has deployed qualified on-site special medical personnel in accordance with the law and identified the following occupational safety hazard factors: We identify and screen risk cases from four aspects: "anthropogenic hazards", "illnesses induced by abnormal workload", "maternal health protection", and "unlawful infringement" to develop preventive plans to reduce the chance of employee health risks. In 2023, the Taipei Factory provided health consultation and care for 45 people (2 newcomer care, 2 maternal health care, and 41 abnormal data on health checkups and prevention plan questionnaires).</p>
 <p>Health education</p>	<p>From time to time, the Company produces health promotion materials and promotes the government's four major types of cancer screening. Through mailbox announcements, employees can understand the causes and symptoms of diseases and relevant free government screening resources to understand their physical conditions and create a win-win situation for the Company and employees. In 2023, the Taipei Factory had 3 health promotion materials and 2 promotions for the government's four major cancer screening tests.</p>
 <p>Promotion</p>	<p>Encourage employees to start from the company's efforts to promote the use of less elevators and more stairs; and to be healthy, we must move. We also promote vaccinations and healthy stress-relieving massages, and provide related expenses subsidies. The physical and mental health of employees are the company's greatest wealth.</p>

Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships

The Company has formulated the contractor health and safety management regulations. When we make a business commitment with the contractors, we will request them to abide by the "Contractor Construction Occupational Health and Safety Regulations" and sign the "Construction Cooperation Consent". The signing rate in 2023 was 100%. Contractors shall be notified of the hazards of operation and fill in the "Special Operation Application Form", and the construction can only be carried out after approval. During the construction operation, daily construction site inspections shall be strengthened. If there are incompliance to the relevant health and safety regulations, the leading construction unit shall fill out the "Notice to Contractors in Violation of the Construction Regulations" and request the contractor to make improvements immediately. After the completion of the project, the supervision unit shall complete the "Special Operation Application Form" to effectively prevent the contractor's operation accidents and personnel injuries.

Work-related Injuries and Ill Health

The highest proportion of occupational accidents are occupational injuries and commuting accidents. The main cause of occupational injuries is the unsafe behavior of workers, and the occurrence of unsafe behavior is directly related to the safety awareness of workers. Through pre-work awareness and regular education and training, we aim to prevent occupational injuries from all mild and severe incidents ranging from the use of blades to never turning off the safety switches of equipment. The biggest cause of commuting accidents is speeding. The company provides a 15-minute buffer to avoid being late for work and waiting for one more traffic light to reduce the occurrence of one accident.

In 2023, the number of occupational injuries in the Taipei Plant and Kunshan Plant was 0, the number of occupational injuries in the Vietnam Plant was 1, and the number of commuting accidents was 1 (the number of commuting accidents in compliance with the GRI guidelines), the number of persons was 2, accounting for 0.094% of the total number of employees of the group, which did not achieve the goal of zero disasters. In response to occupational safety improvements, the department will conduct training to enhance awareness of safety precautions during work and commuting. This includes reinforcing safety measures in the workplace and emphasizing traffic safety awareness to ensure the safety of colleagues during work and commuting, leading towards achieving the goal of zero accidents.

We equip employees with high incidence and high-risk work-related ill health with appropriate personal protective equipment to protect them. Health checkups to prevent work-related ill health are also arranged, operating environment monitoring is implemented for the workplace, and employees with abnormal detection values are tracked and managed. We provide the necessary individual health consultation, care and guidance to enable employees to keep track of their health status. In 2023, there were no cases of occupational diseases in any of the Nishoku plants.

For "non-employee" workers whose work and/or workplace is controlled by the Nishoku, there were no occupational accidents occurring in 2023. The number of deaths caused by work-related injuries, the number of serious work-related injuries, and the number of recordable work-related injuries were all 0. The total number of hours worked was 20,916 hours, respectively: Taipei Plant: 10,696 hours, Kunshan Plant: 0 hours, and Vietnam Plant: 10,220 hours.

Statistics on work-related injuries and ill health (all employees)			Taipei Plant			Kunshan Plant			Vietnam Plant		
			Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of occupational accidents	(A)	-	-	-	-	-	-	-	1	-	1
Commuting accidents under GRI guidelines	(B)	-	-	-	-	-	-	-	1	-	1
Total working hours	(C)	-	53,640	79,208	132,848	1,409,712	1,459,248	2,868,960	945,608	1,038,088	1,983,696
Disabling Frequency Rate (FR)	(D)	$(D) = (A) / (C) \times 1,000,000$	-	-	-	-	-	-	1.06	-	0.50
Lost work days	(E)	-	-	-	-	-	-	-	188.31	-	188.31
Disabling Injury Severity Rate (SR)	(F)	$(F) = (E) / (C) \times 1,000,000$	-	-	-	-	-	-	199.14	-	94.93
Number of serious work-related injuries (excluding deaths)	(G)	-	-	-	-	-	-	-	-	-	-
Serious occupational injury rate	(H)	$(H) = (G) / (C) \times 1,000,000$	-	-	-	-	-	-	-	-	-
Number of deaths caused by occupational injuries	(I)	-	-	-	-	-	-	-	-	-	-
Occupational injury fatality rate	(J)	$(J) = (I) / (C) \times 1,000,000$	-	-	-	-	-	-	-	-	-
Number of recordable work-related injuries	(K)	$(K) = A+B$	-	-	-	-	-	-	2	-	2
Recordable work-related injuries rate	(L)	$(L) = (K) / (C) \times 1,000,000$	-	-	-	-	-	-	2.12	-	1.01
Number of deaths caused by work-related ill health	(M)	-	-	-	-	-	-	-	-	-	-
Death rate due to work-related ill health	(N)	$(N) = (M) / (C) \times 1,000,000$	-	-	-	-	-	-	-	-	-
Total number of recordable work-related ill health incidents (including the number of deaths)	(O)	-	-	-	-	-	-	-	-	-	-
Recordable Work-Related Ill Health Rate (ODR)	(P)	$(P) = (O) / (C) \times 1,000,000$	-	-	-	-	-	-	-	-	-
Number of absent days	(Q)	-	-	-	-	-	-	-	188.31	-	188.31
Absence Rate (AR)	(R)	$(R) = (Q) / (C) \times 100\%$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.01%

Note:

- The scope of employee statistics includes all employees of the Taipei Plant, Kunshan Plant, and Vietnam Plant. The Shenzhen Plant was excluded because the Shenzhen Plant was closed in 2024 and relevant information was difficult to obtain.
- The scope of statistics on "workers" includes all non-employees whose jobs and/or workplaces are controlled by the organization.
- Number of occupational accidents: Refers to the illness, injury, disability of workers caused by buildings, machinery, equipment, raw materials, materials, chemicals, gases, vapors, dusts, etc., or operational activities, or other occupational causes or death.
- In 2023, the main types of occupational accidents were falling injuries and commuting.
- Disabling frequency rate (FR) = (Number of occupational accidents/Total working hours) x 1,000,000, rounded to the nearest two decimal places.

- Disabling Injury Severity Rate (SR) = (Number of days lost/Total working hours) x 1,000,000, rounded to the nearest two decimal places.
- Number of serious work-related injuries: Refers to injuries that cannot be recovered by workers (such as amputation), or injuries that cannot return to the pre-injury state of health within six months.
- Rate of serious work-related injuries = (Number of cases of serious work-related injuries/Total work hours) x 1,000,000, rounded to the nearest two decimal places.
- Recordable number of work-related injuries: Refers to the number of recordable work-related injuries (including commuter accidents as defined by the GRI guidelines), including the number of deaths and the number of serious work-related injuries.
- Recordable work-related injuries rate = Number of recordable work-related injuries per million working hours (including commuting accidents as defined by the GRI hours), the formula: (Recordable work-related injuries rate / Total work hours) x 1,000,000, rounded to the nearest two decimal places.

06

Social Engagement

6.1 Social Welfare Participation



6.1 Social Welfare Participation

Nishoku Group actively invests corporate resources in community care and public welfare activities to practice the corporate concept of "giving back to society". The Group participates in public welfare activities, cares for humanity, education and other important aspects of society, giving back to the community to fulfill its corporate social responsibility and promote corporate sustainable development. For example, we provide financial support for children of the Taiwan Fund for Children and Families, donate computers to remote areas, give the breakfast fee for vulnerable children of the Eden Social Welfare Foundation, sponsor the performances of the Papermill Theater and hire people with disabilities. In addition to the achievements over the years, these are just the beginning of our contribution to social welfare. In 2023, a total of NTD 1,233,464 was donated.

We will continue to care for public welfare organizations and extend our care to disadvantaged corners of society to fulfill our social responsibilities.

Local Community Care

The Nishoku Group is headquartered in Xinzhuang, New Taipei City. Since the completion of the factory in 2011, the Group has participated in the "Xinzhuang District United Scholarship Program" through the Xinzhuang District Office, to encourage the spirit of diligence and improvement of the outstanding, poor, and needy students in Xinzhuang District, and to cultivate talent for the community, country, and beyond. The Company has been supporting this talent cultivation program for 12 years. The cumulative sponsorship amounted to NTD 800 thousand, and a total of 121 people received scholarships.

In addition, Nishoku makes unscheduled visits to representatives of local groups and fire brigades adjacent to the plant to learn about material topics of concern to the local community. We also implement fire safety countermeasures and implement precautions for employees in the plant, hoping to keep the community safe and happy, and prevent risks of major hazards inside or outside the plant.

Care for Rural Communities

To take care of the disadvantaged and reduce the learning gap between urban and rural areas, the Company was invited to participate in the "Dream Come True" second hand computer donation event organized by KPMG in December 2023, and 214 computers were donated together with 12 other companies. Used computers were delivered to 45 Digital Opportunity Learning Centers (DOCs) and social welfare organizations. The Company has entered into its 16th year in sponsoring the DOCs. A total of 368 second hand computers have been donated to rural schools and social welfare organizations. Friends in rural areas will have more learning opportunities and resources, and it will also improve the quality of care provided by social welfare organizations for the disadvantaged. We hope that by participating in this event, we can help inspire more businesses and make a contribution to narrowing the urban-rural gap.



6.1 Social Engagement

Item	Name of the recipient institution	Contents of the donation project	Amount in NTD
1	Mennonite Social Welfare Foundation	Regular donation of Mennoite supplies, ordering company: Home	59,275
2	Yilan County Private Buddhist and Puxian Social Welfare and Charity Foundation	Regular donation of supplies (4 packs of rice) to Puxian, manufacturer: Wujie Township Farmers Association	58,600
3	Hualien Bethesda Home for Challenged Children and Adults	Charitable donations	60,000
4	Taiwan Fund for Children and Families	5 children for adoption and 2021 Chinese New Year gift	65,000
5	Xinzhuang District Office, New Taipei City	Scholarships	50,000
6	Huei-Ming Home for Blind Children	Adoption of 10 children	60,000
7	Chiayi County SACRED HEART HOME	Charitable donations	60,000
8	Huashan Social Welfare Foundation	100 Chinese New Year dishes (NTD 700/serving)	45,000
9	Taipei Happy Mount	Charitable donations	30,000
10	Xinmin Community Development Association, Mingjian Township, Nantou County (Xinmin DOC)	Purchased 10 used computers	15,000
11	Centipede Community Development Association, Puli Town, Nantou County		15,000
12	World Vision Taiwan	Adoption of five African girls	42,000
13	Renewal Foundation Taiwan	Charitable donations	50,000
14	Charitable Education Sweet Home in Nantou County	Regular donation of supplies, ordering company: Home	59,689
15	ANDREW Charity Association	New Year's dish food box*5 boxes (\$2000/box)	14,000
16	Children Are Us Foundation	Children Are Us Foundation - Mother's Day cake (100 units)	49,900
17	Taitung County Indigenous Peoples Kaulahan Cultural and Educational Association	Charitable donations	50,000
18	Kids' Bookhouse Foundation	Charitable donations	50,000
19	South-Link Medical Foundation	Charitable donations	50,000
20	The Garden of Hope Foundation	Charitable donations	50,000
21	Donation to the earthquake relief in Turkey in 2023	Charitable donations	300,000
Total			1,233,464

Appendix

GRI Index

Table 2 - Climate-related Information



GRI Index

Statement of Use	The content of the report for the period from January 1, 2023 to December 31, 2023 has been reported in accordance with the GRI Standards.
GRI Version	GRI 1: Foundation 2021
Application of GRI Industry Standards	Not applicable GRI Industry Standards

GRI 2: General Disclosures 2021

The Organization and Its Reporting Practices

Disclosure Item	Corresponding chapter	Page
2-1 Organizational details	About Nishoku	5
2-2 Entities included in the organization's sustainability reporting	About This Report	4
2-3 Reporting period, frequency and contact point	About This Report	4
2-4 Restatements of information	About This Report	4
2-5 External assurance	About This Report	4
Activities and Workers		
2-6 Activities, value chain and other business relationships	About Nishoku	5
2-7 Employees	5.1 Talent Capital	56

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Disclosure Item	Corresponding chapter	Page
2-8 Workers who are not employees	5.1 Talent Capital	56
Governance		
2-9 Governance structure and composition	2.2 Corporate Governance and Ethical Management	23
2-10 Nomination and selection of the highest governance body	2.2 Corporate Governance and Ethical Management	23
2-11 Chair of the highest governance body	2.2 Corporate Governance and Ethical Management	23
2-12 Role of the highest governance body in overseeing the management of impacts	2.2 Corporate Governance and Ethical Management	23
2-13 Delegation of responsibility for managing impacts	2.2 Corporate Governance and Ethical Management	23
2-14 Role of the highest governance body in sustainability reporting	2.2 Corporate Governance and Ethical Management	23
2-15 Conflicts of Interest	2.2 Corporate Governance and Ethical Management	23
2-16 Communication of critical concerns	2.2 Corporate Governance and Ethical Management	23
2-17 Collective knowledge of the highest governance body	2.2 Corporate Governance and Ethical Management	23
2-18 Evaluation of the performance of the highest governance body	2.2 Corporate Governance and Ethical Management	23
2-19 Remuneration Policies	2.2 Corporate Governance and Ethical Management	23
2-20 Process to determine remuneration	2.2 Corporate Governance and Ethical Management	23
2-21 Annual total compensation ratio	2.2 Corporate Governance and Ethical Management	23

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2-22 Statement on sustainable development strategy	Message from the Chairman	3
Strategy, Policies and Practices		
2-23 Policy Commitments	1.1 Sustainability Strategy and Objectives	9
	5.3 Employee Care and Labor Protection	62
2-24 Embedding policy commitments	1.1 Sustainability Strategy and Objectives	9
	5.3 Employee Care and Labor Protection	62
2-25 Processes to remediate negative impacts	2.1 Business Strategy and Economic Performance	20
	2.2 Corporate Governance and Ethical Management	23
	3.1 Customer Service and Product Quality	38
	4.1 Climate Strategy	42
	4.2 Resource Management	48
	5.1 Talent Capital	56
	5.3 Employee Care and Labor Protection	62
	5.4 Occupational Health and Safety	65
2-26 Mechanisms for seeking advice and raising concerns	2.2 Corporate Governance and Ethical Management	23
2-27 Legal Compliance	2.2 Corporate Governance and Ethical Management	23

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2-28 Membership associations	About Nishoku	5
Stakeholder Engagement		
2-29 Approach to stakeholder engagement	1.2 Stakeholders and Communication and Engagement	10
2-30 Collective bargaining agreements	5.3 Employee Care and Labor Protection	62
GRI 3: Material Topics 2021		
Disclosure item	Corresponding chapter	Page
3-1 Process to determine material topics	1.3 Materiality Analysis	14
3-2 List of Material Topics	1.3 Materiality Analysis	14
Disclosures on Material Topics		
Business Strategy and Economic Performance		
Disclosure item	Corresponding chapter	Page
3-3 Management of Material Topics	2.1 Business Strategy and Economic Performance	20
201-1 Direct economic value generated and distributed by the organization	2.1 Business Strategy and Economic Performance	20

Disclosures on Material Topics		
Business Strategy and Economic Performance		
Disclosure item	Corresponding chapter	Page
201-3 Defined benefit plan obligations and other retirement plans	2.1 Business Strategy and Economic Performance	20
201-4 Financial subsidies received from the government	2.1 Business Strategy and Economic Performance	20
207-1 Approach to tax	2.1 Business Strategy and Economic Performance	20
207-2 Tax governance, control, and risk management	2.1 Business Strategy and Economic Performance	20
207-3 Stakeholder engagement and management of concerns related to tax	2.1 Business Strategy and Economic Performance	20
Corporate Governance and Ethical Management		
3-3 Management of Material Topics	2.2 Corporate Governance and Ethical Management	23
205-1 Operations assessed for risks related to corruption	2.2 Corporate Governance and Ethical Management	23
205-2 Communication and training about anti-corruption policies and procedures	2.2 Corporate Governance and Ethical Management	23
205-3 Confirmed incidents of corruption and actions taken	2.2 Corporate Governance and Ethical Management	23
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2 Corporate Governance and Ethical Management	23
405-1 Diversity of governance bodies and employees	2.2 Corporate Governance and Ethical Management 5.3 Employee Care and Labor Protection	23 62
415-1 Political contributions	The Company made no political contributions in 2023.	

Disclosures on Material Topics		
Business Strategy and Economic Performance		
Disclosure item	Corresponding chapter	Page
Customer Service and Product Quality		
3-3 Management of Material Topics	3.1 Customer Service and Product Quality	38
416-1 Assessment of the health and safety impacts of product and service categories	3.1 Customer Service and Product Quality	38
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.1 Customer Service and Product Quality	38
417-1 Requirements for product and service information and labeling	3.1 Customer Service and Product Quality	38
417-2 Incidents of non-compliance concerning product and service information and labeling	3.1 Customer Service and Product Quality	38
417-3 Incidents of non-compliance concerning marketing communications	3.1 Customer Service and Product Quality	38
Climate Strategy		
3-3 Management of Material Topics	4.1 Climate Strategy	42
201-2 Financial implications and other risks and opportunities due to climate change	4.1 Climate Strategy	42
302-1 Energy consumption within the organization	4.1 Climate Strategy	42
302-3 Energy intensity	4.1 Climate Strategy	42
302-4 Reduction of energy consumption	4.1 Climate Strategy	42
305-1 Direct (Scope 1) GHG emissions	4.1 Climate Strategy	42
305-2 Energy indirect (Scope 2) GHG emissions	4.1 Climate Strategy	42

Disclosures on Material Topics		
Business Strategy and Economic Performance		
Disclosure item	Corresponding chapter	Page
305-4 GHG emission intensity	4.1 Climate Strategy	42
305-5 Reduction of GHG emissions	4.1 Climate Strategy	42
Resource Management		
3-3 Management of Material Topics	4.2 Resource Management	48
303-1 Interactions with water as a shared resource	4.2 Resource Management	48
303-2 Management of water discharge-related impacts	4.2 Resource Management	48
303-3 Water withdrawal	4.2 Resource Management	48
303-4 Water discharge	4.2 Resource Management	48
303-5 Water consumption	4.2 Resource Management	48
306-1 Waste generation and significant waste-related impacts	4.2 Resource Management	48
306-2 Management of significant waste-related impacts	4.2 Resource Management	48
306-3 Waste generated	4.2 Resource Management	48
306-4 Waste diverted from disposal	4.2 Resource Management	48
306-5 Waste directed to disposal	4.2 Resource Management	48

Disclosures on Material Topics		
Business Strategy and Economic Performance		
Disclosure item	Corresponding chapter	Page
Talent Capital		
3-3 Management of Material Topics	5.1 Talent Capital	56
404-1 Average hours of training per year per employee	5.1 Talent Capital	56
404-2 Programs for upgrading employee skills and transition assistance programs	5.1 Talent Capital	56
404-3 Percentage of employees receiving regular performance and career development reviews	5.1 Talent Capital	56
Employee Care and Labor Protection		
3-3 Management of Material Topics	5.3 Employee Care and Labor Protection	62
202-2 Proportion of senior management hired from the local community	5.3 Employee Care and Labor Protection	62
401-1 New employee hires and employee turnover	5.3 Employee Care and Labor Protection	62
401-2 Benefits provided to full-time employees that are not provided to temporary or part- time employees	5.3 Employee Care and Labor Protection	62
401-3 Parental leave	5.3 Employee Care and Labor Protection	62
402-1 Minimum notice periods regarding operational changes	5.3 Employee Care and Labor Protection	62
405-1 Diversity of governance bodies and employees	2.2 Corporate Governance and Ethical Management	23
	5.3 Employee Care and Labor Protection	62
405-2 Ratio of basic salary and remuneration of women to men	5.3 Employee Care and Labor Protection	62

Disclosures on Material Topics		
Business Strategy and Economic Performance		
Disclosure item	Corresponding chapter	Page
406-1 Incidents of discrimination and corrective actions taken	5.3 Employee Care and Labor Protection	62
411-1 Incidents of violations involving rights of indigenous peoples	There has been no occurrence of incidents of violations involving rights of indigenous peoples for the Company in 2023.	
Occupational Health and Safety		
3-3 Management of Material Topics	5.4 Occupational Health and Safety	65
403-1 Occupational health and safety management system	5.4 Occupational Health and Safety	65
403-2 Hazard identification, risk assessment, incident investigation	5.4 Occupational Health and Safety	65
403-3 Occupational Health Services	5.4 Occupational Health and Safety	65
403-4 Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational Health and Safety	65
403-5 Worker training on occupational health and safety	5.4 Occupational Health and Safety	65
403-6 Promotion of worker health	5.4 Occupational Health and Safety	65
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational Health and Safety	65
403-8 Workers covered by an occupational health and safety management system	5.4 Occupational Health and Safety	65
403-9 Work-related injuries	5.4 Occupational Health and Safety	65
403-10 Work-related ill health	5.4 Occupational Health and Safety	65

Table 2 - Climate-related Information

	Item	Report Chapter	Page
1	Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	4.1 Climate Strategy	42
2	Describe how the identified climate risks and opportunities affect the company's business, strategy and finance. (Short-term, medium-term, long-term).	4.1 Climate Strategy	42
3	Describe the financial impact of extreme climate events and transition actions.	4.1 Climate Strategy	42
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4.1 Climate Strategy	42
5	If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	The Company has not yet adopted the scenario analysis of climate change.	-
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	4.1 Climate Strategy	42
7	If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	The Company has not yet implemented an internal carbon pricing mechanism.	-
8	If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year shall be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve the targets, the exchange, the source and quantity of carbon reduction credits or the quantity of Renewable Energy Certificates (RECs) shall be stated.	4.1 Climate Strategy	42
9	Greenhouse Gas Inventory and Assurance Status and Reduction Targets, Strategies, and Specific Action Plans (To be filled in separately in 1-1 and 1-2).	4.1 Climate Strategy Assurance of GHG emissions for 2022 and 2023 is shown in the following table	42

1-1 Greenhouse Gas Inventory and Assurance in the Last Two Years

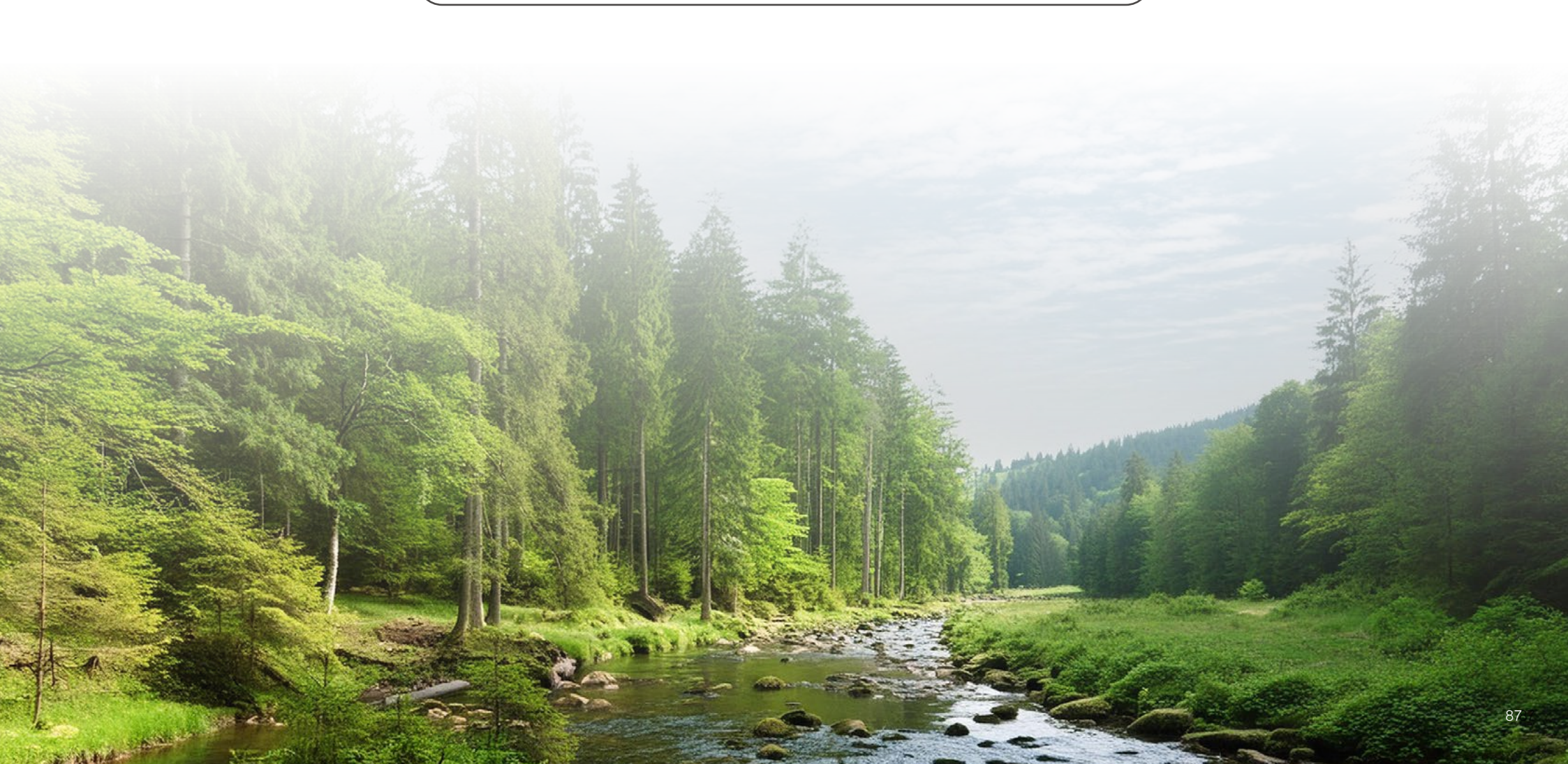
State the amount of greenhouse gas emissions (tCO ₂ e), intensity (tCO ₂ e/NTD million), and data coverage for the most recent two years.				
Provide a description of the assurance of the most recent two years, including the scope of assurance, assurance institution, assurance criteria, and assurance opinion.				
2023				
Scope 1	Total emissions (tCO ₂ e)	Intensity (tCO ₂ e/NTD million)	Assurance Institution	Description of assurance
Parent company	23.4718	0.08	Internal inventory	
Subsidiary (Shenzhen)	6.25		Internal inventory	
Subsidiary (Kunshan)	231.89		Internal inventory	
Subsidiary (Vietnam)	4.09		Internal inventory	
Total	265.7018		Intensity based on 2023 consolidated revenue of NTD 3,508.729 million	
Scope 2	Total emissions (tCO ₂ e)	Intensity (tCO ₂ e/NTD million)	Assurance Institution	Description of assurance
Parent company	606.670	8.15	Internal inventory	
Subsidiary (Shenzhen)	3,391.360		Internal inventory	
Subsidiary (Kunshan)	24,222.450		Internal inventory	
Subsidiary (Vietnam)	366.382		Internal inventory	
Total	28,586.862		Intensity based on 2023 consolidated revenue of NTD 3,508.729 million	
Scope 3 (voluntarily disclosed)	At present, the Company's GHG inventory mainly focuses on the Scope 1 and Scope 2 information.			

2022				
Scope 1	Total emissions (tCO ₂ e)	Intensity (tCO ₂ e/NTD million)	Assurance Institution	Description of assurance
Parent company	Not counted	0.03	The parent company plans to complete the internal inventory of 2023 in 2024, and the external inventory of 2027 in 2028.	
Subsidiary (Shenzhen)	7.004		Shenzhen Yuanqing Environmental Technology Service Co., Ltd.	Of the total GHG emissions disclosed by the Company, 7.004 metric tons of CO ₂ e were confirmed by the assurance organization using the standardization guidelines of Shenzhen such as SZDB/Z 69 (Organizational Guidelines for Quantification and Reporting of GHG Emissions) and SZDB/Z 70 (Organizational Verification Guidelines for GHG Emissions). The opinion of the confirmation was limited assurance.
Subsidiary (Kunshan)	108.94		Internal inventory	
Subsidiary (Vietnam)	Not counted		Plan to complete the internal inventory of 2023 in 2024, and the external inventory of 2028 in 2029.	
Total	115.944		Intensity based on 2022 consolidated revenue of NTD 3,927.929 million	
Scope 2	Total emissions (tCO ₂ e)	Intensity (tCO ₂ e/NTD million)	Assurance Institution	Description of assurance
Parent company	Not counted	7.98	The parent company plans to complete the internal inventory of 2023 in 2024, and the external inventory of 2027 in 2028.	
Subsidiary (Shenzhen)	4,478.9100		Shenzhen Yuanqing Environmental Technology Service Co., Ltd.	Of the total GHG emissions disclosed by the Company, 4,478.91 metric tons of CO ₂ e were confirmed by the assurance organization using the standardization guidelines of Shenzhen such as SZDB/Z 69 (Organizational Guidelines for Quantification and Reporting of GHG Emissions) and SZDB/Z 70 (Organizational Verification Guidelines for GHG Emissions). The opinion of the confirmation was limited assurance.
Subsidiary (Kunshan)	26,875.16		Internal inventory	
Subsidiary (Vietnam)	Not counted		Plan to complete the internal inventory of 2023 in 2024, and the external inventory of 2028 in 2029.	
Total	31,354.07		Intensity based on 2022 consolidated revenue of NTD 3,927.929 million	
Scope 3 (voluntarily disclosed)	At present, the Company's GHG inventory mainly focuses on the Scope 1 and Scope 2 information.			

1-2 GHG Reduction Targets, Strategies and Specific Action Plans

Describe the GHG reduction base year and data, reduction targets, strategies, and specific action plans, as well as the status of achievement of the reduction targets.

Please refer to CH4 Green Operations - 4.1 Climate Strategy of this report for details.





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